



Sustainability Report

2013

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Contents

Letter to the Stakeholders	4	Environmental Sustainability and Airport Safety	91
Methodological note	8	Environmental and energy policy of SEA	92
Reporting process and scope	9	The Environmental Management System	93
Reporting principles	10	The Energy Management System	93
Sustainability performance highlights	11	European and international aspect of the environmental commitment	93
2013 Overview	14	Air and climate	94
Corporate Profile	17	Energy	99
Key Facts	18	Consumption of raw materials	101
Major milestones	19	The management of water resources	101
Mission and Values	20	Noise pollution	106
Linate and Malpensa airports	21	Waste management	109
Business Divisions	26	Electro-magnetic fields and ionised radiations	112
Shareholding structure	27	Landscape and biodiversity	112
SEA Group Structure	28	Airport Safety	114
Corporate Governance	29	Sustainability of Socio-Economic Relations	117
Organisational structure and processes	33	Human Resources	118
Sustainable development governance and strategy	35	Suppliers	134
		Passengers	139
		Clients	150
		The Company and the Region	163
Market overview and principal risks/impacts	36	Stakeholder Engagement	179
Development of air traffic in 2013	37	Stakeholder survey	180
Major developments within the air transport industry	38	Sustainability Objectives	183
Italian airport system	43	GRI content index	188
Regulatory framework development	48	Auditor's Report	198
SEA stakeholders map	50		
Evaluation of the principal risks and impacts	52		
Economic-Competitive Sustainability	55		
Business model, competitive advantage factors, value generated and distributed	56		
Competitive position	63		
Development strategy	72		
Investments	74		
Aviation Business Performance	78		
Non-Aviation Business performance	82		
Handling Business Performance	87		
Energy Business Performance	89		

Letter to the Stakeholders

*It is not the strongest species that survives,
nor the most intelligent,
but those most adaptable to change.*

CHARLES DARWIN

Does sustainability benefit business?

Why should an airport management company commit itself to ensuring that its business acts in a sustainable manner?

Why should resources and the time of managers be invested in activities which often seem to drive the company in the opposite direction of its instinctive primary needs?

Why give space to an approach which, instead of shortening, lengthens the decision-making process, rather than simplifying, creates additional sets of variables to be considered and monitored and instead of generating additional solutions, extends the list of problems to be dealt with?

Posing these questions at the beginning of our fourth sustainability report may seem rhetorical.

These are questions to which we should have already responded well before beginning our Corporate Social Responsibility process.

But for these questions there is no set response for everybody.

This is particularly true when sustainability is not an ideological choice, nor an option or where it weighs upon the core business of the company.

If it is the case that appraising the functioning of an enterprise through the lens of sustainability questions the traditional mechanisms of economic value generation, the opposite is also the case: the multi-stakeholder strategy is continually questioned by those seeking to uphold the managerial orthodoxy, who continually require new guarantees in relation to the questions listed above. This is an issue which few companies - even those with long histories of social responsibility - have managed to resolve.

Therefore if it is important to measure, catalogue and compare the economic, environmental and social sustainability performances which are outlined in the present report, it is even more important to understand if a pattern exists or a strategic reason for a focus on the stakeholders and the creation of long-term value - of which these performances should represent concrete testimony.

Systemic value is the guarantee of value for the shareholder

The basis of this strategic vision is an awareness of the fundamental reason why the enterprise exists.

In the case of an airport manager such as SEA, which carries out a collective utility service under license, this reason must be the generation over time of the best possible direct air connectivity index for the region with the areas of the world which represent a potential source of prosperity for the region itself. All this must be achieved within the realms of safe, prudent and correct management, for which profit - and the related dividends for shareholders - represents an excellent indicator. We should seek nothing more than this.

The growth of direct air connectivity, which facilitates the mobility of people and cargo over great distances within suitable timeframes and costs, is the entrepreneurial mission of SEA. Such direct air

connectivity which assists the region's economy, in terms of commerce, tourism and foreign investment, improves manufacturing productivity.

Profits must be subordinate to this objective.

Not because they are not important: no company grows if it is not capable of generating value and SEA has succeeded in doing so, as may be deduced from the fact that in the last 10 years the company has produced total dividends for shareholders of Euro 595 million. But the economic value that SEA can ensure its shareholders in the coming 10 years must be achieved on the basis of significantly different policies.

If the generation of corporate wealth does not increasingly take place alongside a simultaneous generation of wealth for the social fabric – this process will quickly run aground.

The driver of the value accumulation of an airport manager is not – and no longer should be – based on the advantages derived from its unique position and the benefits of operating within a closed market – but must be coupled with a capacity to link air transport demand and supply in a manner which serves best the needs of the socio-economic system of which the airport manager is part.

Its region is the most precious asset for any airport company. This is a significantly greater factor for a company such as SEA whose fate – managing airports in which transits account for a small proportion and hosting principally outgoing traffic – is closely bound to the level of international competitiveness of the economic actors present in its catchment area.

A turbulent business environment requires new capacities for response

The other important aspect of awareness which backs up the need to develop a stakeholder strategy which is in step with profitability aspirations is that concerning the speed and intensity of the change taking hold of the environment in which business is developed.

Our involvement in transformation, often also turbulent and increasingly invasive, has now become a part of the common experience. Managerial awareness that such turbulence requires an ability to interpret and a capacity to respond and decisively adapt in a better manner than in the recent past is however less prevalent.

In the air transport market in the last 5 to 10 years more drivers of change are apparent than we have seen in the preceding 50 years. And it is possible that in the coming 5 years this trend will accelerate further.

In the last 5 years, non-EU airports rose from 15% to 22% in terms of total continental passenger traffic, with Turkey overtaking Italy in numbers of passengers transported (149 million compared to 80 million in 2008), and with the low-cost airlines re-modelling short-range connections across the world, the 3 hubs of the Gulf (Dubai, Abu Dhabi and Doha) conquering a global leadership position, capable of doubling the intercontinental connectivity of the 3 leading

European hubs (London Heathrow, Frankfurt and Paris Charles de Gaulle). In the coming 5 years, long haul low cost connections will become an increasingly widespread reality with the Gulf airlines redefining the competitive dynamics of the traditional airlines, increasing the propensity towards global alliances between airlines and with technology significantly modifying airport processes. Against all this, the increasing response capacity of those, such as SEA, who manage two primary network hubs for Italian and European air transport, is closely linked to its capacity to open itself up to extensive and systematic co-operation with the stakeholders.

Sharing is the idea of the future

Is it perhaps the case that continental airports with excellent performances and ambitious growth programmes have been heading in this direction for some time?

What drove London Stansted to launch an open consultation on its Sustainable Development Plan, centred on strategic measures to be adopted to respond to increased air transport demand (which in the coming 10-15 years will increase from the current 18 to 40-45 million passengers), while at the same time seeking to maintain its ecological footprint unchanged?

What motivated 23 Chambers of Commerce in the United Kingdom – representing over 40 thousand companies – to request in an open letter to the Airport Commission UK the implementation of all steps necessary to increasingly strengthen the hub of Heathrow?

Why did Copenhagen airport launch the crowd sourcing portal “CPH Ideas” to collate the views, opinions, comments and reflections of passengers, customers and economic operators in relation to the future airport model which they have in mind?

Why did Swedavia promote an “International Swedavia Airport Innovation Challenge”, seeking help from all its stakeholders to identify smart solutions for the reduction of noise in the residential area of Bromma at Stockholm airport?

Everyone can have their own opinion on these matters.

However, it would be quite bizarre to think that all of these matters have nothing to do with a business model which can handle the generational shift which is taking place and which links the achievement of economic value with a capacity to review mechanisms in close synergy with the holders of those skills which no individual company could dream of entirely having access to within its own workforce alone.

SEA hears the calling of this revolution.



Luciano Carbone
Chief Corporate Officer SEA Group

The SEA Group 2013 Sustainability Report (hereafter also the “Group”), in its fourth edition, was prepared according to the Sustainability Reporting Guidelines (version G3.1, 2011) and the Airport Operators Sector

Supplement, both drawn up by the Global Reporting Initiative (GRI) at A+ application level.

The GRI Content Index and the Auditors Report are included at the end of the document.

Reporting process and scope

The 2013 Report is the product of a structured process carried out by an internal team comprising a number of employees representing all areas involved in social, environmental and economic reporting. In choosing the content, meetings were organised with the various company departments to identify both major issues and any disclosure requests from stakeholders.

A materiality analysis was also carried out at sector level:

- analysing the Sustainability Reports of the major European airport operators (through a benchmark survey);
- taking into consideration also that indicated in the *Sustainability Reporting Guidelines & Airport Operators Sector Supplement*.

For this fourth Sustainability Report, the data and disclosure concerns the Group’s subsidiaries, excluding the Malpensa Construction Consortium, for which it is currently not possible to collate like-for-like data and information with the other Group companies. For this Group Consortium, in line with that outlined in the *GRI Guidance for Report Boundary Setting*, its inclusion in the reporting scope is proposed for the coming years.

On December 18, 2013, the company Ali Trasporti Aerei ATA SpA was acquired and, through indirect transfer, it’s full holding in ATA Ali Servizi SpA. These companies were not included within the scope of this document as their acquisition took place at year-end, with the exception of the workforce data reported in the Human Resources section.

In addition:

- all figures relate to the period 1/1/13 to 31/12/2013;
- the environmental and social figures are fully consolidated and not based on percentage holdings;
- the financial data is sourced from the 2013 Consolidated Financial Statements and includes therefore all the Group companies consolidated in this document, including also the Malpensa Construction Consortium and the companies Ali Trasporti Aerei ATA SpA and ATA Ali Servizi SpA;
- any specific issues and exceptions to the reporting scope are outlined precisely in the relevant sections;
- the document also uses the following terms:
 - SEA Group for SEA SpA, SEA Handling SpA and SEA Energia SpA;
 - SEA for SEA SpA;
 - SEA Handling for SEA Handling SpA;
 - SEA Energia for SEA Energia SpA.

Reporting principles

Report content principles

The reporting principles concerning the content of the present document, applied upon preparation, are based on the above-stated guidelines prepared by the GRI and are summarised as follows:

Inclusivity, Materiality, Sustainability context

For each category of stakeholder, the relations and the involvement actions were identified.

The principal social and environmental impacts of the Group as relating to the major stakeholders are in addition outlined in the document.

Completeness

In relation to the completeness principle, reference should be made to the previous paragraph “Reporting process and scope”.

Report quality principles

Similarly, the quality guarantee principles of the current document are also reported:

Balance

The figures are displayed in an objective and systematic manner. The result indicators reflect the assessment of the performance independently of improvements or deteriorations on previous periods.

Comparability, Clarity

In order to simplify appraisal of the document, the disclosure contains clear and accessible charts, tables and language. The indicators are compared with the two previous years and are commented upon, highlighting any significant changes. The tables and graphs without comparative data concern indicators whose comparison with preceding periods is not considered important or indicators for which the prior year data was unavailable. Reference to the model set out under the *Global Reporting Initiative* in addition allows comparison between the domestic and international organisations which have adopted the model.

Accuracy

The figures are checked by the various department heads. The “Economic-Competitiveness Sustainability” section was prepared based on the same data utilised for the Consolidated Financial Statements, applying international accounting standards.

Timeliness

The 2013 Sustainability Report covers one calendar year.

Reliability

The Sustainability Report was approved by the Board of Directors and was subject to external and independent review by the audit firm Deloitte. This activity focuses on verifying compliance with the preparation principles, as outlined in the present section concerning the conclusion on the self-declared application level of the GRI G3.1 guidelines.

Sustainability
performance
highlights

Economic-competitiveness sustainability indicators	2011	2012	2013
Revenues (thousands of Euro)	661,015	720,956	724,080
EBITDA (thousands of Euro) ¹	122,693	157,969	161,778
Net Profit (thousands of Euro)	52,457	64,003	33,707
Value distributed (thousands of Euro)	549,028	617,792	606,236
Aviation Business operating revenues (thousands of Euro)	291,972	320,441	359,708
Non-Aviation Business operating revenues (thousands of Euro)	158,924	169,088	180,588
Handling Business operating revenues (thousands of Euro)	112,315	107,372	95,677
Energy Business operating revenues (thousands of Euro)	32,667	35,393	21,107
Infrastructural investments (millions of Euro)	95.2	117.4	96.5
Number of movements – airport system	281,327	266,933	251,828
Number of passengers – airport system	28,148,847	27,504,824	26,764,838
Cargo – airport system (tonnes)	456,111	421,372	436,125
Commercial areas – airport system (millions of m ²)	23,809	24,511	24,600
Average passenger shopping spend – Malpensa 1 (Euro)	31.50	33.75	27.66
Average passenger shopping spend – Malpensa 2 (Euro)	10.63	11.50	11.43
Average passenger shopping spend – Linate (Euro)	19.01	20.81	18.46
Handling – passengers sector market share – airport system (%)	59.7	70.6	70.5
Handling – ramp sector market share – airport system (%)	75.1	76.5	73.8
Handling – cargo sector market share – airport system (%)	87.2	81.4	79.5
Environmental sustainability indicators	2011	2012	2013
CO ₂ emissions (scope 1 and 2) – Linate (tonnes)	16,074	15,692	15,423
CO ₂ emissions (scope 1 and 2) – Malpensa (tonnes)	36,061	44,785	41,824
Water sourced – Linate (m ³)	2,474,336	2,032,589	1,475,598
Water sourced – Malpensa (m ³)	2,278,313	2,440,218	2,774,168
Water sourced/Passenger traffic – Linate (m ³ /pax)	0.27	0.22	0.16
Water sourced/Passenger traffic – Malpensa (m ³ /pax)	0.12	0.13	0.15
Electricity consumption – Linate (GJ)	133,540	129,650	127,274
Electricity consumption – Malpensa (GJ)	426,798	426,794	453,164
De-icing liquid used – Linate (tonnes)	81	104	68
De-icing liquid used – Malpensa (tonnes)	14	21	44
Number of spillages (oil, gasoline, kerosene) – Linate ²	7	10	11
Number of spillages (oil, gasoline, kerosene) – Malpensa ²	35	29	35
Number of noise monitoring stations – Linate	4	4	4
Number of noise monitoring stations – Malpensa	10	10	10
Separated collection (% of total municipal urban waste) – Linate	27.7	43.0	47.9
Separated collection (% of total municipal urban waste) – Malpensa	32.4	34.5	34.2
Wildlife strikes (per 10,000 movements) – Linate ³	2.5	7.7	5.8
Wildlife strikes (per 10,000 movements) – Malpensa ³	3.8	2.7	3.0

1. EBITDA was defined in 2013 as the difference between total revenues and total operating costs, including provisions and write-downs and excluding the restoration and replacement provision. Consequently, 2012 was reclassified utilising the same criteria.
2. The figures concerning 2011 and 2012 were recalculated based on the new identification criteria for major spillages (those involving an area equal to or greater than 20 m²).
3. The figures relating to 2011 and 2012 were recalculated based on the new measurement criteria.

Socio-economic sustainability indicators	2011	2012	2013
Number of collaborators	5,090	5,054	4,986
Use of Extraordinary Temporary Lay-off Scheme (thousands of hours)	892	831	828
Average number of training hours – men	8.4	6.2	4.7
Average number of training hours – women	15.5	12.7	11.0
Trade union membership rate (%)	65.8	63.0	61.7
Accidents – frequency index – airport system	5.89	5.43	6.43
Accidents – gravity index – airport system	130.43	99.78	204.97
Number of contractors ⁴	1,068	1,136	1,037
Value of orders allocated to local suppliers (millions of Euro) ⁴	134	124	94
Departing passenger flight punctuality – Linate (%)	88.4	88.6	90.7
Departing passenger flight punctuality – Malpensa (%)	82.7	85.0	85.8
No. of misdirected bags (per 1,000 passengers) – Linate	4.8	5.0	3.9
No. of misdirected bags (per 1,000 passengers) – Malpensa	3.1	3.0	2.1
PRM service satisfaction level (%)	86	87	88
Passengers overall satisfaction level – Linate (%)	96	96	99
Passengers overall satisfaction level – Malpensa (%)	96	97	98
Mystery Shopping – average quality value (%)	76.9	75.0	79.2
Donations (Euro)	1,198,978	1,021,174	865,218
Investments in Corporate Citizenship (Euro)	178,000	228,921	199,421

4. The figures relating to 2011 and 2012 were reclassified based on the new operating criteria.

Malpensa Master Plan environmental evaluation process

SEA continued with the analysis concerning the development of the Master Plan project, through ongoing contact with ENAC and the other bodies involved. The approval procedure was temporarily suspended following a request made by ENAC, in view of the need for investigations related to the new indications of the National Airport Plan, which is in the approval phase, and the conclusions of the Vast Area Study commissioned by the Lombardy Region, completed at the end of 2013.

Decision of the European Commission concerning State Aid granted to SEA Handling

With decision of December 19, 2012, the European Commission judged that the share capital increases carried out by SEA in favour of its subsidiary SEA Handling in the 2002-2010 period for approx. Euro 360 million, plus interest, constituted impermissible State Aid. This EU decision, immediately executive, established that the Italian State should recover the aid and ensure application of the decision within four months from its notification.

The Italian State, to date, has not implemented the decision, under which SEA, SEA Handling, the Milan Municipality and the Italian Government itself has proceeded through various levels of judgment, with the simultaneous initiation of extra-judicial negotiations to resolve the issue with the least possible impact on the interested parties, to achieve consensus on the levels of employment of personnel, in addition to consideration of the strategic impacts on the involvement of the Group in handling activities and of operational continuity and efficiency.

In the second half of 2013 and in the first quarter of 2014, the exploratory meetings in search of an alternative path proposed by SEA Handling and SEA continued, which contemplate the strategic need for the maintenance of the involvement of SEA in the handling activities, in addition to that for operational continuity and efficiency and the need of the Commission to execute the decision.

Acquisition of General Aviation at Linate

On December 18, 2013, the Group, as part of its competitive strengthening, acquired the 98.34%

majority and controlling share held by Società Acqua Pia Antica Marcia SpA (SAPAM) in Ali Trasporti Aerei ATA SpA, following the authorisation of the Appointed Judge in accordance with Article 167 of the Bankruptcy Law. The cost of the investment was Euro 25,200 thousand.

The SEA Group will manage therefore also the western section of Linate airport which represents, with over 24,000 movements served in 2012, the largest Italian General Aviation base and the sixth in Europe by number of daily movements.

Through General Aviation Management, the Group, in addition to rolling out a significant investment plan, will be able to fully serve the traffic business (commercial and general aviation), which is one of the key features of air traffic to and from Milan.

The acquisition did not affect the consolidated result as the operation took place at year-end, although impacting the consolidated assets and liabilities due to the change in the consolidation scope as a result of the holding acquired.

“Developing Sustainability Culture” project

In 2012, the drawing up of the “Sustainability Vision” and the materiality matrix of SEA began, which will establish an agenda of strategic objectives, policies, instruments and resources through which the business objectives will be linked with sustainability issues. The objective is to establish the “priority” of the SEA sustainability policies, with an indication of the remit of action which, in satisfying the expectations of key stakeholders, promotes the competitive strategies of SEA.

The construction of the “Sustainability Vision” was informed by interviews with company management, focus groups and web discussions with senior managers, managers and operating staff and workshops with management dedicated to benchmarking analysis, based on developed sustainability experiences at international airports.

Attainment of the ISO 50001 “Energy Management System” certification

In October 2013, SEA received the energy management system “Energy Management System” certification, an important achievement which considers the level of excellence achieved across all operations related to energy management.

Malpensa Terminal 1/Terminal 2 rail link

In 2013, the European Union decided to co-finance the construction of the rail link between the two Malpensa terminals, covering 20% of the overall cost of the operation. The 3.4 km rail link, largely underground (with the new station designed by SEA and operated by Ferrovie Nord) is part of the works related to the Expo and will be constructed in 18 months.

SEA is therefore committed to directly cover the project for Euro 16 million and together with Ferrovie Nord is co-ordinating and planning the infrastructure construction activities. The remaining amount required for the link will be covered by Italian Government (Euro 45 million) and Lombardy Region (Euro 30 million) loans. The commencement of works is scheduled for the second half of 2014.

Opening of the Malpensa 1 third satellite

On January 13 the third satellite at Malpensa 1 opened a modern, elegant and bright structure, ready to welcome new aircraft and passengers. With the opening of the new satellite, which has a total surface area of 35,000 m² – of which 3,000 dedicated to VIP lounges – the terminal capacity will increase 50%.

The satellite will bring the number of loading bridges at Malpensa 1 to 41 and establish a unique feature among Italian airports with the capability to simultaneously accept two Airbus A380, boarding passengers through three loading bridges (one by the upper bridge and two by the principal bridge). They also include a direct connection between the VIP lounge of the company with the aircraft, without passing through the gate.

The new loading bridges utilise a cutting edge technology, which is based on a mobile mechanism which allows control of its height, in order to serve – according to needs – two differing floors of the satellite, maximising flexibility of use.

The SEA (Società Esercizi Aeroportuali) Group manages the Milan airport system, based on a forty-year agreement signed in 2001 with ENAC, which renewed the previous concession of May 7, 1962.

The parent company SEA SpA is a joint-stock company, incorporated and registered in Italy.

Key Facts

Foundation of SEA	May 22, 1948
Registered office	Milan Linate Airport – 20090 Segrate (MI)
Milan Company Registration Office No.	00826040156
Share capital	Euro 27,500,000
Number of Group employees in 2013	4,986

SEA 2013 FINANCIAL STATEMENTS

Total revenues	Euro 724.1 million
Net Profit	Euro 33.7 million

MILAN AIRPORT SYSTEM TRAFFIC 2013

Passengers	26.8 million
Aircraft movements	251.8 thousand
Cargo	436.1 thousand (tonnes)

SEA and the Group companies manage and develop the airports of Milan Malpensa and Milan Linate, guaranteeing all services and related activities, such as the landing and take-off of aircraft, the management of airport security, the passenger and cargo handling services and the continued development of commercial services and passengers, operators and visitors through a wide and differentiated offer.

The SEA Group also produces electricity and thermal energy for sale on the external market, in addition to covering the needs of its airports.

The airport system managed by the SEA Group includes:

- Milan Malpensa 1, dedicated to business and leisure customers on domestic, international and inter-continental routes, with specific airline and charter areas;
- Milan Malpensa 2, dedicated to high-end low cost traffic;
- Milan Malpensa Cargo, a cargo transport support infrastructure, facilitating the movement of over 500 thousand tonnes of cargo annually;
- Milan Linate, serving a frequent-flyer client base on major national and EU routes.

Major milestones

- 1948 SEA was incorporated in Busto Arsizio (Varese) on the initiative of a group of private individuals, under the name “Aeroporto di Busto Società per Azioni”. In June 1948 the Company obtained authorisation to construct a civil airport at the old military airport of Malpensa. The official opening took place on November 21 of that same year.
- 1955 The Company took on the current name “Società per Azioni Esercizi Aeroportuali SEA” and in 1966 company headquarters were transferred to Segrate (Milan).
- 1957 The Company begins to extend and develop also the airport of Linate, which after the Second World War remained almost entirely inactive and undertook its management from June 1960.
- 1962 On May 7 the Company signed – with the Ministries for Defence and for Finance and the Treasury – Agreement No. 191 which, under the principles established by Law 194/1962, governs relations between the State and the Company in relation to the management, maintenance and development of the airports of Malpensa and Linate.
- 1985 The legal classification of “private airports”, recognised to the Milan airports by Law 194/1962, is confirmed and extended until 2022 by Law 449/1985. This law awards to SEA the design and construction of the extension and redevelopment works at Malpensa airport, which are in part financed by the State.
- 1990 Based on the loans attained – and with the support of its own financial resources – SEA begins to implement the scheduled actions under the “Malpensa 2000” project.
- 1992 SEA sets up, with other companies, Malpensa Energia (now SEA Energia), in order to construct, and subsequently manage, a co-generation station for the supply of electric and thermal energy to support the needs of Malpensa airport.
- 1994 Decision of the Council of Prime Ministers of the European Community, based on which Malpensa airport is included in 14 priority Trans-European Network projects.
- 1998 In view of the entry into use of the infrastructure of the Malpensa 2000 project, it is decided to restructure the Milan airport system capacity, which includes the airports of Malpensa, Linate and Bergamo Orio al Serio. With the so-called Burlando Decree No. 1 and Burlando Decree No. 2, the entire traffic of Linate is “re-positioned” to Malpensa, with the exception of the Milan-Rome routes. Subsequently, the Italian Government amends the regulations concerning the breakdown of traffic with Ministerial Decree of 3/3/2000 (so-called Bersani 1), subsequently supplemented by Ministerial Decree of 5/1/2001 (so-called Bersani *bis*).
- 2001 On September 4, ENAC and SEA sign the 2001 Agreement which replaces Agreement 191/1962 and with duration until May 4, 2041.
- 2002 SEA transfers, through conferment of the business unit, all handling activities carried out at the Milan airports to SEA Handling, a company fully held by SEA.
- 2006 SEA begins the redevelopment of the Malpensa airport structure, dedicating Malpensa 1 to medium and long haul flights, (in both cases scheduled flights), while Malpensa 2 – initially dedicated to low cost and charter flights – is reserved for the high-end low cost flight sector, with transfer in 2008 of charter flights to Malpensa 1.
- 2008 From the end of March, Alitalia, under its industrial plan, no longer designates Malpensa as a hub, drastically reducing its network at the terminal and transferring a large part of flights to Rome Fiumicino. Within the re-organisation of the Alitalia group, with provision No. 19248 of December 3 issued by the Anti-trust Authority, it is established that until December 3, 2011 no investigation into any positions of monopoly at Linate following this merger will be carried out.
- 2011 On December 29, the company F2i – *Fondi italiani per le infrastrutture* – entered the Group, undertaking a 29.75 stake, purchased from the Municipality of Milan, which maintains however its position as majority shareholder.
- 2012 Following the Anti-trust Authority investigation, which identified a monopoly on the Milan Linate-Rome Fiumicino route by the Alitalia Group, at the end of October easyJet was offered the option of slots on this route previously used by Alitalia. On December 27, F2i acquired the 14.56% share of SEA previously held by ASAM (holding company of the Province of Milan), bringing therefore its stake in the Company to 44.31%.

2013 Following the decision of December 19, 2012 by which the European Commission judged the share capital increases made by SEA in favour of SEA Handling, in the 2002-2010 period, as State Aid incompatible with the internal market, the SEA Group began talks with the Commission to identify an alternative solution to the planned sanction. Under such an alternative, SEA would continue to be present on the handling market through a holding in a new company, incorporated on September 9

and called Airport Handling Srl, presently non-operative.

On December 18, SEA acquired the controlling share of 98.34% held by Acqua Pia Antica Marcia (SAPAM) in Ali Trasporti Aerei ATA. The SEA Group therefore also manages the western section of Linate airport which represents, with over 24 thousand movements served in 2012, the largest Italian General Aviation base and the sixth in Europe by number of daily movements.

Mission and Values

Mission

The mission of the SEA Group is to create value for all parties directly involved in Group activities: shareholders, customers and employees. This is achieved through providing services and solutions which serve the growing demands of the market, ranging from passengers to airlines, airport operators and the commercial partners at Malpensa and Linate airports.

The airport infrastructures managed by SEA ensure air access to the major international destinations for a large number of users and are located in one of the most developed catchment areas in Europe - providing a key hub for economic growth in the North Italy region as a whole.

The services provided by the SEA Group are guaranteed by the management and development of secure and cutting-edge infrastructure, placing a central focus on the development of the host community and environmental protection.

Values

SEA's activities are carried out in strict compliance with law, in line with fair competition practices and respect the legitimate interests of customers, suppliers, employees, shareholders, institutions and the general public. Due to the complexity of the situations in which SEA operates, all conduct on behalf of the company must consistently be in line with the following values, as set out in the company's Ethics Code:

Correctness

Combining compliance with law and regulations – where such are not present or insufficient – with practices based on a code of personal responsibility.

Transparency

Ensuring company representatives access to the necessary information to correctly carry out and guarantee the transparency of their behaviour on the market and within the company.

Objectivity

Undertaking decisions and managing processes based on evaluations founded upon objective and verifiable data.

Partnership

Favouring the pursuit of synergies and common paths, both within the corporate world and in relations with external stakeholders, through ongoing and constructive forms of dialogue.

Equity

Applying equality of treatment at similar conditions, considering fairness as a central principle of the decision making process system.

Professional thoroughness

Reacting to changes and relating each process to sustainable development, cultivating excellence among personnel and improving the value generated by them in relations with the stakeholders.

Linate and Malpensa airports

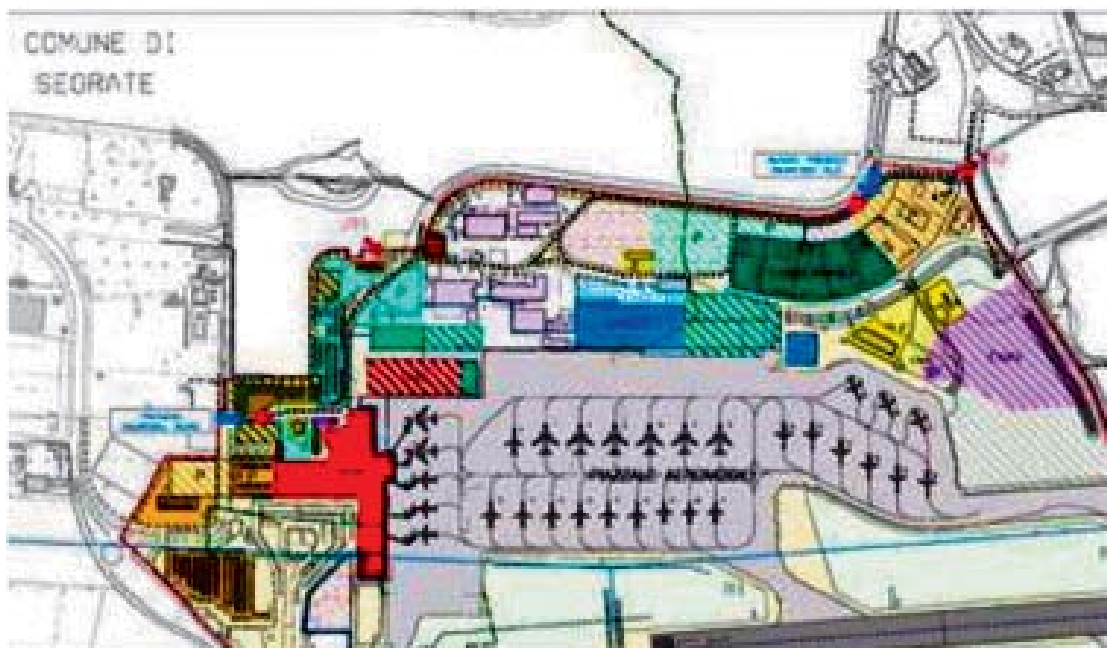
Linate airport

Regional placement

Linate airport is situated within the Milan urban belt, in the South-East of the province. It occupies a total

area of approx. 350 hectares and almost entirely within the municipality of Peschiera Borromeo and, to a lesser extent, in the municipalities of Segrate and Milan. Forlanini Park, one of the major urban parks in Milan, and the Idroscalo Lake adjoin the airport.

Linate – Airport map, air-side



The airport is dedicated primarily to a frequent flyer type client, on particularly attractive domestic and international routes (these latter both within the European Union and outside). In 2013, Linate handled 6.3% of passengers, 8.0% of aircraft movements and 2.2% of cargo in Italy.¹

Infrastructural characteristics

The airport has two runways for take-off and landing, of which the first (length of 2,442 metres) for commercial aviation and the second (length of 601 metres) for General Aviation. The flight infrastructure contains a taxiway of approx. 2,100 meters, a system of link roads of approx. 4,000 meters and 2 aircraft aprons. There are 47 stands with a simultaneous capacity of 41 aircraft.

1. Source: Assaeroporti (www.assaeroporti.it).

Linate Airport Table			
Traffic	Year 2013	Change 13/12	ITA Rank
Passengers	8,983,694	-2.1%	3 rd
Movements	91,128	-5.3%	3 rd
Competitive profile			
Number of Airlines (with at least 10 movements per year)			18
Number of airports reachable within a day			385
% of EU GDP reachable within 4 hours			81.9%
% of ASK of the principal airline			55.6% (Alitalia)
Operating standards – 2013			
Departure punctuality (delays less than 15 minutes)			90.7%
Delivery of first bag within 18 minutes			94.8%
Number of misdirected bags / 1,000 passengers			3.9
Infrastructural characteristics			
Surface area			350 ha
Number of runways			2
Number of aircraft stands			47
Number of check-in desks			83
Number of departure gates			24
Terminal surface area dedicated to commercial activity			21%
Cargo warehouse surface area			16,800 m ²
Cargo movements capacity			80-100 thousand t/yr.
Cogeneration station – installed electric capacity			24 MWe
Cogeneration station – installed thermal capacity			18 MWt
No. of car parks			3
Number of parking spaces reserved for passengers			3,940
Number of parking spaces reserved for airport operators			1,850
Number of taxi spaces			169

Sources: SEA, Assaeroporti (www.assaeroporti.it), ICCSAI Fact Book 2014

The passenger area extends over 3 levels for a total area of 75,000 m² (of which approx. 33,000 open to the public), with 83 check-in counters and 24 gates, of which 5 served by loading bridges and the remaining utilised by aircraft positioned in remote parking reachable by runway shuttle buses. 21% of the airport surface open to the public is dedicated to commercial activities (sales points and catering, car hire and banking services) and 7.5% to services provided by the airlines (check-in counters and ticket counters). The cargo area utilises a cargo warehouse of approx. 16,800 m², with a capacity to handle 80-100,000 tonnes per year.

Traffic model

The Linate traffic model is based on the so-called traditional “Point to point” model, which is centred

on serving two airports through direct flights, without the option for connecting flights to other destinations on the same ticket. The traffic model:

- is subject to limitations, in terms of operable destinations, established by the Bersani I Decree and the Bersani bis Decree;
- in consideration of the almost total absence of transiting passengers, does not specifically dedicated infrastructure for the management of this type of passenger;
- considering the airport capacity limit allocated, no traffic peaks are present within the day;
- due to the focus on business clients, expects almost constant traffic volumes throughout the week, against a reduction in such volumes at the weekend.

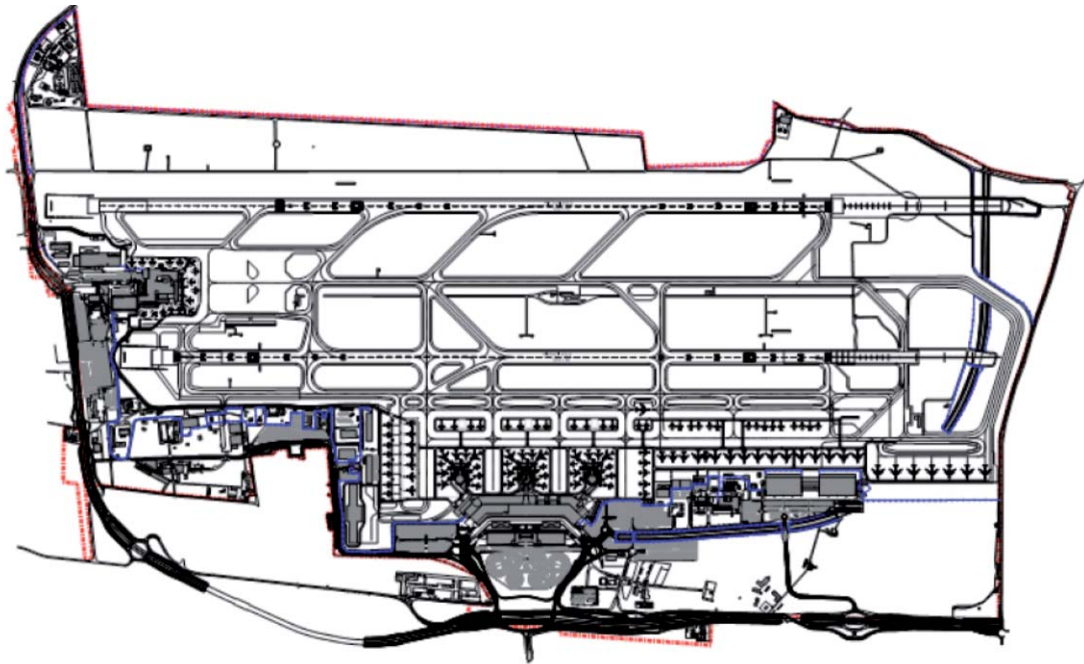
Malpensa airport

Regional placement

Malpensa airport is located on the Lombardy plateau in the South-West of Varese province, 48 km from

Milan, with rail connections to the city (29 minutes from the city centre) and a road system, including a motorway, which connects the airport with the major regions of Northern Italy and Switzerland.

Malpensa – Airport map, air-side



The airport covers 1,220 hectares within 7 municipalities: Somma Lombardo, Casorate Sempione, Cardano al Campo, Samarate, Ferno, Lonate Pozzolo and Vizzola Ticino.

It is surrounded by a wooded area which thins out towards the municipalities, leaving space for planting. All airport grounds are within the Lombardy Valle del Ticino Park, the largest regional park in Italy, created in 1974 to protect the rivers and the numerous natural habitats of the Valle del Ticino from industrialisation and encroaching urbanisation and to safeguard the rich biodiversity heritage.

The Malpensa airport ranks second in Italy for overall aircraft movements and passenger numbers. In 2013,

Malpensa managed 11.6% of overall movements, 12.5% of passenger traffic and 47.4% of cargo transported in Italy.²

Infrastructural characteristics

The airport utilises two parallel runways, with 808 metres between them, measuring 3,920 metres each and capable of handling all aircraft in service. The runways do not permit parallel independent approaches. The taxiing and connection roadways cover approx. 19.4 km in total (28.5 km if considering also the stand taxiways). The 203 stands for aircraft – of which 111 at Malpensa 1, 43 at Malpensa 2 and 49 at Malpensa Cargo – allow a maximum capacity of 155 aircrafts.

² Source: Assaeroporti (www.assaeroporti.it).

Malpensa airport table

Traffic	Year 2013	Change 13/12	ITA Rank
Passengers	17,781,144	-3.0%	2 nd
Cargo (tonnes/year)	421,277	3.8%	1 st
Movements	160,700	-5.9%	2 nd
Competitive profile			
Number of Airlines (with at least 10 movements per year)			115
Number of airports reachable within a day			387
% of EU GDP reachable within 4 hours			90.6%
% of ASK of the principal airline			14.4% (easyJet)
Global connectivity rank			26 th
European connectivity rank			28 th
Operating standards – 2013			
Departing punctuality			85.8%
Delivery of first bag within 27 minutes			
• Malpensa 1			97.1%
• Malpensa 2			95.7%
Number of misdirected bags / 1,000 passengers			2.1
Infrastructural characteristics			
Surface area			1,220 ha
Number of runways			2
Number of aircraft stands			203
Number of check-in desks:			
• Malpensa 1			286
• Malpensa 2			57
Number of departure gates:			
• Malpensa 1			84
• Malpensa 2			28
Terminal surface area dedicated to commercial activity			
• Malpensa 1		16.0% of the surface area open to the public	
• Malpensa 2		17.8% of the surface area open to the public	
Baggage Handling System Malpensa 1			10,650 bags/hour
Baggage Handling System Malpensa 2			4,800 bags/hour
Number of baggage delivery carousels			
• Malpensa 1			10
• Malpensa 2			5
Cargo movements capacity			500-560.000 ton/yr.
Cogeneration station – installed electric capacity			70 MWe
Cogeneration station – installed thermal capacity			62 MWt
No. of car parks			
• Malpensa 1			4
• Malpensa 2			2
Number of parking spaces reserved for passengers			
• Malpensa 1			7,416
• Malpensa 2			4,050
Number of parking spaces reserved for airport operators			
• Malpensa 1			2,563
• Malpensa 2			1,160
• Interim area Malpensa 1-Malpensa 2			1,609
• Malpensa Cargo			1,159
Number of taxi spaces			
• Malpensa 1			280
• Malpensa 2			20

Sources: SEA, Assaeroporti (www.assaeroporti.it), ICCSAI Fact Book 2014

There are 2 airports for passengers. Malpensa 1, operative since 1998, was constructed according to a modular plan and comprises a core structure (comprising 6 floors) and three satellite structures with airport stands, to which the passenger piers are connected. The third satellite (North) was opened to traffic in January 2013.

The three satellites are connected to the core building by a double tunnel for arriving and departing passengers and a covered corridor for the movement of bags.

It has 286 check-in counters and 84 gates, of which 41 served by loading bridges and with the remaining for aircraft positioned in parking, reachable with shuttle runway bus.

Approx. 16% of the surface area open to the public is dedicated to commercial activities (sales points and catering, car hire and banking services).

Malpensa 2 has 57 check-in counters and 28 gates for parked aircraft reachable by runway buses. Approx. 17.8% of the surface area open to the public is dedicated to commercial activities.

Malpensa Cargo utilises warehouses with a surface area of 50,000 m² and has a capacity of between 500,000 and 560,000 tonnes of cargo annually.

The airport also has a hanger for the recovery and maintenance of aircraft and office space.

Traffic model

The traffic model developed and managed by Malpensa airport is categorised as “Big Point”, i.e. a hybrid traffic model which combines “Point to point” services (which is centred on serving two airports through direct flights, without the option for connecting flights to other destinations on the same ticket) with the feeder system derived from the hub model which directs passengers toward long haul final destinations. This hybrid system may be developed in the presence of a large user base, so as to guarantee passenger traffic volumes which attract airlines capable of offering a wide range of flight connections. Under this model the airport both connects short range destinations and feeds transiting passengers to long haul destinations.

The traffic model developed and managed by Malpensa airport in the passenger sector features a large number of airlines. The user base in fact can generate significant volumes of passenger traffic on routes independent of the operating airlines, allowing the differentiation of the flight offer among more airlines and facilitating any replacements required.

In the cargo segment, Malpensa airport operates within a user base with a high demand for air cargo transport, which is not entirely satisfied by the offer of air cargo flights by the airlines within this area. Part of the cargo generated in this basin is transported by road to airports within other European countries (the so called “cargo exodus”).

Business Divisions

The management of airports by SEA concerns the specific areas of activity corresponding to similar business units:

Aviation

The Aviation Business Unit manages the “core” airport activities, concerning the management, development and maintenance of the infrastructure and plant comprising the airport and the services offered to customers, the aircraft take-off and landing activities, in addition to airport security services.

For these services, which are provided exclusively and under regulation, the SEA Group, through the parent company SEA, receives fees and payments.

The revenues generated are set by a regulated tariff system and comprise airport fees, payments for the use of centralised infrastructure and common use assets, in addition to security fees.

Type of revenues:

- airport fees (aircraft, passengers and cargo);
- fees for the use of centralised infrastructure (for example loading bridges, BHS, centralised information systems);
- fees for security controls (concerning passengers and hand baggage and 100% of checked baggage).

The security fees and payments are set by Ministerial Decrees; centralised infrastructure payments are subject to oversight by ENAC.

Non Aviation

Non Aviation activities concern the provision of complementary services to aviation support and include a wide and differentiated offer – both directly provided and under sub-contract by third parties – of commercial services for passengers, operators and airport visitors, in addition to real estate activities.

The revenues comprise market fees for the Non Aviation activities carried out directly and royalties calculated as a percentage of revenues – with indication of a guaranteed minimum – in the case of activities carried out by third parties under contract.

The Non Aviation business unit carries out the following activities:

- retail (duty free and duty paid sale to the public, catering, car hire, advertising, the management of spaces for the carrying out by third parties of banking activities);
- the management of parking;
- the management of cargo spaces;
- other activities, included under the account services and other revenues (ticket office, vehicle maintenance, real estate, including rentals and concessions of sections of the airport and

technological and design services, non-regulated security services).

The SEA Group is structured and organised on a B2B (Business to Business) basis, rather than B2C (Business to Consumer). The B2C approach, significantly growing in the latest period, is based on a progressive extension of services offered (also not strictly related to flights), converting in this manner the airport services towards an Airport City model. The development by the SEA Group of a B2C approach has prompted the production of a communication and marketing plan which informs current and potential users of the Milan airports of the new and additional services offered at the airports. This plan centres on activities such as:

- involvement in the major trade fair and commercial events in the region;
- the use of innovative distribution channels (for example a commercial portal through which passengers/customers may learn of and directly purchase products and services offered by the Group);
- the consolidation of a customer loyalty program.

Handling

Handling activities concern aircraft, passenger, baggage, cargo and postal ground assistance services, which are provided to airlines operating at the airport. The sector activities, liberalised in accordance with Legislative Decree 18/1999, are carried out by the SEA Group, for ramp, passenger and cargo handling, through the subsidiary SEA Handling. The revenues generated comprise market fees for the carrying out of the following activities:

- ramp handling (i.e. air-side services, including the boarding/deplaning of passengers, bags and cargo, aircraft balancing, baggage movements and reconciliation);
- passenger handling (i.e. land-side services, including check-in and lost & found).

These fees are freely negotiated between the SEA Group, through SEA Handling, and each airline.

Energy

The SEA Group guarantees energy (thermal and electric) self-sufficiency at both airports through a system based on co-generation stations with low environmental impact, managed by the subsidiary SEA Energia. Co-generation stations in fact are operational at the airports, which, through the combustion of methane gas, produce a combination of electricity and thermal energy (which may be thereafter converted into cooling energy). The

Malpensa co-generation station has an annual estimated maximum production capacity of 613 GWh for electricity and 543 GWh for thermal energy. The Linate station has an annual estimated maximum production capacity of 210 GWh for electricity and 157 GWh for thermal energy. The electricity produced in excess of the needs of the respective airports is sold

through the Electricity Exchange. The excess thermal energy produced by the Linate station is used to service the needs of the Santa Giulia district of Milan. The Group, through SEA Energia, receives Green Certificates which confirm the specifications of the plant utilised.

Shareholding structure

The share capital of SEA amounts to Euro 27,500,000, comprising 250 million shares of a par value of Euro 0.11, of which 137,023,805 Class A shares and 74,375,102 Class B shares, in line with that resolved by the Shareholders Meeting of December 29, 2011.

The Class A shareholders upon majority divestment must guarantee Class B shareholders a right to co-sale. Class A shareholders have a pre-emption right on the sale of Class B shares.



Shareholders	
● Milan Municipality ^(*)	54.81%
● F2i – Fondi italiani per le infrastrutture	44.31%
● Other	0.88%

(*) Holder of Class A shares.

Public shareholders	
N. 13 entities/companies Milan Municipality	54.81%
Varese Province	0.64%
Municipality of Busto Arsizio	0.06%
Other public shareholders	0.14%
Total	55.65%
Private shareholders	
F2i – Fondi italiani per le infrastrutture	44.31%
Other private shareholders	0.04%
Total	44.35%

Source: SEA

SEA holds controlling shareholdings in the companies listed below, upon which direction and coordination

is exercised in accordance with Article 2497 and subsequent of the Civil Code:

Company	Country of incorporation/location	% of share capital
SEA Energia SpA	Italy, Segrate (MI)	100.00
SEA Handling SpA	Italy, Somma Lombardo (VA)	100.00
Consorzio Malpensa Construction	Italy, Milan	51.00
Airport Handling Srl	Italy, Somma Lombardo (VA)	100.00
Ali Trasporti Aerei ATA SpA	Italy, Milan	98.34
ATA Ali Servizi SpA*	Italy, Milan	98.34


* Indirectly through Ali Trasporti Aerei ATA.

SEA Group Structure


SEA SpA

Airport management	Utilities	Commercial activities	Other activities	Handling
SACBO Bergamo SpA 30.98%	SEA Energia SpA 100%	Dufrital SpA 40%	Consorzio Malpensa Construction 51%	SEA Handling SpA 100%
Aeropuertos Argentina 2000 SA* 8.5%	Disma SpA 18.75%	SEA Services Srl 30%	Consorzio Milano Sistema (in liquidation) 10%	Airport Handling Srl 100%
Ali Trasporti Aerei ATA SpA 98.34%**			Romairport Srl 0.23%	ATA Ali Servizi SpA 98.34%**
			SITA Società Cooperativa arl 1 share	Malpensa Logistica Europa SpA 25%
			Railink Srl (in liquidation) 100%	

Key:

 Controlling shareholding

 Associated company

 Investments in other companies

* In relation to the holding of SEA in AA2000, on June 30, 2011 SEA SpA and Cedcor SA, in execution of the agreement of August 9, 2006, signed a contract concerning the sale by SEA of the above-stated investment in AA2000, subject to the approval of the Regulador del Sistema Nacional de Aeropuertos, which has not yet been issued at the approval date of the present Report.

** Company acquired on December 18, 2013.

The parent company in addition has the following holdings:

- 40% of Dufrital, a company involved in the management of airport sales points, present at, in addition to the Milan airports, also the airports of Bergamo, Genoa and Verona;
- 30% of SEA Services, involved in catering at the Milan airports;
- 25% of Malpensa Logistica Europa, which provides integrated logistic services;

- 18.75% of Disma, which manages a plant for the stocking and distribution of aviation fuel at Malpensa airport.

With a holding of 30.98%, SEA is also the largest shareholder of SACBO, which manages Bergamo Orio al Serio airport, the fourth leading passenger airport in Italy.

Corporate Governance

The Corporate Governance structure is voluntarily based (as SEA is not a listed company) on the recommendations and principles of the “Self-Governance Code for listed companies” of Borsa Italiana.

SEA considers that the adoption of a Corporate Governance Model based on the principles of transparency and the correct balance between management and control, constitutes an essential requisite and an effective instrument to implement the values of the Company’s mission. Under the Code SEA annually prepares a Corporate Governance Report which outlines the Corporate Governance structure at each year-end.

Corporate Governance structure

The SEA Corporate Governance structure is based on a traditional model and is comprised of the following bodies:

- the Shareholders’ Meeting, which represents the interests of all shareholders and with a duty to take the most important decisions for the company – appointing the Board of Directors, approving the financial statements and amending the By-Laws;
- the Board of Directors, which operates through the executive directors and directors with representative powers. A Control and Risks Committee and a Remuneration Committee have also been set up within the Board;
- the Board of Statutory Auditors.

The structure of powers and duties complete the Governance structure.

Board of Directors

The By-Laws establish that the Board of Directors comprises 7 members, whose mandate is set by the Shareholders’ Meeting for a period not lesser than one year and not greater than three, running from acceptance of office.

The Board of Directors of SEA comprises Executive and Non-Executive Directors (therefore not granted operating duties and/or directional duties within SEA). From among its members it elects a Chairman and a Vice Chairman and may delegate part of its duties to an Executive Committee and may appoint one or more delegated directors.

The Board of Directors of SEA therefore comprises the:

- Chairman
- Vice Chairman
- Non-Executive Directors (therefore not granted operating duties and/or directional duties within SEA).

The most senior managerial responsibility within the Company falls to the Chief Corporate Officer (CCO), the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), according to the duties conferred by the Board of Directors.

The organisational decisions undertaken by the company are adequately balanced by the Committees and the duties allocated to the Board of Directors.

The Board of Directors of SEA in office at December 31, 2013 was appointed by the Shareholders’ Meeting of June 24, 2013, for 3 years until the approval of the Annual Accounts at December 31, 2015.

SEA 2013 Structure of the Board of Directors and Committees

Office	Members	Board of Directors			Control and Risks Committee	Remuneration Committee	Ethics Committee
		Executive	Non-Executive	Independent			
		*			*		*
Chairman	Modiano Pietro	X					
Vice Chairman	Ravasio Renato		X		X		
Director	Aspesi Mario		X			X	
Director	Bragantini Salvatore		X		X		X
Director	Maia Mauro		X			X	
Director	Stefani Susanna		X			X	
Director	Zucchelli Susanna		X		X		

* Membership of the Board member on the Committee.

The meetings of the Board of Directors are called by the Chairman or, in his/her absence or impediment, by the Vice Chairman, at least 5 days before the meeting, which, where possible together with the calling of the meeting and however duly in advance of the meeting date, makes available to all Directors the relevant information, also supported by hard copies, concerning the matters which the Board is called to discuss.

In accordance with the By-Laws, a meeting of the Board of Directors shall be validly constituted when a

majority of members in office are present. Resolutions are passed by a majority of those present; in the case of parity, the vote of the chairman prevails.

The By-Laws provide no specific indications on the regularity of Board meetings, although they are usually held on a monthly basis; the calendar is drawn up by the Board on a half-yearly basis.

The Board of Directors calls the Shareholders' Meeting at least once per year, within 120 days from year-end or, where particular needs dictate, within 180 days from year-end.

Meetings held by the Board of Directors and the Committees in 2013

Board of Directors	Control and Risks Committee	Remuneration Committee	Ethics Committee
17	9	6	4

The Board of Directors plays a central role within the company's organisation. The Board is responsible for the strategic and organisational choices undertaken and exercises, within the corporate scope, all powers which by law or through the By-laws are not expressly reserved to the Shareholders' Meeting and therefore carries out the ordinary and extraordinary administration of the Company.

The Board monitors the general operating performance, particularly in relation to conflicts of interest, paying specific attention to information received from the Chairman and from the SEA Group Control and Risks Committee, in addition to periodically reviewing results in comparison with forecasts.

The Board of Directors exercises its functions relating to the internal control system taking into consideration benchmark models and the best practices.

The internal control system of the Company comprises of regulations, procedures, and organisational structure aimed at monitoring:

- the efficiency and effectiveness of the business processes;
- the reliability of financial disclosure;
- compliance with law, regulations, the By-laws and internal procedures;
- the safeguarding of the company's assets.

Particular attention is reserved in addition to the Organisational and Management Model as per Legislative Decree 231/01 adopted.

In addition, in line with regulations and the By-Laws, the Board of Directors examines and approves the operations of strategic, economic, equity or financial significance, the strategic, industrial and financial plans of the company and the group in general, the corporate governance system and the group structure. In 2013, no operating duties were conferred to other directors, other than the Chairman, nor was an Executive Committee established.

On the conclusion of the current Board's mandate, on the appointment of the new board the new provisions of Article 11 of the By-Laws in relation to slate voting will be applied.

Directors will be appointed by the Shareholders' Meeting on the basis of slates presented by the shareholders which, individually or jointly with other shareholders, hold shares with full voting rights representing at least 20% of the share capital.

The slate voting procedure however will be applied only on the renewal of the entire Board of Directors. In the case in which, for any reason, it is not possible to appoint the Board of Directors according to the means indicated at Article 11 of the By-Laws, the Shareholders' Meeting will vote by statutory majority. Where during the year one or more directors elected from the slate which attained the second highest number of votes at the Shareholders' Meeting cease their membership of the Board, the Board of Directors shall co-opt through electing, where possible, from among the unelected candidates of the slate from which the former Director was chosen.

The Company is not subject to particular rules in terms of the composition of the Board of Directors in relation to minority shareholders or the number of independent directors.

The Board of Directors of SEA has established the remuneration of the Chairman, the Vice Chairman and the other Directors on the basis of that agreed by the appointing Shareholders' Meeting. The remuneration of the Board of Directors in 2013 was Euro 945 thousand.

The SEA Group remuneration policy reflects its position as a service-based company focused on operating performance excellence and the quality of the service provided to customers, in order to aligning the corporate interest with the primary objective of creating value for shareholders. The policy seeks to attract, motivate and retain highly qualified and skilled individuals, capable of achieving the Groups' objectives.

The variable incentive system (MBO) for Group Management is in line with the Industrial Plan and seeks to further its achievement. The variable remuneration component recognises the results achieved, drawing a correlation between performance and remuneration. The annual objectives are pre-set by the budget approved by the Board of Directors and allocated to the positions in relation to the result and responsibility areas of each role.

Group profitability is the principal objective of Management, shared at all levels and is the condition upon which the individual bonus is based. Performance is measured on, in addition to the economic-financial aspects, also the reaching of objectives in terms of operating excellence and customer service level indicators.

Internal Committees to the Board of Directors

The Board of Directors of SEA, in line with the recommendations of the Self-Governance Code, has internally set up through resolutions additional committees comprised of non-executive independent directors, with proposal and consultation functions and has set the number of members and relative duties. These committees regularly carry out their duties through meetings, with minutes prepared and maintained by the Company. For the discharge of their duties, the committees may access the information and company departments necessary. The committees may in addition utilise external consultants, within the budget limits approved by the

Board. The Board of Directors has set up:

- the Ethics Committee, chaired by a non-Executive Director
- the Remuneration Committee
- the Control and Risks Committee.

The Board has not set up internally an Appointments Committee as it is considered that the slate voting mechanism provided for under the By-Laws for the appointment of Directors guarantees sufficient transparency and publicity for the entire procedure for the appointment of the members of the Board of Directors.

Board of Statutory Auditors

The By-Laws establishes that the Board of Statutory Auditors is comprised of five standing members and two alternate members appointed and operating in accordance with law. By law, two State representatives hold positions as statutory auditors, one of which as Chairman of the Board appointed by the Ministry for the Economy and Finance and the other by the Ministry for Infrastructure and Transport. The appointment of the remaining three statutory auditors and the two alternate auditors takes place through the slate voting system, presented by shareholders with holdings of at least 20%.

The standing auditors are appointed for a period of three years (and may be re-elected), which expires on the date of the Shareholders' Meeting called for the approval of the financial statements relating to the final year in office.

SEA 2013 Board of Statutory Auditors structure

Board of Statutory Auditors			
Office	Members	In office from	In office until
Chairman*	Cicchiello Rita	30/10/2013	Approval 2015 Annual Accounts
Statutory Auditor	Galli Andrea	24/06/2013	Approval 2015 Annual Accounts
Statutory Auditor	Giovanelli Paolo	24/06/2013	Approval 2015 Annual Accounts
Statutory Auditor	Passantino Antonio	24/06/2013	Approval 2015 Annual Accounts
Statutory Auditor	Simonelli Ezio Maria	24/06/2013	Approval 2015 Annual Accounts
Alternate Auditor	Cioccarelli Andrea	24/06/2013	Approval 2015 Annual Accounts
Alternate Auditor	Moretti Ilaria	24/06/2013	Approval 2015 Annual Accounts

* Paolo Marcarelli from 24/06/2013 to 30/10/2013.

The Shareholders' Meeting of the Company on June 24, 2013 elected the members of the Board of Statutory Auditors for the years 2013-2014-2015, establishing the relative remuneration. The Board supervises the independence of the audit firm, verifying compliance with the relative regulatory provisions and the nature and extent of the services other than the auditing of the Company accounts and of the subsidiaries by the appointed audit firm.

In the undertaking of its activities, the statutory auditors may request the Auditing Department to

undertake verifications on specific operating areas and company operations.

The statutory auditors act with autonomy and independence also in relation to the shareholders who elected them. In 2013, the total remuneration of the Board of Statutory Auditors was Euro 374 thousand.

Corporate Governance codes

SEA over time has developed its Corporate Governance codes based on operating requirements or legislative changes.

Organisation and management model as per Legislative Decree 231/01

The Board of Directors of SEA on 18/12/2003 approved the “SEA Organisation and Management Model” (the Model) following the issue of Legislative Decree 231/01, enacting the “Regulation concerning the administrative responsibility of legal persons, of companies and of associations, also without legal personality”.

SEA and its subsidiaries have adopted the necessary and appropriate measures to amend and improve the “Mapping of risks” and the model in place, to prevent the committal of offenses established by the legislature.

The Model adopted by the Company comprises a General part, in addition to a Special Part, which concerns the various categories of offenses covered by Legislative Decree 231/01 and the relative prevention measures adopted.

The effectivity and adequacy of the Model is ensured by the Supervisory Body which possesses independent powers of initiative and control, in addition to independent spending powers, and reports periodically to the Control and Risks Committee in relation to the functioning of the Model, sending annually to the Board of Directors a written report on the state of implementation of the Model and, in particular, concerning the controls and verifications carried out, any critical issues and irregularities encountered.

The Supervisory Body, currently in office, was appointed by the Board of Directors on July 31, 2013 and comprises 4 members (a Board member without operating duties, two external independent members and the Auditing Manager).

Ethics Code

With Board of Directors motion of April 10, 2000, SEA adopted an Ethics Code which defines the ethical and moral standards of the Company, indicating the conduct guidelines to be upheld by personnel and members of the Corporate Boards in external company relations and with other enterprises and the market.

The Ethics Code sets the moral standard objectives and those concerning the economic efficiency of inter-

company relations (senior management, management, employees) and external relations (other enterprises and the market), in order to develop standardised conduct guidelines, in addition to the economic benefit established through the consolidation of a strong corporate reputation.

The Ethics Code is a fundamental instrument for the monitoring of economic, financial and social relationships, with particular focus on conflicts of interest, relations with competitors and relations with customers, with suppliers and with the public administration. It provides a fundamental definition of the ethical and moral standards of SEA, indicating the conduct guidelines to be upheld by personnel.

In order to ensure full compliance with and the proper interpretation of the Ethics Code, an Ethics Committee comprising the following members has been set up:

- a representative of the Board, who undertakes the chair of the Committee;
- the heads of the following company departments:
 - Human resources and Organisation;
 - Legal and Corporate Affairs;
 - Auditing.

For each committee meeting minutes are prepared. As in 2013 no violations of the Ethics Code were reported, the meetings concerned the circulation and implementation of the code.

In 2013, information concerning the Organisation and Management Model as per Legislative Decree 231/01 and the Ethics Code was circulated through the following initiatives:

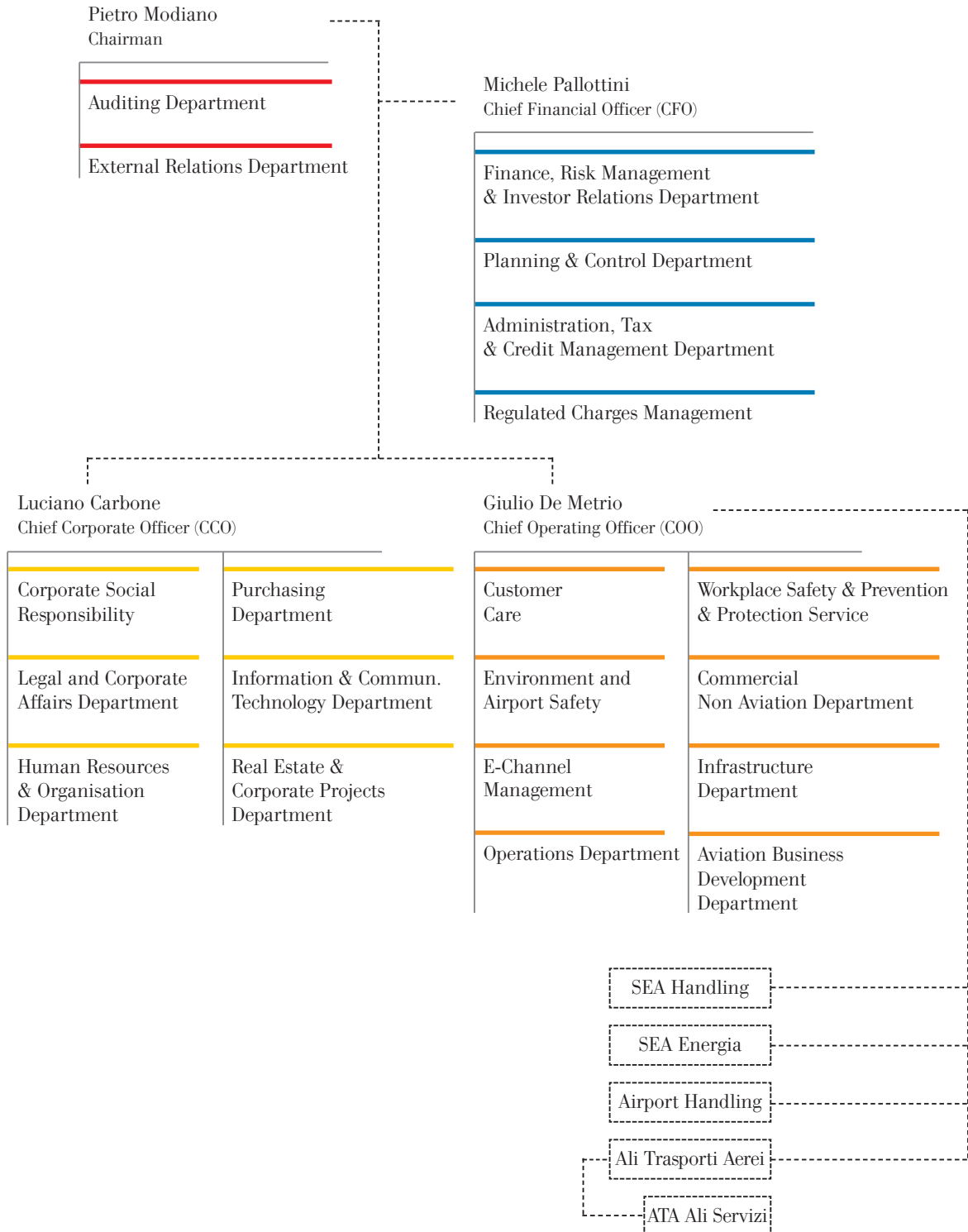
- disclosure to company Senior Managers on the offenses introduced in Legislative Decree 231/01 by Law 190/2012;
- circulating the General Part VII Edition to Senior Management;
- disclosure on Legislative Decree 231/01 within the training course on “security managers” as per Legislative Decree No. 81/08;
- circulating to new hires of the Ethics Code and the disclosure on Legislative Decree 231/01.

Organisational structure and processes

The SEA organisation is structured into various departments and staff functions, each of which respectively subject to the control of the Chairman,

the Chief Corporate Officer, the Chief Operating Officer and the Chief Financial Officer.

Departmental structure at 31-12-2013



SEA has adopted a Steering Process as an operating and control management method which, through the cross and inter-departmental involvement of the operating management and staff of the Company, seeks to achieve the business objectives and strengthen the team spirit. The Steering Process is broken down into seven committees:

Executive Committee

This develops the company strategic objectives and oversees the implementation of consequent actions, ensuring also the management of any disclosure and authorisation process established by the governance model. It is co-ordinated by the Chairman, comprising also the Chief Operating Officer, the Chief Corporate Officer and the Chief Financial Officer.

Group Business Development Committee

This analyses and evaluates the development and/or investment projects considered as company business strategies, ensuring also the examination of any risks/opportunities. It is coordinated by the Chairman, with the Chief Operating Officer, the Chief Corporate Officer, the Chief Financial Officer and the Directors/Heads of the following departments also acting as members:

- Administration, Tax and Credit Management
- Aviation Business Development
- Commercial Non Aviation
- Customer Care
- Finance, Risk Management & Investor Relations
- Information and Communication Technology
- Infrastructure
- Legal and Corporate Affairs
- Operations
- Planning and Control
- Purchasing
- Real Estate and Corporate Projects
- External Relations
- Human Resources and Organisation.

In addition, the General Manager of SEA Handling, the Technical Director of SEA Energia and the Managers of projects or special initiatives are involved.

Group Management Committee

It guarantees alignment of management disclosure on common corporate objectives. The Committee is co-ordinated by the Chairman and with the involvement of the Chief Operating Officer, the Chief Corporate Officer the Chief Financial Officer and the following functions:

- Accessibility of the Airport System and Special Projects
- Auditing
- Corporate Social Responsibility
- E-Channel Management
- Environment and Airport Safety
- Integrated Operational Planning
- Workplace Safety and the Prevention and Protection Service.

In addition, the General Manager of SEA Handling and the managers directly reporting to him/her participate.

Group Business Execution Committee

It examines respectively, the performance of the airports in terms of their relative economic, operational, infrastructural and commercial aspects, in addition to ensuring the monitoring of actions undertaken.

The Committee is co-ordinated by the Chief Operating Officer, with the involvement of the Chief Corporate Officer, the Chief Financial Officer and the Directors/Heads of the following departments:

- Accessibility of the Airport System and Special Projects
- Aviation Business Development
- Commercial Non Aviation
- Coordination Linate Airport
- Coordination Malpensa Airport
- Customer Care
- Information and Communication Technology
- Infrastructure
- Operations
- Planning and Control
- Purchasing
- Real Estate and Corporate Projects
- External Relations
- Human Resources and Organisation.

In addition, the General Manager of SEA Handling, the Technical Director of SEA Energia and the Managers of projects or special initiatives are involved.

Group Business Economics Committee

The committee ensures integrated disclosure on the principal economic, financial and administrative aspects concerning the management of the Group, developed through the reporting system and the defined disclosure standards, in order to identify the points of attention and to address any corrective actions.

The Committee is co-ordinated by the Chief Financial Officer, with the involvement of the Chief Operating Officer, the Chief Corporate Officer and the Directors/Heads of the following departments:

- Administration, Tax and Credit Management
- Aviation Business Development
- Commercial Non Aviation
- Customer Care
- Finance, Risk Management & Investor Relations
- Information and Communication Technology
- Infrastructure
- Legal and Corporate Affairs
- Operations
- Planning and Control
- Purchasing
- Real Estate and Corporate Projects
- External Relations
- Human Resources and Organisation.

The General Manager of SEA Handling and the Technical Director of SEA Energia are also members.

Safety Board

The Board analyses and evaluates the monthly safety performance of airport operations and directly or indirectly related issues/problem areas (also implica-

tions on insurance coverage), with the objective to decide upon actions for the resolution of problems identified and the introduction of initiatives for effective prevention. It is coordinated by the Accountable Manager and Proxy, with the involvement of the Chief Corporate Officer, the Safety Manager, the Post Holder and the Directors/Heads of the following departments:

- Finance, Risk Management & Investor Relations
- Operations
- Human Resources and Organisation
- Workplace Safety and the Prevention and Protection Service.

The Operational Manager of SEA Handling is also a member.

Sustainable development governance and strategy

Sustainable development strategy

The strategic vision of the SEA Group is founded on the sustainable generation of value. This is always considered from a multi-dimensional point of view (economic, environmental and social) and according to the mutual strengthening of the three components. The SEA Group draws up its strategies in such a manner that the resources, actions and instruments deployed in the social and environmental areas are true and proper investments, which can therefore support the proper management of company risk and in the final analysis feed the growth of the organisation.

In 2012, the drawing up of the “Sustainability Vision” of SEA began, which will establish an agenda of strategic objectives, policies, instruments and resources through which the business objectives will be linked with sustainability issues.

The objective is to establish the “tangibility” of the SEA sustainability policies, with an indication of the remit of action which, in satisfying the expectations of key stakeholders, promotes the competitive strategies of the company.

The project continued in 2013, with a focus on involving stakeholders (quantitative surveys to identify material issues) and in 2014 will conclude with the multi-stakeholder workshop and with the drawing up of the three-year SEA Group Sustainability Plan.

Sustainable development governance

The planning and decision making governance in relation to sustainable development within SEA is assigned to the Group Sustainability Committee, included in the Steering Process, with the following objectives:

- to propose to senior management the guidelines for development and the implementation and monitoring of sustainability policies to be integrated into the SEA business model;
- to oversee, within the approved guidelines, the mapping of the principal stakeholders and the proposal of objectives and means for the involvement of such stakeholders in the drawing up

of the companies choices or their implementation;

- to ensure the development of synergies between the initiatives of the relevant departments put in place or considered significant for the achievement of the sustainability objectives;
- to ensure, in line with the defined objectives and in maximisation of the synergies with the disclosure and operating processes already in place, the establishment of a reporting model which incorporates the sustainability performances (included in the Sustainability Report) and the oversight of its functioning;
- to monitor the development of the significant corporate performance indicators in terms of sustainability and to propose any corrective actions.

The Chief Corporate Officer, the Chief Operating Officer, the Chief Financial Officer and the Directors/Heads of the following departments sit on the Group Sustainability Committee, overseen by the Chairman and called on a half-yearly basis:

- Administration, Tax and Credit Management
- Aviation Business Development
- Commercial Non Aviation
- Corporate Social Responsibility
- Customer Care
- Environment and Airport Safety
- Finance, Risk Management & Investor Relations
- Information and Communication Technology
- Infrastructure
- Legal and Corporate Affairs
- Operations
- Planning and Control
- Purchasing
- Real Estate and Corporate Projects
- External Relations
- Human Resources and Organisation
- Workplace Safety and the Prevention and Protection Service.

In addition, the General Manager of SEA Handling, the Technical Director of SEA Energia and the Managers of projects or special initiatives are involved. In 2013, the Group Sustainability Committee held 3 meetings.

Market overview and principal risks/impacts

Development of air traffic in 2013

Air traffic global development¹

2013 was a good year for global air transport. Following a number of years of instability as a result of the global economic crisis, in 2013 strong growth was re-established. Globally, passengers numbered approx. 3.1 billion, of which approx. 850 million in the European Union. Flights numbered 33 million and in Europe alone average daily flights totalled 27,000. The number of passengers grew overall by approx. 5% on 2012. The cargo sector recovery was slower at 1%.

The growth of passengers transported in Europe (2.8%) was lower than the global average, while the regions reporting the highest growth rates were the Middle East (11.2%) and the Far East (7.2%). Despite this, the European airlines still hold the largest international market share with 38%, followed by Asia-Pacific with 27%. The aeronautic industry delivered more than 1,500 new commercial aircraft in 2013 and reported orders for a further 2,800 aircraft.

From a safety viewpoint, 2013 was a very good year. The ICAO (International Civil Aviation Organization) reported that the global accident rate was 2.8 per million take-offs, significantly reducing on 2012 (3.2). There were 9 fatal accidents, with 173 deaths (388 in 2012). The ICAO General Meeting in 2013 adopted the GASP (Global Aviation Safety Plan), which seeks to reduce the number of accidents globally, both in absolute terms and proportionally (compared to the number of take-offs).

Air traffic continental development²

The airport sector in the European Union reported in 2013 growth of 1.0%. The overall increase in passenger numbers, within a generally flat economic environment across the continent, was uneven. In fact, the non-EU European countries (Turkey, Iceland, Norway, etc.) reported an overall improvement of 9.6%. The increase in passenger traffic was achieved generally by an increase in the load factor rather than increased numbers of flights.

Poor performances were seen for Spain (-3.5%) and Italy (-1.8%), reflecting the GDP performance. Volumes were largely stable in Germany (+0.6%). 2013 therefore continued to be impacted by the two-speed performance of 2012. Italy placed fifth in Europe, after Great Britain, Germany, France and Spain in terms of the numbers of passengers transported (slightly more than 144 million). When considering however the ECAC (European Civil Aviation Conference) countries, Italy has been overtaken also by Turkey, which reported 149

million passengers in 2013, growth of 15%. This result is particularly strong considering Turkish air traffic numbers of slightly over 100 million in 2010 and of under 80 million in 2008. The European air transport market structure continues to evolve and currently non-EU airports make up 22% of total continental passenger traffic (in 2008 accounting for 15%).

Considering the most recent five-year period, the strong performance of the United Kingdom in 2013 was not enough to return the country to 2008 pre-crisis traffic levels. Italy placed third, after Germany and France, for overall growth (10 million extra passengers compared to 2008). Spain however suffered greatest from the economic crisis, with a reduction of 16 million passengers in the five-year period.

Italian passenger air traffic levels remained very similar to France and Germany, although much lower than the other peninsular or peripheral European countries, in particular in terms of direct intercontinental flights. The change in the mobility indices highlights again the effects of the general European economic environment. Nearly all countries analysed reported significant improvements in the non-European mobility index and stability or a reduction in the intra-European mobility index.

In 2013, the concentration of airport passenger traffic remained stable overall. In Italy, traffic concentration is low (based on the spread of traffic according to the Herfindahl index), due to the greater concentration of airports with 3-5 million passengers compared to other countries.

In relation to cargo traffic, the European airports in 2013 reported increased volumes of 0.8%, amid decreased movements of 1.2% compared to the previous year. Despite the recovery of volumes transported, overall traffic remained lower than 2010. Luxembourg and Holland reported the greatest increases in tonnage transported. Italy also reported a good performance (+1.2%).

In the past five years, Germany has seen the greatest development - in addition to being the country with the highest level of cargo traffic. While in the five-year period the other European countries reported overall a reduction of 800 thousand tonnes, in the same period Germany reported an increase of 500 thousand tonnes. Cargo traffic in Europe remains concentrated in a small area, with Germany being at the core. The German airports moved 28.1% of cargo passing through European airports. That share rises to 49.2% considering also the Benelux countries. In 2013, Italy maintained sixth position in Europe in terms of cargo traffic volumes. Although having 12% of the population and a high level of exports, Italy represents only 5.3% of air cargo traffic.

1. Source: ENAC, 2013 Social Responsibility Report.

2. Sources: ICCSAI, Fact Book 2014; CAPA, Yearbook 2014; ACI Europe, Press Release 6/2/2014; ENAC, 2013 Social Responsibility Report.

The concentration of cargo traffic is very high in countries such as Finland, Norway and France, where the market share of the leading airport exceeds 80%. In the countries in which the leading airport represents approx. 50% of the market (Germany, Italy and Spain), vocational airports typically operate in tandem.

Performance of the principal continental airports³

Uneven performances were seen across the continental airports in 2013. A number of the major airports achieved strong results: the airports of London (+3.1%), Paris (+1.7%) – thanks to the contribution of Orly (+3.8%) – Amsterdam (+3%), Berlin (+3.1%) and in particular Tegel (+7.1% driven by airberlin's activities) and Copenhagen (+3.2%). Madrid airport continued to contract (-12.1%), which, despite the increased traffic contributed by Ryanair, has been significantly impacted by the reduced schedule of Iberia on domestic routes and in particular with Barcelona – and of easyJet, which reduced the

number of flights in the summer season by approx. 50%.

In terms of the economic-financial performance, the net profit reported by European airports in 2012 was Euro 2.5 billion, with a net profit per passenger improving 13.6% compared to the previous year.

However, this result was assisted to a small degree by the increase in operating margins, which however was nearly entirely related to the decrease in the cost of capital, remaining however well above pre-crisis levels and comprising 30% of total operating costs.

44% of European airports generated losses and the sector average ROIC (Return on Invested Capital) was 5%, well below the average cost of capital and also the average ROIC globally (5.9%). In addition, Eurozone airports underperformed (3.9% average ROIC) compared to the continental average.

In 2013, airport fees at European airports on airlines and passengers for use of infrastructure reduced overall 1.13%, excluding inflation. The reduction is even more significant if considering the incentives offered by airports to airlines to open and maintain new routes.

Major developments within the air transport industry

Market developments⁴

Over the last ten years, the airport sector has seen ongoing and continuous growth, with the only exception being the years of global crisis, which however were rapidly recovered upon.

At global level, future projections are also positive, both according to institutional research institutes and sector representatives: the International Civil Aviation Organisation (ICAO) forecasts 4.7% annual growth between 2010 and 2030, with Airbus Industry expecting 4.8% between 2010 and 2029 and Boeing forecasting a doubling by 2030 of global passenger traffic.

This development however will be uneven across the various regions, with much relating to the Chinese market and the other expanding regions (India, the Middle East and part of Latin America), which overall comprise (OECD figures) 68% of global traffic, while the advanced economies (Europe and North America) expect growth rates of slightly under the global average at approx. 3.7% annually for the 2010-2029 period.

At European level, a range of factors may impact on the growth estimates: the continued economic crisis,

financial difficulties within the airlines – due to high oil costs and unfavourable Euro-USD exchange rate movements – but also weak performances by the air transport sector in Europe. In terms of cargo traffic, expectations are also strong – related principally to international trade with the emerging economies. Over a twenty-year period, Airbus expects 5.9% growth annually. Within this however, Italy holds a marginal role compared to the other European countries, with a market share of 6% (compared to 10% for France and 30% for Germany) and with only 2% of total air cargo transported.

Uncertainty has become the new norm in the air transport industry and risk reduction has become of prime importance for the airlines within a re-stagnating European economy and a US economy which struggles to take off. The air sector, maybe more than others, is extensively impacted by general economic developments and must undertake challenges over which it has little power to control or intervene. The price of fuel is the most important variable, comprising 40% of total airline costs presently, while also being one of the least predictable and manageable. In addition, a series of factors impacting quickly developing markets must also be

3. Source: ACI Europe, Press release of 17/6/2014.

4. Sources: Transport Regulation Authority, *First Report to Parliament 2014*; CAPA Yearbook 2014.

considered, which are re-modelling the way in which the business is operated by the airlines – with these factors also being outside the control of managers – highlighting the reason why many airlines need to work very hard to generate decent profit margins, or even any profit at all. These challenging outside factors are pushing airlines into improvised partnerships, necessary but still managed closely due to excess regulation in a number of countries.

The turbulence of a quickly changing market⁵

With regards to the majority of operating variables outside of their control, air support operators have little room to manoeuvre in terms of improving operating efficacy and efficiency. The principal factors continue to be personnel cost reduction and increased productivity. However, the idea of reducing costs in this manner is strongly challenged by the fact that fuel costs account for nearly half of total costs.

The price of fuel has become an important variable for new aircraft demand. High oil prices have fed demand for more modern and efficient aircraft. Before 2004, personnel costs were the greatest cost factor for airlines. Since then the price of jet fuel has more than tripled and today comprises nearly one-third of overall costs.

The increase in the price of oil has fundamentally changed the air transport sector. Consequently, the airlines have removed from their fleets older aircraft and seek to replace them with more efficient models. Producers have gained from this opportunity, opting to take a low risk strategy: instead of designing completely new models of aircraft, preferring to concentrate on existing aircraft, with the use of new motors and other improvements. More than 1,500 aircraft were delivered to commercial airlines in 2013; at global level these numbers are without precedent.

An additional worrying factor for various airlines, capable of making cost reduction a marginal issue, is the manner in which the sector competition model is changing. The low cost airlines have re-modelled the short range connection network throughout the world. Long haul low cost flights are becoming increasingly extensive in the Asian region (as soon will be the case in the North Atlantic region); the Gulf airlines are re-defining many of the competitive dynamics of the hubs and of the long haul connections operated by the traditional airlines.

Partnerships have increasingly become a last resort for airlines in difficulty. Amidst these difficulties and due to this extensive pressure both on the short and long range market, both the network airlines and the point to point airlines have begun to consider agreements and compromises which a year or two ago would have been absolutely unthinkable.

Global alliances have fulfilled a very important need and continue to provide a very effective support for many airlines, although heightened competition requires the need to adopt new and more specific partnership models. Only the major US airlines have not been impacted by these developments. Comfortably organised in the largest protected domestic market in the world, further strengthened through mergers which have created large and dominant players, almost unprecedented profits are being delivered on the domestic market. Internationally, in the key North Atlantic market, the “big three” (American Airlines, United Airlines and Delta Airlines) are also enjoying the protection of the Anti-trust authorities, which block the development of alliances by their European competitors. This combination has undoubtedly created a favourable environment, at least in the short-term. In 2014, discussions around the traditional air industry framework, which has remained virtually unchanged for approx. 70 years, will most likely intensify. Over the last two years, the sector has reached a tipping point. Technology and social pressures have moved the focal point. The key commercial features of the industry are:

- access to the market, in a wider sense, in part hindered by bilateral agreements;
- sale and distribution, dominated by intermediaries, with a minority share of direct sales.

Sooner or later a revolution will occur, which has already begun to take shape at the edges of the market. Although amid rising oil prices, long-haul traffic growth is picking up, both thanks to new aircraft models and liberalisation, joint ventures, alliances and partnerships.

This new aspect concerns not only the Gulf airlines, but also the Chinese airlines which are becoming increasingly central to point to point traffic and sixth freedom operations. In fact, the Chinese airlines will become the driver of the future partnership system. Although they may not pursue international expansion directly, the attraction of the Chinese market for foreign players is driving them to court the few Chinese airlines still available.

Low cost long haul flights, up to now a feature of South-East Asia, are becoming of interest in the North Atlantic. This model, initially underestimated, of low cost long haul flights, requires the adoption of a series of new measures, such as for example a more efficient management of crew, in addition to the use of aircraft such as the 787, together with the typical low cost model mindset. The first airlines to embrace this philosophy were Norwegian, Air Canada and WestJet and the arrival of this Asian phenomenon in the North Atlantic is without doubt the beginning of something much larger.

This market development will increase pressure on long haul global alliances, particularly if fuel prices

⁵ Source: CAPA, *Yearbook 2014*.

continue to fall. The impact will not be limited to the North Atlantic or to global alliances alone. All airlines operating long haul flights will be impacted. This hybridisation process will speed up and both the low cost airlines and the traditional airlines will evolve towards a low cost model with a full service profile. This double-sided model has become standard also for the European airlines, although the major traditional airlines must still focus on operational restructuring in order to contain costs and increase efficiencies. The low cost airlines are expanding particularly in Asia, with South-East Asia representing 60% of intra-regional seats. China has however announced that it will permit the creation of two new domestic low cost airlines and the Northern Asian markets (China, Japan, Korea and Taiwan) are becoming increasingly interconnected.

In 2014, the result, in terms of traffic volumes, of these new developments will not shake the foundations of the air transport industry, but surely will lay the basis for a new wave of low cost global growth and, consequently, a cycle of further liberalisations.

In Europe, the major low cost airlines such as easyJet and Ryanair are highly profitable, despite the economic stagnation which has afflicted the continent. Mexico is a lively and turbulent market, with 61% of domestic traffic handled by low cost carriers. India (72%) and the Philippines (92%) are dominated by low cost airlines. The platform for future market development has been built and the related processes have been put in train.

The competitive strategies of the airports⁶

Competitive pressures on airports today stem from the hybridisation of the aeronautic industry, which is fundamentally changing. The low cost airlines are developing their offer to attract the medium/high-end of the market, while on the other hand the “full service” airlines are restructuring and simplifying their offer and – as is the case for the low cost airlines – are basing their development on margins rather than volumes. These changes impact upon airports, which must deal with companies which have adopted a range of business models. This has required airports to develop greater flexibility and responsiveness, in order to ensure stronger negotiating positions.

In this environment, the opportunities for airports to increase their offer of routes has become increasingly restricted: while in 2010, 1,141 new routes were opened in Europe, in 2013 only 251 were opened.

Pressures on aeronautic revenues have driven airports to intensify the development of alternative profits sources, in particular retail and food & beverage, but also property, advertising and parking. Attention is therefore not only being focused on passengers, but also on other visitors to the airport. However, these

goals have been significantly restricted by the drop in consumer spending and the intensification of offsite services competition, both in terms of retail and parking. In addition, we must consider the hand baggage restrictions and the regulatory restrictions on the sale of certain products.

Top 10 Western European airports

RANKING	AIRPORT NAME	SEATS
1	London Heathrow Airport	765,571
2	Frankfurt Airport	674,420
3	Madrid Barajas Airport	669,618
4	Munich Airport	654,877
5	Paris Charles De Gaulle Airport	642,198
6	Amsterdam Airport Schiphol	620,103
7	Barcelona El Prat Airport	586,957
8	Oslo Airport	550,926
9	Rome Fiumicino Airport	519,806
10	London Gatwick Airport	468,028

Source: CAPA – week starting 03-feb-2014

We cannot ignore the fact that airlines and passengers benefit from significant subsidies, resulting in the payment of much lower prices than the real cost of airport infrastructure and services. Fees paid by the airlines in 2013 represented only 14% of total airport revenues, with a total contraction of 21% from 2008. Also considering the charges paid by passengers for the use of terminals, the European airport industry highlights a shortfall in operating costs of Euro 4 billion. For this reason, the generation of alternative commercial revenues to aeronautic revenues has become such an important issue.

The ACI Europe report also measured the impact of the 2008-2009 crises on European air continent connectivity. Since 2008 the connectivity of EU airports has improved slightly, although direct connectivity reduced 7%.

This is in stark contrast to non-EU airports, in particular those in Turkey, which increased direct connectivity 34%.

The report indicates in addition that although the European hubs were more resistant than the small regional airports in terms of direct connectivity, significant competition has been felt from the hubs located in Turkey, in the Gulf and to a lesser extent in Russia. Since 2004, the European hubs have lost 10% of their indirect outside Europe connections market to the Gulf hubs. In 2004 the level of intercontinental connectivity offered by the three leading Gulf hubs (Dubai, Abu Dhabi and Doha) was well below that of the three major European hubs (London Heathrow, Frankfurt and Paris Charles de Gaulle). Today the situation has entirely turned around with the three major Gulf hubs enjoying market leadership, capable

⁶ Source: ACI Europe, Press releases of 14/06/2014 and 17/6/2014.

of providing double the level of intercontinental connectivity of the three European hubs.

Significantly, the intercontinental connectivity of Dubai airport alone is equivalent to the combined intercontinental connectivity offered by London Heathrow, Frankfurt and Paris Charles de Gaulle.

The competitive strategies of airlines⁷

The IATA (the International Air Transport Association) forecast for 2013 total profits by associated airlines of approx. USD 12.9 billion, with a net margin of 1.8%.

Top 10 Western European airlines

RANKING	CARRIER NAME	SEATS
1	Ryanair	1,141,182
2	Lufthansa	1,052,388
3	easyJet	952,056
4	Air France	723,565
5	SAS	678,064
6	British Airways	562,325
7	Norwegian Air Shuttle	475,806
8	airberlin	431,294
9	Iberia	358,077
10	KLM Royal Dutch Airlines	334,443

Source: CAPA – week starting 03-feb-2014

While the airlines of North America, the Middle and Far East achieved a net margin of 4%, the European

airlines reported weaker performances. The AEA (Association of European Airlines) estimated that the net margin of the European airlines for 2013 would be approx. 1%. In particular, the AEA calculated that despite the fact that air transport contributes approx. Euro 365 billion per year to European gross domestic product, the average profit of the European airlines was approx. Euro 1 per passenger.

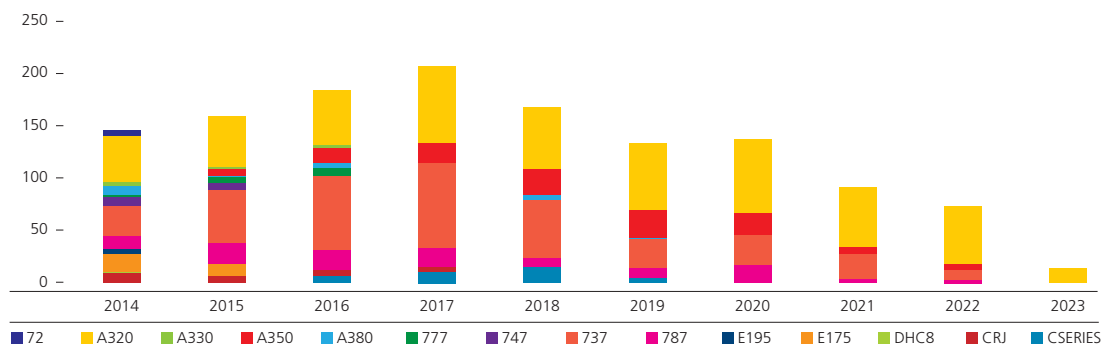
The change in the breakdown in the type of traffic reported by European airlines was also significant. In fact, the AEA calculated, taking as a base figure 100 in 2007 for the index of passengers traveling in business and economy class, in 2013 those traveling in economy class increased to 107, while passengers in business class fell to 67.

In addition, the European airlines are losing traffic to non-European airlines. In fact, in the 2007-2013 period the European airlines reported an overall increase in seats offered of 22%, while the non-European airlines increased seat numbers by 35%. One of the reasons for the declining performances of the European airlines continues to be fragmentation. In fact, the number of airlines in Europe is 450, while in the United States and Canada, which have a similar amount of passenger traffic, 190 airlines operate. A further element of weakness of European air transport was confirmed by market share: while in North America the 5 principal airlines occupy 69% of the market, in Europe the leading 5 airlines cover only 45% of the market.

The global aviation sector in 2013 reported record new aircraft orders.

⁷ Source: CAPA, *Yearbook 2014*.

Forecast delivery times of European aircraft



Source: CAPA – week starting 03-feb-2014

Europe played its part in making 2013 a record year. Ryanair ordered 175 new Boeing 737-800 and easyJet 135 Airbus A320. Lufthansa opted for 100 aircraft from the A320 and 59 widebody family (34 Boeing 777-9Xs and 24 Airbus A350-900s). Also IAG, up to recently reticent to extending its fleet, ordered 98 aircraft (30 A320 and 32 A320 neos for Vueling, 18 converted Boeing 787 and 18 A350 for British Airways).

For a low margin sector, the challenge of financing all these orders remains significant. For decades capital expenditure has almost always exceeded the operating cash flow generated by airlines throughout the world. The industry has had to rely on increasingly imaginative forms of external financing.

The competition between Boeing and Airbus has put the American producer at a slight advantage: 648 aircraft delivered in 2013 and 1,355 orders for 2014. Airbus however announced the delivery of 626 aircraft in 2013, with 1,503 orders for the subsequent year.

In relation to the low cost airlines, Ryanair in 2014 delivered significant innovations: the first delivery of a Boeing, the introduction of allocated seating, a new user-friendly website, a less penalising approach towards passengers, new distribution channels (including a mobile application) and increased presence at the major airports.

For Norwegian, 2014 will be the first complete year of experimentation with long haul operations, verifying whether this business model may be further consolidated.

The three major flag carrying groups will seek to develop the offer of their low cost airlines.

Principal European Union regulatory actions

In terms of Civil Aviation, the EU in 2013 focused on the following programmes:

- *Airport Package* – The European Commission package of proposals concerns the review of the Regulation on slot allocations, of the airport noise regulation and the ground handling and airport fee

directives. Apart from the new Airport noise regulation which has recently been adopted, the other matters are currently being discussed within the European Union. The new Airport noise regulation introduces on the one hand more restrictive measures, while on the other hand creating decision-making mechanisms to establish restrictive measures which take into consideration both the interests of persons living close to airports as well as those involved in the air transport sector.

- *Air Passenger rights* – The new EU Regulation on passenger rights introduces a series of innovations to Regulation (EC) No. 261/2004, based on 10 years of applicative experience. The final text should be adopted in 2014.
- *Single Sky and SESAR* – While the package of EU regulations concerning the Single Sky have experienced various applicative difficulties, in particular in relation to the full implementation of the Air Space Functional Blocks, the SESAR programme – i.e. the technological modernisation of the European ATM system - began to be rolled out in 2013. Between 2013 and 2014 the first 6 pilot projects to be implemented from 2015 were identified.
- *Occurrence Reporting* – The Regulation concerning Occurrence Reporting, which concerns the transfer to a single “European database” of every accident or dangerous event, was finalised in 2013 and published in April 2014. This substitutes Directive 2003/42, introducing a number of innovations. The new Regulation proposes to make a significant contribution to safety through the creation of a common database, fed by all member states, which will provide useful information to prevent accidents.
- *ETS (Emission Trading Scheme)* – The EU Directive concerning CO₂ emissions was strongly opposed by the major non-European States (in particular the United States, China and India), whose airlines would have been subject to the ETS. While awaiting an ICAO decision, the European Union decided to suspend implementation (“stop of the clock”) outside of EU airspace.

Italian airport system⁸

Based on the ENAC figures, in 2013 Italian airports transited overall 143,510,334 passengers, reducing 1.7% on 2012 (146,000,783).

Growth estimates indicate a possible doubling of traffic by 2030, with 300 million passengers expected to be exceeded and an increase particularly for international traffic. Growth of airline traffic is recognised across Europe as a fundamental element for economic development, which may be only achieved if:

- the necessary restructuring and development is made to the capacity of the existing airport infrastructure, however where compatible with environmental conditions;
- the airports are accessible to the wider region and effectively interconnected with other means of transport.

Airports have an economic significance both at a local level and domestic level.

In Italy, the economic impact in the region from passengers is estimated at approx. Euro 100 billion per year. The major Italian airport managers employed directly in 2010 over 9,000 persons to serve traffic of approx. 140 million passengers, while in jobs terms the air transport sector overall generates approx. 500 thousand jobs, whether direct, indirect or as spin off, for an additional value of approx. Euro 15 billion annually. On average over recent years, investments have been made by airport operators of approx. Euro 5 billion per year, with revenues of approx. Euro 3 billion.

Passenger traffic development over the last ten years

Italian passenger numbers grew from 91 million in 2000 to approx. 149 million in 2011, with an annual average growth rate of 4.6%. Growth was almost constant until 2008 – except for the reduction in 2001 due to the terror attacks in the US – with a growth rate of 4.8% annually. It thereafter reduced in 2008 (-1.75%) and 2009 (-2.30%). Despite the recession, traffic returned to growth in 2010, with a sustained improvement of 7% on the previous year. Growth continued in 2011, with an increase of 6.5% in 2011 compared to 2010.

The average number of passengers per movement however has continually grown, increasing from 75 pax/mov in 2000 to 106 pax/mov in 2011. Traffic grew at a greater rate than global traffic (CAGR +4%, source ICAO), in line with the European growth rate however (CAGR +4.8%, source Eurostat).

The most significant aspects of the growth in the last

10 years which impacted the infrastructural development of the terminals of the airport network were:

- the international traffic component, which grew significantly and across all airports;
- the low cost traffic component, with growth at some airports on nearly all routes and in a number of years at double digit rates (Trapani +44%, Rome Ciampino +25.5%, Treviso +25.4%, Bergamo +23.8% and Pisa +15.8%);
- intercontinental traffic, whose growth created new opportunities on the Far Eastern markets.

The Italian airport network responded with sufficient capacity, also thanks to the entry into the mid-size airport segment category of airports previously considered of reduced commercial activity. The average annual growth rate is estimated at 3.2% in the 2011-2030 period, lower than previous years, both due to the expected slowdown in the short-term period and the low growth potential forecast for the European area.

The majority of growth will be due to international traffic (+4%), which has the greatest development potential. For domestic traffic, a segment in which Italy has a natural tendency towards given its geography, with aircraft being a preferred mode of transport between the North and the South and between the islands and the rest of Italy – a contained growth rate (+1.8%) is forecast, also considering the competitive impact of high speed rail.

In contrast to the majority of the major European countries, where traffic is concentrated at a few strategic airports, in Italy traffic is distributed across mid-size airports and in airports with less than 5 million passengers.

In 2000, approx. 60% of traffic was concentrated in the 3 airports of Rome Fiumicino, Milan Malpensa and Milan Linate; in 2011, 63% of traffic was concentrated in 6 airports, therefore with a particularly significant spread of traffic if compared to countries such as France, Germany and the United Kingdom.

The particular geographic make-up of the peninsula favours in fact the distribution of air traffic across more airports, which can reach a wider user base and thus guaranteeing accessibility in acceptable timeframes. Such a network, providing more effective air traffic through a broad offer, is a strength to be preserved for local and national economic development, also in relation to the particular regional distribution of the productive base of medium and small enterprises. In terms of the location of the commercial airports, on the basis of population and regional reach, the Italian airport

⁸ Sources: MIT – ENAC, *2012 Airports National Plan*; Transport Regulation Authority, *First Annual Report to Parliament 2014*.

network is in line with the major European countries, with one airport for every 1.27 million residents and for every 6,400 km².

Cargo traffic role and development

Although cargo traffic in Italy represents a very small part of the total of cargo transported in volume terms (approx. 2%), it plays a primary role in economic value terms, equating to approx. 40% (source ISTAT) of the total value of cargo transported. Compared to the major competing European countries, of approx. 12 million tonnes moved, the share generated by our airports was 7%, with those in Germany accounting for 37% and those in France 15%. Cargo traffic in Italy, after a significant contraction in 2009 – due also to the discontinuation by Alitalia of these activities – retook market share in 2010 (with growth of 18%) and in 2011, with 940,000 tonnes, equal to that reported in 2006.

In Italy, cargo traffic continues to be concentrated primarily in two regions (Lombardy 64% and Lazio 20%), where approx. 84% of total cargo is moved via air. Traffic was substantially concentrated (approx. 77%) in three major airports: Milan Malpensa (47%), Rome Fiumicino (18%) and Bergamo Orio al Serio (12%). All other airports accounted for less than 4% of the total. 63% of cargo transported had non-EU destinations (31% Asia; 18% North America; 8% Middle East), while 32% was destined for European markets, with only 5% for the domestic market.

Malpensa is the principal airport for non-EU traffic, followed by Rome Fiumicino, while Bergamo is a leading airport for intra-EU flights.

Overall cargo traffic, with Italian origin and destination, totalled 25% for imports and 75% for exports, variously distributed across the macro-regions. In fact, with exports significantly favouring the North-West of Italy (70%), the North-East strongly favoured imports. Growth forecasts for the 2010-2030 period, estimate Italian cargo traffic to increase from 900,000 tonnes in 2010 to 1,600,000 tonnes in 2030, doubling therefore current traffic, although in any case well under the current and expected numbers for the major European countries.

The air cargo transport service is fundamental for the sale of high-end products, those with high added value, or products which require a high degree of security and delivery speed, such as:

- precious goods, due to economic value (e.g. high-technological content, jewellery) or demand value (e.g. spare parts);
- perishable goods, due to type (feedstuffs, livestock, flowers) or in value terms (high fashion goods).

The particular nature of goods transported requires the solution of complex intermodal logistics problems, high logistics standards, both in terms of support services to the transport of the goods, where such

concerns for example perishable goods, and in terms of the punctuality and reliability of delivery services, such as express post/couriers or strategic goods of a just-in-time chain. The offer of airport support structures and adequate infrastructure for accessibility are strategic in this sense.

Airport operating models

The management of Italian airports has changed over the years. Until the reform of the airport system in 1993 (Law No. 537 of December 24, 1993), 3 operating systems for Italian airports were in force:

- direct management by the State, which concerned the implementation and maintenance of all assets and airport infrastructure, the receipt of income and the payment of operating charges;
- partial management, under which the airport manager was provided under concession the land and the use of assets within the airport grounds (passenger and cargo hangers and the relative areas for the carrying out of the principal airport services such as handling or commercial activities), while the management of infrastructure remained under the control of the State; the manager, in addition to receiving the revenues related to the exercise of such activities, received the passenger boarding fees and the taxes on incoming and outgoing cargo, incurring the maintenance charges on the assets under concession;
- total management, which began in the 1960's. The concession holder is conferred management of all services at the airport, including infrastructure. The manager receives all income concerning airport activity, including airport fees related to airport management (take-off fees, landing fees and stand rights, passenger boarding fees and incoming and outgoing cargo fees); the total management was allocated over time to private companies, consortiums, public bodies, without however public tender procedures, although through special laws. The duration of these concessions ranged from a minimum of 40 years (for Genoa airport) to a maximum 80 years (for the Milan airports).

Following Law 537/1993, the predominant concession system in place has become the total management model. With the subsequent enactment regulation of the Law (Ministerial Decree No. 521 of 1997), it was established that the airport management companies were exclusively to be private enterprises, although also with State or local body participation and the maximum duration of concession was fixed at 40 years. Also airports whose management was awarded in the past under the partial management model had the option to convert the previous concession to total management following the presentation of an application by an intervention programme.

The role of public financing in the airport sector

Public financing in the airport sector has had an impact on the results of a number of Italian airports. Considering the 2012 financial statements results of airport operating companies, profits were reported for

all the largest Italian airport operators by traffic volume, with the exception of SAGAT, the manager of Turin airport. Smaller airports reported losses. However, in many cases these net profits were due to the inclusion of public grants (from the State, the Regions or the European Union).

Results of the major Italian airports in 2012

Airport	Manager	Strategic (S) / National interest (N)	Majority Holding	2012 pre-tax result	Grants
Rome (Fiumicino+Ciampino)	ADR	S	Private	Profit 310.5 mln	
Milan (Linate+Malpensa)	SEA	N/S	Public	Profit 89.7 mln	1.6 mln
Bergamo	SACBO	N	Private	Profit 22.9 mln	
Venice	SAVE Group	S	Private	Profit 45.4 mln	1.9 mln
Catania	SAC	S	Public	Loss 92.0 mln	1.4 mln
Bologna	SAB	S	Public	Profit 3.5 mln	
Brindisi, Bari Foggia, Taranto	Aeroporti di Puglia	N/S	Public	Profit 3.0 mln	27.7 mln
Naples	GESAC	S	Private	Profit 11.3 mln	1.05 mln
Palermo	GESAP	S	Public	Loss 8.5 mln	
Pisa		S	Public	Profit 8.4 mln	
Cagliari	SOGAER	S	Public	Profit 7.1 mln	14.7 mln
Turin	SAGAT	N	Private	Loss 0.3 mln	2.5 mln
Verona	Catullo SpA	N	Public	Loss 15.7 mln	
Lamezia Terme	SACAL	S	Public	Loss 2.0 mln	2.3 mln
Alghero	SOGEAAL	N	Public	Loss 2.1 mln	9 mln
Ancona	Aerdorica	N	Public	Loss 3.7 mln	8.7 mln
Perugia	SASE	N	Public	Loss 0.7 mln	2.2 mln
Bolzano	ABD		Public	Profit 0.003 mln	2.7 mln
Grosseto	SEAM		Public	Profit 0.012 mln	0.033 mln

Source: Transport Regulation Authority, *First Annual Report to Parliament 2014*

Airport infrastructure and usage level

The airport infrastructure which may represent a restriction to the number of aircraft managed are the terminals, the stands (as every aircraft which lands must immediately have a stand ready) and the runways.

The capacity of the Italian airports may be measured through two major indicators. The first relates to the hourly capacity of the structures and may be measured in terms of the maximum number of aircraft manageable by the system per hour (movements/hour). The second is the maximum number of annual passengers.

An analysis of the usage level of strategic and national interest airports generally highlights a good availability of runway systems, which present a total capacity of approx. 245 million passengers compared to 133 million passengers in 2008. However, considering the airports individually, a number are close to saturation: Rome Fiumicino and Bologna

present 83% of the runway capacity utilised in terms of traffic, while Cagliari, Pisa and Bergamo present an approx. 70% usage level. In general however, available airport capacity is under-utilised. In relation to the availability of stands, this on average appears adequate, reaching a total capacity of 230 million passengers. Apart from a few cases in which a specific bottleneck was noted (such as the airports of national interest of Milan Linate and Turin and some strategic airports such as Naples and Bari), a large part of Italian airports presented significantly underused capacity.

The airport terminal system however presented a total capacity (190 million passengers) which is lower than the stands on runways. In relation to the 2008 traffic figures, this capacity represents a critical issue in particular at the strategic airports of Venice, Florence, Pisa, Catania and Palermo and those of national interest of Bergamo, Verona, Treviso, Parma, Ciampino, Perugia, Pantelleria and Lampedusa.

Airport fees regulatory framework development

Airport fees concern aircraft take-off and landing fees, those for aircraft hangars and stands and passenger boarding fees. These are charges incurred by the airlines and their collection enables the airport management companies to recover the cost of infrastructure and services related to the use of aircraft and operations concerning passengers and cargo, which the companies make available to the airlines. The regulatory framework concerning the fixing of airport fees in recent years has undergone many changes, both in terms of the tariff methods used and in relation to the boards responsible for fixing fees.

In relation to airport fees, important new issues were introduced with EU Directive 2009/12/EC concerning common principles for the setting and collection of airport fees. Consensus emerged at EU level on the need to establish, for the level of fees applicable at larger European airports, a set of common rules to reach, where possible, a direct agreement between the airport manager and users.

In particular, the Directive obliged member states, for airports with annual traffic of greater than 5 million, to establish:

- a) an obligatory consultation procedure between the manager and users to ensure, where possible, agreed changes to airport fees among the airport manager on the one hand and users on the other;
- b) an independent Supervisory Authority which both of the parties may individually turn to in the case of a disagreement among them on the review of airport fees.

The Directive was therefore incorporated into Italian law through Legislative Decree No. 1 of January 24, 2012, enacted into Law No. 27 of March 20, 2012, which at Article 71, in addition to setting up the Supervisory Authority, established the means for the setting of airport fees on the basis of “consultation” among the parties; the Decree however did not limit the obligatory consultation procedure only to airports with annual traffic of greater than 5 million passengers.

The main objectives concern the guarantee of non-discrimination, transparency and consultation of airlines where the airport authorities establish the fees to be applied, in addition to the appropriateness of these fees.

The EU principles have therefore significantly altered the domestic regulatory framework in terms of tariff regulation in the airport sector, laying the basis for the renewal of the previous regulatory framework, in that a dynamic negotiating framework has been set down (between manager and user) for the establishment of the major aspects and related issues

– such as the development of traffic, quality of services, new infrastructure projects, the level of airport fees – which previously were set by authorities and principally for planning objectives.

For only the airports with traffic of greater than 8 million passengers annually (this category includes, according to the 2010 figures, the airports of Roma Fiumicino, Milan Malpensa and Milan Linate), Article 17, paragraph 34-*bis* of Legislative Decree No. 78/2009, in order to incentivise the alteration to infrastructure, authorised ENAC to sign Regulatory Agreements in derogation to the applicable regulation, introducing long-term tariff systems based on the costs of infrastructure and services.

The National Airports Plan

In January 2014, the Ministry for Infrastructure and Transport (MIT) drew up a new National Airports Plan in order to restructure and reorganise the Italian airport system. The objectives of the plan were as follows:

- to provide the various institutions and operating entities within the sector with a framework for the overall development of a sector which is fundamental to economic growth, employment and social development in the country;
- to provide a governance instrument for the sector, to face the challenges which have emerged from the current developments within the international and European market;
- to optimise the transport offer also through the co-ordination of air transport sector interventions with plans concerning the other means of transport;
- to identify the priority infrastructure in which to concentrate investment, in order to improve the allocation of available resources.

The departure point of the Plan was identified as the strategic airports and those of national interest which comprise the fundamental airport system structure for the coming years, in order to distinguish them from airports of local or regional importance.

The criteria with which the strategic airports are identified are:

- a) division of the national territory utilising as a reference point the regional breakdown of Italy into the major regions according to the NUTS-level 1 table: North-West, North-East, Centre, South and Islands;
- b) identification, in each of these major regions, of similar traffic basins with maximum distance of 2 hours by road from a strategic airport; ten traffic basins were established through this process: North-East, North-West, Centre-North, Central Italy, Campania, Mediterranean-Adriatic, Calabria, Sicily-East, Sicily-West, Sardinia;

- c) identification of a single strategic airport for each basin, in addition to the group of additional airports of national interest, in application of the criteria established by Article 698 of the Navigation Code.

Among the regulatory sources earmarked for the identification of the strategic airports of each basin, the Plan refers to Regulation (EC) No. 1315/2013 of the European Parliament and of the Council of December 11, 2013 on the outlook of the union on the development of the trans-European transport network and which annuls Decision No. 661/2010/EC, which establishes the focus on the development of a trans-European network including a double-layered structure which consists of a global network and of a central network (Article 1):

- the global network is defined as all transport infrastructure, existing and planned, of the trans-European transport network, in addition to the measures which promote sufficient and sustainable use in social and environmental terms;

- the central network consists of those parts of the global network which have the greatest strategic importance for the achievement of the objectives for the development of the trans-European transport network.

The criteria adopted in the Plan consider airports of national interest as those which satisfy two conditions:

- a) the airport must be capable of implementing a well-defined plan within the user base, with a substantial specialisation of the airport (for example a focus on leisure traffic, principally for cargo traffic, city airport etc.);
- b) the airport must be able to demonstrate economic-financial equilibrium over a reasonable timeframe.

In application of these criteria, the Plan identified 11 Strategic Airports and 26 Airports of National Interest, whose breakdown by traffic basin is reported in the following table:

Classification of the airports according to the National Airports Plan

Traffic basin	Strategic Airports	Airports of National interest
North-East	Milan Malpensa	Milan Linate, Turin, Bergamo, Genoa, Brescia, Cuneo
North-West	Venice	Verona, Treviso, Trieste
Centre-North	Bologna, Pisa/Florence*	Rimini, Parma, Ancona
Central Italy	Rome Fiumicino	Rome Ciampino, Perugia, Pescara
Campania	Naples	Salerno
Mediterranean/Adriatic	Bari	Brindisi, Taranto
Calabria	Lamezia	Reggio Calabria, Crotona
Sicily-East	Catania	Comiso
Sicily-West	Palermo	Trapani, Pantelleria, Lampedusa
Sardinia	Cagliari	Olbia, Alghero

* Provided that a single Corporate Governance is implemented.

Source: MIT, *National Airports Plan 2014*

The Centre-North provides the only exception to the rule for a strategic airport for each basin, with the following considered as strategic airports:

- Bologna and Pisa/Florence, in consideration of the geographical characteristics of the region, the proximity to and the size of the airports;
- Bari and Catania, which EC Regulation originally classified as global.

The choice of airports to classify as strategic or of national interest falls to major airports within the European network and those with passenger traffic growth potential. In addition, the size of the airport, defined on the basis of passenger traffic, has played a fundamental role: the airports not included in the national network feature in fact reduced passenger traffic.

Regulatory framework development

The Italian airport system features a complex and significantly changing regulatory framework, in which national provisions combine with EU directives and regulations established under international treaties and upon which privatisation and concentration processes involving a number of large domestic airports also impact.

The following principal new legislative issues were introduced in 2013 within the air transport sector:

Presidential Decree of October 29, 2013 – Standardisation of take-off and landing fees for inter-EU flights and non-EU flights at Italian airports

With the publication of eight decrees in the Official Gazette of October 31, 2013, the Italian Government brought an end to the infraction procedure taken by the European Commission against Italy, which considered the differentiation between inter-EU and non-EU take-off and landing fees applied by Italy since 2001 based on the origin/destination of flights as illegal. The Italian Authorities identified as a solution the interruption of the infraction procedure through the issue of 8 provisions – 5 Inter-Ministerial Decrees and 3 Presidential Decrees – which modified the existing Legislation and the Application Guidelines, in addition to altering the take-off and landing fees for each Operator, in force under both the original and supplementary Regulatory Agreement. The Presidential Decree of October 29, 2013 concerning the supplementary Regulatory Agreement in force between ENAC and SEA includes new take-off and landing fee tables which categorise inter-EU and non-EU flights together, in substitution of attachment 10 of the Regulatory Agreement and indicates the new fees which will enter into force from January 1, 2014.

Destination Italy Decree

On December 24 Legislative Decree No. 145, (the so-called Destination Italy Decree), published on December 23, entered into force, containing Article 13 – Urgent measures for EXPO 2015, for public works in relation to air transport – which seeks to transparently and within an openly competitive environment govern the selection process by airport managers of airlines for the receipt of grants for the introduction and development of routes which satisfy the demand of their respective user bases. The selection process must be executed in line with the Guidelines to be drawn up and adopted by the Ministry for Infrastructure and Transport within thirty days from publication of the Decree.

The full impact of this provision for SEA is not yet assessable as, also due to a number of amendments introduced on its enactment, the Guidelines have not

yet been published. The potentially most significant features would appear to be the possible obligation to select grant beneficiaries through tender and the compatibility of existing contracts.

Security check services

Law No. 125 of October 30, 2013 converted, with amendments, Legislative Decree No. 101 of 31/08/2013, enacting urgent Provisions for the restructuring of Public Administrations. In particular, the provisions of Article 6 concerning airport control were confirmed, which at paragraph 1 introduced the option for ENAC to award to the airport manager the security checks on crew, personnel and staff, in addition to vehicles accessing areas of the airport close to the public. On 5/12/2013, at the second round table meeting on air transport organised by the Ministry of Infrastructure and Transport with the sector organisations, Assaeroporti highlighted that the awarding of the security control service to security staff (scheduled for 2014) will increase the costs of the airport management companies (an estimated approx. Euro 400,000 per security gate) and currently a viable tariff structure for recovery of the costs has not yet been established. For SEA, in particular, it will be necessary to adjust the Regulatory Agreement to introduce the provision.

Ground Handling

ENAC issued the new Circular APT 02 B in relation to the Certification and supervision of ground assistance airport service providers, published on November 22, 2013 and entering into force at that date. The new Circular amends the regulation concerning new regulations, including the latest addition of the ENAC Regulation on handling and the various judgments adopted. The Circular was overall positive in regards to the charges imposed on companies intending to certify themselves to operate on the ground assistance market at Italian airports, also in relation to newly-incorporated companies. However, a series of information and analysis is required as part of the certification procedure.

Principal airport regulation bodies

ENAC

The National Body for Civil Aviation is a non-profit public body which represents, on the basis of Article 687 of the Navigation Code, “the only authority for the technical regulation, certification, oversight and control of the civil aviation sector”, which operates in compliance with the powers established by the Ministry for Infrastructure and Transport.

ENAC operates in compliance with EU regulations, in

addition to the standards indicated by the ICAO (International Civil Aviation Organisation) and by the EASA (European Aviation Safety Agency). The principal areas for intervention by ENAC in relation to airport management companies are:

Safety and Security

This concerns the duty of ENAC to guarantee, through regulation and control activity, user safety, both in terms of “safety” – i.e. the protection of the individual involved in aeronautic operations – and in terms of “security”, i.e. the prevention and neutralisation of illegal acts which may impact airports or aircraft.

Control of service quality provided to passengers

In order to guarantee quality standards and Passenger rights, ENAC set and verifies the airport and air transport service quality parameters.

Economic regulation

In relation to the activities concerning the economic aspects, ENAC evaluates the airport intervention programmes and the drawing up of investment and development proposals for the infrastructural and operating system. The process for the awarding under concession of airport structures and services, which are carried out according to the evaluation on the reliability, efficiency and competitiveness of the economic actors and businesses involved, also falls within the remit of ENAC.

Airport regulation

ENAC is involved in the drawing up of planning and development proposals for the domestic airport system. It examines and reviews airport development projects, intervention programmes and airport investment plans. In addition, it manages the allocation of airport assets, the fixing of the zone limits of airports and the definition of the parameters for the setting of airport capacity in order to manage time slots.

Regulation

Despite the international and EU aeronautic sector regulation, this activity represents a principal function of ENAC, which avails of proposal and participation powers in the address, planning and guaranteeing of air transport and airport system development.

Ministry for Transport

The Ministry for Transport and Navigation primarily exercises duties of oversight, guidelines and control of ENAC activities. ENAC and the Ministry for Infrastructure and Transport collaborate to:

- plan the organisation of air transport;
- plan and develop the airport sector;
- prepare international and bi-lateral agreements;
- develop regulations in line with international principles and provisions;
- study particular sector issues.

ICAO

The ICAO (the International Civil Aviation Organisation) is the specialised Agency of the United Nations, whose mission is to develop an international civil aviation management system which is both secure and efficient, in addition to being sustainable. The ICAO's activities concern the drawing up and updating of aeronautic sector regulations, incorporated by 190 States in order to guarantee a minimum level of security.

EASA

The European Air Security Agency is a legal body which is involved in setting common levels of security and environmental protection in the civil aviation sector for European Union countries.

ENAV

The International Flight Assistance Body is a company, entirely held by the Ministry for the Economy and Finance and overseen by the Ministry for Infrastructure and Transport, which, also according to the navigation code, provides air navigation services.

Assoclearance

Assoclearance is the Italian Association for the Management of Clearance and Slots, comprising airlines and Italian airport managers, with the duty to optimise distribution of time slots and allocate slots to airlines, taking account of demands and historical data. The Association provides ENAC with timely and precise information concerning the list of time slots allocated and the relative changes during the season of individual airport traffic, also in consideration of the recent ENAC circular which provides for the issue of penalties to operators not in compliance with EU and national regulations.

ARPA

The Regional Agency for the Protection of the Environment (ARPA) is a public body with independent administrative, organisational and accounting functions, which implements activities and services in support of the environmental policies of the Regions, the Provinces, the Municipalities, the Mountain Communities, the Healthcare boards and of other regional public bodies.

The activities of ARPA are based on the approach proposed by the most recent national and European regulations: to collate and draw up founded and reliable environmental data in order to assist governance bodies in their decisions on the region and for the citizen to assist their awareness and analysis. ARPA is extensively involved in the Airport Commission activities and in terms of noise pollution carries out a periodic control on the monitoring carried out within the region.

Other institutional bodies

At the airport a significant number of other institutional bodies are present: ENAC, Carabinieri (Police), the Customs Authority, Finance Police, State Police, Prison Police, the State Forestry Body, Air

Safety, Veterinary Office and the Fire Service, which contribute, each within their own mission, to the proper performance of the airport and with whom the airport operator undertakes actions of reciprocal collaboration.

SEA stakeholders map

In its role as a manager of public transport infrastructure, SEA is committed to acquiring in a planned and structured manner and correctly evaluating and including in its decision making process the issues which concern its stakeholders.

This is applicable to extension works at terminals, in making available spaces and services to airport operators and in ensuring the maximum synergy between all airport operators to guarantee continuous, safe and efficient flights for passengers.

The identification and mapping of the stakeholders of SEA and the relative strategic approach which the company seeks to adopt in such interactions was established within the “Developing Sustainability Culture” project, introduced by SEA in 2012 – with the scientific and methodological support of ISTUD and SWG – with the objective to define the “Sustainability Vision” for the coming 3 years.

Management’s work to this point can be broken down into two categories:

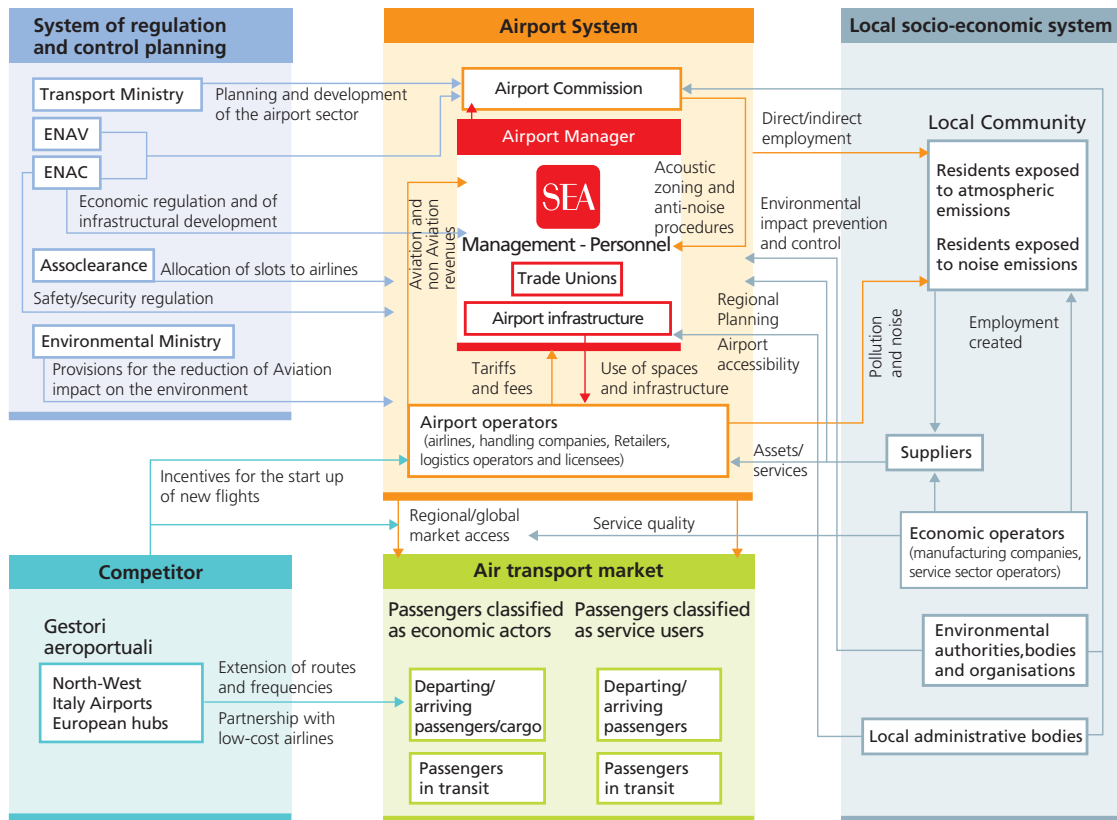
- the identification and role of the stakeholders. Managers have begun to introduce in their evaluations and decision making programmes a multi-stakeholder view of the problems which they encounter, which allows them a more “systemic” vision of the impact of the business decisions taken by them;
- stakeholder management levers. The objective is to understand which stakeholder relationship levers are practical, according to the vision of Managers, and may be easily drawn upon to reach the indicated business objectives.

The essence of a “sustainability oriented” managerial approach for SEA consists therefore of:

- the capacity of management to acquire full knowledge of the identity, the role and the power of reciprocal conditioning and on the resources/opportunities which characterise the major stakeholders of the principal “business challenges” of the company;
- a progressive shift by managers towards the “contextualisation” of their choices and decisions, as a response to the complexity of the business environment. Contextualisation concerns the establishment of the direction and the logic of their decisions within a wider environment than that usually adopted and the extension of the range of variables (economic, social and environmental) which impact on the result of the decision (and on effective risk management) over the medium-long-term;
- in the capacity of management to base its “learning” over a wider and more extensive exchange and interchange with stakeholders, to generate indispensable knowledge for the correct vision of the business, otherwise not acquirable.

The principal level 1 stakeholders (those with whom more direct and intense relationships develop) in SEA, as also emerging from analysis of the operating and regulatory environment hereto described, are outlined below.

Map of SEA Group level 1 stakeholders



Involvement in national and/or international sector associations

SEA is involved in the following national and/or international sector associations:

Assaeroporti

Italian Association of Airport Managers, with the duty to protect and strengthen the position of airport managers, developing their functionality and interacting with the governing institutions to ensure the development of air transport. It also encourages collaboration between members in order to further the improvement of airport management procedures and techniques.

Assoclearance

The Italian Association for the Management of Clearance and Slots, comprising airlines and Italian airport managers, with the duty to optimise distribution of time slots and allocate slots to airlines, taking account of demands and historical data.

Assolombarda

National Association of small, medium and large enterprises, with the scope to protect the interest of members in their dealings with external parties involved in fields such as the institutions, training, the environmental and the region, culture, the economy,

employment and civil society, making available a wide range of specialist services which contribute to business development.

ATAG Air Transport Action Group

Association which represents all actors involved throughout the air transport industry chain, in order to encourage communication between the various actors and promote sustainable air transport development.

UNIVA Varese

Association of companies within the Confindustria System, in order to encourage the development of provincial industry, promoting collaboration between businesses.

ACI Europe

Airport Council International – Association of European airports, which represents over 400 airports in 46 member countries. It guarantees effective communication and negotiation on legal, commercial, technical, environmental and passenger issues and other interests.

IGI

The *Istituto Grandi Infrastrutture* (Large Infrastructure Institute) is a research centre focused on public tender issues. The development of the public works market,

which tends to favour the private financing of public works, has led to the institute extending its member base, with the entry of large motorway concession holders, airport bodies, banking institutes, Insurance Companies and business sectors complimentary to traditional contractors.

AIGI

Italian Association of Legal Counsel, with the scope to promote, train and develop legal councils and their role in Italy.

Evaluation of the principal risks and impacts

A range of external variables may have particularly significant impacts on the economic, environmental and social performances of the SEA Group over the long term. The principal issues are outlined below.

Strategic impacts and risks

The SEA Group focuses greatly upon the correct management of the risks related to corporate activities and focuses its objectives in order to maximise opportunities and reduce potential risks from unforeseen events and to protect over the long-term the creation of economic value and the tangible and intangible assets of stakeholders. Group risks may be broken down into five categories: strategic, operational, financial, commodity and compliance related.

Strategic risks

The strategic risk factors to which the SEA Group is subject may also have particularly significant effects on the long-term performance, with a consequent possible review of the development policies at the SEA Group.

Air transport market structure and development

The performance of the airport sector is strongly influenced by the overall volume growth of air traffic, which in turn is related to a number of factors such as, for example, the performance of the economy and the development of fast and alternative transport means, in particular rail.

Risks related to airline company choices

As for the other airport operators, the future development of activities depends significantly on the strategic choices of airlines, which are dependent also on the global economic-financial performance. In particular, in recent years traditional airlines have undertaken processes to create international alliances which strengthen their market position and in general alter the demand structure; in the same period a significant shift has also taken place in demand, generated by the increased presence of low cost airlines with a consequent increase in terminal competition, allowing the development of decentralised and smaller airports.

Risks related to a reduction of passenger numbers or the quantity of cargo transported at the airports managed by the SEA Group

The volume of passenger traffic and cargo in transit at the Linate and Malpensa airports represents a key factor in the results achieved by the Group. Any reduction or interruption to flights by one or more airlines, operating out of the airports managed by the SEA Group, also as a result of the continued weak economic-financial position of the airlines, in addition to any stoppage or a change in connections with a number of destinations with significant passenger traffic may result in a reduction in the above-stated traffic, with consequent impacts on activities and Group results. The Group considers itself, based on experience gained over the years, although not being certain in this regard, to be able to offset the risk of a reduction or interruption in flights, through the redistribution of passenger traffic between airlines operating on the market and the capacity to attract new airlines. Any redistribution of traffic may require a certain period of time, temporarily influencing traffic volumes.

Uncertainties relating to regulatory developments

SEA Group activities, as is the case for all Italian Airport Managers, are subject to a high level of regulation which impacts in particular the allocation of slots, the control of air traffic and the establishment of fees concerning services which may be provided only by the Airport Manager (airport fees, security control fees, fees for the use of common use assets and centralised infrastructure for handling services).

Risk related to the decision of the European Commission concerning declarations of State Aid awarded to SEA Handling

With decision of December 19, 2012, the European Commission judged that the share capital increases carried out by SEA in favour of its subsidiary SEA Handling in the 2002-2010 period for Euro 360 million, plus interest, constituted impermissible State Aid. This decision established the obligation for the Italian State to recover the Aid within four months from notification (and therefore by April 20, 2013, a deadline subsequently extended to June 5, 2013). Therefore, SEA Handling and the Italian authorities

appealed the decision before the EU Court and undertook discussions with the European Commission services in order to ensure execution of the recovery decision through an alternative means than monetary repayment.

In relation to the second initiative, the SEA Group, with the creation of a Task Force, initiated a dialogue with the EU Commission in order to identify a path, drawn up on the execution of the decision, as an alternative to the repayment of the sums to SEA by the Subsidiary declared as State Aid, further to any initiatives undertaken at a legal level for the cancellation of the decision.

This alternative execution method of the decision concerns the execution of the decision through redundancies at the Subsidiary, the sale of the assets of the Subsidiary at market conditions and its subsequent liquidation. The negotiations in progress are based also on a future operating scenario for the handling activities which would allow the continued involvement of SEA in such activities as follows:

- conclusion of the handling service supply contracts in place between SEA Handling and the airlines operating at Linate and Malpensa airports over a period of 10-12 months, in order to ensure continuity of service in favour of the airlines against the exit from the market of SEA Handling and its replacement by other players;
- sale to third parties of the assets owned by SEA Handling, to be carried out through a public procedure;
- conclusion of the labour contracts undertaken by SEA Handling;
- placement into liquidation of the company.

In this regard, SEA would continue to be present on the handling market through involvement in a new company, incorporated on September 9, 2013, called Airport Handling Srl; this company would negotiate *ex novo* the labour contracts with personnel currently employed by SEA Handling, would acquire the technical equipment necessary to provide handling services, in addition to compete on the market in order to conclude to the best extent possible contracts with carriers operating at the Linate and Malpensa airports.

At the end of March 2014, the operating arrangement indicated was reviewed by the Commission, which did not raise objections in relation to the plan for the stoppage of the SEA Handling activities.

In the second half of 2013 and the first quarter of 2014, the exploratory meetings continued for an alternative path, as proposed by the Subsidiary and SEA, which would satisfy the strategic needs for the maintenance of SEA's involvement in handling activities and the Commission's requirement for execution of the decision, although divergent positions emerged in relation to the distribution of the share capital of Airport Handling. In particular, the Commission demonstrated, as a line of principle and

without any further explanation to date, the methods for the placement into liquidation of the Subsidiary and its availability to consider the decision as correctly executed where the assets of SEA Handling are sold at a market rate and where the definitive exit of this latter from the market through liquidation takes place.

In consideration of the negotiations with the European Commission and of the possible alternative of the liquidation of the Subsidiary in the second half of 2014, previously reported with reference to the preparation of the financial statements at December 31, 2013, the Subsidiary considered it reasonable in accordance with the approach taken to-date not to record any provision in the financial statements for the year ended December 31, 2013 for risks related to the repayment to SEA of the presumed State Aid. Similarly, SEA did not recognise to its separate financial statements at December 31, 2013 any receivable against the Subsidiary, nor altered its recoverability value of the Subsidiary, previously written-down in the separate financial statements at December 31, 2012.

Given the impossibility to calculate and the uncertainty on the quantification of the liquidation charges at the reporting and approval date of the financial statements, no provision was recorded for risks and charges in the financial statements of the subsidiary for the year ended December 31, 2013. In particular – as it is currently not possible to estimate the charge for the outplacement of surplus personnel compared to the needs of the new operator – as dependent on the definitive plan for the sale of the company assets and the number of personnel hired based on service contracts effectively acquired by this new operator – the financial statements of the subsidiary do not include any risk provision for the above-mentioned restructuring cost. A similar accounting treatment was adopted in the evaluation of the provisions for risks and charges in the consolidated financial statements, which however do not include any specific provision against the restructuring of the subsidiary, while the full write-down of Euro 10.3 million was recorded of the contribution to the consolidation of the subsidiary, in view of the expected non-recovery following the evolution of the above-mentioned negotiations with the European Commission.

For the purposes of the presentation of the plan to the EU, a level of placement of Airport Handling personnel was estimated, whose final outcome – as mentioned – will depend on the level of activity developed by Airport Handling. On these bases – which are not certain until the approval of the plan by the European Commission and the commencement of commercial activities – estimates were assumed which do not represent certain amounts, even at minimal levels.

Operating Risks

The operating risk factors are strictly related to the carrying out of airport activities and may impact the short and long-term performances.

Risks related to safety and security management

The occurrence of accidents would have consequent impacts on Group activity and may also impact passengers, local residents and employees. The risk management instruments are: safety management system, progressive investments in safety and security, staff training activities and control and monitoring of security standard activities.

Risks related to the interruption of activities

Group activities may be interrupted through: strikes by personnel, by those of the airlines, of personnel dedicated to air traffic control services and of the public emergency service operators; the incorrect and non-punctual provision of services by third parties; adverse weather conditions (snow, fog etc.). The risk management instruments are: emergency procedures and plans, highly prepared and competent staff; insurance plans.

Risks related to the management of human resources

The reaching of Group objectives depends on internal resources and relations with employees. The non-ethical or inappropriate behaviour of employees may have legal and financial consequences on company activities. The risk management instruments are: optimal workplace environment, talent development plans, ongoing dialogue and cooperation with the Trade Unions, Ethics Code, procedure 231.

Risk related to dependence on third parties

Airport management activities depend on third parties, for example: local authorities, airlines, handlers etc. Any interruption in their activities or unacceptable conduct by third parties may damage the reputation and activities of the Group. The risk management instruments are: continuous updating of agreement with trade parties, selection of partners based on economic – financial and sustainability criteria, adequate contract management activity.

Risks related to airport handling activities

The airport handling sector performance is impacted by the development and structure of the air transport market, similar to the risks related to airline choices. These latter significantly impact the handlers activities as the relative contracts are subject to particularly favourable airline withdrawal conditions. The high level of competition for airport handlers

involves also a significant risk in alteration of market share held.

Financial Risks

The management of financial risks is carried out by the parent company which identifies, evaluates and implements actions to prevent and limit the consequences of the occurrence of the above-stated risk factors.

Commodity risks

The SEA Group is exposed to changes in prices, and the relative currencies, of the energy commodities handled, i.e. gas and minimally electricity. These risks are based on the acquisition of the above-stated energy commodities.

Compliance risks

The Group operates in a sector regulated at a national, EU and international level.

Contract system

A significant part of SEA Group revenues derives from the activities carried out based on the agreement signed between SEA and ENAC, with duration until May 4, 2041. The Agreement provides for a series of obligations relating to the management and development of the Milan airport system, in addition to advanced withdrawal in the case of serious non-fulfillment by SEA and dissolution conditions in the case of a delay for more than 12 months in the payment of the fee due by SEA, or in the case of a declaration of bankruptcy by SEA. At the conclusion of the Agreement SEA must return state assets forming part of the Malpensa and Linate airports and freely provide to the State all plant, works and infrastructure created by SEA through these assets.

Risks associated to safety and security management

The SEA Group, fulfilling the obligations established for airport managers by ENAC Regulation of October 21, 2003 for the Construction and Operation of Airports, through the Safety Management System guarantees that airport operations are carried out under pre-established security conditions and evaluates the efficacy of the system in order to correct any conduct deviations by any of the airport operators. In this regard the SEA Group guarantees that the flight infrastructure, plant, equipment and the operational processes and procedures comply with national and international standards; an ongoing training programme for personnel is implemented in order to guarantee maximum safety protection, quality levels and the punctuality and efficiency of the service.

Economic-Competitive Sustainability

Business model, competitive advantage factors, value generated and distributed

Business Model

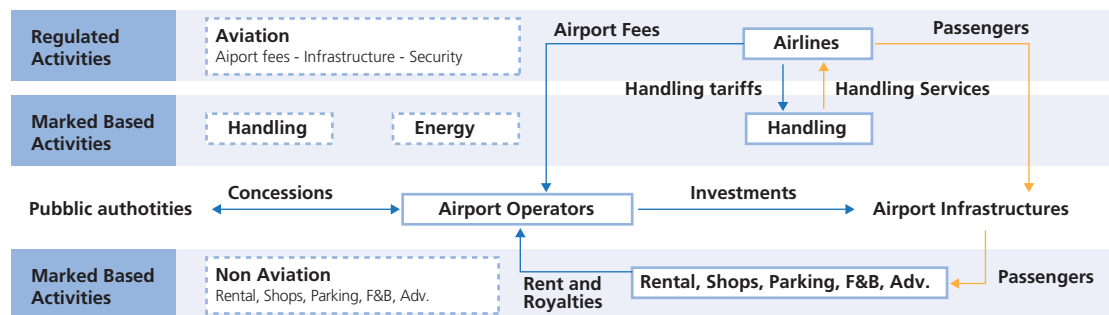
The SEA Group model is structured according to the business divisions in which it operates:

- Aviation: “core” passenger and cargo aviation support activities;
- Non Aviation: commercial services offered to passengers and airport users within the Milan airports;

- Handling: aircraft, passengers, baggage, cargo and mail ground assistance services;
- Energy: generation and sale of electric and thermal energy.

SEA manages its Aviation activities under license. The Handling activities are carried out within a free market system and the Non Aviation activities are partly carried out in sub-concession and partly through direct management.

SEA Group business model



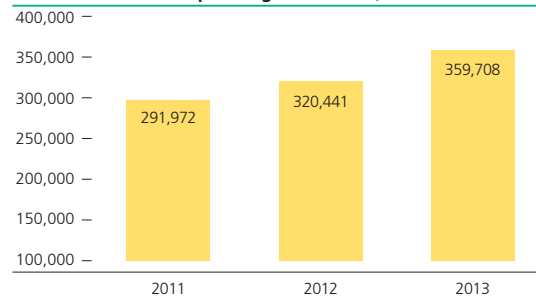
Aviation Business

The Aviation business consists of the “core” passenger and cargo aviation support activities. This concerns the management, development and maintenance of infrastructure and plant within the airports and the offer to SEA Group customers of services and activities related to the arrival and departure of aircraft, in addition to airport safety services.

The development of Aviation activities is centred on the extension of routes and arriving and departing flight frequencies at the airports of Malpensa and Linate, in order to develop passenger and cargo traffic, stimulating the growth of the existing airlines, in addition to attracting new airlines – in particular from countries with high economic growth.

The revenues generated by Aviation activities are established by a regulated tariff system and comprise airport fees, fees for the use of centralised infrastructure and shared assets, in addition to security fees and tariffs for the use of spaces by airlines and handlers.

Aviation Business operating revenues* (thousands of Euro)



* 2011 result restated.

Source: SEA

Non-Aviation Business

The Non Aviation activities concern the provision of aviation support operations completion services and include:

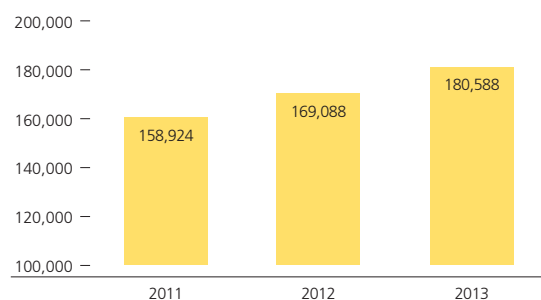
- retail (duty free and duty paid sale to the public, catering, car hire, advertising, the management of spaces for the carrying out by third parties of banking activities);
- the management of parking;
- the management of cargo spaces;

- other activities, included under the account “services and other revenues” (such as ticket office operations, vehicle maintenance, real estate, including rentals and concessions of sections of the airport and technological and design services and also non-regulated security services).

The revenues from this area consist of the market fees for activities directly carried out by SEA, in addition to royalties (based on a percentage of revenues generated by the licensee) from activities carried out by third parties under license, usually with the provision of a guaranteed minimum.

In managing the Non-Aviation Business the SEA Group, no longer operating only as an airport manager whose activities are limited to the management of available spaces within the airport, is actively involved in the commercial development of the airports managed, operating in partnership with the commercial operators, in order to improve, extend and innovate the services provided to users.

Non-Aviation Business operating revenues* (thousands of Euro)



* 2011 result restated.

Source: SEA

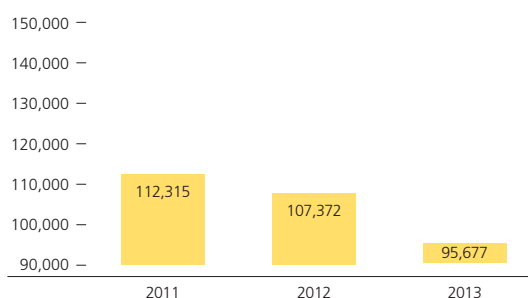
Handling Business

Handling services are carried out by SEA Handling, a subsidiary of SEA and concern the provision of land-side assistance regarding aircraft, passengers, luggage, cargo and mail. Revenues in this segment comprise market fees for the carrying out of the following activities:

- “ramp” handling (i.e. air-side services, including the boarding/deplaning of passengers, bags and cargo, aircraft balancing, baggage movements and reconciliation);
- “passenger” handling (i.e. land-side services, including check-in and lost & found).

These fees are freely negotiated between the SEA Group, through SEA Handling, and each airline. In the Handling segment, the SEA Group will focus and specialise in “core” activities (ramp, passengers and cargo), confirming its capacity to offer high quality services, in addition to developing partnerships with other handlers.

Handling Business operating revenues* (thousands of Euro)



* 2011 result restated.

Source: SEA

Energy Business

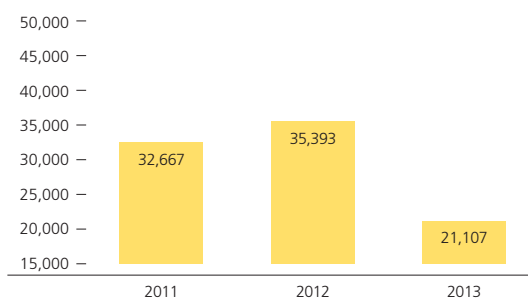
SEA, through the subsidiary SEA Energia, produces electricity and thermal energy for the airports managed by the Group, selling excess production on the market.

The operational choices of SEA Energia feature a strong commitment to:

- investing in technology innovation;
- ensuring energy efficiency;
- contributing to the development and well-being of the community in which it operates;
- respecting the environment.

The production of energy is carried out at co-generation plant located at the airports managed by the SEA Group. In particular, the Milan Malpensa co-generation station has an annual maximum production capacity of 613 GWh for electricity and 543 GWh for thermal energy. The Milan Linate plant has a maximum annual capacity of 210 GWh for electricity and of 157 GWh for thermal energy. Surpluses of electricity and thermal energy are sold on the Electricity Exchange, under bi-lateral contracts and since 2011 through involvement in commercial operations on the free market.

Energy Business operating revenues* (thousands of Euro)



* 2011 result restated.

Source: SEA

In relation to the portion of energy sold to third parties, SEA Energia pursues a policy which identifies additional final customers with whom to undertake bi-lateral contracts, reducing the share sold directly on the Electricity Exchange.

Competitive advantages

Primary airport system serving Northern Italy

The airports managed by SEA rely on a particularly advantageous geographical location in terms of user base, featuring a significant presence of industrial and advanced service sector enterprises and served by logistical infrastructure which facilitates the pursuit of economic activities.

Distribution of air passenger traffic – Italy 2013 (%)

Northern Italy	43
Central Italy	34
Southern Italy	23
Total Italian passengers (000's)	143,880

Source: SEA, Assaeroporti

The natural “catchment area” of the Milan airports comprises a major economic and industrial hub in Europe, including – among others – the Lombardy Region. The positioning of the Milan airports is further enhanced by its location on a number of the major trans-European transport routes. As a result, the Milan airport system in 2013 handled nearly 19% of Italian passenger traffic and 44% of that concerning Northern Italy.

Distribution of air passenger traffic – Northern Italy 2013 (%)

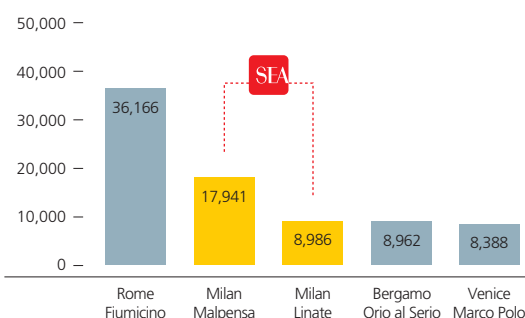
Milan	44
Rest of Lombardy	15
Rest of Northern Italy	41
Total Northern Italy passengers (000's)	61,164

Source: SEA, Assaeroporti

Diversified and extensive airport systems

The Milan airport system is significant both within the Italian and European contexts, second in Italy and ninth in Europe for passenger traffic volumes, and first in Italy and fifth in Europe for volumes of cargo transported (not considering courier terminals).

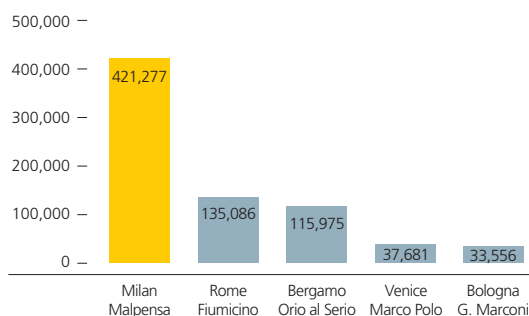
Italian airport rankings by passenger traffic* 2013 (thousands)



* Including direct transits.

Source: SEA, Assaeroporti

Italian airport rankings by cargo traffic 2013* (tonnes)



* Excluding postal traffic.

Source: SEA, Assaeroporti

Balanced portfolio of airlines and destinations served

SEA benefits from a diversified and balanced mix of airlines operating from the terminals managed, none of which in 2013 representing more than 30% of overall traffic.

Passenger market share in the Milan airport system (%) 2013

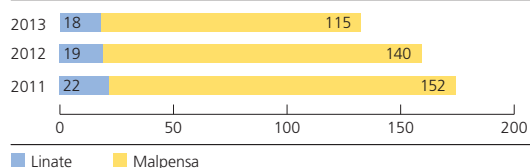
Airline	2013
easyJet	24.93
Alitalia	24.90
Lufthansa	5.52
Meridiana Fly	5.05
British Airways	2.47

Source: SEA

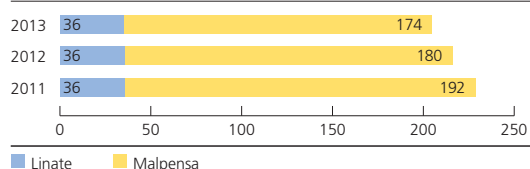
The portfolio of destinations served and frequencies is wide and varied: at December 31, 2013, 174 destinations operated out of Malpensa and 36 out of Linate. The portfolio of destinations is continually expanding, in particular on routes to and from the Middle and Far East, which are considered areas of high development potential for passenger and cargo traffic.

Development of airline numbers/destinations of the Milan airports

Number of airlines (passengers and cargo with at least 10 movements in the year)



Number of passenger destinations (with at least 1,000 passengers per year)



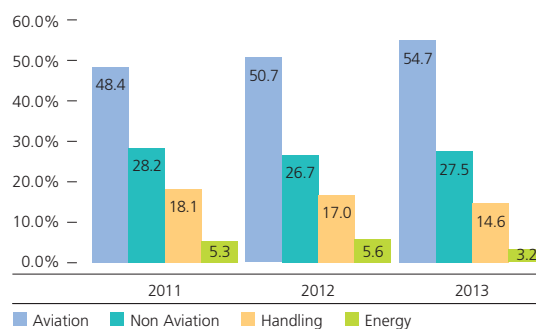
Source: SEA

Diversified mix of revenues and with margin for development

SEA Group revenues are broken down between the various areas of activity: in 2013, Aviation, Non-Aviation, Handling and Energy division operating revenues (Euro 657.1 million) accounted respectively 54.7%, 27.5%, 14.6% and 3.2% of the overall total.

Growth was supported by the Aviation and Non Aviation businesses, whose operational revenues from third parties in 2013 increased respectively by 12.3% and 6.8% on the previous year.

Operating revenues of the Business Units (% of total)



Note: the revenues % does not include the IFRIC effect.

Source: SEA

Group EBITDA in 2013 amounted to Euro 161.8 million, increasing (+2.4%) compared to the previous year (Euro 158 million).

Operating excellence and modern infrastructure

The Milan airports rely on a system of runways and associated specialised airport infrastructure considered cutting edge and with a capacity to accept all types of aircraft currently in use.

The current infrastructural configuration of the Milan airports, and in particularly Malpensa, is structured to handle in the short-term the expected growth in air traffic volumes.

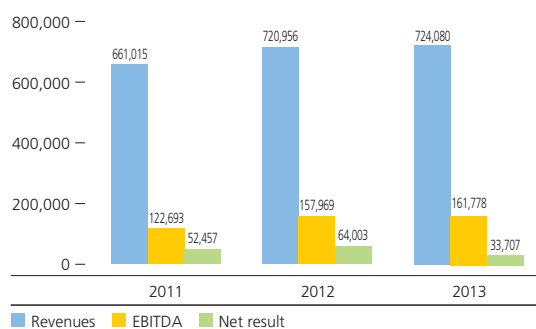
The infrastructural investments underway and forecast for the coming years will allow Malpensa to further increase its capacity to manage traffic, within a European market featuring airports with lesser potential to develop capacity.

The high degree of operational reliability of the Milan airports and the high service quality standards offered are recognised by the international certifications achieved by SEA and by the Group companies (ISO 9001, ISO 14001, ISO 50001, OHSAS 18001 and ISAGO).

Certified Quality–Environment–Safety management systems (current and scheduled)

	Environment		Safety		Social	
	Current	Forecast	Current	Forecast	Current	Forecast
SEA SpA	Airport Carbon Accreditation – Neutrality Level ¹ ISO 14001 ⁸ ISO 50001 ⁶		OHSAS 18001		Dasa Register ⁴ UNI CEI EN 45011 ⁵	
SEA Handling	ISO 14001		ISAGO ²			
SEA Energia	EMAS Registration ⁷ ISO 14001		OHSAS 18001 ³			

1. ACI (Airport Council International) Europe Certification to incentivise the contribution by airports to the fight against climate change. A series of actions for the control and reduction of direct and indirect emissions of CO₂ are scheduled. In June 2010 SEA reached level 3+, with Linate and Malpensa classified among the leading airports in Italy (and among the leading in Europe) for achieving carbon “neutrality”.
2. Certification provided by the IATA and relating to the safety service quality. SEA Handling is the first handler in Italy to obtain this certification.
3. Voluntary application, within the organisation, of a system which guarantees adequate control regarding the Safety and Health of Workers, as well as compliance with the regulations in force.
4. Concerns the changes to the airport infrastructure at Linate and Malpensa to ensure their usage by persons with reduced mobility, in order to guarantee equality of opportunity.
5. Concerns the passenger assistance service to those with reduced mobility at airports.
6. International standard for the managements of energy, which focuses attention on the energy yields of the organisation and requires that the promotion of energy efficiency is considered throughout the organisation's distribution chain, as a requirement to be sought from suppliers.
7. Enterprises and organisations which voluntarily commit to the evaluation and improvement of their environmental efficiency may adhere to the Eco-management and audit scheme (EMAS). EMAS principally provides stakeholders with an instrument through which the environmental attributes of an organisation may be attained.
8. Concerns the provision of an Environmental Management System which identifies, controls and monitors the performance of the organisation.

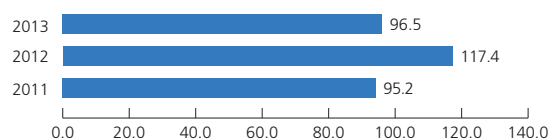
Solid economic and financial performance**Revenues, EBITDA and Net Result (in thousands of Euro)**

Note: Operating revenues in 2012 include the IFRIC effect. EBITDA was defined in 2013 as the difference between total revenues and total operating costs, including provisions and write-downs and excluding the restoration and replacement provision. Consequently, 2012 was reclassified with the same criteria.

Source: SEA

SEA over the last three years has sustained significant profit levels and a strong value generation at operating level despite the impacts of the de-hubbing of Alitalia and the global economic and financial crisis, demonstrating its capacity to react to extraordinary events through strategic flexibility and to attract new airlines and develop businesses outside of the Aviation business.

The SEA Group benefits in addition from a solid financial structure, despite the significant investment commitments related to the infrastructural development in progress.

Infrastructural investments (millions of Euro)

Source: SEA

Management team

The SEA Group relies on an organisational and managerial structure which supports the growth and implementation of the strategic guidelines, primarily thanks to the consolidated experience of senior management within large enterprises operating in complex sectors and, in particular, in the air transport sector. In particular, the company has demonstrated its ability to react to the challenges of contracting numbers (the de-hubbing of Alitalia, the economic and financial crisis) by tapping into growth and development opportunities through operating flexibility, the redefinition of strategies and by anticipating major developments within the market.

Stakeholder opinion on SEA management (scale 1-5)

	Suppliers	Aviation Clients	Non-Aviation Clients	Banking/financial community	Companies and Institutions
Competence	3.94	4.10	4.40	4.20	3.80
Reliability	4.11	3.67	4.33	4.20	3.75
Correctness	4.11	3.90	4.33	4.20	3.69
Openness/Availability	4.00	3.93	4.47	4.10	3.58

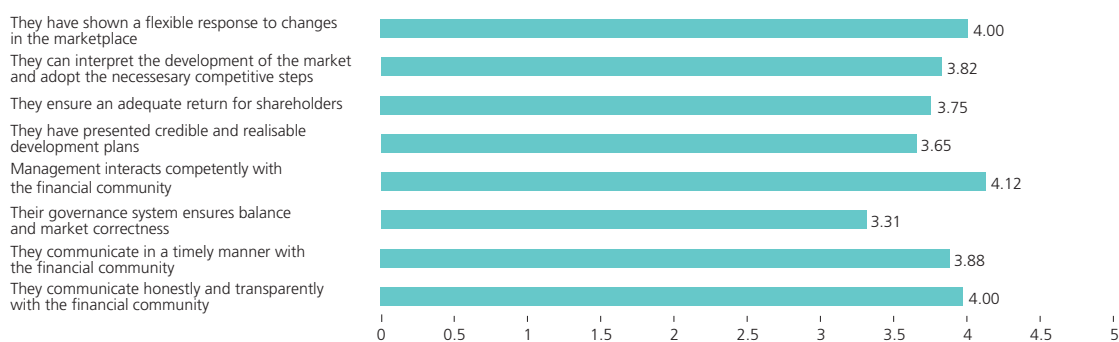
Source: Doxa, Survey of SEA Group stakeholders 2014

The quality of SEA's management was recognised by the principal stakeholders who allocated very positive average scores concerning competence, reliability, correctness and availability in their interactions with group management.

Reputation among banking and financial community

The financial community expressed very positive opinions in relation to the capacity for strategic vision, managerial competence and relationship capability of

SEA. The highest scores were achieved in relation to managements' relations with the financial community. In relation to the capacity for strategic vision of SEA management, significant approval was demonstrated both with regard to flexibility in response to changes in the overall environment and in the ability to interpret trends and make relative adjustments to competitive strategies. Finally, the strong capacity of the company to generate value for shareholders and the level of transparency and timely communication to the financial market was recognised.

Evaluation of SEA by the financial community (scale 1-5)

Source: Doxa, Survey of SEA Group stakeholders 2014

Economic value generated and distributed

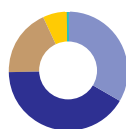
In 2013 SEA generated a value of Euro 657 million, a 3.9% increase on the previous year. The Group has

achieved continuous growth over the past three years, corresponding to a CAGR of 5%.

Economic value generated and distributed by the Group (in thousands of Euro)		2011	2012	2013	
Economic value directly generated		595,878	632,294	657,080	
a) Revenues	Operating revenues	595,878	632,294	657,080	
Economic value distributed		549,028	617,792	606,236	
b) reclassified operating costs	Consumable material costs and other operating costs	194,273	203,104	203,319	
c) Employee salaries and benefits	Personnel costs	250,355	256,188	250,344	
d) Payments to providers of capital	Financial charges and dividends distributed in the year	62,173	121,968	111,117	
e) Payments to the Public Administration	Current income taxes and tax charges	41,028	35,511	40,591	
f) Investments in the community	Donations, sponsorships & collaborations	1,199	1,021	865	
Economic value					
		Calculated as the difference between the economic value generated and the economic value distributed	46,850	14,502	50,844

Source: SEA

Economic value distributed – 2013



	%
● Reclassified operating costs	33.50
● Employee salaries and benefits	41.30
● Payments to providers of capital	18.30
● Payments to the Public Administration	6.70
● Investments in the community	0.14

The economic value distributed grew on average over the three years, from Euro 549 million in 2011 to Euro 606.2 million in 2013 (CAGR 5.1%), although reducing in the last year by 1.9%.

In 2013, Euro 250.3 million was allocated to the remuneration of employees, equal to 41.3% of the value distributed and 38.1% of that generated.

Over the 2011-2013 three-year period this value, after the slight increase of 2012 (Euro 256.2 million in 2012), although with a reduced workforce, was approx. Euro 250 million. This resulted in a significant reduction in its proportion of the total distributed value, which was 45.6% in 2011, while amounting to 41.3% in 2013.

In the three-year period in question however significant levels were maintained, both in absolute terms (Euro 62.2 million in 2011, Euro 122 million in 2012 and Euro 111.1 million in 2013), and as a portion of the total value distributed (respectively 11.3% in 2011, 19.7% in 2012 and 18.3% in 2013), in terms of the value allocated to providers of the organisation's capital (shareholders and credit institutions), in particular in the form of dividends (ordinary and extraordinary), which in 2011 amounted to Euro 41.8 million, in 2012 to Euro 102.8 million and in 2013 to Euro 89 million.

The value allocated to suppliers of goods and services was Euro 203.3 million in 2013 (substantially in line with the previous year), accounting for 33.5% of the total distributed value, while that allocated to the Public Administration in the form of taxes and charges was Euro 40.6 million in 2013 (6.7% of the distributed value).

The share of the distributed value allocated to the company and the region was 0.14% in 2013, corresponding to the sum of the fees issued to tertiary sector bodies and associations in support of cultural, humanitarian, scientific and sporting projects.

Competitive position

Catchment area of the Milan airport system

The Milan airport system is situated in one of the most economically developed regions in Europe, named the “Blue Banana Area”, which extends from London as far as Milan/Genoa and acts as a bridge between the Mediterranean basin and continental Europe. The catchment area of the Milan airports includes primarily the Lombardy Region, in which the airports of Malpensa and Linate are located and which represents its primary user base.

The Lombardy region, with an area of 23,861 km², in 2011 recorded:

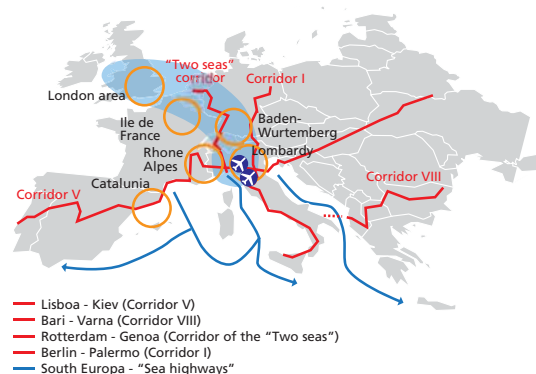
- a GDP of Euro 337.2 billion (21.3% of national GDP), placing second among European airport catchment areas, immediately after Paris-Ile de France (GDP of Euro 608.6 billion) and before London (or more accurately “Inner London” with a GDP of Euro 276.3 billion)¹, Madrid (GDP of Euro 188.4 billion) and Frankfurt (GDP of Euro 160.3 billion);
- a population of greater than 9.7 million;
- a density of active enterprises of over 34.4 per km².²

The particular geographic and economic positioning of the airports managed by the SEA Group is strengthened by its location along one of the main development corridors of the trans-European transport network.

The airports managed by SEA are located close to two motorway and rail axes included in the infrastructural development programme of the above-stated trans-

European transport networks: corridor 5 between Lisbon and Kiev and corridor 24 between Rotterdam and Genoa, which link respectively, Eastern Europe with Western Europe and the northern part of the continent with the southern part.

Geographic position of the Milan airports



The favourable geographical location of the Milan airports in terms of user base is highlighted by a catchment area of these airports with a significant presence of industrial and advanced service enterprises, served by logistical infrastructures which foster economic development, in particular ports and airports, as highlighted in the following table.

Socio-economic development indicators of the catchment area of the SEA Group

	Natural catchment area*	% of Italian total
Area (km ²)	49,324	16.4
Population	14,310,655	24.1
Number of active companies	1,234,205	23.8
GDP (millions of Euro)	471,601	29.8
Employed persons	6,233,787	27.8
Exports (millions of Euro)	144,262	38.4
Imports (millions of Euro)	155,363	38.8

* The Catchment Area of the Milan Airports includes the provinces of: Sondrio, Bergamo, Brescia, Cremona, Como, Varese, Lecco, Lodi, Milan, Padua, Piacenza, Monza Brianza, Parma, Novara, Biella, Verbania, Vercelli, Turin, Asti, Alessandria and Aosta.

The development of rail links (including High Speed, which in 2010 reached Malpensa airport) and road infrastructure (such as the construction of the Brescia-Bergamo-Milan motorway, known as the “BreBeMi” and the “Pedemontana”) should enable once fully

constructed the extension of the catchment area, increasing it by approx. 27,000 km² and by over 8 million inhabitants and extending the catchment area of businesses served to nearly 2 million³.

1. Source: Eurostat - News Release February 2014 (Regional GDP 2011).

2. Source: Istat - 2012 figures.

3. Source: ISTAT figures and Infocamere 2008. The extension of the Catchment Area takes in also the provinces of: Venice, Pavia, Vicenza, Verona, Mantua, Bologna, Modena, Reggio Emilia, Genoa and Florence.

Extension of the Catchment Area



Accessibility to current and future airports

Current rail accessibility of Malpensa airport

The connection of Malpensa airport to the city of Milan is ensured both by a road network and a rail line (with High Speed operations also), with a station located within Malpensa 1. The rail connection between Malpensa and the centre of Milan is provided by:

- Malpensa Express (managed by the Ferrovie Nord Milano Group): 130 connections operated between Milan and Malpensa 1 daily, with a free bus service operating every 15 minutes⁴ for connection to Malpensa 2.

In particular:

- 79 connections, of which 44 direct and 35 with interim stops, linking Milan, Cadorna Station zone;
- 51 connections linking Milan, Central Station zone.

Future rail accessibility of Malpensa airport

Infrastructural development works on the motorway and rail networks of North Western Italy are partly under construction and partly scheduled for the coming years, which should significantly extend the accessibility of Malpensa airport⁵.

For the rail network, extensions and/or development along all traffic routes are planned:

- to the South the quadrupling of the Rho-Gallarate line and the direct connection of Malpensa with the Milan-Rho Trade Fair hub;
- to the North the development of the connections with Switzerland through the construction of the Arcisate-Stabio route and the development of the network between Bellinzona and Gallarate;
- to the East the introduction of passenger services on the Saronno-Seregno route and the extension of the route as far as Bergamo;
- the development of High Speed services (along the Turin-Venice and Milan-Rome routes);
- the new High Speed connection through the Galliate junction and the doubling of the Vanzaghello-Turbigo line, which should improve accessibility to Malpensa also from Turin;
- the construction of a rail link between Malpensa 1 and Malpensa 2 is also under review.

New Malpensa rail accessibility works



4. Source: www.aeroporto.net.

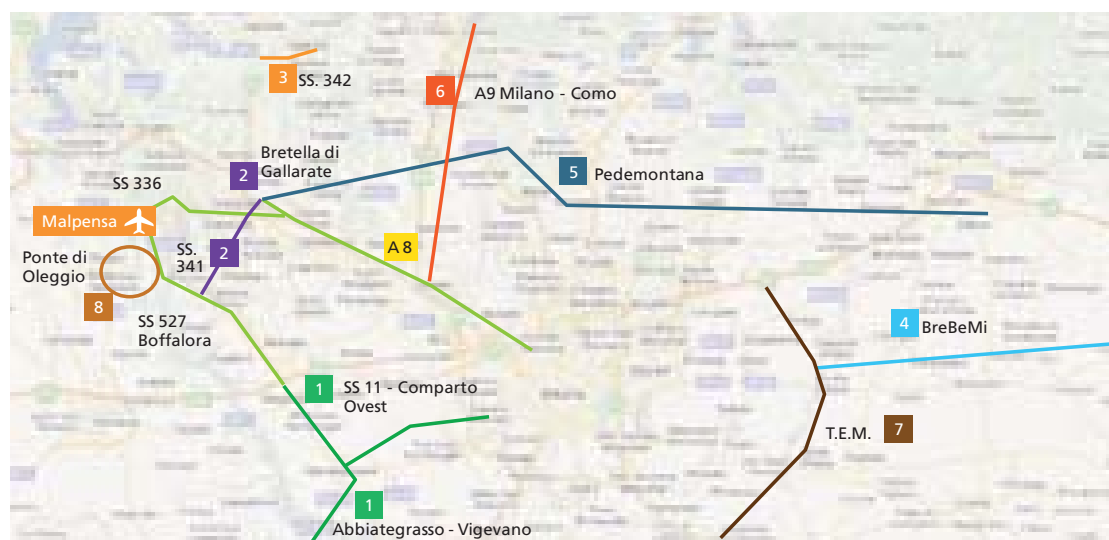
5. Source: Nomisma workings on Economic and Financial planning document 2010-2013, Infrastructure Attachment.

Future rail accessibility of Malpensa airport

These routes currently represent the most important connection system to Malpensa airport. In the coming years extensive infrastructural investments are

scheduled for the Lombardy rail network, whose conclusion should have a positive impact on the quality of connections with the Milan airports, both in terms of journey time reduction and ease of access⁶.

New road development works improving accessibility to Malpensa



In particular we highlight:

- the BreBeMi motorway, which should facilitate road access for passengers coming from the eastern part of Lombardy and the extension of the catchment Area to the provinces of Veneto;
- the Pedemontana motorway, which should facilitate road access for passengers coming from the northern part of Lombardy;
- the external Eastern Ring Road of Milan, which will link the A1 motorway (coming from Naples-Rome-Florence-Bologna) with the A4 (Turin-Venice), which should facilitate road access for passengers coming from localities located along the motorway routes;
- the improvement, with a third lane, of the A9 Milan-Como-Switzerland;
- further actions on the road network which should facilitate connections with Pavia and the areas of Como-Varese and Novara.

Current and future accessibility of Linate airport

For Linate airport, road access is particularly good. In the coming years metro line M4⁷ should be constructed, which link Linate to the existing main Milan metropolitan lines.

These works are expected to significantly increase accessibility to Linate, ensuring easy access from the various Milan localities and their hinterland.

Capacity of the Milan airports

The capacity of an airport, which in Italy is established by ENAC and with the involvement of the interested parties (ENAV and the airport manager), is established based on the capabilities of the individual airport, which in turn depend on:

- the air navigation sector plan, which concerns the operating and control capacity of the air traffic overseen by ENAV;
- the runway system and related infrastructure, in particular aprons and terminals;
- traffic demand factors;
- environmental restrictions, such as anti-noise procedures and the suspension of flights during hours of darkness.

The airport capacity is expressed by a certain number of movements/hour (with a “movement” concerning the take-off or landing of an aircraft, independently of the type of traffic). The capacity of the Milan airports has been established by ENAC as 88 movements/hour – as follows:

- Malpensa airport: 70 movements/hour (considering jointly take-offs and landings);
- Linate airport: 18 movements/hour (considering jointly take-offs and landings).

6. Source: Nomisma workings on Economic and Financial planning document 2010-2013, Infrastructure Attachment.

7. Source: Nomisma workings on Economic and Financial planning document 2010-2013, Infrastructure Attachment.

This breakdown of the movements per hour between Malpensa and Linate was established within the re-organisation project of the Milan airport system, drawn up to facilitate the development of Malpensa.

Capacity of Malpensa airport

The capacity of Malpensa airport is subject to further limitations concerning:

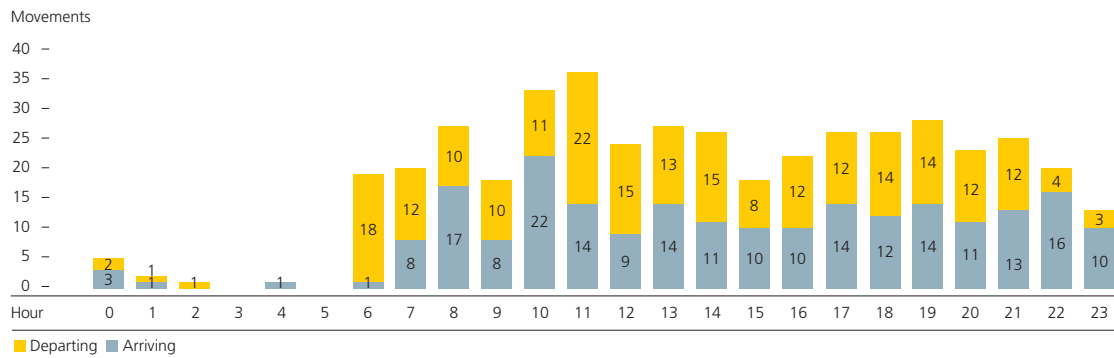
- 39 similar movements (therefore movements of the same type, take-off or landings separately) and 31 opposing movements (therefore movements of a differing type, take-offs or landings jointly) every hour;

- 6/7 similar movements every 10 minutes, 6/7 similar movements in the subsequent 10 minutes (for a maximum of 13 similar movements every 20 minutes) and 5 opposing movements every 10 minutes.

The available time slots may be further developed in the future by airlines already operating out of the airport or by new airlines.

In addition, based on the air traffic market growth forecast for the coming years, SEA expects infrastructural development initiatives (such as the expansion of the Cargo City and the third runway) to improve the attractiveness of the airport and to satisfy increased demand.

Malpensa – Average daily movements/hour 2013



Source: SEA

Capacity of Linate airport

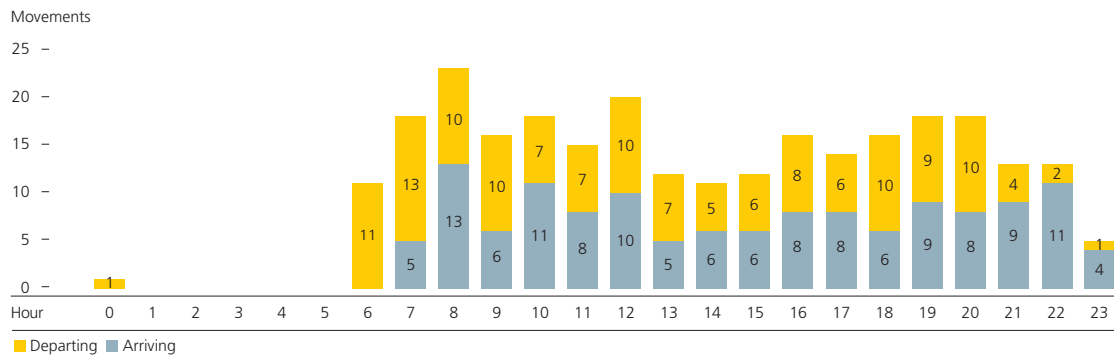
The capacity of Linate airport of 18 movements/hour is subject to the further limitations of:

- 14 similar movements (therefore movements of the same type, take-off or landings separately) and 4 opposing movements (therefore movements of a differing type, take-offs or landings jointly) every hour;
 - maximum of 6 total movements every 20 minutes.
- This capacity was fixed for commercial flights,

without including regional continuity agreement flights (therefore flights to and from particular regions located off the Italian mainland, such as Sicily and Sardinia, which guarantee flights with the main peninsular airports) and General Aviation flights. The Linate airport infrastructure is capable of managing a capacity of approx. 32 movements/hour.

The limit of 18 movements/hour was set also considering the criteria introduced by the Bersani and Bersani bis Decrees.

Linate – Average daily movements/hour 2013



Note: The movements per hour indicated do not include regional continuity flights and General Aviation flights.

Source: SEA

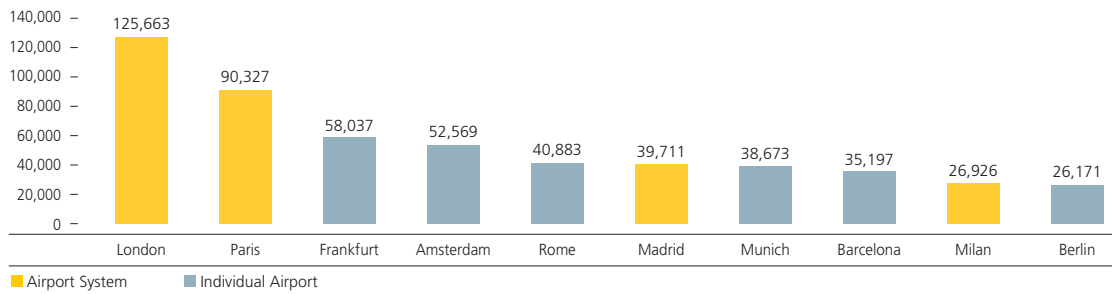
Competitive benchmarking of the Milan airport system

Passenger traffic

The Milan airports are among the major European

airport systems – with 26.8 million passengers transported in 2013 – ranking second in Italy and ninth in Europe for passenger traffic volumes and first in Italy and fifth in Europe for cargo traffic volumes.

Ranking by passenger traffic volumes of the principal European airports/airport systems in 2013 (thousands)*



* Including transits.

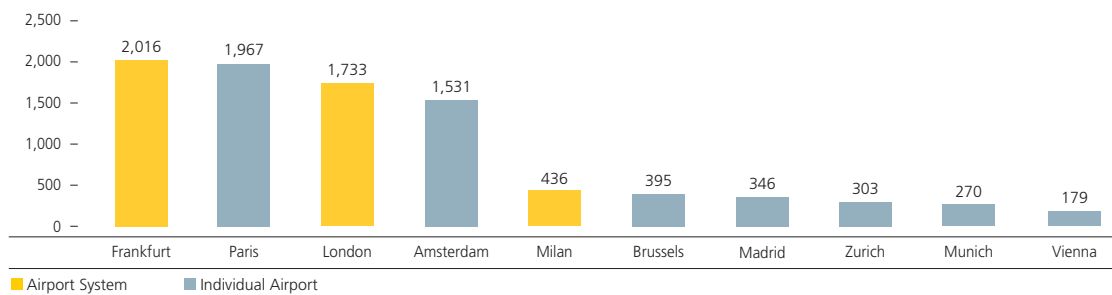
Source: SEA, ACI Europe

At national level, Malpensa is the second largest airport in terms of passenger traffic volumes, with approx. 17.8 million passengers in 2013, and also has the highest proportion in Italy of non-EU traffic, while Linate maintained also in 2013 its position as the third largest Italian airport with nearly 9 million passengers.

Cargo traffic

The Milan airports were also confirmed in the cargo transport sector as among the leading airports/airport systems in Europe (fifth position) and ranked first in Italy with over 421,000 tonnes transported by air. Cargo traffic at Malpensa in 2013 reported an increase (3.8%) compared to the previous year, ensuring that the Milan airport system maintained fifth place in the European ranking.

Ranking of the principal European airports/airport systems by volumes of cargo in 2013 (thousands of tonnes)



Source: SEA

Connectivity

The connectivity of an airport represents an indicator of the position of the airport within the considered airport network. Improved connectivity therefore concerns an improved position of the airport in the network and its higher competitive value compared to other airports. An important connectivity indicator is the average number of flights necessary to reach other airports: if the airport is directly linked with other airports in the network, its connectivity index

is 1. Airports exist which are reachable through more than 1 flight and these are considered indirect connections and therefore as connecting airports. In the 2013 ranking of the 30 best connected airports globally (selected from 3,696 airports), 2 Italian airports feature: Fiumicino is placed 13th (down 2 places on 2012), with Malpensa at 26th (up 3 places compared to 2012), with a connectivity index of 2.73. The comparison between global and European connectivity indices (based on a sample of 493

continental airports) highlights that the larger airports are more highly focused on intercontinental flights, while smaller airports develop a more intense point-to-point network at European level. In relation to GDP

percentage reached through direct flights, Malpensa airport in 2013 deteriorated slightly, falling from 27th to 28th in the European rankings.

Connectivity index of the 10 leading Italian airports

Italian Rank	Airport	Global connectivity index 2013	European connectivity index 2013
1	Rome Fiumicino	2.65	1.88
2	Milan Malpensa	2.73	1.96
3	Venice	2.92	1.98
4	Bologna	3.14	2.14
5	Naples	3.15	2.21
6	Palermo	3.15	2.13
7	Olbia	3.17	2.14
8	Verona	3.18	2.39
9	Catania	3.18	2.20
10	Turin	3.20	2.34

Source: ICCSAI Fact Book 2014

An indicator which provides a more accurate measure of the level of accessibility to Europe by individual airports is based on the minimum travel times to reach other European airports. Travel time includes both the flight time and the waiting time at interim airports (in the case in which more than one flight is necessary to reach a particular destination). For Malpensa airport, the number of airports linked daily is 387, while the average connection time is 340 minutes, similar to Fiumicino (332), with a difference of only 8 minutes on average for the journey time. Linate airport also reports good connectivity in terms of travel times, connected with 385 airports daily, with an average time of 367 minutes.

Accessibility to European GDP

The continental connectivity index is calculated according to the population percentage and GDP percentage which may be reached with direct or indirect flights.

Malpensa airport is placed 16th in the European

ranking, based on percentage of continental GDP reachable. 84.94% of European GDP is reachable directly from Malpensa airport, with a further 14.29% reachable through an interim airport. Malpensa however is placed 20th among European airports in terms of the percentage of continental population reachable. 81% of the EU population is reachable from Malpensa directly, while the remaining 19% is accessible through an interim airport.

In addition to the overall capacity to reach the European network, which includes also destinations reached with long travel times, the indication relating to the portion of Europe reachable in limited times undertakes also a significant role, considering in particular the number of destinations for which an outgoing and return journey may be made on the same day (day trip). The following table reports the ranking of European airports in terms of the number of destinations for which it is possible to make a day trip while remaining at the destination for at least 4 hours.

European network reachable through a day trip – 2013

Rank	Airport	Number of airports reachable within a day	Average time	Maximum time
1	Copenhagen	178	722'	1050'
2	Düsseldorf	163	729'	1035'
3	Stockholm-Arlanda	162	738'	1215'
4	Barcelona	157	743'	1050'
5	Oslo	155	733'	1075'
6	Brussels	151	739'	1045'
7	Hamburg	150	744'	1005'
8	Munich	149	662'	990'
9	Amsterdam	149	671'	1325'
10	London Heathrow	149	715'	985'
11	Frankfurt	145	644'	1065'
12	Paris CDG	144	679'	970'
13	Zurich	143	711'	970'
14	Lyon	140	740'	1015'
15	Berlin Tegel	140	734'	1015'
16	Madrid	139	744'	1075'
17	Milan Malpensa	137	757'	995'
18	Rome Fiumicino	120	725'	1040'
19	Prague	120	740'	1075'
20	Paris Orly	103	685'	990'

Source: Workings on ICCSAI Fact Book 2014 figures

Malpensa airport is placed 17th among European airports in terms of the number of continental destinations with which a day trip may be made, with an average time of 757 minutes.

This latter figure is particularly important for those airports (including the Milan airports) which develop traffic principally through business customers.

A ranking has also been compiled based on the portion of European GDP reachable within two flying

hours. Differing from reachability measured based only on the presence of connections, the reachability of various destinations based on flight times is more indicative of the quality of connections guaranteed by each airport.

Frankfurt airport is the leading European airport by percentage of European GDP reachable on the basis of flight time.

European GDP reachable based on flying time – 2013

Rank	Airport	GDP <2 hours (%)	GDP 2-4 hours (%)
1	Frankfurt	79.34	16.22
2	Amsterdam	76.86	16.32
3	Paris CDG	76.59	16.12
4	Munich	70.22	23.04
5	Zurich	69.88	22.28
6	Brussels	69.71	22.35
7	Geneva	68.03	24.52
8	Copenhagen	66.99	16.69
9	Düsseldorf	66.86	25.74
10	Hamburg	64.14	22.69
11	Berlin	62.34	24.21
12	Lyon	62.28	21.63
13	Stuttgart	61.46	25.81
14	Prague	61.45	23.00
15	Milan Malpensa	60.68	29.97

Source: ICCSAI Fact Book 2014

From Frankfurt, over 79% of European GDP is reachable within 2 flying hours. Malpensa is the leading Italian airport (the only one in the European top 20), in 15th position with over 60% of European GDP reachable within 2 hours and with over 90% reachable within 4 hours.

Conditions of direct and indirect competition

Direct competition

Analysing the level of dependence of European airports on particular airlines (under the Herfindahl-

Hirschman – HHI concentration index, which reaches a value of 10 thousand where the offer of an airport is completely handled by a single airline), it emerged that Malpensa airport is the European airport with the lowest level of dependence on a single airline (leading the HH index in terms of ASK – Available Seat Kilometres), while in terms of seats placed second behind Venice. This differs, for example, from the large continental airports such as Munich, where approx. 54% of the offer is handled by Lufthansa or the other Italian airport such as Bergamo, where Ryanair controls approx. 80% of the offer.

Direct competition of the major European airports according to the HH index – 2013

Rank	Airport	HH index for ASK	HH index	Number of airlines
1	Milan Malpensa	535	1,089	77
2	Venice	576	766	48
3	Nice	803	1,209	60
4	Barcelona	854	1,605	77
5	Geneva-Cointrin	1,023	1,583	57
6	Athens	1,133	1,938	54
7	Brussels	1,179	1,551	60
8	Prague	1,202	1,198	49
9	Stockholm-Arlanda	1,543	2,458	51
10	London Heathrow	1,692	2,361	81

Source: ICCSAI Fact Book 2014

Direct competition is measured also by another indicator called the entropy (H) index, which calculates (also in terms of ASK or seats) if the share of the airport offer is equally divided between all airlines present. Therefore, low index values indicate

situations in which the traffic offer of a particular airport is highly concentrated. Also according to this index, Milan Malpensa airport was the leader in Europe with regard to the lowest dependence on an individual airline.

Direct competition of the main European airports according to the H index – 2013

Rank	Airport	H index for ASK	H index for seats
1	Milan Malpensa	1.50	1.41
2	Barcelona	1.43	1.19
3	Venice	1.38	1.33
4	Nice	1.33	1.23
5	Rome Fiumicino	1.30	1.16
6	Brussels	1.28	1.26
7	Geneva	1.28	1.13
8	Athens	1.27	1.05
9	Prague	1.26	1.25
10	Stockholm-Arlanda	1.12	0.94

Source: ICCSAI Fact Book 2014

Indirect competition

Indirect competition relates to competition for the same user base by air services offered in neighbouring or alternative airports.

Principal European airports by level of indirect competition – 2013

Rank	Airport	Number of neighbouring airports	Number of routes in indirect competition	Competitor ASK / ASK in competition
1	London Gatwick	13	100	2.18
2	Milan Malpensa	3	61	1.41
3	Paris Orly	6	73	1.25
4	London Heathrow	13	64	1.13
5	Manchester	5	83	1.11
6	Brussels	7	63	1.01
7	Düsseldorf	7	81	0.87
8	Paris CDG	4	69	0.83
9	Zurich	8	62	0.38
10	Copenhagen	4	19	0.30

Source: ICCSAI Fact Book 2014

The level of indirect competition refers to each route offered by a specific airport for which alternative routes are offered by other airports close to that considered or for neighbouring destinations or on similar routes. The “proximity” concept relating to departing airports and destination airports concerns those located within 100 km. The exposure of an airport to indirect competition is one of the elements taken into account when considering whether an airport is a natural monopoly.

Within Europe, the London area contains a high number of active airports, therefore in indirect competition. Nearly all departing European routes

from Gatwick or Heathrow have indirect alternatives. Indirect competition is significant also in the Lombardy region close to Milan. From Malpensa, nearly 91% of European destination routes are open to competition from other airports in the area such as Linate and Orio al Serio. Malpensa airport in 2013 ranked in second position, after London Gatwick and before Paris Orly in terms of intensity of indirect competition. The ratio between the alternative offer volume of the competing regional airports (including Linate) and the offer of the airport concerning the routes subject to competition is greater than one.

Development strategy

The SEA Group pursues the development of the various business areas through improving process efficiency and furthering the capacity to manage passenger and cargo traffic, considering that any slowdown in international air traffic, related to challenging economic circumstances, do not compromise the general sector trend over the medium/long-term.

In this regard, the SEA Group considers that gross operating margins can be developed – where there are no significant changes to the general operating environment – based also on the application of the new tariff levels under the Regulatory Agreement. In consideration of the specific characteristics of the individual business areas in which it operates, SEA has drawn up differentiated strategies for each business unit.

In pursuit of these strategies, SEA invests in the development of airport infrastructure, grows the various services offered to airport users in the sectors in which the Group directly and indirectly operates and guarantees at the same time increasingly improved safety, quality and environmental protection standards.

Development strategy for the Aviation Business Unit

In line with the route and flight frequency extension policy implemented in recent years, the SEA Group seeks to continue the development of passenger and cargo traffic, both through existing airlines operating out of the airports and through attracting new airlines, in particular on routes from and to countries of high economic growth, also based on the drawing up of bi-lateral agreements which govern access to the international air transport markets. In relation to Malpensa airport, the SEA Group intends to further develop the so-called “Big Point” traffic model, characterised by the presence of a multitude of airlines and a catchment area which can generate significant traffic volumes, in addition to a significant number of short and long haul connections, utilisable also as an interconnecting airport.

This strategy is implemented through the creation by SEA of conditions to integrate the air connection networks of differing airlines and is based upon a new operating policy, which allocates to the airport the role as co-ordinator and promoter of the airlines operating.

In 2013 the promotional activities continued, focused principally on the distribution and communication on the digital channels of the ViaMilano service, which permits the reaching of domestic and international destinations through the combination of one or more routes, even if operated by differing airlines (whether on low cost or traditional airlines). In particular, the

Virtual Hub service enables – although in the absence of agreements among the airlines – the connection of autonomous routes, offering the connections operated to passengers and under the pre-stated agreements with further additional services for the passenger (described below). This extends the options of possible journey combinations in terms of timing and in some cases offers more beneficial financial conditions.

In relation to the strategies pursued by the Group in 2015, Milan will host Expo 2015, with positive repercussions on traffic at the Milan airports.

For cargo traffic, in view of the significant production level of goods within Malpensa user base and the consequent high level of air transport demand, the SEA Group is committed to extending the section of the airport dedicated to the handling of cargo (Milan Malpensa Cargo) and to the introduction of a policy to attract new airlines and increase the existing activity of airlines already operating at the airport, also on the basis of bi-lateral agreements which govern access to the international air transport market.

Development strategy for the Non Aviation Business Unit

As part of the strategy undertaken by the SEA Group to play a leading role in the commercial development of the Milan airports through the improvement, extension and innovation of the offer of goods and services for the entire scope of customers at the airport, the Non Aviation development activities are based on differentiated strategies at the individual terminals of Milan Malpensa and Milan Linate, in order to satisfy the specific needs of the differing passenger types and users of the individual terminals. This strategy will be further developed in collaboration and partnership with the main sector operators and considers not only the introduction of innovative sales models and the extension of the brand portfolio, but also the use of analysis instruments (including customer profiling, targeted marketing plans and quality control systems), which can identify and satisfy as far as possible customer demands.

In view of the major Expo 2015 event, in 2013 works began on an extensive upgrading and development of Malpensa 1, which through innovation, design, cutting edge materials and refurbished and extended spaces, continued research into comfort levels and increasingly efficient and complete services which respond to the needs of all passengers, will see the commercial area of the departure level redefined and other areas of the airport restyled.

Luxury purchases, high quality products, excellent catering standards, dedicated services and great shopping opportunities: Milan Malpensa transforms

simply being at the airport into a pleasurable “Airport Experience”.

The Milan Malpensa airport wishes to express the values of the fashion, design and taste capital through a targeted commercial offer of the leading brands in the various goods categories. From Bulgari, Giorgio Armani and Ermenegildo Zegna to Etro and Gucci; from Hermès and Montblanc to Salvatore Ferragamo, the most refined products enliven the windows of a place which can become to all effects and purposes a high end shopping destination and not just an area to pass through.

With the completions of these works, the airport will reach a total flooring area of 350,000 m², of which 8,000 m² of new commercial areas, comprising 46 new shops, adding to an already rich and structured offer.

A significant feature of the new project is the removal of the separation between the Schengen and non Schengen areas: all travellers, domestic or international, may access all commercial areas and all types of brands present at the airport. SEA has therefore drawn up a long-term commercial development plan,

in order to maximise the advantages stemming from the growth potential of passenger traffic flows. The development of the infrastructure as a welcoming environment, presenting a commercial offer with luxury and major internationally prestigious brands, becomes therefore a fundamental issue, with the renewal of the areas for high quality retail, both in terms of design, comfort and hospitality. This is all achieved through significant support from the commercial partners, through dialogue and mutually-beneficial constructive relations.

Development strategy for the Handling Business Unit

Following the entry into force of Legislative Decree 18/1999 which liberalised the handling activities (ramp, passengers and cargo), the sector became highly competitive. At December 31, 2013, at the Milan airports, in addition to SEA Handling, 5 Handlers and 3 self-producing airlines operate in this sector, as indicated in the following table.

Third party handlers and airlines operating under self-production at the Milan airports		
Airport	Third party handlers	Self-producing airlines
Milan Malpensa	ATA Handling (ramp and passengers)	Federal Express (ramp)
	Aviapartner (ramp and passengers)	TAM (passengers)
	Globeground (passengers)	KLM (passengers)
	ICTS (passengers)	
Milan Linate	ATA Handling (ramp and passengers)	
	Aviapartner (ramp and passengers)	
	Globeground (passengers)	
	EAS (passengers)	

Source: SEA

The SEA Group, through SEA Handling, intends to focus and specialise the company in the core handling segment (ramp, passengers and cargo), allowing concentration on a high quality services offer. This has been undertaken in order to maintain the market share served by the Milan airports and confirm the company as a leading handling operator. In particular, the Group intends to confirm its capacity to offer airlines a wide range of services, including full handling contracts which guarantee high level SLA's (Service Level Agreements), the provision of ad hoc services to satisfy specific needs, specialisation in ramp activities dedicated to all cargo airlines and the development of possible new partnerships with other handlers. These objectives are achieved through the ongoing upskilling and training of professionals dedicated to handling activities, in addition to the maintenance of the quality certifications which attest to the high quality level of the services provided.

Development strategy for the Energy Business Unit

The SEA Group, through SEA Energia, intends to continue to ensure the energy self-sufficiency (thermal and electricity) of both the Milan airports, utilising low environmental impact production systems, such as the co-generation stations adopted. The Group receives Green Certificates through SEA Energia which confirm the above-stated features of the plant utilised. In relation to the share of energy sold to third parties, deriving from the production surplus over airport energy needs, SEA will pursue a policy which identifies further end customers with whom bi-lateral contracts may be signed, reducing the proportion sold directly on the Electricity Exchange, with a consequent stabilisation of margins.

Investments

SEA commits under the 2001 Agreement to implement the Airport Development Plan and to carry out the scheduled investments for the functioning of the Milan airports. With the entry into force of the new Regulatory Agreement, SEA commits to carry out the investments established under the Investment Plan attached to this contract, of ten-year duration, which identifies the new works and extraordinary maintenance actions.

Programming instruments: the Master Plan

The investments in the development of the airport infrastructure are carried out in compliance with the specific programming instruments, subject to the control and approval of ENAC, which governs the building operations within the 2 airports.

The Master Plan is a long-term planning instrument concerning the alteration and development of airport infrastructure. Beginning with the airport development expectations (in terms of role, traffic, types of flights, needs of the region,...), it identifies and describes the general long-term situation, analysing the functional allocation of the various areas of the airport and identifies the infrastructure to be constructed, assigning different priority levels and quantifying the extent of the investment required. The Master Plan prepared by the airport manager was approved by ENAC in relation to the technical-aeronautic aspects and by the Ministry for the Environment for the environmental impact aspects. The authorisation process concludes with the evaluation of the Conference of Services, in which all regional Bodies impacted by the airport's development participate.

Planning instruments: Four-Year Action Plan

The short/medium-term actions established by the Master Plan are implemented through the Four-Year Action Plan, a document requested and approved by ENAC, through which the airport manager defines the infrastructure which it intends to construct, in compliance with the indications contained in the Master Plan, within a more limited timeframe compared to the general situation which characterises the Master Plan.

The Four-Year Action Plan may include also works originally not considered in the Master Plan, but also in line with the development plans contained therein.

Investment planning

In relation to the Master Plan and the Four-Year Action Plan, the airport manager draws up the projects concerning the individual works.

According to the applicable regulation, the projects are normally evaluated and approved by ENAC (for the aeronautic aspects and urban planning compliance), by the Healthcare Authority (for the hygiene-sanitary aspects), by the region (for the landscape aspects) and by the Fire Service (for the fire prevention aspects).

ENAC controls, in addition, the construction phase, carries out the testing and issues the compliance certificates.

The Master Plan and the Four-Year Action Plan identify both the works carried out by the manager and those carried out by third parties (ENAV, airlines, state bodies present at the airport, commercial operators, handlers, etc.), while the Investment Plan attached to the Regulatory Agreement includes only the actions carried out by the manager.

A further planning instrument requested and approved by ENAC concerns the Airport Utilisation Plans, which are prepared bi-annually, and for each passenger terminal identify and describe the actions planned within the building.

Malpensa Airport Master Plan

The Master Plan currently in force at Malpensa was introduced in 1985.

In November 2009, SEA presented to ENAC the new Airport Master Plan which identifies and describes, based on the traffic forecasts until 2026, the general airport overview, in order to progressively develop the capacity of the various infrastructure, against a total investment estimated at over Euro 2 billion.

The new Master Plan received, in February 2010, a positive technical appraisal from ENAC in relation to the aeronautic aspect of the project. In relation to the environmental aspects, SEA (with the support of specialised companies and institutes) prepared the "Environmental Impact Study" on the proposed intervention and in May 2011 ENAC (as the "Proposing entity") began the authorisation process at the Ministry for the Environment, consisting of the Environmental Impact Assessment (E.I.A.).

Under existing regulations, the Environmental Impact Assessment was published in order to ensure widespread circulation of its content, in particular among the various regional Bodies impacted by the implementation of the Master Plan.

The initial documentation of the Environmental Impact Assessment was supplemented in May 2012 and in November 2012 with the publication of new documents, respectively called “Voluntary supplements” and “Clarifications”. In both cases, the preparation and distribution of the new versions was carried out in order to provide to the Ministry for the Environment and the various bodies and associations concerned with the analysis of the project, with additional information and responses on the observations expressed during the assessment process. In 2013, ENAC presented to the Ministry for the Environment a suspension request of the assessment procedure, in order to research further issues related to the development of the strategic framework and the infrastructural development framework which incorporates Malpensa. In this period specific studies on the air quality in the locality of Malpensa drawn up by the Lombardy Region were being prepared (made available in January 2014), in addition to the National Airports Plan, which confirms Malpensa as an airport of national importance and places the development of the airport among its priorities (the Plan was outlined at the Council of Ministers’ meeting of January 17, 2014).

In February 2014, new documentation was sent to the Ministry for the Environment which, in addition to taking account of the most recent assessments mentioned above, illustrated also a re-modelling of the actions included in the airport Master Plan, based on new traffic estimations and following the observations expressed by the Technical Commission, also within the context of the “public oppositions” on the matter.

New decisions from the Ministry for the Environment are currently awaited.

The re-drawing of the recently proposed actions concerns three subsequent implementation stages of the Master Plan:

- “short-term” actions (implementations scheduled by 2021), which include: an initial development of the southern cargo area, a first part of the new aircraft maintenance area and terminal extension works;
- “medium-term” actions (implementation scheduled between 2012 and 2028), which include: the third runway, the southern extension of Malpensa 1 and the first part of the “inter-runway satellite” linked through “people movers”, new aircraft stand areas and the development of the link roads, further

development of the cargo area and of the various technical structures and aeronautic activity support structures;

- “long-term” actions (subsequent to 2028), which include: the conclusion of the “inter-runway satellite”, a total reconfiguration of Malpensa 2, further extensions of the aircraft stand areas, of the cargo zone and of the complementary and support activities.

Linate Airport Master Plan

Over the years, SEA has drawn up and implemented various actions at Linate airport, based on the forecast development of traffic and taking account of the existing urban planning and environmental restrictions (in particular concerning noise pollution), on the basis of the Four-Year Action Plans and presenting individual projects which were from time to time approved by ENAC and, in the cases in which required by regulation, by specific Conferences of Services.

The Linate airport Master Plan was prepared for the first time in 2009 and presented to ENAC at the beginning of 2010.

The documents timeframe concerns the period until 2030 and provides for total investments of approx. Euro 320 million, concerning works focused on increasing the operational functionality of the airport and the quality of user services, diversifying the type of services offered to the region, but without significantly impacting capacity, also in consideration of the general airport environment, which is highly urbanised.

Investments carried out in the 2011-2013 three-year period

The SEA Group in the 2011-2013 three-year period carried out investments (including the portion financed by the State) for a total value of Euro 309.1 million, principally focused on the development of infrastructure, in order to improve the service offered to passengers and the cargo transport service, guaranteeing high quality, security and operational efficiency levels and protecting the environment to an even greater degree.

SEA Group investments (millions of Euro)				
	2013	2012	2011	Total 2011 -2013
Milan Malpensa 1	43.8	44.2	23.9	111.9
Milan Malpensa 2	0.7	0.4	1.2	2.3
Milan Malpensa Cargo	9.5	25.9	5.7	41.1
Milan Linate	1.1	3.2	5.0	9.3
Flight infrastructure	18.4	5.6	24.9	48.9
Various actions	14.4	18.1	21.8	54.3
Plant & Equipment	8.6	20.0	12.7	41.3
Total	96.5	117.4	95.2	309.1

Source: SEA

The investments financed by the State in the three-year period reduced due to the completion of the infrastructural works under the Regulatory Agreement. A description of some of the major investments carried out in the three-year period follows:

2013

- Extension works of the main structure of Malpensa terminal 1. The actions will continue in subsequent stages, with completion scheduled for 2015;
- completion of the new apron and urbanisation actions in the Malpensa Cargo development areas;
- completion of the upgrading of runway 17L/35R at Malpensa;
- installation of identification lights (RTILs) at runway 17R at Malpensa;
- monitoring system actions and control of visual luminous aids (VLA's) at the Malpensa taxiway;
- upgrading of the Linate taxiway, of a number of sections of the principal runway surface (18/36) at Linate and concrete surfacing of the stands at the northern apron of Linate;
- restyling of the Linate check-in area and the construction of new shops;
- refurbishment of the customs area in the Finance Police building at Linate;
- works concerning the Linate airport connection with the underground network (line M4 – actions not carried out by SEA).

2012

- Extension works at Malpensa terminal 1, with opening to traffic on the new “northern satellite” which serves non-Schengen flights. This new structure, in addition to providing extensive spaces to serve arriving and departing passenger flows, significantly increases the direct boarding/disembarking options for aircraft through the use of 15 new loading bridges. The extension works will be carried out in subsequent phases, with completion scheduled by 2015;
- development actions at Malpensa Cargo (new apron and urbanisation of the development areas);
- beginning of the upgrading of the 17L/35R runway of Malpensa, with completion scheduled for 2013;
- extension and upgrading of the visual luminous aids

(VLA's) on a number of taxiways at Malpensa and Linate;

- beginning of the upgrading of taxiway G at Linate, with completion scheduled for 2013;
- various restyling actions at the Linate passenger terminal, including the partial upgrading of the gates area, changes to the exit between the baggage reclaim hall and the arrivals area, the replacement of flooring in the check-in area and the construction of new shops/ticket offices;
- new vehicle traffic flow control systems for the passenger terminals and new Telepass systems for access to car parking;
- “energy saving” actions at both airports (review of the lighting plant, installation of high efficiency motors, upgrading of thermal plant, linking of the heating system);
- beginning of works concerning the Linate airport connections with the underground network (line M4 – actions not carried out by SEA).

2011

- Extension works at Malpensa terminal 1;
- installation of new high capacity elevators at the land-side area of Malpensa 1, equipped with energy saving devices (self-regenerating inverters);
- restyling of the toilet blocks at Malpensa and at Linate;
- installation of a new escalator in the departure zone in order to connect the departures lounge with the Malpensa terminal 2 arrivals area;
- Telepass system at the parking areas of Malpensa and Linate airports;
- actions on flight infrastructure at both airports and in particular the upgrading and extension of the Malpensa apron (terminal 2);
- completion, in the Cargo zone, of the rail line coverage and the beginning of the urbanisation works of the areas and the extension of the aircraft apron;
- upgrading of the air-side frontage overlooking the Linate aircraft apron;
- beginning of new commercial activities at the Linate boarding area;
- anti-smog photocatalytic treatment on the arrivals viaduct surface.

Investments in 2013

Malpensa

In 2013 works on the extension of terminal 1 continued, which will be completed in 2015. On completion, the terminal will have approx. 128,000 m² of additional space available, of which 67,000 dedicated to direct passenger services and commercial activities.

The entry into use of the “northern” satellite has required a number of lay-out changes at the airport stand areas adjacent to the building, related also to the future presence at the airport of “code F” aircraft (in particular the Airbus A380).

The actions carried out in 2013 on the air-side infrastructure appear very extensive, carried out in order to ensure a safer and more functional use of the terminal by aircraft, and which include in particular: completion of the upgrading of runway 17L/35R (resurfacing, adjustment of cross falls, replacement of perimeter drains, re-cabling and replacement of visual luminous aids and remote control systems), installation of identification lights (RTILs) on runway 17R and upgrading of the monitoring and control systems of the visual luminous aids on the taxiways. We highlight also the amendment of the service traffic plan for the de-icing area (close to taxiway GW) and the beginning of works concerning the new hotel located close to terminal 2 (action carried out by third parties).

Malpensa Cargo

The role of Malpensa as a major European cargo terminal, its position in an area of very significant import/export possibilities and the need, in this regard, to create extra capacity at the airport for the management of increasing quantities of cargo traffic led again to the development of the cargo area in 2013. In 2013 the urbanisation works on the expansion areas were therefore completed, which are preliminary to the development of subsequent works

(warehouses, offices, services, etc.), which can significantly increase the volume of cargo traffic served at the airport (future estimated capacity of approx. 1 million tonnes per year, compared to the current 560,000).

The works on a new apron of over 100,000 m² were completed in the year, which will allow the contemporaneous hosting of up to 7 of the large aircraft utilised by the all-cargo airlines (“code F” type aircraft: Boeing B747-800, Antonov AN124 and Airbus A380), or 15 smaller aircraft.

Linate

In 2013, various restyling initiatives were carried out at the Linate passenger terminal, including which we highlight the partial upgrading of the check-in area, the opening of new commercial areas and the upgrading of the sound system.

The beginning of works concerning the Linate airport connection with the underground network (line M4) is particularly significant.

Also at Linate various actions were carried out on the airport air-side infrastructure, in order to ensure a safer and more functional usage of the airport by aircrafts, which include in particular: testing of a new guide lighting system on taxiway T (a fundamental aspect for the development of the future A-SMGCS – Advanced Surface Monitoring Guidance and Control System), the upgrading of extensive areas of the main runway surface (RWY 18/36) and of taxiways T, G, E and A, with replacement and development of the visual lighting aids for the new infrastructure; the concrete resurfacing of stands 2, 3 and 4 of the northern apron; the restoration of the VLA's at the stands and taxiways; the extension of airport signage with new markings indicating the de-icing areas.

We highlight also the improvements to the customs area at the Finance Police building and the identification in the ZTL area of the taxi and bus points of the arrival and departure areas.

Aviation Business Performance

Aviation Business operating revenues (airport fees and tariffs for the management of centralised infrastructure and security services and tariffs for the use of regulated areas), reported by SEA in 2013 amounted to Euro 359.7 million (+12.3% on the previous year), comprising 49.7% of total Group revenues.

The increase in airport fees following the entry into

force of the Regulatory Agreement contributed to this performance, limiting the impacts from the reduction in traffic. The majority of Aviation revenues concerns income from fees and centralised infrastructure, which in 2013 comprised 82.3% of the total, followed by security service fees (12.8%) and those for the use of regulated spaces (3.5%).

Portion of revenues from Aviation activities

	2013	2012
Aviation operating revenues (thousands of Euro)	359,708	320,441
Aviation revenues (% of total revenues)	49.7	44.4
Other revenues (% of total revenues)	50.3	45.6

Source: SEA

Type of revenues from Aviation activities

	2013 (thousands of Euro)	2012 (thousands of Euro)	% of 2013 total Aviation revenues
Fees and centralised infrastructure	296,194	239,775	82.3
Use of regulated spaces	12,553	17,656	3.5
Security	46,161	51,691	12.8
Free transfer of assets	4,800	11,319	1.3
Total	359,708	320,441	100

Source: SEA

SEA airport system passenger traffic performance

In 2013, the airports managed by the SEA Group reported a reduction of approx. 739 thousand passengers (-2.7%) and of approx. 15 thousand

movements (-5.7%) compared to 2012, with a reduction in passenger numbers at Malpensa of 3.0% and in movements of 5.9%, greater than those at Linate of 2.1% for passengers and of 5.3% for movements.

Aviation Business performance indicators of the SEA airport system

	Movements (No.)			Passengers (No.)			Cargo (tonnes)		
	2013	2012	Cge. %	2013	2012	Cge. %	2013	2012	Cge. %
Malpensa	160,700	170,747	-5.9	17,781,144	18,329,205	-3.0	421,277	405,858	3.8
Linate	91,128	96,186	-5.3	8,983,694	9,175,619	-2.1	14,847	15,514	-4.3
Airport system	251,828	266,933	-5.7	26,764,838	27,504,824	-2.7	436,125	421,372	3.5

Source: SEA

Traffic at the airports managed by the SEA Group was impacted by the drop in numbers on the Schengen routes (-4.2%), which was partially offset by the performance on non-Schengen routes (+0.8%), supported also by the increase in traffic on non-EU European routes (+24.2%). Inter-continental traffic

contracted principally with the Far East (-18.3%), Central/South America (-14.5%) and Africa (-7.6%); the Middle East reports growth (+11%), thanks to the strong performances of Emirates (+23.7%), Turkish (+21.5%) and Etihad (+8.7%).

Individual airport passenger traffic performance

Malpensa

In 2013, in line with the impact of the global

economic crisis on the international air transport sector, passengers on inter-continental routes served by Milan Malpensa numbered approx. 4.8 million (-2.8% on 2012).

Malpensa – Number of arriving and departing passengers in 2013

	Domestic flights	International flights	Total
Arriving passengers	1,507,669	7,413,892	8,921,651
Departing passengers	1,496,032	7,363,461	8,859,493
Total passengers	3,003,701	14,777,443	17,781,144

Source: SEA

Malpensa – Number of passengers by origin and destination, transfers and transits in 2013

	Origin and destination	Direct transits	Total
Domestic	3,003,701		3,003,701
International	10,000,961		10,000,961
Inter-continental	4,776,482		4,776,482
Total	17,781,144	159,395	17,940,539

Source: SEA

This result was impacted principally by the reduced traffic on Far Eastern (-18.3%), Central and South American (-14.5%) and African routes (-7.6%).

The Middle East however reported strong performances (+11.0%), thanks to the good performances by Emirates (+23.7%), Turkish (+21.5%) and Etihad (+8.7%).

Malpensa 1 – Destinations of passenger traffic 2013

Geographic Area	%
Europe	60.8
Middle East	14.9
Far East	6.3
North America	5.5
Central/South America	3.3
Africa	9.2

Source: SEA

Malpensa – Number of daytime and night time movements* (arriving and departing) in 2013

Movements	Passengers	Cargo	General Aviation	State Flights	Total
Daytime Arrivals	71,308	2,856	1,863	1	76,028
Daytime Departures	74,902	2,785	1,981	1	79,669
Night time Arrivals	5,256	929	125	-	6,310
Night time Departures	1,654	1,010	74	-	2,738
Total	153,120	7,580	4,043	2	164,745

* Night time movements concern those between the hours of 10 PM and 6 AM.

Source: SEA

Linate

The Linate airport traffic performance continues to be impacted by a range of factors. The leading among these is the international economic crisis, which particularly impacted business traffic – which is

central to the airports' performance. In the last three years, Linate has in addition been impacted by competition from High speed rail, introduced on the Milan-Rome route in 2009, in addition to the integration of the Alitalia and AirOne networks.

Linate – Number of arriving and departing passengers in 2013

	Domestic flights	International flights	Total
Arriving passengers	2,600,568	1,908,962	4,508,630
Departing passengers	2,557,936	1,917,128	4,475,064
Total passengers	5,158,504	3,825,190	8,983,694

Source: SEA

The reduction in passenger numbers in 2013 at Linate principally concerned traffic with Madrid, Naples, London Gatwick, Bari and Paris Charles de Gaulle, the closure of Wind Jet and the transfer of airBaltic to Malpensa.

2013 saw the liberalisation of the Milano Linate - Roma Fiumicino route, on which easyJet from March 25, 2013 began operations with 5 daily flights.

Linate – Number of passengers by origin and destination, transfer and transits in 2013

	Origin and destination	Direct transits	Total
Domestic	5,158,504		5,158,504
International	3,825,190		3,825,190
Total	8,983,694	2,114	8,985,808

Source: SEA

Linate – Number of daytime and night time movements* (arriving and departing) in 2013

Movements	Passengers	Cargo	General Aviation	State Flights	Total
Daytime Arrivals	43,891	219	10,841	1	54,952
Daytime Departures	44,898	265	10,954	2	56,119
Night time Arrivals	1,161	292	217	-	1,670
Night time Departures	154	248	178	-	580
Total	90,104	1,024	22,190	3	113,321

* Night time movements concern those between the hours of 10 PM and 6 AM.

Source: SEA

Post-dehubbing measures at Malpensa airport

Following the de-hubbing of Alitalia from Malpensa airport – which resulted in the immediate loss of over 10 million passengers from the airport – SEA switched to a business model based on a large number of

airlines competing among each other at the airport, both in terms of passenger and cargo traffic. This traffic model has once again been confirmed as a winning strategic choice, allowing SEA to adapt to market developments, freeing it from the impact of choices made by individual airlines.

Malpensa – Post-dehubbing measures at the airport

	2008	2009	2010	2011	2012	2013	Total
New airlines	15	15	9	8	5	5	57
New services*	118	91	106	39	29	27	410
Increased frequencies by airlines already present on routes operating from the airport	520	327	228	171	134	59	1,439
Overall increase in weekly frequencies (new services + increased frequencies)	638	418	334	210	244	168	2,012

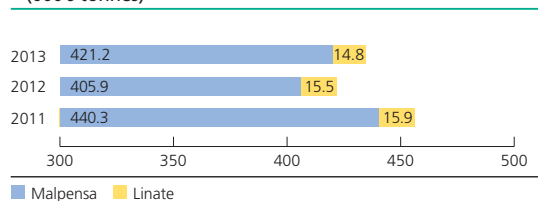
* New services concern the introduction of new destinations served by airlines already present, or new airlines which operate on routes already served, or new airlines serving new destinations.

Source: SEA

The measures undertaken to offset the impact from the de-hubbing principally concern the entry of new airlines, the introduction of new services and the significant increase in frequencies by airlines already operating on existing routes. This result was achieved also through review of a number of bi-lateral agreements and preliminary authorisations granted by ENAC.

Cargo traffic performance

In 2013 cargo traffic managed at Milan Malpensa and Milan Linate totalled 436,000 tonnes, increasing by approx. 15,000 tonnes (3.5%) on 2012.

Cargo traffic managed by the Milan airport system (000's tonnes)

Source: SEA

The all-cargo traffic performance improved 6.3% to 308,000 tonnes of cargo transported. The airlines with greatest impact included Cargolux Italia (+16.1%),

Air Bridges Cargo (+60.9%), Qatar Airways Cargo (+76.2%) and the courier Federal Express (+17.6%).

The position of SEA and of Malpensa in particular as a hub for air cargo traffic in Italy was confirmed in 2013: in the year the SEA Group airports managed more than 50% of air cargo transport, with Milan Malpensa confirmed as the leading cargo airport in Italy, and fifth in Europe.

Malpensa – Arriving and departing cargo on all flights (cargo and passenger) 2013

(Tonnes)	Cargo	Passengers	Total
Arriving	122,471	60,277	182,748
Departing	173,378	65,151	238,529
Total cargo	295,849	125,428	421,277

Source: SEA

Linate – Arriving and departing cargo on all flights (cargo and passenger) 2013

(Tonnes)	Cargo	Passengers	Total
Arriving	5,786	1,119	6,905
Departing	6,226	1,716	7,943
Total cargo	12,012	2,835	14,847

Source: SEA

The cargo traffic served by the SEA managed airports reports a significant variance between final destination areas.

Malpensa – Cargo traffic by region (% of total cargo volumes)

Geographic Area	2013	2012
Europe	22.4	20.1
Africa	0.6	1.2
North America	16.0	14.1
Central/South America	2.3	2.2
Far East	27.8	37.2
Middle East	31.0	25.2

Source: SEA

In particular, growth was seen on the Middle East routes (+27.6%, 28,000 thousand additional tonnes) and North America (+18.1%, 10,000 thousand

additional tonnes). The Middle East however reported a decrease (-22.6%, with a reduction of 34,000 thousand tonnes).

Non-Aviation Business performance

The Non Aviation activities concern the provision of aviation support operations completion services and include:

- retail (duty free and duty paid sale to the public, catering, car hire, advertising, the management of spaces for the carrying out by third parties of banking activities);
- the management of parking;

- the management of cargo spaces;
- other activities, included under the account “services and other revenues” (such as ticket office operations, vehicle maintenance, real estate, including rentals and concessions of sections of the airport and technological and design services and also non-regulated security services).

Portion of revenues from Non Aviation activities

	2013	2012
Non Aviation operating revenues (thousands of Euro)	180,588	169,088
Non Aviation revenues (% of total revenues)	24.9	23.5
Other revenues (% of total revenues)	75.1	76.5

Source: SEA

Type of revenues from Non Aviation activities

	2013 (thousands of Euro)	2012 (thousands of Euro)	% of 2013 total Non-Aviation Revenues
Retail	83,316	81,298	46.1
Parking	52,424	45,474	29.0
Cargo	11,120	10,830	6.2
Services and other revenues	33,728	31,485	18.7
Total	180,588	169,088	100

Note: the 2012 figures were re-calculated utilising the Financial Report criteria.

Source: SEA

Non-Aviation Business operating revenues reported by SEA in 2013 totalled approx. Euro 181 million (+6.8% compared to the previous year) and represent 24.9% of total Group revenues.

This performance was principally impacted by parking revenues, which performed particularly strongly (+15.3%), thanks to a commercial drive concerning the B2B and B2C market and also involvement at the major sector trade fairs and a communication plan launched in the general and sector media.

Retail revenues also contributed, in particular shop revenues improved 4.7%, with the food & beverage segment growing 1.6%.

Retail activities performance

Retail activities accounted for 46.1% of total Non-Aviation business revenues. The most significant retail revenue item was shop sales (44.5% of the total), followed by catering (19.4%) and advertising (11.7%).

Type of Retail revenues

Retail service revenues	2013 (thousands of Euro)	%	2012 (thousands of Euro)	%
Duty-free and duty paid	37,039	44.5	35,373	43.2
Food & beverage	16,174	19.4	15,923	19.5
Advertising	9,726	11.7	10,166	12.4
Other (rental+banks)	20,377	24.5	20,431	24.9
Total retail revenues	83,316	100	81,892	100

Source: SEA

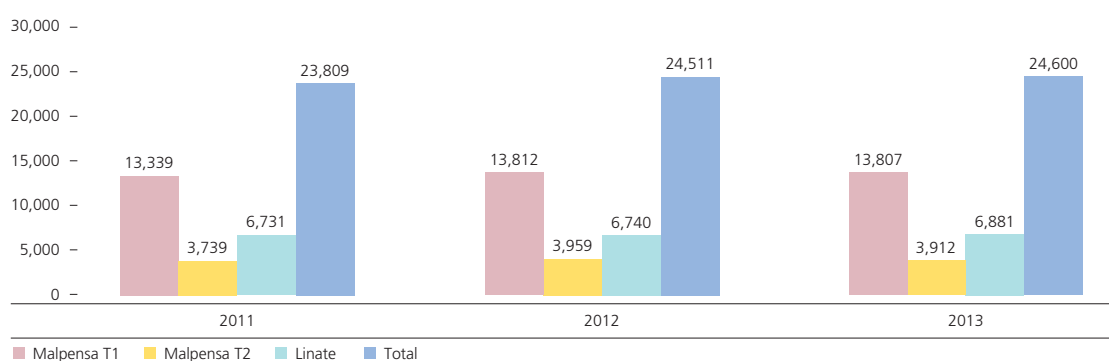
The sales points within the passenger terminals offer both duty free products (therefore excluding VAT and other taxes), and duty paid products (therefore under normal conditions and excluding the benefit of the above-mentioned exemption).

The retail sector activities carried out at the Milan airports offer the public and passengers a wide range of products and brands which satisfy the entire

customer base and are differentiated at each terminal:

- Milan Malpensa 1 dedicated to luxury and duty free shopping;
- Milan Malpensa 2 dedicated to low cost airline customers;
- Milan Linate focused on a specialised high-end business offer.

Commercial areas of the Milan airports – shops + food & beverage (000's m²)



Source: SEA

Retail areas of the Milan airports by millions of passengers (m²/passengers)

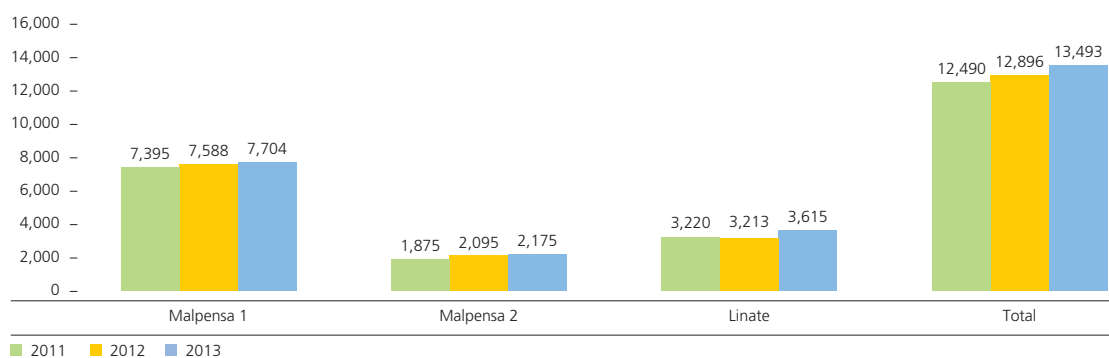
	2011	2012	2013
Malpensa 1	982.2	1,109.2	1,199.4
Malpensa 2	679.0	673.7	624.0
Linate	742.8	734.6	766.0

Source: SEA

SEA does not directly carry out retail activity (sale to the public, duty free and duty paid, catering, car hire, advertising, management of spaces for the carrying

out by third parties of banking activities), but allocates to third parties the use of commercial spaces at the Milan airports.

Areas allocated to public sale activities (m²)

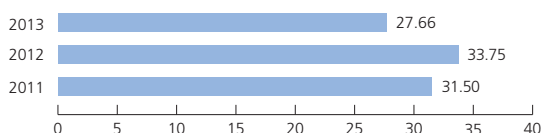


Source: SEA

In 2013 the offer at Schengen terminal 1 was re-positioned with the introduction of the Pinko, Wolford, KIKO, Yamamay, Armani Jeans and Desigual brands. The strategy was quickly rolled out in order to make available a strong and attractive commercial offer also for passengers of the new low cost airlines at the terminal and in order to concentrate all high-end brands in a future "piazza del lusso" in the new boarding areas which will be progressively opened throughout 2014. The Dufrital duty free contribution to shop revenue growth was significant. In the land-side area, we highlight the opening of the supermarket Carrefour Express, the first introduction of this type of Supermarket at an Italian airport, ensuring accessibility to an everyday price level food offer.

The average spend per passenger at Malpensa 1 reduced 18%, from Euro 33.75 to Euro 27.66.

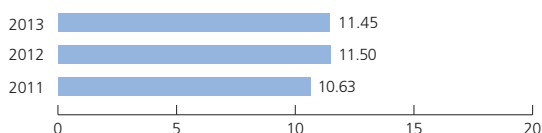
Malpensa 1 – Average passenger shopping spend (Euro)



Source: SEA

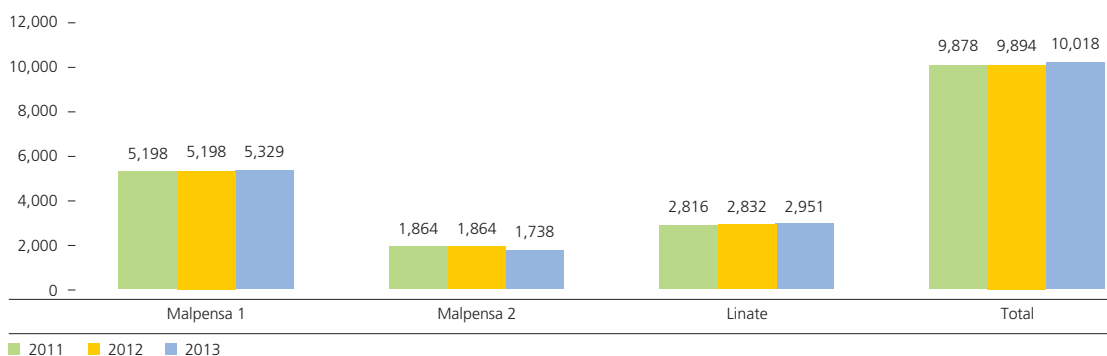
Malpensa 2 performed slightly stronger with the average spend per passenger in line with the previous year.

Malpensa 2 – Average passenger shopping spend (Euro)



Source: SEA

Areas allocated to food & beverage (m²)

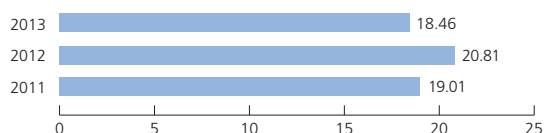


Note: does not include the VIP lounges and external areas.

Source: SEA

In 2013 the air-side commercial offer was also significantly upgraded, with the restyling and extension of the Swatch store, the opening of Wolford, in addition to Burberry, which is directly managed by the English parent company. The reduction in December of the news-stand offer in the Dufry main store in favour of a Victoria's Secret shop is also noted. The average spend per passenger reduced 11.3% - from Euro 20.81 to Euro 18.46.

Linate – Average passenger shopping spend (Euro)



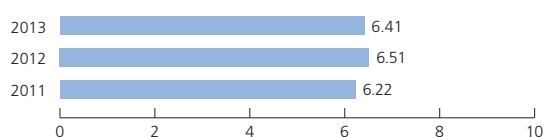
Source: SEA

Catering activities have been sub-contracted by SEA to SEA Services – a subsidiary company – and to other third parties. In particular, contracts have been signed with 6 specialised operators (including Autogrill, Chef Express and MyChef), under which SEA has subcontracted the catering activities, allocating for these purposes a number of spaces in the airport to these operators.

In the check-in area at Malpensa terminal 1, following the beginning of works in the area for the creation of new security filters, the Sky Lounge Bar of Autogrill was opened and the contract with Autogrill for the management of the food area at the mezzanine of Malpensa terminal 1 concluded and contemporaneously design of the new MyChef offer in the same area began.

The average spend per passenger in 2013 decreased 1.5% - from Euro 6.51 to Euro 6.41.

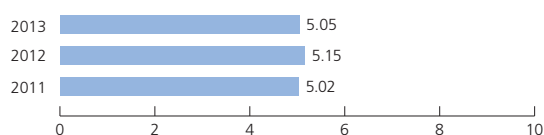
Malpensa 1
Average spend per passenger on food & beverage (Euro)



Source: SEA

The performances of MyChef with Briciole and of Autogrill with Burger King at Malpensa 2 were again strong. The average spend per passenger in 2013 decreased 1.9% - from Euro 5.15 to Euro 5.05.

Malpensa 2
Average spend per passenger on food & beverage (Euro)

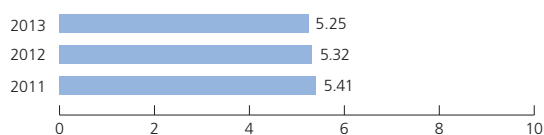


Source: SEA

The opening of Caffè Milano introduces significant new food options also at Linate, following the

agreement between the Milan Municipality and MyChef Elixir which provides for the use of "Milano" formats, logos and merchandising, in addition to the launch of the "Michelangelo" restaurant, named after the chef, featuring many top-class Italian and foreign chefs, with viewable cooking, designer fittings and top level menus. The average spend per passenger in 2013 reduced 1.3% - from Euro 5.32 to Euro 5.25.

Linate
Average spend per passenger on food & beverage (Euro)



Source: SEA

Parking management performance

Parking management at the Milan airports is carried out in part directly by SEA and in part under sub-contact by the specialised third party operator APCOA Parking Italia.

SEA directly manages all parking at Linate airport and the parking at Malpensa 2. Parking at Malpensa 1 however has been managed since April 2007 by APCOA. In 2013 both the B2B and B2C marketing activities continued, in order to improve the commercial offer for a range of user categories. In particular a series of initiatives were introduced, including segmented tariff policies (by terminal and duration of stay), the adoption of promotions related to particular events (vacation and holiday rates) and/or booking and purchase times (advance purchasing rates) and the development of online and offline sales channels.

Number of parking spaces

	2011	2012	2013
Malpensa 1	7,288	7,288	7,416
Malpensa 2	3,129	3,429	4,050
Linate	3,933	3,933	3,940
Total	14,350	14,650	15,406

Note: the figures refer only to the number of available spaces.

Source: SEA

In 2013 extraordinary income of Euro 7.3 million was recorded for the compensation to SEA by the Milan Municipality and Società di progetto Consortile per Azioni M4 for the non-availability of 1,200 parking spaces and the re-design of the ground floor layout in

the area of the underground pedestrian connection with the metro station. These issues resulted in a positive impact of Euro 5,982 thousand (+12.9% on 2012), against however a contraction in departing passenger traffic of 2.2% at the three terminals.

Malpensa 1 – Parking service performance indicators

Year	Capacity (No. spaces)	Paying car transits (No.)	Average stay (days)
2011	7,288	744,794	1.5
2012	7,288	626,670	1.5
2013	7,416	849,615	2.7

Note: the capacity figures refer to available spaces and utilisable during the year.

Source: SEA

Malpensa 2 – Parking service performance indicators

Year	Capacity (No. spaces)	Paying car transits (No.)	Average stay (days)
2011	3,129	259,953	1.6
2012	3,429	272,962	1.9
2013	4,050	326,449	3.4

Note: the capacity figures refer to available spaces and utilisable during the year.

Source: SEA

During the year, the introduction of a specific marketing communication plan continued (participation at sector trade fairs, outdoor events,

publication in the specialised press, web presence, billboards etc.), which resulted in the signing of new contracts with tour operators and travel agencies.

Linate – Parking service performance indicators

Year	Capacity (No. spaces)	Paying car transits (No.)	Average stay (days)
2011	3,933	561,479	1.5
2012	3,933	569,241	1.6
2013	3,940	642,306	1.7

Note: the capacity figures refer to available spaces and utilisable during the year.

Source: SEA

These campaigns – in particular those in the summer – thanks to their commercial efficacy and strong communication activity, allowed for the recovery of market share, ensuring overall revenue growth. During the year, the development and differentiation

of the sales channels also continued, with particularly strong results in terms of e-commerce, Telepasses and the dedicated B2B portal, resulting in significant parking sales growth through the on-line channel, which in 2013 increased 68.4% compared to 2012.

Handling Business Performance

Handling activities include all aircraft, passenger, baggage, cargo and postal ground assistance services which the SEA Group, through the subsidiary SEA Handling, provides to airlines operating out of the Group managed airports.

Handling activities are broken down into the sub-areas of Ramp, Passengers and Cargo.

The Handling segment in 2013 reported net revenues of Euro 95.7 million, reducing 10.9% compared to 2012.

Percentage of revenues from Handling activities

	2013	2012
Handling operating revenues (thousands of Euro)	95,677	107,372
Handling revenues (% of total revenues)	13.2	14.9
Other revenues (% of total revenues)	86.8	85.1

Source: SEA

This performance was impacted by the reduction in income from ordinary handling activities (movements served -8.9%, related to the stoppage of activities by a number of airlines at both airports).

During the year, SEA Handling reported a drop of over 550,000 passengers (-2.9%) and of over 18,000 movements served (-8.9%), while reporting also a slight increase in cargo (+1%).

The decrease in the passenger's area at Malpensa airport compared to the previous year is particularly due to the significant drop both for the Alitalia Group and the Meridiana Group, in addition to the discontinuation of operations by the clients/airlines Wind Jet and Jet Airways, not offset by the increase by airlines such as easyJet, Wizz Air and the new customer El Al, previously served by another handler.

Management of Handling activities

In 2013, the SEA Group, through the subsidiary SEA Handling, managed the ramp, passenger and cargo handling activities within a complex market, featuring significant competition and exacerbated by increasingly challenging requirements from airlines.

Competitive performance of the Handling activities

	Airport system			Malpensa			Linate		
	2012	2013	Cge. %	2012	2013	Cge. %	2012	2013	Cge. %
Passengers served (No.)	19,415,140	18,858,092	-2.9	13,761,278	13,174,782	-4.3	5,653,862	5,683,310	+0.5
Passenger sector market share (%)	70.6	70.5	-0.1	75.1	74.1	-1.3	61.6	63.3	+2.8
Movements served (No.)	204,093	185,875	-8.9	124,499	114,747	-7.8	79,594	71,128	-10.6
Ramp sector market share (%)	76.5	73.8	-3.5	72.9	71.4	-2.1	82.8	78.1	-5.7
Cargo served (tonnes)	343,124	346,593	+1.0	328,477	332,815	+1.3	14,647	13,778	-5.9
Cargo sector market share (%)	81.4	79.5	-2.3	80.9	79.0	-2.3	94.4	92.8	-1.7

Source: SEA

Malpensa – 5 leading SEA Handling ramp area customers (% market share*)

Airline	2013
easyJet	39.0
Alitalia Group	10.4
Lufthansa	9.9
Swiss Airlines	3.7
Turkish Airlines	3.2
Other airlines	33.8

* The indicated market share is calculated based on the total movements served by SEA Handling.

Source: SEA

Malpensa – 5 leading SEA Handling customers in the passenger's area (% market share*)

Airline	2013
easyJet	47.5
Alitalia Group	10.5
Lufthansa	6.5
Neos	3.5
Turkish Airlines	3.1
Other airlines	28.9

* The indicated market share is calculated based on the total passengers served by SEA Handling.

Source: SEA

**Linate – 5 leading SEA Handling ramp area customers
(% market share*)**

Airline	2013
Alitalia Group	78.5
Meridiana Group - Air Italy	12.7
easyJet	5.2
Scandinavian	1.5
Mistral	0.7
Other airlines	1.4

* The indicated market share is calculated based on the total movements served by SEA Handling.

Source: SEA

**Linate – 5 leading SEA Handling customers
in the passenger's area (% market share*)**

Airline	2013
Alitalia Group	58.2
Meridiana Group - Air Italy	17.7
Air France	7.6
easyJet	7.2
KLM	6.6
Other airlines	2.7

* The indicated market share is calculated based on the total passengers served by SEA Handling.

Source: SEA

In the cargo segment, whose activities are concentrated at Malpensa Airport where the company provides cargo unloading and loading services to nearly all of the cargo airlines at the terminal, an increase of approx. 3,500 thousand tonnes of cargo served was reported (+1.0%).

The strong performance of the all-cargo airlines such as Cargolux (+9.7%), Qatar (+49.2%) and Air Bridge Cargo (+60.9%), contributed to this performance, while a number of the Far Eastern airlines still appear to be in crisis, in particular China Cargo (-79.9%) and Korean (-18%).

**Cargo Handling – 5 leading all cargo customers
(% market share*)**

Airline	2013
Cargolux Group	23.4
Air Bridge Cargo	6.9
Qatar	6.8
Silk Way	5.1
Korean Air	4.6
Other airlines	53.2

* The indicated market share is calculated in relation to the total tonnes of cargo served by SEA Handling

Source: SEA

Market share performance

The development in the 2011-2013 period of the SEA Group market share concerning handling activities in the ramp, passengers and cargo sectors at both airports highlights the strong position of SEA Handling within the market.

Malpensa – Handling market share (%)

	2011	2012	2013
Ramp sector (movements)	73.2	72.9	71.4
Passenger sector (passengers)	63.6	75.1	74.1
Cargo sector (tonnes transported belly + all cargo)	86.9	80.9	79.0

Source: SEA

Linate – Handling sector share (%)

	2011	2012	2013
Ramp sector (movements)	79.0	82.8	78.1
Passenger sector (passengers)	51.5	61.6	63.3
Cargo sector (tonnes transported belly + all cargo)	95.3	94.4	92.8

Source: SEA

Energy Business Performance

The Energy Business Unit in 2013 generated revenues of Euro 21.1 million (-40.4% compared to the previous year). Revenues from electricity sales to third parties reduced 45.8% (due to the low exchange sales prices against decreased methane costs). Revenues from the sale of thermal energy increased 7%.

Percentage of revenues from Energy activities

	2013	2012
Energy operating revenues (thousands of Euro)	21,107	35,393
Energy revenues (% of total)	2.9	4.9
Other revenues (% of total)	97.1	95.1

Source: SEA

Type of revenues from Aviation activities

	2013 (thousands of Euro)	2012 (thousands of Euro)	% of total 2013 Energy Revenues
Sale of electric energy	14,730	27,200	69.8
Sale of thermal energy	2,343	2,190	11.1
Other revenues and services	4,034	6,003	19.1
Total	21,107	35,393	100

Source: SEA

Electricity

In 2013, the production of electricity contracted on 2012 by 16.2% (-70.7 million kWh) to 365.7 million kWh, of which approx. 40% serving the needs of the terminals managed by the SEA Group.

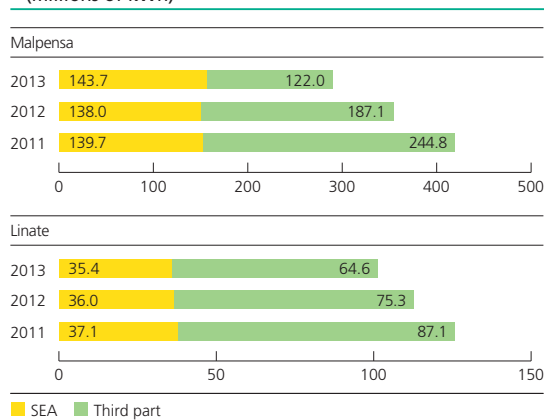
The reduction is related to the decrease in the quantity of electricity sold to third parties (-75.7 million kWh), only in part offset by a slight increase in the amount of electricity required by SEA (+5 million kWh).

In relation to the sale of electricity under bi-lateral contracts, the supply of electricity to Naples airport, to Bergamo Orio al Serio and to the Malpensa Sheraton hotel totalled approx. 38.5 million kWh (+20.2% on 2012).

The production of electricity for sale through the Electricity Exchange decreased 43.6% compared to 2012, due to the combined effect of low Exchange prices against the decreased cost of methane (-3.7% on 2012), not permitting a sufficient return and resulting in lower self-production excess production. The quantity of

electricity sold through the Electricity Exchange therefore decreased 34.9% to 24.8 million kWh.

Electricity production for sale by customer type (millions of kWh)



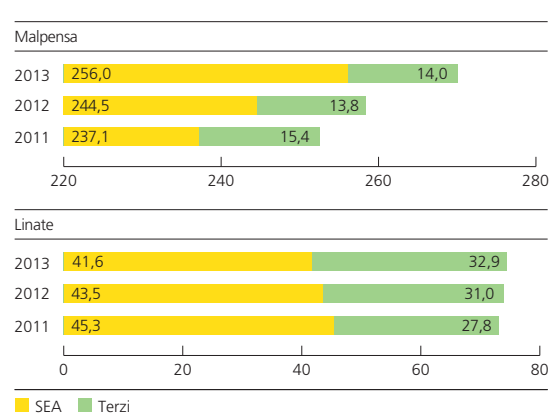
Note: The 2012 figures were recalculated for comparability with 2013.

Source: SEA

Thermal energy

In 2013, the production of thermal energy increased by 3.6% (+12.1 million kWh) compared to 2012 to 344.8 million kWh, of which over 85% serving the needs of Milan Malpensa and Milan Linate airports. This increased production was supported by increased thermal energy demand following the harsh climatic conditions in the first months of 2013, resulting in increased heating needs. This increase follows also the increased amount of thermal energy sold for the heating of the Milan Santa Giulia locality, produced by the Milan Linate station.

Thermal energy sold by customer type
(millions of kWh)



Source: SEA

Environmental and energy policy of SEA

The SEA Group is committed to combining the fundamental value of protecting our environmental heritage with development.

The environmental and energy policy of the group is based on the following principles:

- extensive compliance with regulatory requirements;
- an ongoing commitment to improving the environmental and energy performance;
- education and involvement of all actors involved in the airport system to further a responsible commitment towards respecting and protecting our common environmental heritage;
- priority given to the purchase of products and services which adopt similar environmental sustainability parameters, with particular attention to energy saving, the reduction of atmospheric and noise emissions and water conservation;
- identification of sources and controls of CO₂ emissions produced, both direct and indirect, through the involvement of the stakeholders, in order to reduce greenhouse gas emissions in line with the Kyoto protocol;
- a constant level of monitoring and verification of the processes related to the energy, atmospheric emission, noise and water cycle aspects, and in general the various phenomenon concerning interaction with the ecosystem;
- a highly developed system of listening and communication with a wide range of external actors to ensure transparency and sharing.

The Environmental Management System and the Energy Management System are periodically subject to internal and external checks as part of the commitment undertaken by SEA to circulate to stakeholders detailed reporting concerning the environmental and energy processes at the Milan airports, with a view to the continual improvement of the governance of the ecological-environmental and energy issues related to Group activities, and in line with a strategic framework focused on the achievement of maximum sustainability.

Upcoming priorities and impact on corporate strategies

The commitment of the SEA Group to sustainable development and the reduction of the environmental impact have required the gradual incorporation into the key environmental management issues of the economic/financial strategies of the company.

In line with international environmental protection principles, SEA is committed to undertaking a prudent approach in the definition and management of environmental and social risks.

In order to continue with the efforts to reduce the impact, it is fundamental to ensure the involvement of top management and of the major structures involved in significant processes in environmental management.

For this reason, in terms of internal operations, the Environment and Airport Safety unit periodically ensures, in particular in relation to third party operators involved in Aviation, through periodic Committees held monthly at the two airports, reporting on the environment and operational safety and, on the external front, ensures adequate communication with the regional and institutional bodies.

The company intends to promote further initiatives of increased interaction with the regional stakeholders focused on noise pollution, water management, the reduction of CO₂ emissions and sustainable mobility. The priority for the coming years is as follows:

- maintenance of “Carbon Footprint” neutrality, through the reduction of energy consumption;
- consolidation and further expansion of the Energy Management System actions;
- promotion of the use of renewable energy sources;
- structuring of a specific water management system to rationalise consumption and establish a Water Footprint (similar to that constructed for the Carbon Footprint).

The Environmental Management System

The SEA Group guarantees an ongoing and structured commitment to increase the efficacy and efficiency of an eco-compatible management of environmental issues. All company personnel are continuously informed upon environmental protection as a distinguishing feature of the SEA Group, through the adoption also of an environmental management system certified according to the ISO14001 regulation adopted by SEA, SEA Handling and SEA Energia. The related procedures and operating instructions ensure the monitoring and optimisation of the environmental implications related to the various activities and the

establishment of the best conditions for the prevention and, if necessary, the handling of any environmental emergencies.

SEA Energia, in addition to possessing an ISO14001 certified environmental management system, is EMAS registered according to Regulation (EC) No. 761 of 2001, in order to control, monitor and manage its environmental aspects and impacts and to promote the “continual improvement” of the environmental characteristics, also ahead of changes to limits under applicable law.

The Energy Management System

The extensive experience matured since 1998 with the incorporation of SEA Energia and its co-generation (re-generation) plant has seen the formal consolidation in October 2013 of the Energy Management System of SEA and its ISO 50001 certification by CertiQuality.

The management of SEA Group energy consumption is based on the following principles:

- energy must be produced in respect and protection of the environment;
- the reduction of the environmental impact and the improvement of the environmental specifications are among the criteria which contribute to the establishment of the business strategies, and also on infrastructural development;

- the awareness of employees, partners, suppliers, contractors and stakeholders on the environmental impacts of their activities is a central concern for the improvement of the environmental performance at both airports.

The System provides for the setting up of the Energy Team and, for the integrated management of the more specific-technical aspects, a Technical Group (also with the involvement of a SEA Energia representative), involving all departments most directly involved in the various aspects, from design to implementation, to maintenance, in addition to the Environment Management structure, ensuring the necessary collective vision in terms of processes and therefore the identification of the best actions to be taken.

European and international aspect of the environmental commitment

Internationally, SEA continues its commitment to identify and introduce the most advanced solutions to achieve the following objectives:

- a high level of environmental sustainability in the short, medium and long-term, in airport processes;
- efficient use of natural resources;
- the control and reduction of environmental impacts on the soil and the atmosphere;
- adequate level of innovative technologies in the airport sector, in terms of the environment and safety;
- continual exchange of information with other European actors involved in innovation projects;
- significant return (co-financing) on the actions introduced.

European projects in progress

SEA is involved in the works of the Committee for Environmental Strategies of ACI Europe.

In particular, as part of the ACI Europe Airport Carbon Accreditation initiative, in 2013 the Linate and Malpensa airports achieved for the 4th consecutive year level 3+ (Neutrality) accreditation, confirming the leading position of SEA in Europe, together with a limited number of European airport groups involved in the fight against climate change and the reduction of the CO₂ emissions under their direct control/influence, in addition to the commitment of SEA with regard to the education of its stakeholders in relation to environmental issues.

Within the Seventh Framework Programme of the European Commission, the two European research projects CASCADE and S4ECoB concerning energy issues are proceeding well:

- **CASCADE project** – Use of government/control mechanisms of technical systems/sensors and relative software application developments for achievement of significant energy savings. The project involves the use of the satellite B of Malpensa Airport as a test area (comparing it with satellite A), with the objective to improve the functioning cycles of the temperature control machines and the equipment regulation processes.
SEA airport involved: Malpensa
Duration: 36 months.
- **S4ECoB project** – The project continues its scheduled activities. Development of a platform which integrates, within the public infrastructure environment, the existing heating, ventilation, air-conditioning and lighting systems, in order to improve energy efficiency and reduce consumption, guaranteeing, in addition, optimal safety/security and comfort conditions.
SEA airport involved: Linate
Duration: 36 months.

In addition, two new three-year projects were also introduced, focused, respectively on energy/smart grid distribution and the advanced management of water resources:

- **DREAM** – ICT for Energy-efficient Buildings and Spaces of Public Use – which proposes to strengthen the efficiency and the electricity distribution network through the development of a new operating and control approach, through the introduction of simulation functionality in support of the decision-making process and small scale real scenario tests.
- **WATERNOMICS** – ICT for Water Resource Management. The objective of the project (which will be operational in 2014) is to provide information in real time on the consumption and availability of water, to improve the quality of decisions in relation to the management and control of water and to increase the awareness of end-users in relation to this important natural resource.

In particular, for the safety/security aspects:

- **ADDPRIV** – Automatic Data relevancy Discrimination for a Privacy-sensitive video surveillance. After an initial two years principally dedicated to the development and drawing up of specific algorithm techniques to be utilised to establish an automatic discrimination of data recorded on the video surveillance network related to suspect events, activities in 2013 concentrated on the more complex demonstration phase, during which that previously developed was implemented and validated within a real environment. The project is in its final phase and will conclude in the initial months of 2014.

Air and climate

Air quality

In order to evaluate the atmospheric impact from airport system activities, account must be taken of the principal atmospheric emissions:

- external roadway traffic;
- traffic within the airport;
- the aircraft parking areas;
- fixed sources;
- emissions from vehicles used for loading/unloading operations and ground assistance (handling);
- emissions related to the movement (independent) on the ground of aircraft;
- LTO (Landing Take Off) cycle emissions.

A number of considerations must be taken into account therefore in terms of the airport management company's effective area of intervention in relation to:

- the possibility to positively and effectively impact processes for which the management company has decision-making space;

- the scope of influence which in Italy characterises the airport management companies possibility to impact upon the technological development of the fleets and to effectively monitor the efficiency in terms of combustion and emissions;
- the possibility to define routes and flight scenarios, in addition to control them.

The effects from vehicle traffic and more generally from vehicles used for the transport of employees from/to the airport, of customers and of operators, is strictly related to the level of inter-modality which is a feature of the region in which the airports are located. On the second and third points, the problem falls outside the scope of action of airport companies. In fact, these latter two logistic-operational issues are strictly related to the possibility to effectively impact, at the source, aircraft emissions and are not currently within the scope of impact of the Italian airport management companies.

Air quality in the Malpensa area

To ensure effective air quality control the Regional environmental protection agency of Lombardy

Agenzia Regionale Protezione Ambientale (ARPA) monitors on a daily basis the presence of atmospheric pollutants across the entire region through 158 monitoring stations.

Malpensa surrounding area monitoring – average nitrogen dioxide (NO₂) monthly values

NO ₂ Annual limit: 40 µg/m ³ annual average	Ferno	Lonate	Somma Lombardo	Busto Arsizio	Gallarate	Varese
	µg/m ³	µg/m ³	µg/m ³	µg/m ³	µg/m ³	µg/m ³
January	50	40	50	48	72	57
February	51	47	50	40	68	27
March	37	43	40	33	42	52
April	26	36	33	27	42	42
May	16	44	28	15	24	33
June	14	28	27	18	21	31
July	16	31	28	19	27	32
August	15	30	21	16	25	29
September	18	36	24	21	35	37
October	23	40	21	23	38	36
November	51	51	33	27	53	46
December	45	59	49	48	75	65

Source: Arpa Lombardia, 2013

In the province of Varese, the air quality recording network comprises 7 fixed stations, 2 mobile stations and 4 gravimetric sampling instruments for the measuring of light dust. The average figures, established by the daily results published by ARPA for the Malpensa area, are collated from the 3 monitoring stations in the immediate vicinity of the airport (Ferno, Lonate Pozzolo, Somma Lombardo) and from the other stations located in urbanised areas (Busto Arsizio, Gallarate, Varese).

Mono-nitrogen oxide in general (NO_x) is produced during the combustion process due to the reaction which, at high temperatures, takes place between nitrogen and oxygen in the air. Therefore, these oxides are directly emitted into the atmosphere following all high temperature combustion processes (heating plant, vehicle motors, industrial combustion, power stations, etc.), by oxidation of the atmospheric nitrogen and, only to a small degree, by oxidation of the oxygen particles contained in the combustibles utilised.

Monitoring of the areas surrounding Malpensa – average particle (PM10) monthly values

PM10 Annual limit: 40 µg/m ³ annual average	Ferno	Busto Arsizio	Gallarate	Varese
	µg/m ³	µg/m ³	µg/m ³	µg/m ³
January	57	34	47	49
February	49	45	40	41
March	36	34	32	37
April	30	25	24	27
May	15	13	12	13
June	24	19	18	17
July	20	22	19	18
August	15	17	13	14
September	21	21	18	21
October	37	34	29	30
November	36	25	28	25
December	62	62	50	44

Source: Arpa Lombardia, 2013

Air quality in the Linate area

For Linate the average monthly values are considered, established by monitoring stations in the immediate

vicinity of the airport (Limite-Pioltello and Milano-Parco Lambro) and of other stations in urban areas (Milano-Città Studi, Milan-Marche, Monza, Vimercate).

Linate surrounding area monitoring – average nitrogen dioxide (NO₂) monthly values

NO ₂	Limite Pioltello	Mi Città studi	Monza	Vimercate	Mi Parco Lambro	Mi Marche
Annual limit: 40 µg/m ³ annual average	µg/m ³	µg/m ³	µg/m ³	µg/m ³	µg/m ³	µg/m ³
January	47	40	53	52	55	83
February	47	43	72	53	60	82
March	36	47	56	42	45	65
April	23	43	41	32	31	55
May	21	31	27	22	16	37
June	20	27	26	19	18	37
July	19	31	28	22	26	41
August	13	29	22	20	26	41
September	18	40	32	31	32	58
October	30	51	38	33	34	60
November	38	53	47	53	43	55
December	58	67	68	76	77	76

Source: Arpa Lombardia, 2013

Monitoring of the areas surrounding Linate – average particle (PM10) monthly values

PM10	Limite Pioltello	Mi Città studi	Monza	Vimercate
Annual limit: 40 µg/m ³ annual average	µg/m ³	µg/m ³	µg/m ³	µg/m ³
January	69	58	69	50
February	57	51	51	37
March	44	41	40	23
April	37	35	34	23
May	16	21	17	17
June	24	23	22	20
July	21	25	18	27
August	16	20	17	23
September	24	31	33	22
October	43	41	39	26
November	42	38	38	35
December	74	73	76	68

Source: Arpa Lombardia, 2013

Overall, based on the range of data collected from the areas neighbouring the two Milan airports, over the years – although the airports comprise a significant source of emissions – no significant differentiation exists between the quality of air compared with other areas of the provinces. For the environmental aspect concerning atmospheric emissions, judgement on appeal is pending at the Court of Cassation against SEA in a case taken by a private party for damages relating to the value of aeronautic activities at Malpensa airport. With decision of 9/01/2013, the judgement of the Court of Appeal was subordinated to

the provision of sureties of a similar amount by the counterparty, which had not been fulfilled. On 17/03/2014 the hearing was held at the Court of Cassation and the judgement is pending. The reasoning behind the inapplicability of the appeal ruling raised by SEA include:

- lack of grounds and causation by SEA (noise and pollution are inherent to aeronautic activity);
- violation of the law concerning the criteria established for the quantification of damage, both under the environmental and equity (estimation) profiles.

Climate change and greenhouse gas emissions

In 2009 ACI Europe (Airport Council International), in order to promote the contribution of the airports towards the fight against climate change, launched an initiative called Airport Carbon Accreditation: SEA and the principal European airport operators voluntarily committed to this project. The project required the introduction of a series of actions for the control and reduction of direct and indirect CO₂ emissions by airport managers, operators, aircraft and by all those working within the airport system. The Airport Carbon Accreditation established four possible levels for accreditation:

- Mapping – checking of emissions under the direct control of the airport manager (scope 1 and 2);
- Reduction – in addition to the level 1 requirement, the creation of a emission reduction plan which ensures the continuous improvement of emission levels (scope 1 and 2);
- Optimisation – in addition to levels 1 and 2, calculation of the emissions produced by the airport stakeholders and their involvement in the reduction plans (scope 3);
- Neutrality – in addition to levels 1, 2 and 3, the reaching of the “Carbon Neutrality” objective for emissions, under the direct control of the airport manager (scope 1 and 2).

Scope 1 – Direct emissions

Emissions associated with sources owned or under the control of the company.

Scope 2 – Indirect emissions

Emission associated with the generation of electricity or thermal energy acquired or consumed by the company, which is physically emitted within the corporate scope.

Scope 3 – Other indirect emissions

Optional. Other indirect emissions related to activities, which are however produced by sources not belonging to or not controlled by the company.

The carbon dioxide emissions are calculated considering both the direct activities of the airport manager (heat stations for heating and air conditioning, airport energy consumption, operating machinery necessary for airport activity, employee commuting), in addition to third party activities which may be affected or controlled by the airport management company and particularly concern:

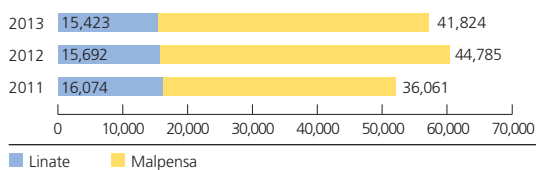
- the LTO (Landing Take Off) cycle of aircraft;
- the emissions of machinery necessary for ground assistance activities;
- the emissions of the vehicles used by passengers (and for cargo) for access to the airport;
- the emissions of vehicles utilised by employees for access to the airport.

For the reaching of neutrality, the emissions related to which SEA, as a consequence of its governance and control “profile”, may not exercise influencing actions and increase awareness, are excluded: aircraft emissions (owned/managed by airlines) and the emissions of the ground assistance operating vehicles (owned or managed by handlers excluding SEA

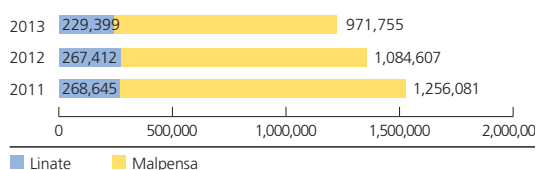
Handling, where the controlling holding of SEA has ensured full alignment with the commitments of the initiatives).

The calculation of emissions was based on the GHG Protocol (published by the World Business Council for Sustainable Development and the World Resources Institute) and all data presented by SEA undergoes a multi-level verification sequence, with the initial involvement of the TÜV Italia certifier and, in the second study, WSP Environmental, a London-based company which scientifically supports the project of ACI Europe. In 2013 SEA confirmed its European leadership position for both the airports of Linate and Malpensa for the fifth consecutive year. In 2013, thanks to a reduction in CO₂ emissions under the control of the airport manager of 7% at Linate and of 1% at Malpensa, compared to the average emissions for the three previous years, the two airports consolidated their European rankings within the “3+ neutrality” group together with 10 Swedish airports, 2 Norwegian airports and 2 Dutch airports.

CO₂ emissions of the airports (tonnes) – Scope 1 & 2



CO₂ emissions of the airports (tonnes) – Scope 3



Note: The emissions of SEA Energia are not included.

Source: SEA

Energy saving and sustainable mobility

The actions taken by SEA to reduce CO₂ emissions fall principally within the energy saving and sustainable mobility policies.

Energy saving

SEA has taken actions in the areas of lighting, air conditioning and innovation. The lighting actions concerned both technological improvements, with the replacement of internal and external lights and operational improvements such as the turning-off of lights at night in places not utilised or the turning-off of runway lights on runways not used for noise reduction or maintenance activities.

The optimisation of the plant management software involved, in addition to the air conditioning, the baggage/cargo and passenger movement plant. LED lighting and high efficiency motors were also introduced.

The actions taken at both airports have resulted in energy savings compared to the previous year of 13,589 MWh in 2010 (-7.7% compared to 2009), of 8,353 MWh in 2011 (-5.1% compared to 2010) and of 1,080 MWh in 2012 (-0.7% compared to 2011), while in 2013 the increase of 6,665 MWh (+4.3% compared to 2012) was due to the opening of the third satellite at the airport, comprising an area of approx. 35,000 m².

Despite the increase in energy consumption in 2013, it remains below 2009 by 16,357 MWh (9.2%), when SEA began the actions concerning the energy saving policy.

Energy Efficiency Securities (EES)

The company drew up a specific project concerning the attainment of Energy Efficiency Securities (EES – White Certificates) for the energy saving actions, completed in 2013, for the air-side lighting systems (light towers) and landside (streets and parking) at Malpensa and landside at Linate. The process was formally initiated with the presentation of the documents required on 31/12/2013 and will be active for 5 years. The definitive economic data will be communicated by the Energy Services Operator (GSE).

Sustainable mobility

SEA seeks to reduce direct and indirect emissions through sustainable mobility initiatives. In 2013 the initiatives concerning the use of public transport by employees for the work commute, the car sharing and car-pooling initiatives (involving employees and passengers) and the actions concerning the shuttle buses (public and private) continued.

The following initiatives are also in progress:

- executive design, together with Trenord, of the rail extension from Malpensa 1 to Malpensa 2 through EU co-financing (approx. Euro 140 million estimated investment, including the construction of the Malpensa 2 station), in order to contribute to reducing the impact produced by vehicle traffic originating from the airport;
- electric car projects such as:
 - e-vai – e-vai car sharing service to Linate and Malpensa (introduced by Trenord with Sems). At each airport, four electric cars with the charging posts are in place. The service access points are located strategically along the Lombardy public transport system, including rail stations, and also at airports.
 - **Air-side company fleet** – the electrically driven fleet comprises 372 vehicles (approx. 27% of all vehicles), in particular mini-tractors for the movement of baggage and loading/unloading vehicles and currently operations are in progress to attain electric runway buses from the German company Cobus. Repair and replacement actions are in progress concerning 400 electrically charged service vehicles in the A, B and multi-space segments (currently Fiat 600, Fiat Punto and Fiat Doblò), utilised both by ramp personnel to operate alongside the aircraft berth and by security both inside and outside the airport.

Financial implications for the activities related to climate change

Involvement costs in the ACA project

Involvement in the Airport Carbon Accreditation project and the reaching of “Neutrality” has incurred in the following costs for SEA:

Involvement costs in the ACA project and purchase of off-sets (Euro)

	2011	2012	2013
ACA membership/certification	19,065	18,050	13,300
Off-set purchases	144,000	93,843	39,917

Source: SEA

Green Certificates

Also in 2013 SEA Energia, at the production site of Linate and thanks to the co-generative production of thermal energy for heating in the locality of Santa Giulia and the airport, again fulfilled the requirements to obtain green certificates: over 45 thousand, of which approx. 33 thousand concerning SEA Energia, for total gross revenues amounting to approx. Euro 2.8 million.

Energy

The management of SEA Group energy consumption is based on the following principles:

- energy must be produced in respect and protection of the environment;
- the reduction of the environmental impact and the improvement of the environmental specifications fall within the criteria utilised for the definition of company strategies, also in terms of infrastructural development;
- the awareness of all (employees, partners, suppliers, contractors) on the environmental impacts of their activities is a central concern for the improvement of the environmental performance at both airports.

Malpensa – Energy consumption	2011	2012	2013
Methane (GJ)	12,941	9,770	1,605
Gasoline (GJ)	2,632	2,664	2,578
Electricity (GJ)	426,798	426,794	453,164 *

Linate – Energy consumption	2011	2012	2013
Methane (GJ)	12,494	9,701	8,839
Gasoline (GJ)	81	0	0
Electricity (GJ)	133,540	129,650	127,274

* Electricity consumption at Malpensa includes consumption at the third satellite and energy sold to third parties. SEA Energia consumption is excluded from the above tables.

Source: SEA

The policy of energy saving investments implemented in recent years has produced important impacts on consumption. The growth in absolute terms of electricity in 2013 at Malpensa airport is due to the opening of the third satellite at the airport.

SEA Energia

In 1992, SEA incorporated together with other industrial partners, SEA Energia SpA, with a corporate scope focused on the construction and management of energy production plant.

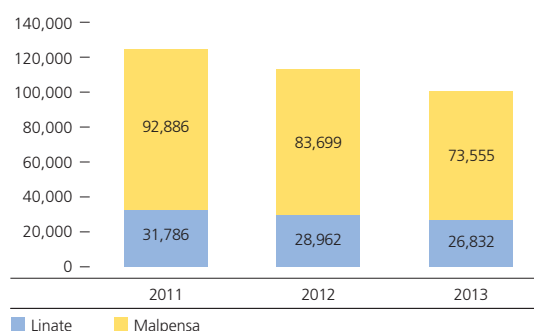
SEA Energia, now entirely controlled by SEA, designs, constructs and manages co-generation plant for the supply, production and sale of electric, thermal and cooling energy. The company manages the co-generation stations at the Malpensa and Linate airports. SEA Energia satisfies all the energy requirements of Malpensa through its tri-generation plant which since 1998 have ensured the self-sufficiency of the airport from external electricity, heat and cooling through an improved combustion yield compared to large thermal electric stations and an

Energy efficiency actions

The SEA Group at both airports has co-generation/tri-generation stations in operation which generate on an ongoing basis energy savings benefitting the SEA Group, the quality of the environment and the inhabitants of neighbouring areas. The SEA Group offers high efficiency services which allow the generation of savings both for the Company and for clients which, thanks to the use of district heating, achieve savings from heat recovery.

optimisation of smoke and heat otherwise lost. The network is only utilised for the emergency electricity reserve.

SEA Energia – Methane consumption (k Sm³)



Source: SEA

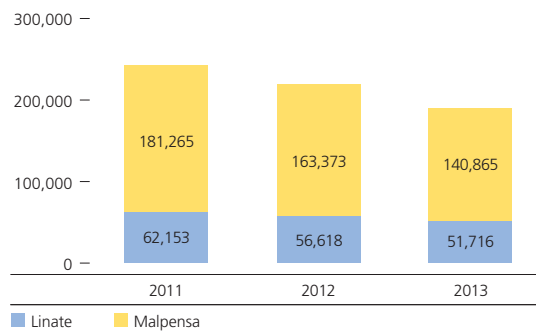
The station is also noted for its high capacity and is one of the largest in Europe. The positive tri-

generation experience at Malpensa resulted in the company introducing the project also to Linate, where the heat produced will be used for the provision of district heating to an extensive urban area (Milan-East). The two plants are the first combined cycle co-generation plant at Italian airports and have assisted SEA in achieving significant consumption savings through precise temperature control at the various terminal rooms and offices and for all lighting consumption. In 2013 the thermal and electric energy production activities continued to satisfy the needs of the airport system and sale to third parties. During 2013 the production of electricity reduced by 16% (-72 million kWh).

In 2013, the electricity produced by SEA Energia reduced 18.1% at Malpensa and 10.2% at Linate compared to 2012, for a total of 377.2 million kWh (-72.0 million kWh), with a consequent reduction in electricity sold of 18.8% at Malpensa and 10.2% at

Linate compared to 2012, for a total of 347.9 million kWh (-68.8 million kWh).

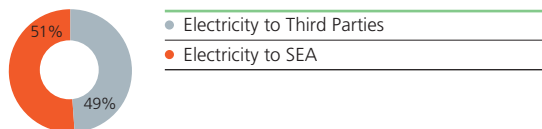
SEA Energia – CO₂ emissions (tonnes)



Source: SEA

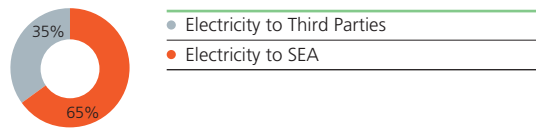
Electricity sold in 2013

Malpensa (247.9 million kWh)



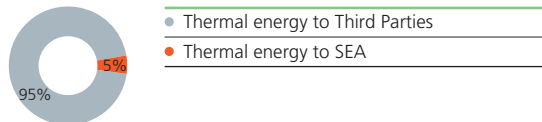
Source: SEA

Linate (100 million kWh)



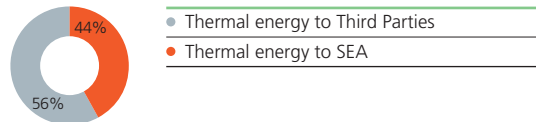
Thermal energy produced in 2013

Malpensa (270.3 million kWh)



Source: SEA

Linate (74.5 million kWh)



In 2013 the production of thermal energy by SEA Energia increased by 3.6% (+12.1 million kWh) compared to the previous year, amounting to 344.8 million kWh.

The Linate Station received Green Certificates issued by the Energy Service Operator (GSE), valid for 8 years from issue.

This increase was supported by increased thermal energy demand following the harsh climatic conditions in the first months of 2013, resulting in increased heating needs. This increase follows also the increased amount of thermal energy sold for the heating of the Milan Santa Giulia locality, produced by the Milan Linate station.

White Certificates

The characteristics of the Malpensa technological station satisfy the requirements for the recognition by the Energy Service Operator of White Certificates to economically support high yield co-generation units. For the co-generation production of the Malpensa station in 2013, 6,339 White Certificates were requested from the energy service operator, of which 4,681 concerning combined cycle 1 (CC1) and 1,658 for combined cycle 2 (CC2).

Consumption of raw materials

As SEA is a supplier of services, the principal raw materials consumed, in addition to electricity consumption, are only the gasoline and petrol utilised

for operations at the airport and the aircraft de-icing liquids used during the winter season amid particular conditions;

Malpensa – Raw material consumption	2011	2012	2013
Gas for vehicles (litres)	2,221,221	2,110,410	1,931,173
Petrol (litres)	330,140	318,278	307,365
Kilfrost ABC3 TYPEII (litres)	679,666	1,622,074	1,083,290
Solid de-icing material (kg)	2,000	140,500	37,350
Liquid de-icing material (kg)	-	1,066,717	381,912

Linate – Raw material consumption	2011	2012	2013
Gas for vehicles (litres)	576,372	642,226	649,475
Petrol (litres)	120,966	127,649	120,553
Kilfrost ABC3 TYPEII (litres)	193,000	679,940	582,500
Solid de-icing material (kg)	-	2,500	-
Liquid de-icing material (kg)	52,500	634,499	295,835

Note: Does not include consumption of SEA Energia.

Source: SEA

The management of water resources

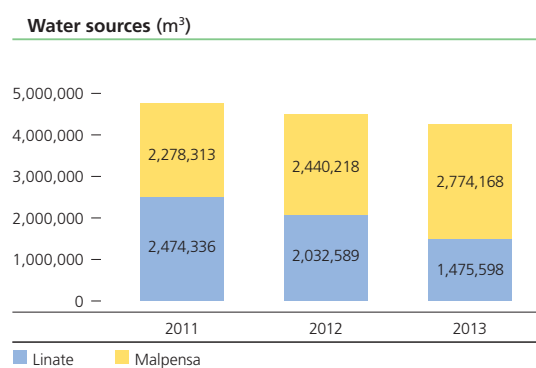
The management of water resources is an environmental issue which the SEA Group has for some time dedicated focus and its consolidated knowledge, following an undertaking to become entirely self-sufficient in the provision of water, through the construction of a series of independently managed wells which fulfil the hygiene/sanitary, fire control and “industrial” needs of both airports.

Water sources

The principal water sources utilised are the aquifers, to which the 12 wells located at Malpensa and the 8 wells located at Linate are linked.

For Malpensa, the aquifer has a depth of approx. 51 metres (water table measures carried out on the G and L wells), while for Linate the aquifer has a depth of approx. 5 metres. The water drawn from wells at the airport sites of Malpensa and Linate are distributed for consumption through internal aqueducts.

The chemical/physical and quantitative control, in addition to the consumption rationalisation activities, ensure the highest level of attention to this important common resource.



Note: The consumption figures include SEA Energia.

Source: SEA

The overall water needs of Linate reduced by approx. 1,500,000 m³/year (value including the estimated elements for particular uses, such as for example: industrial, cleaning uses, etc.), while an increase in the needs of Malpensa was particularly related to the construction of major infrastructural works, such as for example: the upgrading of the P1 runway, the new hotel at Malpensa 2, the extension of the cargo area and the opening of the third satellite.

Water quality

The quality of the water distributed through the airport aqueducts was subject, in addition to inspections by the Sanitary Board, an internal programme of frequent checks which includes the evaluation of the numerous chemical/physical and microbiological parameters.

The following tables outline that the parameters analysed are significantly lower than the maximum levels permitted by law and highlight the good quality of the water distributed at both airports.

Linate – Characterisation of the potable water

Parameter	Measurement unit	Average annual value			Parameter values Legislative Decree 31/01
		2011	2012	2013	
pH	pH unit	7.6	7.8	7.7	6.5 ≤ pH ≤ 9.5
Conductivity	µS/cm	423.1	418.5	404.6	2500
Hardness	°f	21.6	21.1	22.9	15 ≤ °f ≤ 50
Nitrates	mg/l	11.9	12.5	10.8	50
Chlorides	mg/l	7.9	8.4	6.9	250
Sulphates	ug/l	30.6	32.1	31.5	250
Iron	ug/l	-	10.3	11.8	200
Sodium	mg/l	-	7.5	6.3	200
Trichloroethylene + Tetrachloroethylene	µg/l	-	1.3	1.1	10
Total trihalometanes	µg/l	0.3	0.9	0.9	30
Benzene	µg/l	0.0	0.0	0.1	1
Coliform bacteria at 37°C	n/100ml	0.0	0.0	0.0	0
Escherichia coli	n/100ml	0.0	0.0	0.0	0
Enterococcus	n/100ml	0.0	0.0	0.0	0

Source: SEA

Malpensa – Characterisation of the potable water

Parameter	Measurement unit	Average annual value			Parameter values Legislative Decree 31/01
		2011	2012	2013	
pH	pH unit	7.8	8.0	7.9	6.5 ≤ pH ≤ 9.5
Conductivity	µS/cm	383.6	350.9	342.5	2500
Hardness	°f	18.0	16.1	17.9	15 ≤ °f ≤ 50
Nitrates	mg/l	21.4	22.7	23.3	50
Chlorides	mg/l	10.9	11.9	10.6	250
Sulphates	ug/l	17.2	16.8	16.0	250
Iron	ug/l	-	11.5	15.0	200
Sodium	mg/l	-	8.7	8.0	200
Trichloroethylene + Tetrachloroethylene	µg/l	2.4	2.0	1.9	10
Total trihalometanes	µg/l	0.2	0.8	1.1	30
Benzene	µg/l	0.0	0.1	0.1	1
Coliform bacteria at 37°C	n/100ml	0.0	0.0	0.0	0
Escherichia coli	n/100ml	0.0	0.0	0.0	0
Enterococcus	n/100ml	0.0	0.0	0.0	0

Source: SEA

Discharge

The management of water discharge is principally related to the civil sewage filtering and collection systems (or related systems) from the airport infrastructure and from the meteorological wash away of impermeable areas.

The collection and separation of domestic sewage from all buildings present at the airport is assured at Malpensa by the sewage network which delivers

sewage to the San Antonio consortium filter system, while the Linate sewage network is linked to the Peschiera Borromeo filter system.

The discharged sewage water (black water and first flush treated water) is subject to systematic quality controls.

At both airports, the quality of sewage falls within the limits established by the applicable sector environmental regulation, as highlighted below in the tables, which report the parameters monitored.

Linate – Characterisation of sewage discharge

Parameter	Measurement unit	Average annual value			Parameter values Legislative Decree 152/06
		2011	2012	2013	
pH	pH unit	7.93	7.7	7.9	$5.5 \leq \text{pH} \leq 9.5$
COD	mg/l	160.0	148.0	151.4	500
BOD5	mg/l	63.1	63.8	52.5	250
Total suspended solids	mg/l	57.8	49.3	49.6	200
Total phosphorous	mg/l	2.0	2.2	2.7	10
Lead	mg/l	0.0	0.0	0.0	0,3
Chromium VI	mg/l	0.0	0.1	0.0	0,2
Copper	mg/l	0.0	0.0	0.0	0,4
Total hydrocarbons	mg/l	0.8	1.3	0.5	10
Zinc	mg/l	0.1	0.2	0.1	1
Total surfactants	mg/l	0.9	0.9	1.3	4
Ammonium nitrogen	mg/l	21.4	18.7	13.0	30
An/veg oil fats	mg/l	-	3.1	3.2	40

Source: SEA

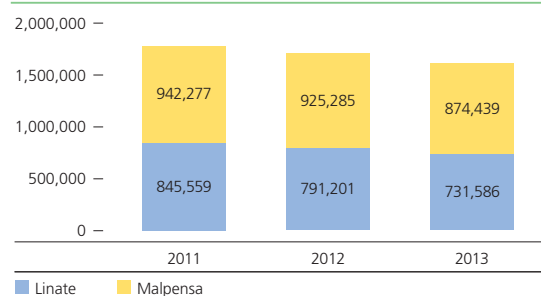
Malpensa – Characterisation of sewage discharge

Parameter	Measurement unit	Average annual value			Parameter values Legislative Decree 152/06
		2011	2012	2013	
pH	Unità pH	7.7	7.6	7.7	$5.5 \leq \text{pH} \leq 9.5$
COD	mg/l	162.2	234.0	246.7	500
BOD5	mg/l	69.7	89.7	86.4	250
Total suspended solids	mg/l	92.5	98.7	17.0	200
Total phosphorous	mg/l	1.9	1.5	3.8	10
Lead	mg/l	0.0	0.0	0.0	0.3
Chromium VI	mg/l	0.1	0.0	0.0	0.2
Copper	mg/l	0.0	0.0	0.0	0.4
Total hydrocarbons	mg/l	1.3	3.6	1.4	10
Zinc	mg/l	0.2	0.2	0.1	1
Total surfactants	mg/l	1.0	1.8	1.7	4
Ammonium nitrogen	mg/l	19.0	15.1	15.9	30
An/veg oil fats	mg/l	-	10.3	12.9	40

Source: SEA

Water discharged is estimated as equal to the amounts sourced. The following table reports the waste water

discharged through sewerage, with the remaining quantities dispersed.

Water sewage discharge (m³)

Note: The Linate data does not include the values concerning the discharges of SEA Energia. In relation to Linate, the discharges are estimated as equal to the civil water sourced.

Source: SEA

De-icing treatment, relating to the defrosting of aircraft during the winter and when required by the airlines, is carried out at a dedicated apron, equipped with a system for the collection of any water discharge and is treated as special waste.

De-icing liquid drained (tonnes)

	2011	2012	2013
Malpensa	14	21	44
Linate	81	104	68

Source: SEA

The management of meteorological water

Meteorological water from the airports is collected in surface water vessels (Linate) and in the under-soil area (Malpensa), before, for the areas covered by the regional regulations, the separation of the first flush water (treated with oil removal systems and collected in public drainage collectors).

Before the final collection of meteorological water, periodic quality checks are carried out on the CrVI, Cu, Pb, Zn and Hydrocarbon parameters (collected in ground water vessels) and COD, BOD5, Suspended Solids, P, Pb, CrVI, Cu, Zn, Surfactants and Hydrocarbons (collected in the soil).

The maintenance of the substantial absence or low proportion of metals in all types of discharge is reported, along with the low level of hydrocarbons of 0.5mg/l.

Linate – Characteristics of the surface water discharge

Parameter	Measurement unit	Average annual value			Parameter values Legislative Decree 152/06
		2011	2012	2013	
Chromium VI	mg/l	0.0	0.0	0.0	0.2
Copper	mg/l	0.0	0.0	0.0	0.1
Lead	mg/l	0.0	0.0	0.0	0.2
Zinc	mg/l	0.2	0.2	0.2	0.5
Total hydrocarbons	mg/l	0.0	0.1	0.5	5.0

Source: SEA

Malpensa – Characterisation of soil discharge

Parameter	Measurement unit	Average annual value			Parameter values Legislative Decree 152/06
		2011	2012	2013	
ph	pH unit	7.7	7.5	7.4	8.0
COD	mg/l	38.8	24.7	16.3	100.0
BOD5	mg/l	10.8	9.0	6.8	20.0
Total suspended solids	mg/l	17.0	7.2	6.5	25.0
Total phosphorous	mg/l	0.1	0.5	0.5	2.0
Lead	mg/l	0.0	0.0	0.0	0.1
Chromium VI	mg/l	-	0.0	0.0	0.2
Copper	mg/l	0.0	0.0	0.0	0.1
Total hydrocarbons	mg/l	0.0	0.5	0.5	5
Zinc	mg/l	0.1	0.0	0.0	0.5
Total surfactants	mg/l	0.3	0.2	0.3	0.5

Source: SEA

Currently, water re-usage systems are not in place at the airports. The SEA Group, together with other major European operators, is exploring many aspects related to Water Saving systems and the possible re-usage of meteorological water, in order to save aquifer drawn water and rationalise water consumption.

Spillages

SEA is committed to closely considering and ensuring the correct management of potential spillages. In the case of the accidental spillage of fuel or oil in operational areas, runways and stands, procedures are in place to intercept fluids before they reach the meteorological water drainage systems. A specific procedure applicable to the terminal movement areas is in place at the airports in compliance with environmental protection regulations. In these conditions, the Airport Maintenance and Environmental Operations Management Units are deployed to co-ordinate the cleaning, reclamation and restoration actions in the affected areas, of the compliance and security conditions, after any containment by the Fire Services.

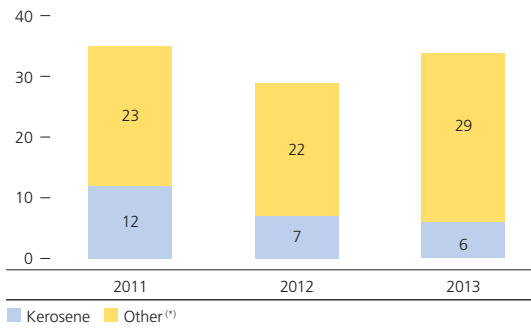
The Fire Service actions consist of:

- fire prevention assistance until the recovery of normal conditions within the area impacted by the spillage;
- the containment, where considered necessary by the Chief of the Fire Brigade, of the area affected by the spillage through the laying of a sufficient number of oil absorbent panels.

The waste generated by the cleaning operation is transported for each airport to specific airport ecological islands, as established by company procedures, in compliance with the environmental protection, safety and workplace hygiene rules applied at both the Milan airports.

The spillages taken into consideration were those considered significant, in particular those which involved areas equal to or greater than 20 m².

Malpensa – Major spillages (No.)

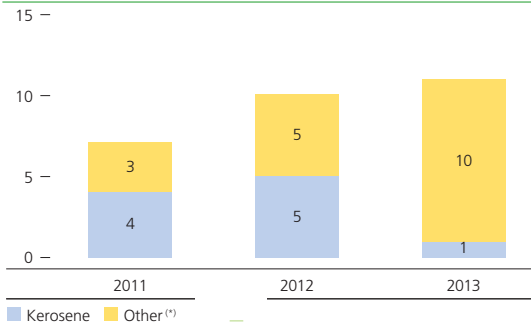


Note: The 2011 and 2012 figures were recalculated according to the new major spillage identification criteria.

* Spillages of hydraulic oil from aircraft, of hydraulic oil from operating vehicles and spillages of gasoline from operating vehicles.

Source: SEA

Linate – Major spillages (No.)



Note: The 2011 and 2012 figures were recalculated according to the new major spillage identification criteria.

* Spillages of hydraulic oil from aircraft, of hydraulic oil from operating vehicles and spillages of gasoline from operating vehicles.

Source: SEA

Spillages of hydraulic oil related to the breakage of operational equipment. The issue is closely related to the characteristics of the equipment and the terminal Maintenance Department have introduced specific plans to deal with such events.

Noise pollution

The noise generated from the take-off, landing and flyover of aircraft is one of the more immediate and obvious disturbances related to airports. The noise produced by aircraft concerns a relatively limited number of events over the course of the day and whose maximum sound values are rather high. Numerous and structured European, domestic and regional regulations seek to measure, limit and/or regulate noise emissions to ensure a high standard of living for those within the areas surrounding airports. Italian airport noise legislation is extensive and complex and involves the handling of the fundamental aspects concerning its measurement, the monitoring systems, the zones around the airport where compliance is necessary, the simulation models, the Airport Commissions, the mitigation actions and numerous other aspects. According to the current rules, each airport open to civil traffic must provide in areas surrounding the airport a continuous monitoring system which records any limit excesses and links this information with the data and the trajectory of flights generating such excess noise.

In addition, an Airport Commission has been set up to carry out the following duties:

- classification of the airport in relation to noise pollution produced;
- definition of the anti-noise procedures;
- definition of the parameters to which noise limits are applied.

Noise monitoring at Malpensa and Linate

The SEA Group since 2001 has committed itself to aircraft noise monitoring at the Linate and Malpensa airports and has implemented a recording system comprising 22 fixed stations (16 at Malpensa and 6 at Linate), with 5 mobile stations, utilised for specific measuring campaigns.

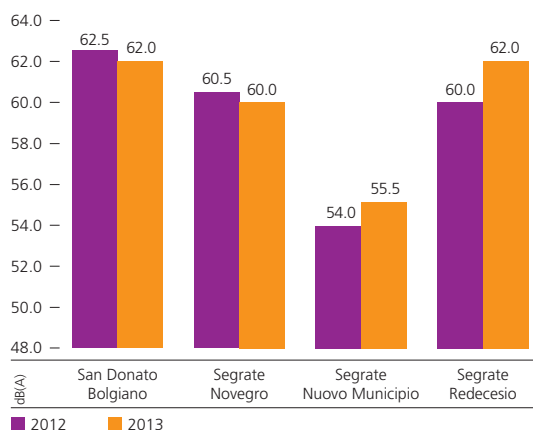
SEA operates in collaboration and under the strict control of ARPA in order to improve the monitoring actions and protect the areas which surround its airports.

ARPA, based on the criteria of the Guidelines of the Lombardy Region (Resolution of October 11, 2005 No. 8/808 – Guidelines to ensure the maximum efficiency of the airport noise monitoring systems in Lombardy), classified as a “Monitoring” type 10 of the 16 Malpensa stations and 4 of the 6 Milan Linate stations, defining the remainder as an “Environmental” type. The noise data recorded by the stations is analysed with the assistance of an IT system; radar traces of individual flights provided by ENAV assist the distinction between aircraft noise emissions and general noise. The information breakdown concerning noise pollution and operations at the Milan airports is presented in a specific section of the SEA website:

www.seamilano.eu/it/sostenibilita/sostenibilita-ambientale/rumore.

AEL db(A) noise monitoring

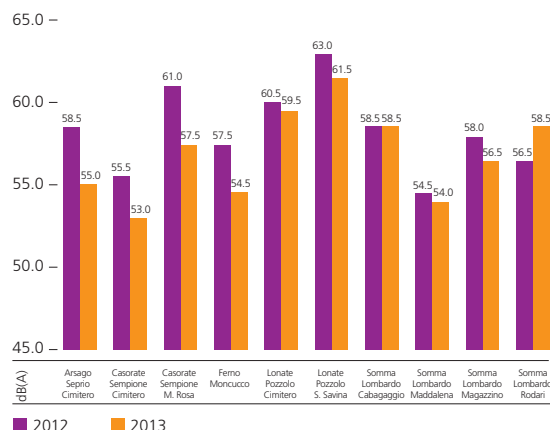
Linate



Note: AEL – Airport Evaluation Level: calculated, in accordance with Ministerial Decree 31/10/1997 – Airport noise measurement methodology, based on the AEL data relating to the three weeks with highest traffic identified in 2013.

Source: SEA

Malpensa



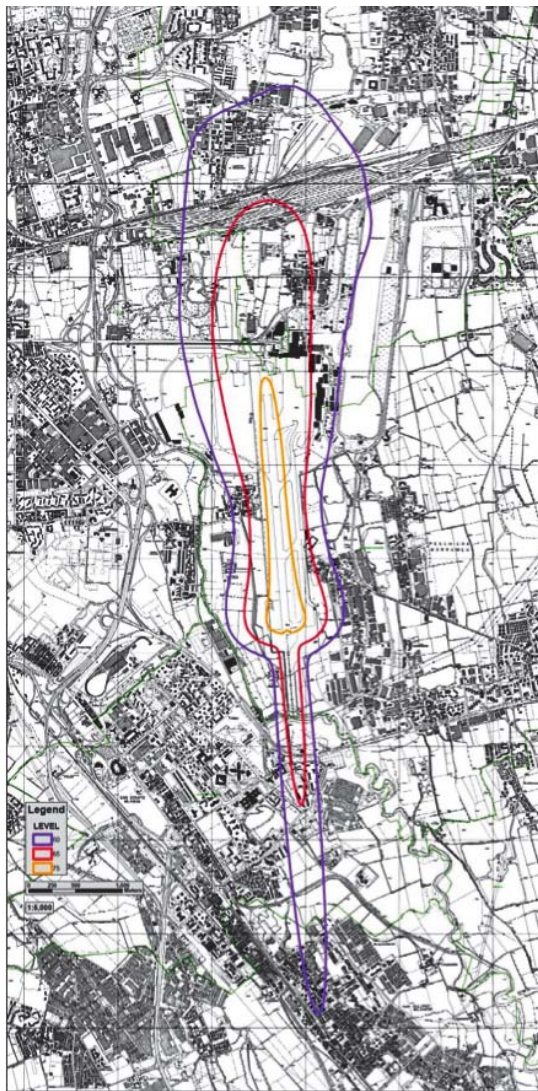
Note: AEL – Airport Evaluation Level: calculated, in accordance with Ministerial Decree 31/10/1997 – Airport noise measurement methodology, based on the AEL data relating to the three weeks with highest traffic identified in 2013.

Source: SEA

The Linate Airport Commission

In May 2009 the Linate Commission outlined a scenario for the rebalancing of the use of take-off routes at the airport in order to reduce the areas and population impacted compared to the situation in 2004, protecting also the most affected parties. The positive result during the experimentation with the new scenario and the improvement actions undertaken thanks to the contribution of SEA resulted in the Linate Airport Commission approving the noise zoning.

Linate – Noise zone map



The Malpensa Airport Commission

The Malpensa Airport Commission is involved in the rebalancing of traffic, which significantly altered following the de-hubbing of Alitalia.

In September 2010 a scenario was adopted at the airport which allows an equal distribution of take-off traffic on the existing departure routes; significant positive results were also achieved, such as the absolute silence periods at regular intervals in the area, the shortening of a number of take-off routes with the consequent reduction of CO₂ emissions and the reduction in the change of use of runways. The new scenario therefore resulted in the improved efficiency of the airports in relation to safety, environment and overall airport efficiency.

In 2011 the Malpensa Airport Commission approved the introduction of “offsetting criteria” to rebalance the misalignment in relation to the percentage usage of runways used for take-off; in addition, the introduction of a new take-off route with the objective to further minimize impacts on the surrounding area is currently under review.

Mitigation actions

The technological development of aircraft has resulted in a significant reduction in noise emissions: in 1999 the European Union banned the use of Section 1 aircraft and in 2002 also Section 2 aircraft, and a number of airlines have applied noise reduction systems to aircraft motors.

In recent years, the factors impacting the Italian market have resulted in a change to traffic and the type of aircraft used: in 2013 the type of aircraft used most at Linate and Malpensa airport were those belonging to the A320 family.

Further noise reduction actions at the airports related to the adoption, as established under the AIP, of particular restrictions (alternate use of runways, night time restrictions, reverse restrictions, APU use restrictions and motor testing), preferential use of runways and initial take-off procedures to be followed perfectly (within the limits of the aircraft specifications).

Awareness upon noise pollution issues in the last 10 years has increased greatly, resulting in the adoption of many European, domestic and regional regulations. Such awareness has improved with the issue of European Directive 2002/49/EC, enacted in Italy by Legislative Decree No. 194 of 19/08/2005. The Directive, and therefore the enacting decree, introduced the concepts of noise mapping and strategic noise mapping: the legislature seeks through these measures on the one hand to represent in an easily understandable manner the noise pollution situation in the principal urban areas and the areas creating the greatest amount of noise pollution, and on the other to have available useful information and instruments to organically manage the noise pollution problem at a national and European level.

According to Legislative Decree 194/2005, in June 2012 SEA drew up the noise mapping of the two airports of Linate and Malpensa, analysing the traffic

data from 2011. The tables below report the results of the noise mapping.

Linate – Lden, population and buildings exposed results

	Population			Buildings		
	2011	2006	Cge.% from 2006	2011	2006	Cge.% from 2006
Lden 55-59 dB	25,694	47,700	-46%	1,484	2,400	-38%
Lden 60-64 dB	9,157	21,100	-57%	518	900	-42%
Lden 65-69 dB	1,578	4,900	-68%	77	200	-62%
Lden 70-74 dB	0	200	-100%	0	0	-
Lden >75 dB	0	0	-	0	0	-

Linate – Lnight, population and buildings exposed results

	Population			Buildings		
	2011	2006	Cge.% from 2006	2011	2006	Cge.% from 2006
Lnight 50-54 dB	8,924	21,500	-58%	479	700	-32%
Lnight 55-59 dB	1,402	2,900	-52%	58	100	-42%
Lden 60-64 dB	0	200	-100%	0	0	-
Lden 65-69 dB	0	0	-	0	0	-
Lden 70-74 dB	0	0	-	0	0	-

Malpensa – Lden, population and buildings exposed results

	Population			Buildings		
	2011	2006	Cge.% from 2006	2011	2006	Cge.% from 2006
Lden 55-59 dB	21,274	26,000	-18%	4,957	6,400	-23%
Lden 60-64 dB	3,239	10,300	-69%	702	2,300	-69%
Lden 65-69 dB	672	800	-16%	137	200	-32%
Lden 70-74 dB	0	100	-100%	0	0	-
Lden >75 dB	0	0	-	0	0	-

Malpensa – Lnight, population and buildings exposed results

	Population			Buildings		
	2011	2006	Cge.% from 2006	2011	2006	Cge.% from 2006
Lnight 50-54 dB	6,675	13,000	-49%	1,590	2,900	-45%
Lnight 55-59 dB	2,671	1,900	41%	558	400	40%
Lden 60-64 dB	0	300	-100%	0	100	-100%
Lden 65-69 dB	0	0	-	0	0	-
Lden 70-74 dB	0	0	-	0	0	-

Source: SEA

In relation to the noise dispute at Linate in which residents of the Redecesio district (Segrate) complained of damage from noise emissions, the Court of Appeal in January 2014 amended the first level decision which judged the payment of Euro 721,730 against SEA. The judgement confirms that on the basis of ARPA data concerning noise monitoring,

from 2007 on, no instances of the breaching of the limits established under the noise regulation (Ministerial Decree 31.10.1997) were recorded, excluding the obligations on the airport manager in relation to the recovery plans (for the periods subsequent to noise zoning, drawn up in 2009).

Waste management

The issue of waste management has become increasingly important in recent years with increased consumption and urbanisation, which has resulted in a greater production of waste and reduced inhabited areas in which it may be treated or deposited. Given the impact of waste management on human health and the protection of the environment, it is increasingly important to reduce its production and its impact on nature.

SEA's involvement concerns the management of the waste disposal cycle, from collection until disposal.

Airport waste management

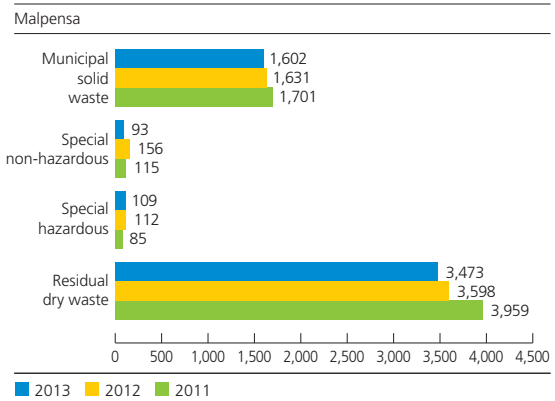
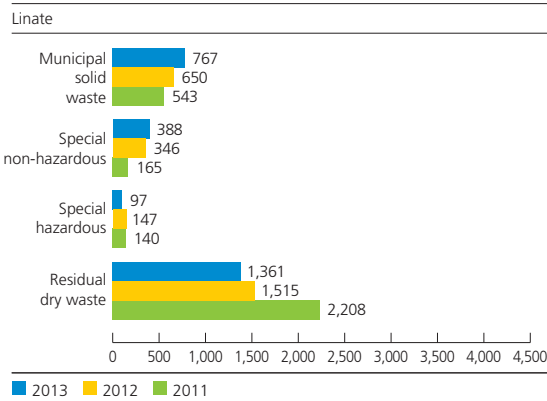
Waste produced through airport office management, aircraft cleaning, infrastructure maintenance and commercial and catering activity are largely in line with that produced in general urban areas and are broken down into:

- municipal solid waste: waste generated from the airport and ancillary building cleaning activities and includes also waste from aircraft cleaning. This

waste is collected in dumpsters and bins, appropriately distributed across the airport and disposed of by companies appointed by the relevant regional administrations. Municipal solid waste concerns the dry portion and the separated portions. The dry portion of municipal solid waste is disposed of through incineration with energy recovery, while the separated portions are allocated for recovery in appropriate plant;

- special hazardous and non-hazardous waste: from SEA maintenance activity. They are divided into hazardous (for example: exhaust oil, oily emissions, lead and nickel-cadmium batteries, oil and gas filters, sanitary waste, fluorescent bulbs, etc.) and non-hazardous (for example: scrap iron, disposed medicines, alkaline batteries etc.). Special waste (both hazardous and non-hazardous) is, where technically possible, recycled;
- organic waste: comprising waste from meals consumed by passengers on board aircraft; it is managed, and subsequently disposed of, directly by the catering companies and not handled by the airport manager.

Waste by type



Source: SEA

The overall production of waste at Linate, after the significant reduction of recent years, totalled 2,614 tonnes, while at Malpensa a significant decrease in

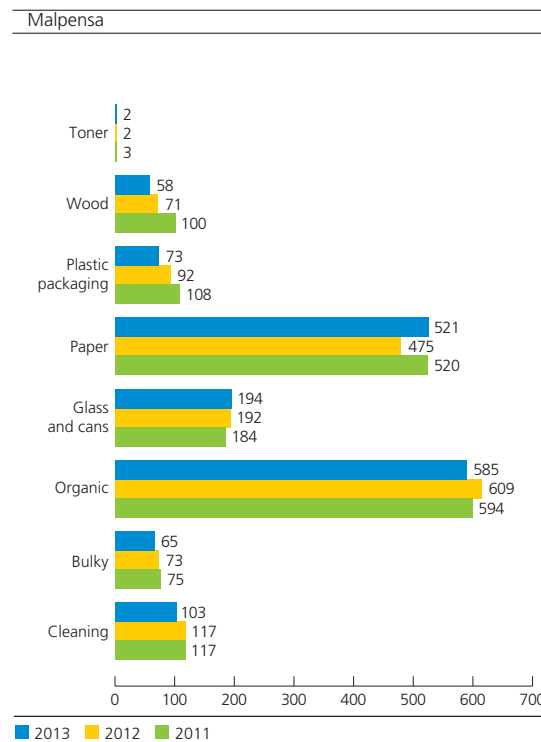
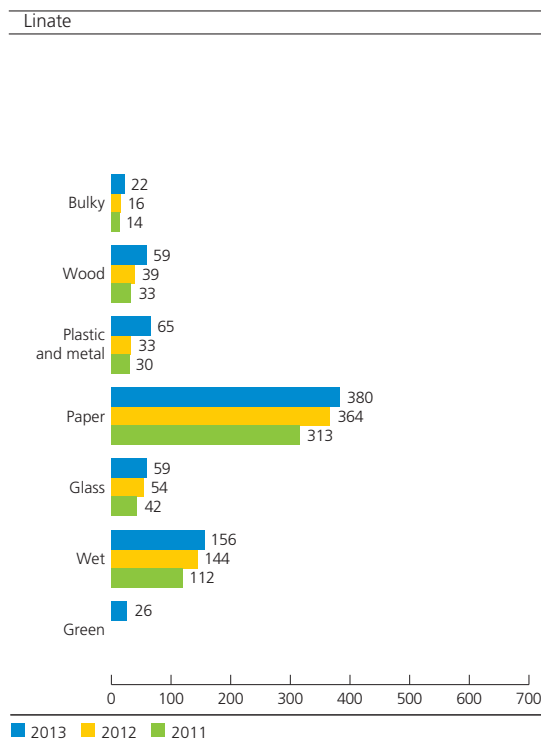
annual overall production was reported, which in 2013 was 5,277 tonnes.

Separated collection

In 2013 the SEA Group confirmed its commitment to the separated collection of municipal solid waste at the Linate and Malpensa airports. Currently,

separated collection is implemented for: paper, cardboard, wood, glass, plastic, metal, toner, organic waste. Separated waste management was introduced also to the areas of the airport open to the public.

Separated waste



Source: SEA

All special waste produced is separated by type, with specific contracts with companies authorised for the management of such (for example: IT equipment, oils, emulsions, irons, paints, etc.). It is therefore entirely separated by type and disposed of, recycled according to the applicable regulations and the technological standards of the treatment plant to which it is conferred. In order to further mitigate the environmental impact, the SEA Group has structured and is implementing a series of projects with a view to developing separated collection in terms of:

- the gradual improvement of waste quality (reduction of impurities in the various collected items);
- the improvement of the quality of collection at public spaces, requiring continued initiatives to increase passenger awareness on the issue;

- the promotion of strategies focused on improving the quality of waste coming from the internal “cleaning” of aircraft.

Separated waste collection is defined by Article 183 paragraph 1, Letter P of Legislative Decree 152/2006 (“separated collection: collection in which specific waste is maintained separately, based on the type and nature of waste, in order to facilitate specific treatment”), concerning 47.9% of such for Linate and 34.2% for Malpensa considering also separated collection of special waste. For the previous years, the respective figures were 43.0% and 34.5% for 2012 and 27.7% and 32.4% for 2011. Following these actions, the separated waste management at Linate increased, while remaining substantially in line at Malpensa.

Waste disposal methods

The disposal methods for the various types of waste, as established by regulation (attachments B and C of Legislative Decree 152/2006) are reported in the following tables:

Linate – Waste disposal methods (tonnes)		
Disposal/recovery method	2012	2013
Land incineration (D10)	1,516	1,362
Held for allocation for one of the operations indicated at points R1 to R12 (R13)	628	796
Recycling/recovery of organic substances not utilised as solvents (including compost and other organic conversion processes) (R3)	144	156
Preliminary depositing of waste for allocation to one of the operations indicated from points D1 to D14 (D15)	120	72
Preliminary reconditioning before one of the operations from points D1 to D13 (D14)	4	2
Organic treatment not specified elsewhere in the present attachment, resulting in the production of compost or mixing, which is eliminated according to one of the processes listed at points D1 to D12 (D8)	246	225

Malpensa – Waste disposal method (tonnes)		
Disposal/recovery method	2012	2013
Land incineration (D10)	3,601	3,477
Held for allocation for one of the operations indicated at points R1 to R12 (R13)	1,673	1,616
Recycling/recovery of organic substances not utilised as solvents (including compost and other organic conversion processes) (R3)	109	109
Preliminary depositing of waste for allocation to one of the operations indicated from points D1 to D14 (D15)	103	76
Preliminary reconditioning before one of the operations from points D1 to D13 (D14)	8	0
Principal utilisation as fuel or as another energy production method (R1)	1	0
Preliminary grouping before one of the operations at points D1 to D12 (D13)	2	0

Note: The information was received from providers of the service.

The dry residual portion of urban waste produced at both airports is disposed of in energy recovery thermal-destruction plant; the separated portion of waste is however allocated to specific recovery and recycling plant (disposal collection and transport or recovery by the Municipality).

Special waste is principally allocated, based on its specific characteristics, to recovery plant; for waste with characteristics not suitable for recovery (for example: drainage outflow), the waste is allocated to final disposal plant (disposal collection or transport or recovery by specialised/authorised companies).

The ecological islands of Linate and Malpensa

For both airports, efficient ecological islands have been designed. At Linate, the ecological/environmental infrastructure has been constructed and for many years has received from the relevant institutional bodies the necessary authorisations for the use of plant and the management of special waste. At Malpensa, also following the significant reduction in traffic, an innovative review process of the air-side collection options is underway, which relies on the existing ecological platform as a fundamental basis of its success.

Electro-magnetic fields and ionised radiations

Electro-magnetic fields

Recent years have seen a significant increase – in terms of both number and variety – of electrical, magnetic and electro-magnetic fields used for various reasons. The sources include radio-telephonic antennae, computer and television screens, radar etc. The increase of these sources, and their increasingly frequent usage, has resulted in the exposure of the population, both working and civil, to more intense electric magnetic and electro-magnetic fields than usually present in nature. In the airport environment, the equipment which create electro-magnetic fields are essentially:

- cellular telephone stations;
- the radio transmission antennae mobile network;
- radar equipment.

At the Milan airports, specific mapping of electro-magnetic field values has been carried out, which has highlighted the level of compliance with the parameters and the thresholds established for the protection of human health.

Management of radio-active packages

SEA is currently the only airport manager in Italy to have received from the Ministry for Economic Development the highest authorisation level (Category A clearance in accordance with Legislative Decree 230/1995) for the movement and temporary storage

of packages containing radioactive materials in transit at Malpensa airport, meeting all of the difficulties imposed by the regulation which, based on the nature of the material treated, was certainly not prepared to be adapted to an airport terminal. For Linate airport, already holding the clearance released in accordance with the applicable regulation, the conversion process into a similar authorisation has been initiated.

The actions carried out in collaboration with the technicians and officers within the various ministries and bodies, which over these years has supported and certified the work carried out, has resulted in the creation of:

- adapted rooms, with all applicable safety measures complied with, for the temporary storage of radioactive materials in transit;
- preliminary instrumental control processes on all radioactive packages entering the airport, both by air and by road;
- appropriate workplace procedures and radio-protection rules for all personnel involved in the movement and storage of packages;
- emergency verification and management procedures concerning irregular radioactive emissions.

All these actions today ensure that the Milan airport system manages in an entirely safe and regulatory compliant manner the transit of all radioactive goods (approx. 15,000 packages per year), which are forwarded also to hospitals, research centres and for industrial use.

Landscape and biodiversity

The protection of biodiversity and ecological diversity is of primary importance for sustainable development and in order to guarantee a proper balance between human activities and the natural environment. It is therefore necessary to evaluate the context in which a company operates to analyse its potential impact on biodiversity. The SEA Group is mindful of its position within a green environment, particularly in relation to Malpensa, and this requires a close monitoring of the impact from business activities and a commitment to mitigating actions.

Linate

A number of areas surrounding the Linate airport are within the South Milan Agricultural Park (created by Law No. 24 of 23/4/1990), comprising a vast area which extends over nearly all of the southern half of the province of Milan.

Forlanini Park, one of the major urban parks in Milan, and the Idroscalo lake adjoin the airport.

Opened in 1970, the Park draws on the heritage of the Lombardy countryside, characterised by an extensive network of trees and the picturesque Salesina Lake, fed by surface water and rain water which, with extensive surrounding vegetation, provides a good habitat for birds and fish.

Malpensa

The airport is within the Valle del Ticino Regional Park. The Park spans ten of the eleven municipalities within the Malpensa Area Territorial Plan. The only municipality outside the park is Busto Arsizio.

The natural reserves of the park and the relative protected areas are concentrated within the valley of the river, beginning with the Villoresi and Naviglio Grande canals, far from the airport, separated by wooded areas alternated with protected cultivated zones of little natural value but of high ecological value, also for the lessening of the impact of the airport. The landscaped areas of the Park are located

away from the airport, buffered by the residential areas of Somma Lombardo, Arsago Seprio and Casorate Sempione.

The SEA Group previously, with the assistance of the Lombardy Forest Region Company (today ERSAF – Regional Body for Agricultural and Forestry Services) has introduced a Malpensa Green Plan relating to the organization – undertaken by SEA and other local bodies – of the green areas within the airport, which concerns principally the replanting and improvement of woodlands and the creation of grass and hedged areas.

SEA recently carried out infrastructural actions at the Malpensa airport which involved a number of wooded areas, however particularly introducing non-native trees such as locust trees and wild cherry plant, for a total of 20.88 hectares.

This offsetting, in collaboration with the Ticino Park, has involved SEA, with the assistance of ERSAF, in a series of actions both for the planting of new wooded areas and for the improvement of existing areas.

It involved, for a total investment by SEA of approx. Euro 2 million, the planting of 70,000 new trees, as follows:

- replanting for 23.85 hectares;
- forestry improvements for 113.70 hectares.

These actions were carried out both at the areas owned by SEA and those partly owned, or open areas at the Ticino Park, located in various areas of the park, contributing to the improvement of the quality of the wooded areas involved.

Under the New Malpensa Master Plan particular attention was focused on the place of the airport within the Park environmental system, establishing a wide range of environmental actions to offset and/or mitigate the loss of part of the natural environment, which was necessary and fundamental for the extension of the airport.

The appropriate actions will be developed together with the environmental authorities (the Lombardy and Piedmont Ticino Parks) and the regional authorities (the Lombardy and Piedmont Regions and the Varese and Novara Provinces), which can indicate the areas of action of greatest need for the overall improvement of the natural eco-system and which have direct responsibility for the protection of the environment and the development of the region.

Habitats

The scope of intervention of the Malpensa airport expansion project, described in the Master Plan, contains analysis concerning the vegetation and fauna quality.

In relation to the first aspect, the analysis may be summarised as follows:

- the presence of oak woods and high quality heath, resulting from important natural formations and which represent approx. 45%;

- good quality pine forests, although with little coverage (0.6%);
- a significant presence of black locust and wild cherry trees, comprising approx. 40%, whose quality has been impacted by the general lack of natural flowers and the declining quality of the natural environment;
- finally, the remaining extension of the area is classifiable as of declining quality.

The fauna component analysis however, carried out in the expansion area of the airport, both in the Regional Parks of the Ticino valleys of Lombardy and Piedmont, reported in the area of intervention, 84 species of trees against 257 present at the parks, while amphibians, reptiles and mammals are not found.

The fauna species of interest in the intervention area are the Red-backed Shrike and the European Nightjar, although the former in extremely reduced numbers, while the presence of the latter is only potential as generally documented.

The area of intervention also includes 8 other nesting species, of which none in Attachment 1 of Directive 2009/147/EC are within the endangered category of the IUCN Red List.

In particular:

- three species in Attachment II of Directive 2009/147/EC and in the Least Concern category of the IUCN Red List (a pair of Common Wood Pigeons, a pair of Common Black Birds, a pair of Hooded Crows);
- six species not included in Directive 2009/147/EC in the Least Concern category of the IUCN Red List (a pair of Common Buzzards, two pairs of Common Swifts, four pairs of Nightingales, a pair of Common Black Birds, a pair of Melodious Warblers, a pair of White Throats, a pair of Chaffinches);
- a non-native species, introduced for hunting purposes, in the Black Threatened category of the IUCN Red List, not included in Directive 2009/147/EC (two pairs of Northern Bob Whites).

In terms of the vegetation and eco-system aspects, the area of intervention directly concerns the habitats of conservational interest external to the Natura 2000 sites and indirectly a number of Natura sites nearby. The habitats present in the area of intervention and within the list at Attachment 1 Directive 92/43/CEE are:

- Dry heaths – (4030) moorland;
- Sub-Atlantic and medio-European oak or oakhornbeam forests of the *Carpinus betuli* (9160);
- Old acidophilus oak woods with *Quercus robur* on sandy plains (9190);

and are natural habitats of community interest.

The mitigation actions were established as:

- actions for the re-establishment of moorland (approx. 180 hectares);
- actions for the re-establishment of forest and grasslands (approx. 600 hectares);

- actions for the recovery and development of ecological functionality.

The forestry redevelopment actions, in addition to planning for an area greater than that removed, positively impacts upon the quality of forested areas, eliminating large quantities of areas covered by non-native species.

The extension of Malpensa airport impacts also other environmental aspects such as air, water, noise, etc.), which are dealt with and described in the Environmental Impact Study awaiting authorisation by the Ministry for the Environment.

Airport Safety

An effective Safety Management System (SMS), approved and controlled also by ENAC, is in place at the Milan airports. In 2013 the results of previous years were consolidated and the Airport Safety operating level was implemented.

- Bird Strike;
- Emergencies (simulation of “Full Scale” emergency);
- Ramp safety;
- Refuelling with passengers on board or being boarded/disembarked.

Airport safety policy principles

The principles on which the Airport Safety policy of the SEA Group are based are as follows:

- to guarantee the design and constructive compliance, and its maintenance over time, regarding the flight infrastructure, plant and equipment with national and international standards in relation to the design, efficiency and effective usage, ensuring the maintenance of the highest safety and service quality levels;
- to ensure an ongoing review of operating processes and procedures to achieve the highest compliance possible with national and international regulations concerning safety, quality and operational efficiency/efficacy;
- introduce a systematic, recurring and adequate training plan for all personnel, with priority for those involved most in operating processes, with particular focus on the requirements and consequent actions and conduct necessary for maximal security, quality levels, regularity of service and efficiency.

The prevention and mitigation actions, where necessary, are identified and handled in a systematic and ongoing manner.

A high quality level of the results achieved by the SMS also in 2013 contributed to a more efficient management of insurance premiums.

The SMS monitoring and the collation of specific data initiatives were further improved. The safety events (Ground Safety Report) highlighted during the year were the subject of systematic surveys, appraisal and classification, based on the rules defined and communicated also with other operators at the periodic meetings of the Safety Committee. A review of the classification of events was carried out, utilised also by the technical working group set up by Assaeroporti, with the involvement of SEA, in order to create a standard discussion instrument for safety among all the major Italian airports.

In line with the indications of European Regulation 996/2010, the criteria to be utilised for the highlighting of events to the National Flight Security Agency were identified, under which in 2013 specific requests for information were successfully handled

In relation to training, the following initiatives were carried out in 2013:

Intervention policies

The discussion and analysis of issues which form the bedrock of the Safety Management System takes place monthly at the Safety Boards and Safety Committees of Linate and Malpensa, ensuring a complete and extensive handling of the operational security issues. The active involvement of all airport operators, airlines, institutional bodies and parties involved in the various activities at the two airports – which were stepped up further in 2013 – ensures wide ranging discussion and constructive debate on the major issues. The following activities of specific issue groups continued:

- Local Runway Safety Team;

- organisation, at Linate airport, of the first “Safety Culture: Knowledge and action for a total safety airport” workshop. The event, organised by ENAC Milan Airport Management and communicated also by ENAV, dealt with, through various interventions by sector specialists, apron circulation, right of way violations and the FOD;

- extensive involvement at national level in the following conferences:

- “Safety surveys” held by ANSV, where the survey methods adopted for accidents and major problems were presented;
- “Bird strike”, organised by ENAC Rome, in which legal, economic, operational and insurance issues were explored;

- “eE-MOR Reporting” organised by the Safety office of ENAC Rome, in order to redefine and communicate the reporting policies for these type of events.

ENAC drew up and approved specific Risk Assessments and, in order to ensure the further improvement of the safety conditions at the airport, carried out horizontal signing actions. In addition, a “Safety Information Bulletin” was drawn up and distributed, communicated to ENAC and ENAV and the main airlines operating at the airport.

Linate airport, in addition to Malpensa, concluded the authorisation process concerning “refuelling with passengers on board or boarding/disembarking” operations and the relative procedure was published in the specific Airport Manuals and in the respective Airport Rules.

Safety Management Land side

The Safety Management System at an airport is related also to the management of flora and fauna and concerns the following issues:

- safety aspects;
- management of the obstacle maps;
- mitigation actions;
- landscape aspects;
- attention to biodiversity.

Every airport, as a true and proper ecosystem (although semi-natural), is a unique entity and is therefore treated as such. SEA has developed within its airports a policy for the reduction/control of “wildlife strike “risk/management of green areas” which concerns:

- periodic inventory of the fauna and internal conditions;
- control of the height of grass, hedges and plants;
- wildlife control (rabbits, hares etc.);
- actions in the surrounding areas to reduce attractivity.

In order to make the airport less attractive to birds, specific environmental research was initiated at Linate and Malpensa airports.

This study produced a series of recommendations or guidelines for the reduction of wildlife strike risk, relating to the environmental aspects of the airport, with particular regard to the management of green areas.

The first natural study commissioned was completed in 2002 by the Department of Animal Biology at the University of Pavia; subsequently, Bird Control Italy and the Department of Biology at the University of Pisa carried out the research studies and since 2011 annual updates have been carried out by Bird Control Italy of the results attained, in order to improve ornithological knowledge in relation to the airport environment.

The recent studies were carried out in application of

that drawn up by ENAC, considering the following objectives:

- identification of winged animals at the airport;
- identification of meso-mammals at the airport (hares, rabbits, foxes);
- evaluation of the use of habitats;
- monthly updates of the resident populations;
- preferred hours of the presence;
- concentration zones in the airport;
- description of daily movements;
- localisation of any sources of attraction for winged animals at the airport;
- evaluation of potential risks to winged animals for air navigation (risk assessment);
- environmental contextualisation of the airport.

An annual updating of this research is scheduled, which in addition to evaluating bird strike risks due to the presence of winged animals and mammals at the airport and the internal environmental attractions, analyses any external attractions in the immediate vicinity of the airport.

Wildlife Strike: prevention and monitoring

The prevention and monitoring actions of wildlife strikes are governed by the “birds and wild animal’s impact risk reduction plan” and the relative operating procedure, both included in the Airport Manuals (separate for Linate and Malpensa) and prepared by SEA as the airport manager, in compliance with circular ENAC APT 16/2004 and certified by the agency. They are also periodically audited by the authority and by internal personnel.

The aspects related to the specific issue of bird strikes are covered in Circular ENAC APT-01B “Directive on procedures to be adopted for the prevention of impact risks from winged animals at airports”, in line with the ICAO Annex 14 provisions. Both the Plan and the Operating Procedure comply with the guidelines with the circular, guaranteeing ongoing monitoring and repelling of birds and fauna from the airports.

Particular attention is given to the manoeuvre area, with the use of modern equipment acquired on the international market. In support of this activity, SEA utilises the company BCI (Bird Control Italy, the sector leader in the prevention of bird strikes and which carries out operations at the majority of Italian airports).

All actions carried out are documented with the bird strike monitoring form and the bird strike reporting form, which inform a database managed through the “Bird Strike Management System” software programme. The preventative measures adopted concern the monitoring and the ongoing removal during daylight by biologists and bird experts within the Bird Control Unit. The unit continually inspects the airport on board a vehicle equipped with vehicular and portable repelling systems. Also, at both airports a fixed removal system called “Space Control” is in

place, in addition to a series of noise deterrent devices. Also through two specific agreements drawn up respectively with the Province of Milan and the Province of Varese, SEA places particular attention on the green areas in order to manage the complex flora-fauna eco-system and to ensure, in order to maintain the best safety conditions for operations, that particular attractions for winged animals and fauna are not in place at the airports.

Compared to 2012, the bird strike events at Linate reduced (from 93 to 66), while at Malpensa the number of events remained more or less unchanged (50 compared to 48 in the previous year), as may be seen by the annual rate per 10,000 movements (3.0 for Malpensa and 5.8 for Linate) and by the risk indicator (BRI2) in the table. SEA continues to control

and manage the issue, with the systematic implementation of prevention and mitigation actions, such as for example the increased use of anti-winged animal repellent devices with remote controlled gas propane guns, appropriately developed; the use of products advised by the local farming consortiums and employed in agriculture after the mowing of grass, which can control the population of invertebrates which are attractive for many birds and mammals; a containment campaign of water voles and earthworms. At Malpensa, the differing surrounding natural environment, the behaviour of dangerous species (pigeons, crows and kestrels), together with the proper management of green areas, enables the containment of interference from fauna to air traffic.

Wildlife striking risk indicator (BRI2)

	Linate			Malpensa		
	2011	2012	2013	2011	2012	2013
Wildlife Strike *	0.12	0.31	0.28	0.45	0.19	0.17

* Risk indicator BRI2 calculated according to the new Circular APT-01B ENAC.

Source: SEA

Safety Management System Indicators

In order to monitor the efficacy of the airport Safety Management system, SEA utilises a number of quantitative elements both at Linate and Malpensa. The Safety Management System is controlled and certified by ENAC and the ENAC supervision team

also verified its substantial correctness. The indicators of the principal events encountered at the SEA Group airports do not highlight particular problem area in terms of the maintenance of adequate levels of aeronautic safety. The percentages of the three major indicators for the GSR (Ground Safety Report) received are reported below.

Malpensa	2011	2012	2013
Aircraft damage	8.5	4.9	4.2
FOD	11.3	5.6	4.8
Right of way violation	6.6	8.0	8.4

Linate	2011	2012	2013
Aircraft damage	7.9	6.5	2.5
FOD	4.2	3.9	3.5
Right of way violation	6.3	6.2	4.3

Note: Compared to the previous report, the data is provided in percentage form.

Sustainability of Socio-Economic Relations

Human Resources

In 2013, continuing on from previous years, an increased complexity emerged due to the continued economic crisis within the air transport market, which resulted in an increasing focus on the issues of efficiency and cost containment.

In relation to the workforce and the cost of labour, also in 2013 the Extraordinary Temporary Lay-Off Scheme and mobility procedures were utilised in order to optimise efficiency. Projects and actions focused on other operating costs of the organisational structures accompanied these actions.

During the year, within a particularly complex scenario, the European Commission passed its decision in relation to presumed State aid in favour of the Subsidiary SEA Handling. This decision made the development of handling services and the related employment of personnel a particularly complex issue. It had a consequent significant influence on operating and industrial relations issues.

Although operating in such an uncertain and complex environment, the principal Human Resource processes (training, development and management) were implemented in order to guarantee continuity and to incentivise the appreciation of all contributions and skills present for the reaching of the company's objectives and operational excellence. In particular, attention continues to be focused on the issues of skill development and internal communication in version 2.0.

In 2014, the Human Resource department will be extensively involved in, in addition to the usual activities concerning the profitability and efficiency objectives, also the implementation of processes drawn up for the discontinuation of the Subsidiary SEA Handling and the start-up of the new company Airport Handling.

Employee breakdown

At December 31, 2013, SEA Group employees numbered 4,986, decreasing by 68 on the end of 2012 (-1.3%). The overall Headcount Equivalent¹ in the period January-December 2013 compared to the full year 2012 reduced by 105 from 4,854 to 4,749 (-2.2%). The personnel reduction has gradually realigned the workforce with the air traffic performance, through the use of mobility schemes.

Departures (voluntary and following the mobility procedures) numbered 108 for SEA and 57 for SEA Handling. The vast majority of departures concerned white-collar and blue-collar workers.

Females represented 31% of the Headcount at December 31, concentrated primarily in the white-collar category (distributed as follows: 7% executives and managers, 88% white-collar, 5% blue-collar).

SEA Group workforce at December 31 (No.)²

	2011	2012	2013
Executives and managers	346	346	355
White-collar	2,880	2,902	2,854
Blue-collar	1,864	1,806	1,777
Total	5,090	5,054	4,986

Source: SEA

1. The Headcount Equivalent (HDE) is the monthly average of all administrative personnel, re-proportioned according to category (full-time or part-time) and monthly hiring/departures movements.

2. The current and subsequent tables report the workforce data expressed as the Headcount (the total number of personnel at period-end).

Departing SEA Group employees by gender, age and workplace location (No.)

Age bracket at departure date	2011				2012				2013			
	Linate		Malpensa		Linate		Malpensa		Linate		Malpensa	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
<30		4	1	7	1	4	1	1	1	1		1
30-50	5	5	7	18	6	8	8	21	4	13	10	21
>50	16	32	2	27	4	21	3	36	4	56	9	45
Total	21	41	10	52	11	33	12	58	9	70	19	67
Total per year	124				114				165			
Distribution %	2.5%				2.3%				3.3%			

Note: does not include inter-company transfers and fixed contracts.

Source: SEA

SEA Group workforce development by company at December 31 (No.)

Company	2011		Total 2011	2012		Total 2012	2013			Total 2013
	Linate	Malpensa		Linate	Malpensa		Linate	Malpensa	Other offices*	
SEA	1,117	1,644	2,761	1,124	1,617	2,741	1,098	1,551		2,649
SEA Handling	587	1,716	2,303	583	1,703	2,286	562	1,659		2,221
SEA Energia	8	18	26	8	19	27	8	20		28
ATA Trasporti							49			49
ATA Servizi							22		17	39
Total	1,712	3,378	5,090	1,715	3,339	5,054	1,739	3,230	17	4,986

* Personnel at Rome Ciampino, Verona and Catania airports.

Source: SEA

By contract type, at December 31, 2013 a small number of fixed-term contracts (0.28% of total employees) were evident, while during the summer season, with higher volumes of passenger traffic, this component rises to approx. 2%.

SEA Group workforce development by age and type of contract at December 31 (No.)

Type of contract	2011			Total 2011	2012			Total 2012	2013			Totale 2013
	<30	30-50	>50		<30	30-50	>50		<30	30-50	>50	
Fixed term contracts	13	47	9	69	11	5	2	18	6	6	2	14
Indefinite duration	72	4,146	803	5,021	62	3,980	994	5,036	70	3,891	1,011	4,972
TOTAL	85	4,193	812	5,090	73	3,985	996	5,054	76	3,897	1,013	4,986
Distribution %	1.7%	82.4%	16.0%	100%	1.4%	78.9%	19.7%	100%	1.5%	78.2%	20.3%	100%

Source: SEA

The geographic origin of Group employees has not changed significantly on the previous year, confirming that over 90% of employees reside in Lombardy and approx. 82% reside in the provinces of Milan and Varese. In terms of citizenship, 98% are Italian with remaining 2% from various countries across the world.

SEA Group workforce development by geographic origin at December 31 (%)

Area of residence	2011	2012	2013
Other Italian	1.5	1.4	1.8
Piedmont	6.9	7.1	6.9
Other Lombardy	3.6	3.6	3.6
Lodi	2.0	2.0	2.0
Milan	39.7	39.6	39.6
Monza & Brianza	3.5	3.5	3.7
Varese	42.8	42.8	42.3
Total	100	100	100

Source: SEA

Diversity and equal opportunities

Females within the SEA Group are particularly concentrated in the white-collar category, with a

significant presence in the front-end areas (passenger check-in and boarding, Club SEA welcoming) and at December 31, 2013 represented 31% of the workforce.

SEA Group workforce development by gender and professional category at December 31 (No.)

Professional category	2011		Total 2011	2012		Total 2012	2013		Total 2013
	Women	Men		Women	Men		Women	Men	
Executives – Managers	106	240	346	106	240	346	113	242	355
White-collar	1,341	1,539	2,880	1,363	1,539	2,902	1,356	1,498	2,854
Blue-collar	78	1,786	1,864	79	1,727	1,806	77	1,700	1,777
TOTAL	1,525	3,565	5,090	1,548	3,506	5,054	1,546	3,440	4,986
Distribution %	30.0%	70.0%	100%	30.6%	69.4%	100%	31.0%	69.0%	100%

Source: SEA

The higher presence of men in the blue-collar category is however a result of the specific regulation

on the manual movement of loads, which due to differing load lifting limits favours males over females.

SEA Group workforce development by age, gender and professional category at December 31 (No.)

Professional category	Age bracket Women			Total Women	Age bracket Men			Total Men	Total
	<30	30-50	>50		<30	30-50	>50		
2011									
Executives – managers	-	78	28	106	1	125	114	240	346
White-collar	38	1,179	124	1,341	24	1,218	297	1,539	2,880
Blue-collar	-	70	8	78	22	1,525	239	1,786	1,864
TOTAL	38	1,327	160	1,525	47	2,868	650	3,565	5,090
Distribution %	0.7%	26.1%	3.1%	30.0%	0.9%	56.3%	12.8%	70.0%	100%
2012									
Executives – managers	-	72	34	106	-	114	126	240	346
White-collar	36	1,160	167	1,363	20	1,159	360	1,539	2,902
Blue-collar	-	66	13	79	17	1,414	296	1,727	1,806
TOTAL	36	1,298	214	1,548	37	2,687	782	3,506	5,054
Distribution %	0.7%	25.7%	4.2%	30.6%	0.7%	53.2%	15.5%	69.4%	100%
2013									
Executives – managers	-	70	43	113	-	112	130	242	355
White-collar	38	1,137	181	1,356	20	1,128	350	1,498	2,854
Blue-collar	-	66	11	77	18	1,384	298	1,700	1,777
TOTAL	38	1,273	235	1,546	38	2,624	778	3,440	4,986
Distribution %	0.8%	25.5%	4.7%	31.0%	0.8%	52.6%	15.6%	69.0%	100%

Source: SEA

Pay gap by gender

The average income of men and women differed particularly in relation to overall income (annual income): this figure stems particularly from the recognition of various indemnities relating to shifts in more inconvenient parts of the day or the week. For the white-collar category, the differential is due

to increased average contractual commitments among females in the category.

The highest differential between men and women is within the executives-managers category, due to the reduced number of females in more senior management positions.

Female/male salary and remuneration ratio by category

Professional category	GAS ¹		Income ²	
	2012	2013	2012	2013
Executives – managers	82%	83%	78%	77%
White-collar	103%	103%	95%	96%
Blue-collar	92%	92%	85%	90%
TOTAL	106%	106%	99%	99%

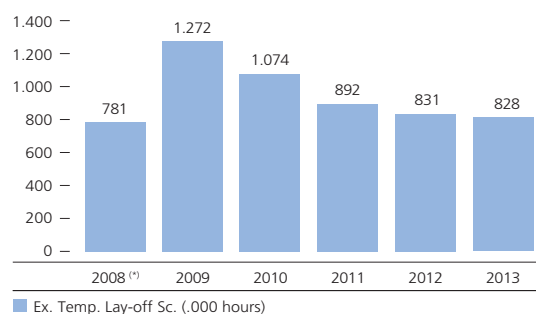
1. Ratio between average annual gross salary of women and men.
2. Ratio between average annual income of women and men.

Source: SEA

Recourse to social security schemes

During the period the Extraordinary Temporary Lay-Off Scheme was utilised by SEA and SEA Handling. This instrument was used by office and airport staff departments in a targeted manner: The Extraordinary Temporary Lay-Off Scheme was operated based on traffic developments. In 2013, Extraordinary Temporary Lay-Off Scheme hours totalled approx. 828,000, in line with 2012.

Recourse to the Extraordinary Temporary Lay-Off Scheme



* April-December 2008.

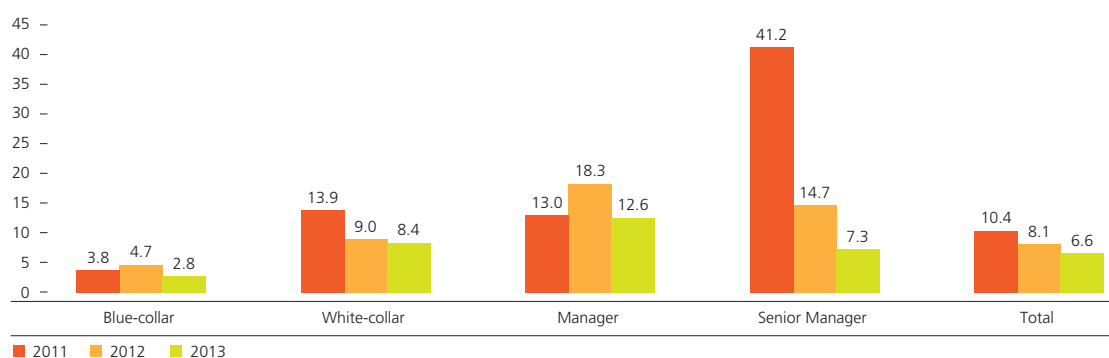
Source: SEA

Training

The findings of the professional skill evaluations have enabled, through a close needs analysis, the definition and planning of training initiatives. For mandatory training, reference was made to the specific applicable regulations.

In 2013, over 77,000 hours of training were provided, reducing 14.3% on 2012; the principal reason for the decrease concerns the significant investment in 2012 in Workplace Safety training programmes, involving all Group personnel.

Average annual number of training hours by professional category



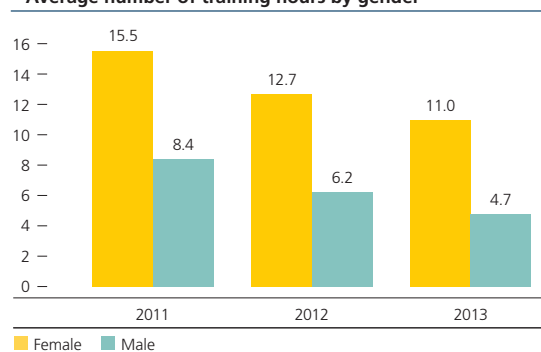
Note: the data does not include the mandatory training hours and refers to SEA and SEA Handling.

Source: SEA

Non-mandatory training concerned 41.5% of total training hours in 2013; there was a general reduction (-17.2%) of the number of hours provided compared to 2012, in favour of those dedicated to mandatory training. For 2013, the impact of the Workplace Security actions, carried out in accordance with the State-Regions agreement, related to training obligations for senior managers and managers-in-charge.

In 2013, considering all categories, the average number of training hours net of mandatory hours decreased (-18.5%) compared to 2012.

Average number of training hours by gender



Note: the data does not include the mandatory training hours and refers to SEA and SEA Handling.

Source: SEA

Mandatory training

The principal projects concerned the Safety and Airport Safety areas, extensively involving the company employees, as follows:

- “SEA Workplace Safety – Managers-in-charge” in line with the indications of the T.U. 81/2008 and the State-Regions Agreement of December 2011, the course, concerning updated content of a duration of 8 hours, involving employees identified as Managers-in-charge, with an extensive calendar of activities carried out at the 2 training centres of Linate and Malpensa. Approx. 900 individuals availed of the content of the course for managers-in-charge, also through distance training modules.
- “High Risk Fire Protection Course and Updating” – concerning the training activities expressly required in accordance with the guidelines and that set out by Ministerial Decree of 10/03/1998 and subsequent specifications.

Course participants – planned between February and November – numbered approx. 400, including Security personnel, maintenance co-ordination personnel and of SEA Handling apron activities.

The theoretical courses were held at Linate and Malpensa, while the practical parts and the certification exams were held by the Fire Services at the fire prevention training field at Malpensa, for the third year, with over 3,100 training hours.

The training centres were involved, in addition, in the provision of airport safety training courses for the issue of the Airport License for electric or motor-based vehicle driving within the airport, and for security, in courses related to the National Safety programme necessary for the airport membership pass for Group personnel and airport operators.

Professional development

The development initiatives introduced in 2013 had the dual objective of assisting the professional development of the best contributing human resources, while contemporaneously providing the Company with an improved means to prepare individuals to achieve the forecast results.

In this regard, in 2013 the guidelines and the Performance Management project methods were drawn up, dedicated to executives which, experimentally from 2014, will enable the evaluation of performance through the assignment of specific objectives for each company role. The evaluation of the performance objectives is a further element to complete the system for the management and development of executives which will enable the measurement and communication of the alignment of performance with the expected contribution, addressing the performance and the organisational conduct, developing the role and the managerial capacity of departmental heads, clearly highlighting the individual contribution to company objectives and establishing a monitoring culture. In 2013, a number of departments participated in the pilot project for the definition of the evaluation parameters and, thanks to the contribution of the individuals involved – both evaluating and those evaluated – the performance evaluation system instruments may be constructed.

The implementation and completion of the Professional System also continued with the definition of new duties to be allocated to new company employees and the updating of skills for improved professionalism as organisational roles develop.

In continuity with previous years, in 2013 the Development Centre programme continued, dedicated to newly hired or newly appointed executives. The Development has a goal to observe managerial capacities and to highlight the strengths and weaknesses of each participant, so as to draw up a self-development and professional growth plan.

In 2013, a new development action was implemented, the Project Work, dedicated to middle management in order to contribute to the analysis and the drawing up of useful proposals in terms of strategic value projects for the company. Those invited to participate (2 groups of 12) were identified on the basis of the findings of the evaluation processes (performance, skills and potential and priority of managerial development).

The groups, which acted as internal consultants for a number of company departments (customer service),

tackled the issues of processes organisation, business development and cost efficiencies.

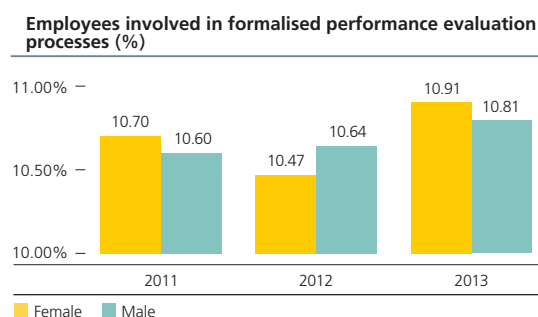
The meetings calendar set aside three days for the management of the project and three workshops focused on practical training in relation to negotiation, pro-activity and a result focussed approach and “risk management”.

For the duration of the project, a dedicated section on the SElinSEA website was operational, accessible only to group members and tutors, for the exchange of communications and the hosting of work materials to be shared. Overall, 150 documents and 260 posts were published on the portal.

The feasibility study and the outcome of the group’s work were presented at a meeting with company senior management, which endorsed the proposals. On conclusion of the training course, all participants, through an individual interview with the project tutor, attained feedback on their areas of strength and those for improvement, to understand and undertake development and professional growth actions.

Performance and career development evaluations by gender

The percentage of employees by gender who have received regular performance evaluations is in line with the previous year regarding Executives and Senior Managers.



Source: SEA

SEA Group Trade Union membership

		Number of trade union memberships	Trade Union memberships	% trade union membership
31/12/2011	SEA Group	13	CGIL; CISAL; CISL; COBAS COORD.P. VARESE; CUB-TRASPORTI; F.L.A.T.-C.I.S.A.S.; FLAI; SEL; SIN.PA; SLAI COBAS; U.G.L.; UIL; USB	65.8%
31/12/2012	SEA Group	13	CGIL; CISAL; CISL; COBAS COORD.P. VARESE; CUB-TRASPORTI; F.L.A.T.-C.I.S.A.S.; FLAI; SEL; SIN.PA; SLAI COBAS; U.G.L.; UIL; USB	63.0%
31/12/2013	SEA Group	14	CGIL; CISAL; CISL; COBAS COORD.P. VARESE; CUB-TRASPORTI; F.L.A.T.-C.I.S.A.S.; FLAI; SEL; SIN.PA; SLAI COBAS; U.G.L.; UIL; USB; ADL	61.7%

Principal agreements in 2013 with the Trade Union Organisations

Trade Union activity, focussed on improving the efficiency of work processes and the containment of

Industrial relations

Industrial relations in the three-year period were developed in line with the preceding period. They necessarily focused on the identification and sharing with the Trade Unions of actions to be taken on the company structure and by the institutions, with impacts on the cost of labour, in order to bring to a conclusion the recovery of SEA Handling and to align the economic performances of SEA with those of its major competitors.

The continued impacts from the de-hubbing and the beginning of the global economic crisis challenged the various company departments to identify increasingly incisive actions to contain costs and industrial relations kept this priority central to their agenda.

2013 however was a time of discontinuity, based on the decision undertaken by the European Commission which qualified as incompatible state aid with the internal market the capitalisations carried out by SEA of SEA Handling in the 2002-2010 period and which brought to the fore the issue of the continuity of SEA Handling, impacted by the obligation to repay SEA Euro 360 million, plus interest. This new issue brought to the trade union table the need to identify and agree a path to guarantee the greatest protection possible of Group activities.

The rate of Trade Union membership within the Group remains substantially stable, with a slight reduction due to the departure of “retiring” workers provided with pensions through the mobility procedure; statistically, employees with less years of service have a higher trade union membership.

costs in line with the previous period, focused on the management of the SEA Handling question, related to the previously stated decision of the European Commission.

The trade union agreements in 2013 in fact incorporated this second issue:

- November 4: the signing of a “Project Agreement” to create the conditions necessary to protect the handling activities within the Group, based on the consent required from the European Commission. The overall agreement comprises two lateral agreements in which the parties commit to establish the content of the Project in detailed agreement with SEA and SEA Handling, thereafter signed and summarised below;
- November 27: the signing between SEA and the Trade Union Organisations of an agreement, in application of the above-stated lateral agreement, which applies the defensive solidarity contracts and the discharge of vacation days matured in SEA;
- December 11: agreement between SEA Handling and the Trade Union Organisations concerning usage of the Crisis Extraordinary Temporary Lay-Off Scheme – discontinuation of SEA Handling activities. This agreement was thereafter ratified on December 19 at the relevant ARIFL offices by the parties.

In relation to the Agreement of November 4, 2013, two further agreements as per Law 223/1991 (collective dismissal) have yet to be signed, respectively for SEA and SEA Handling.

In 2013 no specific trade union agreements concerning workplace health and safety were signed.

Agreements signed with the Trade Union Organisations (No.)						
	2008	2009	2010	2011	2012	2013
Number of agreements signed with the Trade Unions	20	15	13	24	14	8

Source: SEA

In relation to the minimum notice period for operational amendments, the time necessary for the adoption of such may significantly vary, according to the issue for which the amendment is necessary and the availability of the Trade Union Organisations – in line with that established by the regulation in force at the time – or where no regulation is in force (and therefore a trade union agreement or where sufficient a communication campaign is applied). In the first case, the average quantifiable notice time is one month and in the second case two weeks.

In relation to the change of shifts, company practices (in line with the Confindustria interpretation of Article 3 point three, first paragraph of the Inter-confederal Agreement of April 18, 1996 between Confindustria, Intersind, Asap and Cgil, Cisl, Uil and Cisl and Cisl and Confail), SEA provides 15 days of notice between communication to the Trade Unions and implementation.

The amendments for which (e.g. collective dismissals, lay-off schemes) the law establishes specific procedures were excluded from the cases already

reported and therefore the number of days of the duration of the procedure and the frequency of the various stages scheduled.

Employment and Internal Communication

1+1=3: The value of diversity

In order to educate upon the issue of the promotion of gender diversity, at year-end the 1+1=3 initiative was launched: the value of diversity. The title stems that the idea that the genders working together can generate a greater result than the simple adding of the individual contributions. Also in difficult and complex times such as the present, in which all energies must be maximally focused, it is useful to know which obstacles and self-limitations, both at organisational level and among individual personnel, impede the individual, and in particular women, from emerging and fully affirming themselves, contributing to the creation of added value on the basis of diversity.

Specifically, the project proposes to:

- identify worthwhile actions to encourage the expression of all abilities and potential within the company;
- encourage the establishment of a culture and a language respectful of gender differences;
- educate management on the development of diversity within the company;
- establish an inclusive leadership style;
- understand and remove all obstacles to the promotion of individual contributions, in particular those of women, in order to favour their growth in the company.

A dedicated section of the “SElinSEA” platform “has enabled all Group employees to express opinions and points of reflection on the issue of gender diversity, in light of their professional experience.

The 1+1=3 project is structured as follows:

- recording of expectations: interviews with customers and management, quantitative/qualitative analysis of company data, Italian and foreign benchmark data, surveys, autobiographical interviews and focus groups;
- socialisation and communication: section of the project on the SElinSEA portal in which a questionnaire may be filled in, in addition to participation in the blog and many surveys on issues such as seniority, leadership styles, the language which develops diversity, workplace conditions and the balance of family and work lives.

In the first quarter of 2014, the analysis phase with the collation of quantitative and qualitative findings concluded. For the coming year, the design and implementation of actions and solutions in support of the greater inclusion of women in company processes is planned, which may be introduced within the training, development and internal communication plan.

The New SEA Group Intranet

Following the analysis and benchmarking carried out in 2012, in 2013 specific functions were drawn up which are useful for the design for the new company intranet, for use by all Group personnel and based on a collaborative platform.

During the year, the main company departments were involved in meetings and needs and requirements analysis, in order to share the introduction and the specific functionalities of the new internal portal.

The principal objectives of the new intranet are:

- to concentrate in a single point of access the principal functionalities and content today present on the current intranet, in the SElinSEA community website, in the e.Point portal and in other remote services;
- to make available and efficient services for persons and improve the efficacy and the thoroughness of communication between the company and individuals, utilising the potential of multi-channel web technologies (pc, tablet, smartphone), reducing the use of paper and the duplication of activities;
- to facilitate access to applications, utilising where possible a Single Sign On;
- to establish specific profiling, which allows access to content based on department, duty and operating features;
- to develop collaboration in the sharing of content, utilising the potential of the platform for the communication within the company of the 2.0 culture, with consequent positive impacts both on individual satisfaction and productivity;
- to progressively eliminate the shared folders currently managed, through a migration to the document galleries of the new platform.

The support activities to Change Management were designed in the year, as was specific training for editors and key users, both linked to the introduction in the company of the new platform: training environments were created with the publication of a pilot site (Team Site) and a project pilot site and the first informational sessions with a number of pilot groups were carried out.

The e.Point portal

During the year, the implementation of flexible and effective internal communication solutions continued, focusing particularly on those useful for employees which, due to the specific nature of the airport business, are based at airports or airport stands, without access to a work station with a pc.

In this sense, the e.Point portal was again a privileged channel: particularly in terms of simplification and computerisation, a number of new functionalities were made available which today offer support for the compiling of forms and the possibility to subscribe to, through online modules, specific company Welfare services.

Employee benefits and company Welfare

The Welfare activities in 2013 saw a review of the content and issue procedures of individual initiatives with the introduction of new means for the selection of suppliers and internal communication. This has enabled an improvement of the quality of the initiatives introduced and the acceleration of the response and communication times of information to individuals, including the evaluation of services received.

In addition, the collaboration with the NoiSea Association, the bi-lateral body created last year to streamline the organisation of Welfare initiatives and to satisfy the needs of SEA Group personnel and their families, has enabled the provision of an offer more in line with the socio-economic situation (with the inclusion, in addition to the income support actions, of family budget support initiatives) and the creation of a synergy which has resulted in the sharing of new proposals, among which a new professional development initiative focused on graduating and graduated young persons, the children of SEA personnel: a day of teaching with the objective to educate young persons on more innovative and effective instruments to seek work in the current market and which saw the involvement of, as speakers, the Human Resource Managers of some of the leading Italian and multi-national companies. Two editions were carried out, involving a total of 15 participants.

The beneficiaries of the SEA Welfare offer utilise the various services within the five themed areas: Work-life balance (Leave for specialist appointments; "Part-time *mamma*"; Flexible hours; Home-work mobility), Health protection and prevention (Supplementary assistance fund; Non-professional accident insurance; Anti-flu shots; Thermal care; Health check-ups), Education (Study grants), Social Services (Pensioner Help Desk; Listening and assistance desk) and Recreational activities (NoiSea Association; Summer centres; Summer camps; Gift vouchers).

In addition, the NoiSea Association, among many initiatives, contributed through various income support actions (distribution of food packages and subscription to important agreements), in order to improve purchasing power.

Access to "SEA per te" (SEA for you) services

In the 2011-2013 three-year period, despite the overall reduction in the workforce, the number of persons benefitting from Welfare initiatives increased.

The following table summarises the access to company welfare services by employees (full-time and part-time) over the last three years.

"SEA per te" – Access to services 2011-2013 (No.)

Initiative	Beneficiaries		
	2011	2012	2013
Study grants	911	925	986
Trips for the elderly	68	81	112
Gift vouchers	2,454	2,472	2,447
Anti-flu injections	448	266	285
Home-work transport	167	308	329
Social services (personal loans)	526	574	515
Summer centres	366	396	384
Thermal care	138	103	108
Health fund (check-up)	600	556	509
Health fund (general)	3,674	2,869	3,994
Accident insurance	14	5	9
Flexible hours (annual average data)	785	795	829
Part-time mother (annual average data)	118	118	108
Medical visits	362	313	321

Source: SEA

Parental leave

SEA Welfare guarantees the right for all mothers to benefit from the reduction of working hours to 5

hours per day until the end of the child's fifth year. This issue and the fixing of shift hours condition the figures concerning voluntary leave, reported below.

Right and usage of voluntary leave in 2013 (No.)

Company		Women	Men
SEA	Right ¹	200	245
	Usage ²	91	128
SEA Handling	Right ¹	273	305
	Usage ²	190	163

1. Voluntary leave may be requested for each child in the first 8 years of life (until the end of their eighth year). Employees with children less than or equal to 8 years of age in the year considered have such a right.

2. All those with such rights who have used at least one day of voluntary leave in the year are considered users.

Source: SEA

The parental leave tables highlight:

- nearly all users return on schedule to work after the birth of their child;
- fathers extensively utilise the option and

increasingly assist mothers in taking care of children;

- only in one percent of cases was the absence followed by a different form of absence.

Return to work after voluntary leave in 2013

Company		Women (No.)	Men (No.)	Women (%)	Men (%)
SEA	Return to work	65	109	71	85
	Absent for other reasons post-leave ¹	14	11	15	9
	Leave still in progress	12	8	13	6
Total		91	128		
SEA Handling	Return to work	133	124	70	76
	Absent for other reasons post-leave ¹	25	16	13	10
	Leave still in progress	32	23	17	14
Total		190	163		

1. Those "absent for other reasons post-leave" are those who are still absent following the period of parental leave for various reasons (child's sickness, the use of vacation days etc.).

Source: SEA

Retention of users of voluntary leave in 2013

Company	Retention	Women (No.)	Men (No.)	Women (%)	Men (%)
SEA	Yes ¹	89	128	98	100
	No	2	-	2	-
SEA Handling	Yes ¹	188	162	99	99
	No	2	1	1	1

1. The retention rate is the percentage of employees who remained with the company following the use of a period of parental leave. This figure was calculated taking into consideration employees who had used at least one day of parental leave and were still in the workforce at year-end.

Source: SEA

Pension plan

The Pension Fund of Società Esercizi Aeroportuali – FONSEA, an individual complementary Pension Fund for employees of the participating companies provides a complementary pension to the obligatory pension, in accordance with Legislative Decree No. 252 of 5/12/2005.

The Pension Fund of Società Esercizi Aeroportuali – FONSEA is enrolled at No. 1126 of the COVIP Register and was set up on April 4, 1990 under the

supplementary agreement of 7/12/1989 between SEA and the regional secretariats of the trade union organisations FILT/CGIL, FIT/CISL and UILT/UIL

All SEA Group personnel previously were registered in the Pension Fund, for whom on January 1, 1996 a new fund was introduced in order to provide a supplementary pension to the mandatory public pension.

Pension Fund figures

Pension Fund	2011	2012	2013
Number of subscribers	4,825	4,828	5,397
Net pension assets (millions)	125	138	151
Fund yield	3.52%	3.59%	3.94%

Source: SEA

The Pension Fund is set up as a non-recognised association and operates on the basis of defined contributions (the size of the pension is based on the contribution made and the relative yields).

Subscription is free and voluntary. Participation in the

supplementary pensions covered by Legislative Decree No. 252 of 5/12/2005 allows subscribers to benefit from a special tax treatment for contributions paid, yields received and benefits gained.

Contributions (workers employed after 28/04/1993 and registered from 01/01/2013)

Post-employment benefit	Contribution	
	Worker	Company
100% of Post-employment benefit matured	1% on the table minimum, plus contingency indemnity, plus 12 month periodic increases. Any additional voluntary contribution is calculated at the % of the gross assessable tax base.	2% on the table minimum, plus contingency indemnity, plus 12 month periodic increases. With transitory validity 01/01/2013-31/12/2015 elevation of the contribution from Nat. lab. Contract of 0.5%.

Company – employee partnership and social initiatives**Company voluntary work for Telethon fundraising**

SEA employees play an active role in the management of relations between the company and social-oriented organisations. In particular, over the last five years, a major partnership has been built up between SEA, its employees and the Onlus Telethon, in order to support

the collection of funds for scientific research into a cure for genetic illnesses by the Telethon.

In 2008 a partnership was established, through which SEA is committed to support in a concrete and ongoing manner, scientific research on genetic illnesses, with the voluntary involvement of SEA employees providing the most welcome contribution. The company annually donates a fixed contribution to the Foundation, but particularly has begun to

inform internal personnel on the collection of funds, both through personal donations and through making themselves available to set up and man information stands within the airport. Additionally, the NoiSea Association has organised at various times during the year initiatives and cultural events in which receipts are given to Telethon.

Five years from its inception, this collaboration is a core element of SEA's corporate citizenship, which has provided pensions for over 100 employees and former employees and has collected approx. Euro 250,000 for the scientific research promoted by telethon.

Since 2012, the funds collected through company donations and from SEA employees have been directed to financing a specific research project and understanding the illness of kidney polycystic, conducted by a researcher in Italy thanks to the "Telethon Dulbecco" project, which operates in the Genetics and Cellular Biology Division of the Scientific Institute of San Raffaele of Milan. Funds collected in 2013 for this specific project totalled Euro 101,000.

Fundraising activities by SEA personnel for the Telethon

	2011	2012	2013
Various initiatives	17,945	16,030	21,145
SEA contribution	60,000 *	30,000	30,000
Payroll-giving	5,754	2,260	1,850
Total	83,699	48,290	52,995

* Includes Euro 30,000 of the NEMO Centre Clinic contribution, opened in 2012.

Source: SEA

The principal issues mentioned above are described below:

- the "T Factor" show organised by the NoiSea Association of Linate, in collaboration with SEA and under the patronage of the municipalities of Peschiera Borromeo and Segrate, with free entry; the show is an opportunity for meeting people and to bring together the airport social and recreational culture and that of the region, with a panel of judges assessing the theatre pieces, providing the opportunity for the winning company to participate in the National Social Theatre Championship;
- Christmas marathon – during December SEA and SEA Handling employee volunteers man the Telethon stands in the departures areas of the Linate and Malpensa airports to distribute, with the making of a donation, Christmas gadgets; money collection points are also located at all catering outlets, at the news-stands, at duty free and in the pharmacies;
- Christmas concerts organised by SEA with contributions from the NoiSea Association, which over the years have ensured increased participation of SEA employees and their families;
- "Presepe sommerso", a show which outlines some of the most interesting aspects of the Christmas folklore of Arona; the subgroup of the NoiSEA

Association through the setting up at the bottom of Maggiore Lake of a nativity scene visible from the shore, contributing to the festive atmosphere and at the same time, also with the support of colleagues, filling the square with stalls, and attracting many people, with a collection point also for the Telethon. In addition, SEA Group employees continued the payroll-giving activity, making donations and authorising deductions from their pay slips.

Participation of the NoiSea Association in the social fabric and conservation of the region

Every year the NoiSea Association, through the sub group, is actively involved in "Clean sea floors", an initiative in which our divers are involved in the recovery of rubbish, non-bulky and bulky, deposited in Maggiore Lake, clearing the lake floor.

In 2013, the Trade Union meeting of the Somma Lombardo district, in co-ordination with the Plan Office, with the involvement and support of SEA and the support of the NoiSea Association, made possible the introduction of the Filo d'Argento Auser service for the surrounding Municipalities to the airport, with the opening of a branch of the Filo d'Argento Auser Association "Volontari con le Ali" at Malpensa 1.

The NoiSea Association, through the activities carried out to benefit the environment and the region, and through the involvement of Group employees and the airport operators, demonstrates year after year the increasing focus on their social and environmental commitment, together with the already considerable amount of activities which SEA carries out in the regions surrounding the Milan airports.

Health & Safety

The corporate policy of the SEA Group in relation to workplace health and safety for its employees and third parties (operators, users and passengers) present in the workplace environment is based on a number of principles:

- compliance with national and EU legislation in terms of workplace health and safety, considering also the technical regulations and international standards;
- carrying out of prevention activities in terms of the management of workplace health and safety, centred on pro-activity and corporate risk prediction, in order to avoid workplace accidents and professional illnesses;
- identification of residual risks within the workplace environment, putting in place the most appropriate measures for their mitigation, also through the ongoing updating of methodologies and IT supports for their evaluation and analysis;
- development of human resources through the improvement of specific skills and training activities, key elements which are a feature of all SEA Group decisions, in order to make workers aware of their responsibilities and the need to operate in compliance with legislation and internal rules;

- information for all those present in the corporate environment (employees, sub-contractors, suppliers, customers) on the proposed organisation to manage safety and emergencies, in addition to present risks and the relative prevention regulations and protection adopted;
- selection of suppliers, considering also workplace health and safety aspects and the promotion of co-ordination activities for the management and resolution of any risk situations with a view to mutual collaboration;
- promotion of the involvement of workers in company workplace health and safety objectives, also through their safety representatives;
- promotion of the integration of the workplace health and safety principles in the management of all corporate activities, including the design and maintenance of buildings and plant;
- promotion of initiatives focused on establishing a workplace health and safety culture and interaction between the corporate structures for collaboration focussed on reaching corporate efficiency also in terms of safety.

The SEA Group's role as an airport manager involves also a particular commitment towards workplace safety, which has benefitted all operators, bodies and handlers, which in various roles are present at the airport.

OHSAS 18001 Certification

In 2013, SEA maintained the certification of its Workplace Health and Safety Management System, issued in 2012 by TÜV Italia – Accredited in line with the BS OHSAS 18001:2007 regulation, as established by Article 30 of Legislative Decree 81/2008 for effective organisational models in line with Legislative Decree 231/2001.

During the year, the Internal Audit Plan was implemented, through an analysis process on 23 company areas. In order to ensure legal compliance and the continual improvement of the certification of its Workplace Health and Safety Management System, for each audited area a follow up activity was planned which involves 6 OHSAS 18001 internal auditors, on a bi-monthly basis to verify the corrective actions/preventative measures identified and their state of advancement.

In April and October 2013 the scheduled surveillance checks by TÜV Italia were also carried out, which involved all operational units for a total of 8 on-site audit days, with a positive result.

The maintenance of the certification according to the BS OHSAS 18001:2007 regulation will allow also SEA this year to reduce the annual INAIL insurance premium.

The participation of employees in safety

The involvement of workers in company health and safety activities principally concerns the institutional channel, on the basis of the relationship with the Worker' Safety Representatives.

In this regard, in addition to the annual safety meeting, involvement takes place upon significant changes to the workplace organisation, spaces, machines and equipment and more in general following requests put forward by the Worker's Safety Representatives or, in certain circumstances, directly by workers.

In accordance with the applicable regulation (Article 47 of Legislative Decree 81/2008 and the Interconfederal Agreement of 22/06/95), the Worker's Safety Representatives of the SEA group companies are elected and operate on the basis of the breakdown in the following table.

Number of Worker Safety Representatives (WSR)			
Company	Linate	Malpensa	Note
SEA	6	6	6 for production units with over 1,000 employees
SEA Handling	3	6	3 for production units with >200 and <1,000 employees
SEA Energia		1	1 representative in companies or production units up to 200 workers

Source: SEA

The other important direct communication channel between the company and workers is the IT desk on the SEA Handling intranet, which enabled the direct reporting to the “Workplace Safety” unit, also in 2013, of approx. one hundred complaints, managed and settled almost in real time.

SEA workplace safety in 2013

Among the wide range of activities carried out in the year we highlight in particular:

- following the publication of the Regional Agreement on Workplace Safety Training, in close collaboration with the Human Resources and Organisation Department, the training plan for SEA and SEA Handling employees was completed, also concerning Departmental Managers and Senior management, in line with the manners contained in the application guidelines to the Agreement;
- the scheduled emergency and evacuation procedures for SEA and SEA Handling were carried out at both company airports; the exercises were successfully carried out both from an operational viewpoint and in terms of the measures introduced to date. In order to continually improve the intervention procedures, the Emergency and Evacuation Plans at the terminals of Linate and Malpensa were also updated;
- in terms of fire protection, training was carried out at Malpensa, with certification by the Fire Service of employees of SEA and SEA Handling for the management of fire emergencies. In addition, specific theoretical-practical updating courses were introduced for personnel certified more than three years previously;
- the internal staff for the Prevention and Protection Service updated the Risk Evaluation Documents through:
 - the updating of the SEA Handling risk evaluation and the relative technical attachments, for both company airports, in line with the standards prepared for the parent company SEA, already OHSAS 18001 certified;
 - the updating of the risk evaluation concerning exposure to chemical agents for all SEA and SEA Handling activities at the Linate and Malpensa airports, according to the recent Guidelines of the Permanent Consultative Commission for Workplace Health and Safety of November 2012, concerning both health and worker safety risks;
 - the evaluation of risks related to the use of specialised equipment with the implementation/review of the consequent safe usage regulations/procedures;
 - the updating of the evaluation of related work stress, through the application of specific guidelines prepared by INAIL, which confirms also for 2013 a “low” level of risk, which again allows for the closure of the evaluation process and the introduction of the periodic monitoring provided for under the guidelines;

- in order to offset the risks related to the use of equipment and machines introduced to support workplace activities, the preventative evaluation and analysis on their acquisition continued, carried out within the internal testing commission which the Prevention and Protection Service participates, both for SEA and SEA Handling;
- the verification of the upgrading and alignments to new technologies (4G-LTE) projects continued of mobile telephone plant at the airports, in order to ensure that the electromagnetic emissions produced comply with the regulatory limits for the protection of employee, operator and passenger health;
- training courses were also carried out for personnel employed in the management of activities carried out in confined environments with potential pollution risk, in accordance with Presidential Decree 177/2011; these employees manage, on certain occasions co-ordinating with the Prevention and Protection Service, also situations where these activities are carried out by third party companies.

Worker exposure to aircraft noise

Since 1985, ahead of the introduction of Legislative Decree No. 277/1991, SEA began a survey on noise and the exposure times of personnel operating at Linate airport, and subsequently drew up the protocols utilised in the survey agreed between the SEA technicians and specialised consultants, officers of the relevant Health Board and representatives of the trade union members.

The individuals potentially exposed to noise risk were identified, in relation to the activities carried out and the workplace environments in which they operate and the methodologies and metrologies of the appropriate surveys were drawn up:

- Noise exposure times – quantification of exposure time in shifts and days with maximum air traffic;
- Equivalent level – recording of the Leq during assistance for the most noisy and frequent aircraft at the airport;
- Base noise – to be recorded with particular methodology.

A dosimeter was also carried out in collaboration with the Health Board on personnel.

At the same time, soundproofing actions and plans on machinery and/or equipment were drawn up, defining the type of ramp equipment to be soundproofed and the relative action criteria; modifications were also made to the scheduled purchase of new equipment, establishing restrictions of 82 dB (A) for the maximum accepted sound emission.

With the entry into force of Legislative Decree 277/1991, SEA assigned to each position a level of noise risk exposure, establishing appropriate health, informational and/or training programmes where necessary, or introducing restoration actions, periodically carrying out new evaluations of the equivalent daily level of noise exposure for personnel

during working hours, through a competent noise technician and utilising regulated instruments and measurement methods in line with the characteristics of the noise to be measured.

SEA, together with the Air Health Office of the Ministry for Health, since 1992, given the potential danger of noise exposure on aircraft aprons, identified an appropriate air protection device for all positions (noise protection headphones) and installed appropriate signage at the entry of each customs desk communicating the ban on persons involved in aircraft assistance operations to remain in the proximity of noise sources without the use of appropriate individual protection devices (IPD).

Exposure of workers to polluting substances (aircraft/apron)

In relation to the exposure of workers to polluting substances dispersed on aprons by aircraft and other equipment utilised for assistance operations, SEA cyclically carries out, also in collaboration with the relevant Regional Health Board, monitoring which targets the interception of substances from fuel combustion. The results of these monitoring have consistently shown air dispersion pollution values lower than the attention thresholds identified by technical regulations; this is due to the rapid dispersion of pollutants, certainly favoured by the wide open spaces of aircraft aprons. In addition, the highest concentrations, although not particularly significant as lower than the threshold values, were recorded at peripheral points of the apron, in which the position of the buildings causes the re-stagnation of air. In confirmation of that outlined above, also a recent survey conducted by ARPA on the Malpensa locality highlighted a substantial absence of critical issues, based on the quality of air deriving from airport operations compared to the conditions in other areas of the province.

Exposure of workers to pandemic contagious diseases

The airport, due to its particular position as a point of entry to the country for foreign citizens, as is the case for sea ports, may be considered also a point of access for micro-organisms from every part of the world and therefore a source of possible infections and epidemics. This aspect impacts the definition of the airport as a working environment, which must be considered furthermore as a social environment; in fact, in this case the possible consequences of widespread infection would not be limited to airport personnel but would impact a much greater extent of persons, creating a more general health problem. Consequently, at the airports Air Health areas are in place in which these programmes may be managed

and preventative medicine may be administered. Therefore, the entire airport population may in theory be subject to possible infection risks, particularly operators who may be in more direct contact with passengers; this however remains theoretical as airport operators in the historic data have not displayed greater mortality rates through infective diseases. Despite this, SEA has always remained very aware of this issue and in every “alert” situation (Sars, H1N1V, Avian flu, Anthrax, etc.), introduced in a timely manner all indications provided by the competent Air Health offices. In these circumstances, SEA closely collaborated and supported the organisation of the measures drawn up by the proposed Bodies and, where necessary, provided protection devices and implemented security procedures for personnel which for any operating reason were more exposed. In any case, SEA has in a timely manner provided precise and exhaustive information to employees (press releases, specific meetings with the RLS, verbal clarifications by departmental heads and managers in charge, etc.), also to ensure that unfounded fears are not spread.

Health surveillance activity

Also in 2013 the health surveillance activity of the SEA Group continued, assigned to six doctors, which concerns preventative and periodic health checks and on the request of workers, in order to verify appropriateness for the role for activities which propose specific health risks (noise, chemical products, cargo movement, video terminals) and its maintenance over time. The health surveillance activities in 2013 involved the following visits:

Health surveillance activities in 2013

Risk Factor	Visits (No.)	
	SEA	SEA Handling
Video terminals	260	125
Chemical products	251	-
Artificial optical radiation	26	-
Noise	77	446
Manual movement of cargo	-	592
Other requested visits	14	62

Note: the health surveillance programme of SEA Energia did not provide for visits in 2013.

Source: SEA

Health checks (1,089) were carried out to ascertain the drug dependence of workers with particular duties which involve a specific risk for third parties, which re-confirmed a general picture well above the national average.

Security of third party workers within the airports

For the management of contractors, the SEA Group, in addition to that provided for under regulation for workers within section IV (temporary or mobile work sites), introduced a specific procedure called “obligations related to contract works”, which defined:

- the parties involved and the relative specific responsibilities;
- the operational procedures which the parties must uphold to ensure the fulfilment of the regulatory safety provisions.

Within the procedure, considering also applicable regulations, the following roles and activities are specified:

- Purchasing department, which oversees the preliminary activities to the awarding of contracts;
- managers responsible for the management of contracts awarded, allocated appropriate

organisational and spending autonomy to ensure workplace safety;

- professionally qualified and adequately trained resources for the operational and documental management of interference risks and the relative counter measures (specific course of 32 hours on the identification, evaluation and management of interference risks).

Accident statistics

The analysis of accidents highlights significant differences between SEA and SEA Handling, due to the different types of activity carried out.

In particular, excluding external travel accidents, the principal causes of accidents at SEA relates to situations not considered particularly significant in the context of professional risks such as, for example, from walking (slipping, stumbling), while for SEA Handling the principal causes of accidents are as follows

Aircraft loading and unloading area

Cause description	No. of accidents	% of tot. area
Injury during the use of equipment (trucks, belts, trolleys, pallets, containers, etc.)	32	32%
Injuries during the manual movement of bags, cargo, mail	23	23%
Injuries during pedestrian movements (mounting/dismounting vehicles, obstacles, slips, falls)	18	18%
Injuries from strikes against aircrafts (various hold strikes, fuselage, projection strikes etc.)	14	14%
Other	13	13%
Total	100	100%

Baggage sorting area

Cause description	No. of accidents	% of tot. area
Injuries during the use of equipment (trucks, trolleys, containers, etc.)	13	46.43%
Injuries during the manual movement of baggage	9	32.14%
Injuries during pedestrian movements (mounting/dismounting vehicles, obstacles, slips, falls)	4	14.28%
Other	2	7.14%
Total	28	100%

Passenger assistance area

Cause description	No. of accidents	% of tot. area
Injuries from strikes against equipment (cabinets, check-in desks etc.)	2	18.18%
Injuries during the manual movement of baggage	0	0%
Injuries during pedestrian movements (obstacles, slips, falls)	5	45.45%
Other	4	36.36%
Total	11	100%

The analysis of the cause of injuries and the breakdown by major area highlights a situation substantially in line with the previous year.

SEA Group accident indicators

		Linate	Malpensa	Men	Women
Overall	2011	6.01	7.58	8.14	4.04
Accident	2012	6.14	7.00	7.72	4.08
Rate	2013	5.52	6.91	7.51	3.67
External transport	2011	1.04	1.22	1.14	1.21
Accident	2012	1.34	1.24	1.17	1.55
Rate	2013	0.80	1.07	0.97	0.99
Professional	2011	0.00	0.29	0.26	0.00
Illnesses	2012	0.16	0.41	0.45	0.00
Rate	2013	0.40	0.43	0.58	0.00
Overall	2011	163.34	186.17	189.15	149.19
Gravity	2012	134.26	145.22	162.65	86.69
Index	2013	166.75	225.48	242.41	109.56
External transport	2011	33.09	55.65	47.79	48.72
Gravity	2012	52.26	36.08	44.13	35.28
Index	2013	33.53	49.51	42.22	48.29

Note: accident statistics concern all events which resulted in at least a half-day absence from work, in addition to the day of the accident. In calculating the days of work lost, the calendar days in which the worker was absent is considered, excluding that on which the accident took place.

The figures relating to professional illnesses relates to cases reported in the year and not to the number of professional illnesses effectively recognised by INAIL for the same period.

The accident data was calculated according to the methods defined by the LA7 indicator of GRI version 3.1.

Source: SEA

The accident indicators, against a drop in the number of accidents compared to the previous year, highlights a certain increase in the gravity index, which in fact reports figures in line with 2011. This increase however is not borne out in the average duration of the first certification of prognosis for each accident, which reduced on 2012.

Professional illnesses

In consideration of the low number of professional illnesses in comparison to the number of employees/parties involved, it may be stated that within the professional activities carried out by the SEA Group, a high incidence or high risk of specific professional illnesses is not present.

Absenteeism

The absenteeism rates highlight a slight reduction for SEA employees at Linate (from 3.40 in 2012 to 3.01 in 2013 for females; from 3.35 in 2012 to 3.19 in 2013 for males), re-establishing values in line with 2011. The same performance, although to a lesser degree, was reported for SEA employees at Malpensa. For SEA Handling however, an increase in the absenteeism rate at both airports was reported, with the only exception of the female population at Linate, which reported a reduction (from 3.68 in 2012 to 3.40 in 2013).

Absenteeism rate* by company, location and gender

Company	2011				2012				2013			
	Linate		Malpensa		Linate		Malpensa		Linate		Malpensa	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Men	
SEA	3.01	3.05	4.02	3.19	3.40	3.35	4.07	3.14	3.01	3.19	4.01	3.13
SEA Handling	2.98	4.09	4.10	4.73	3.68	4.17	3.73	4.45	3.40	5.60	4.44	4.96
SEA Energia	0.00	5.89	0.00	2.21	0.00	3.05	6.61	1.29	0.00	1.78	1.28	1.74

Note: the absences considered concern unplanned absences (for example illness, accident etc.), while planned absences are excluded (for example holidays, maternity etc.).

* The absenteeism rate is calculated as the ratio between the total hours of unplanned absence and the total working hours.

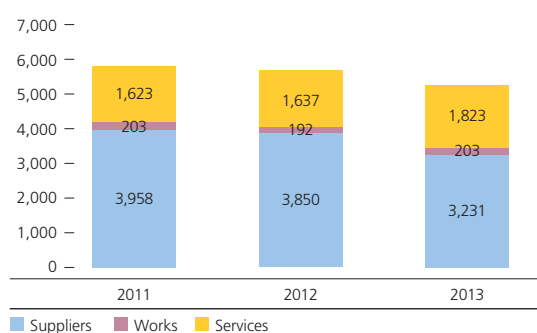
Source: SEA

Suppliers³

Supplier relations policy

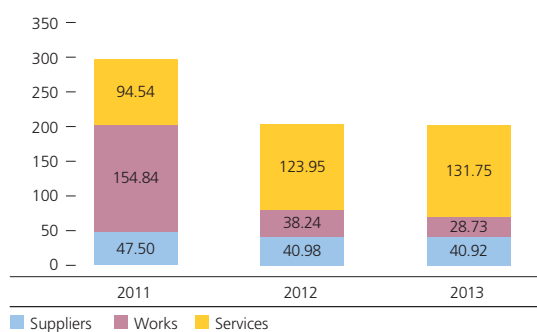
The SEA Group considers its suppliers as an integral part of the sustainability process. Therefore, in choosing its partners, the SEA Group – in addition to considering the qualitative and financial aspects of suppliers and compliance with regulatory obligations (among others the correct payment of contributions to employees) – considers also the sustainability aspects of suppliers.

Number of orders by type



Source: SEA

Value of orders by type (millions of Euro)



Note: The figures refer to that ordered in the period (orders concerning more than one year are not broken down by individual year)

Source: SEA

Therefore, the Suppliers' Register, in place since May 2011 requires specific information and evaluations on the handling of sustainability by its suppliers. In particular in relation to:

The Environment

Any environmental management system certifications of potential suppliers are evaluated (such as UNI EN ISO 14001 or the EMAS registration), in addition to product environmental certification (ECOLABEL, FSC, PEFC, recycled plastic and other certifications), as are the means for internal management of environmental issues such as waste, packaging, the use of materials with recycled content or recyclable, the collection of recyclable materials for recycling, the use of materials with low emissions or low energy consumption and the manner for selecting its suppliers in accordance with environmental characteristics.

Safety

The level of attention and the management of safety profiles through the Workplace Health and Safety Management System (if certified in accordance with Legislative Decree 81/2008, under the UNI-INAIL guidelines or the OHSAS 18001 regulation) is analysed, in addition to the presence or otherwise within the company of a Prevention and Protection Service, the presence of a Safety Officer, who analyses the individual contracts/orders, whether at least once over the last three years the INAIL rate has reduced, the number of accidents reported over the last three years, the introduction of a safety training program and the verification of understanding after each training event.

Corporate Social Responsibility

Suppliers are requested to describe any company initiatives to develop a socially responsible approach to the planning and management of the business, in order to ensure that SEA may form a supply chain which contributes to the achievement of sustainable development. In addition, particular attention is placed on the profile level regarding the organisational model as per Legislative Decree 231/2001, in addition to the adoption of an internal Ethics Code by the supplier.

Classification of suppliers by CSR criteria

With a view to transparency and accessibility, the SEA Group has established electronic registration to the suppliers' register (e-procurement) for a number of sub-contract procedures. In 2013, there were 781 qualified suppliers, broken down by the CSR activity implemented in the respective corporate processes, according to the following sustainability profiles:

- ISO 14001 certification;
- EMAS Certification;

3. In 2013 a new supplier settlement system was adopted. The 2011 and 2012 figures were therefore reclassified based on the new operating criteria. The figures include SEA Energia.

The total number of orders is greater than the breakdown between Linate and Malpensa, as some orders may have positions at both airports.

- Product environmental declaration;
- Workplace Health and Safety Management System;
- Internal prevention and protection service;
- Appointment of Safety Officer for each contract/-order;
- Benefit of INAIL tax reduction in the last three years;
- Organisation Model pursuant to Legislative Decree 231/2001;
- Adoption of an Ethics Code.

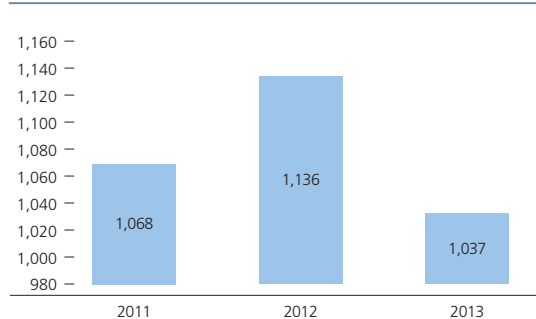
Selection of suppliers

The method for the selection of suppliers awarded contracts is based on the following major categories:

- public tender contracts, awarded following the publication of a tender notice;
- contracts which, based on their value or, as relating to specific services, are considered according to a specific “best offer” procedure;

In relation to the public tenders, the selection of candidates is based on specific criteria, in addition to the economic – financial and technical capacity of the applicant, in compliance with Legislative Decree 163/2006 or sector regulations, in addition to the principles of competition and transparency.

Total number of contractors



Note: Tender winning companies are suppliers which achieved at least one of the requirements in the period (also on pre-existing orders)

Source: SEA

In relation to the “best offer” contracts, the internal procedures provide for the application of at least five Suppliers, among those included in the Suppliers’ Register in compliance with the principle of rotation and considering their characteristics in line with the offer. In addition, for works of an amount greater than Euro 3 million and for certain service categories of an amount greater than the EU average, the procedure requires the publication on the institutional website of a notice requesting a manifestation of interest. In addition, for qualified suppliers within goods

categories relating to certified areas and for suppliers with a significant or strategic commitment towards SEA, an evaluation during execution of the contract is carried out in which an opinion is drawn up by the internal user managing the contract, which analyses the operational, organisational and conduct profile of the supplier within the supply contract execution. A negative result from the verification results in suspension from the Register for the goods category in the case of serious failure to perform.

Once the contract has been signed, the supplier must comply with the various contractual requirements and, in addition to those of a qualitative and performance nature, is required to comply also with the SEA procedure concerning the ecological-environmental criteria and principles for suppliers.

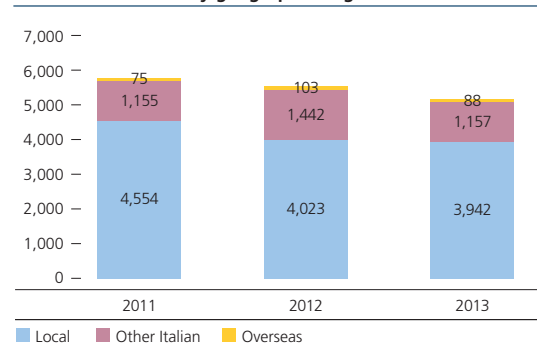
In terms of the protection of employees, the workplace safety laws are strictly enforced, with obligatory reporting of serious infractions and the application of sector labour contracts which provide for, in addition, the application of any supplementary contracts in force at the time or in the relevant locality where work is carried out.

In the contracting phase, compliance with the contributory payments previously declared in the qualifying, awarding and contract signing phases is verified.

Impact of the airports on the local community

In relation to the geographical origin of suppliers, the SEA Group does not utilise specific tools to favour the selection of suppliers from particular areas, both due to the public tender conditions and due to the choice of the Group to prioritise the qualitative, financial or sustainability aspects of the supplier.

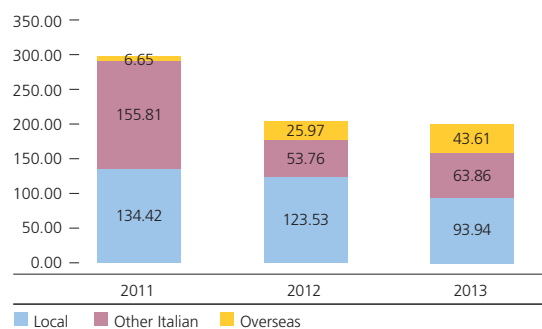
Number of orders by geographic origin



Note: Local concerns suppliers based in the provinces of Lombardy, Novara and Piacenza

Source: SEA

Value of orders by geographic origin (millions of Euro)

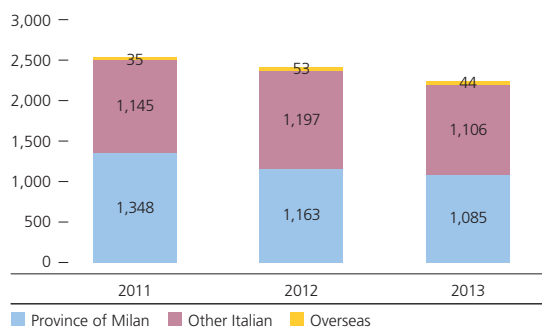


Note: local concerns suppliers based in the provinces of Lombardy, Novara and Piacenza.

Source: SEA

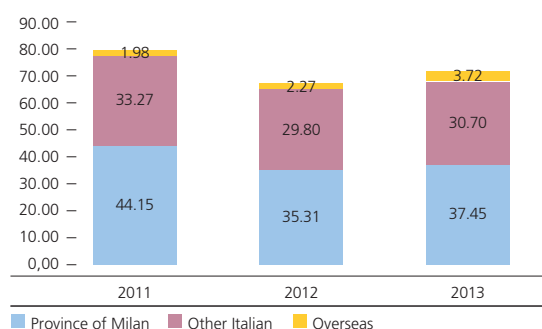
However, the economic impact generated on the areas surrounding SEA Group activities in terms of suppliers of goods and services is particularly significant: in 2013 in fact the number of orders from local suppliers accounted for 76% of the total, while the value of orders from local suppliers accounted for 47% of the total. At Linate airport the number of orders from suppliers based in the province of Milan accounted for 49%, for a value of 55%.

Linate – Number of orders by geographic location



Source: SEA

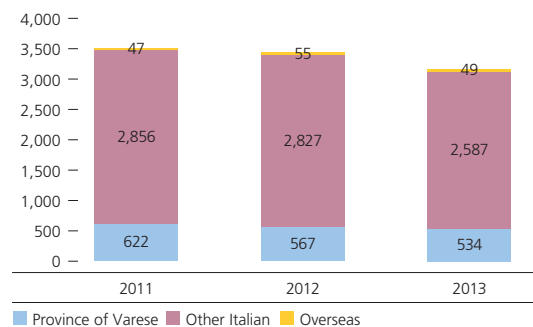
Linate – Value of orders by geographic location (millions of Euro)



Source: SEA

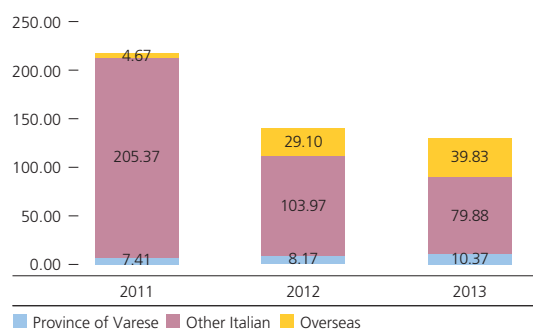
At Malpensa the number of orders from suppliers located in the province of Varese accounted for 17%, with a value of approx. 8%.

Malpensa – Number of orders by geographic location



Source: SEA

Malpensa – Value of orders by geographic location (millions of Euro)



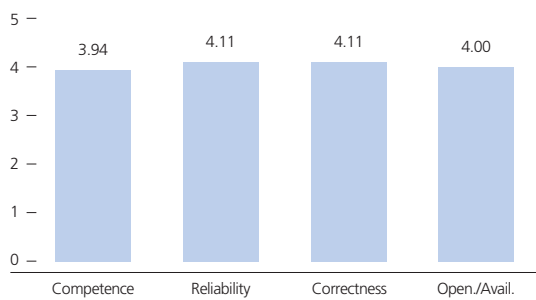
Source: SEA

Suppliers' opinion of SEA

The reputation of SEA and the quality of its relations with supplier stakeholders can be seen in a survey carried out by Doxa, the leading market research institute, in January 2014. From a panel of 150 external stakeholders, 25 suppliers were interviewed.

Quality of the relationship

28% of suppliers interviewed stated on average to having contact with a SEA Manager on 5 occasions during the year. 84% of suppliers consider the relationship with SEA useful or constructive and 84% professed strong or sufficient trust in the company. The opinion expressed in relation to the quality of management is also complementary.

SEA management evaluation (scale 1-5)

Source: Doxa, Survey of SEA Group stakeholders 2014

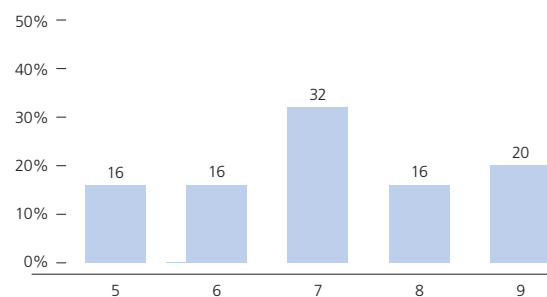
In the opinion of suppliers, the most defining feature of their relationship with SEA concerns the capacity of the company to select suppliers with honesty and transparency and the capacity to manage negotiations with clarity and professionalism. The capacity of the company to select suppliers based on contract management quality and efficiency criteria receives an above average assessment. Reliability and punctuality of payments also received satisfied responses.

Relations with SEA evaluation (scale 1-5)

Source: Doxa, Survey of SEA Group stakeholders 2014

Reputational assessment of SEA

68% of the sample of suppliers interviewed by Doxa generally expressed an opinion of SEA (on a scale of 1 to 10) in the range of 7, 8 and 9. Overall 84% of suppliers involved in the survey expressed an opinion above average. 84% of the sample viewed a change in SEA over the last three years and 57% considered it positive.

On a scale of 1 to 10 how would you evaluate SEA? (% of votes)

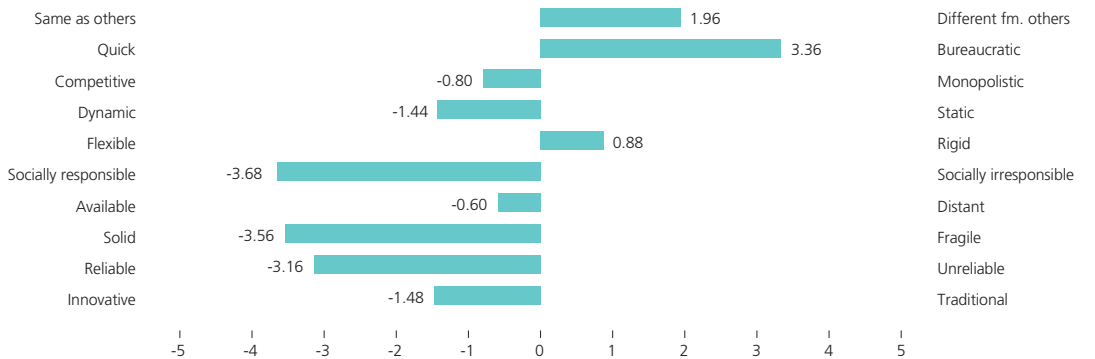
Source: Doxa, Survey of SEA Group stakeholders 2014

The evaluation of the central identity characteristics of SEA

The identity of SEA, as expressed by its suppliers, was particularly based on its socially responsible conduct, solidity and reliability.

Secondly, also expressing strong numbers, the company was considered dynamic and innovative.

Perceived characteristics of the company



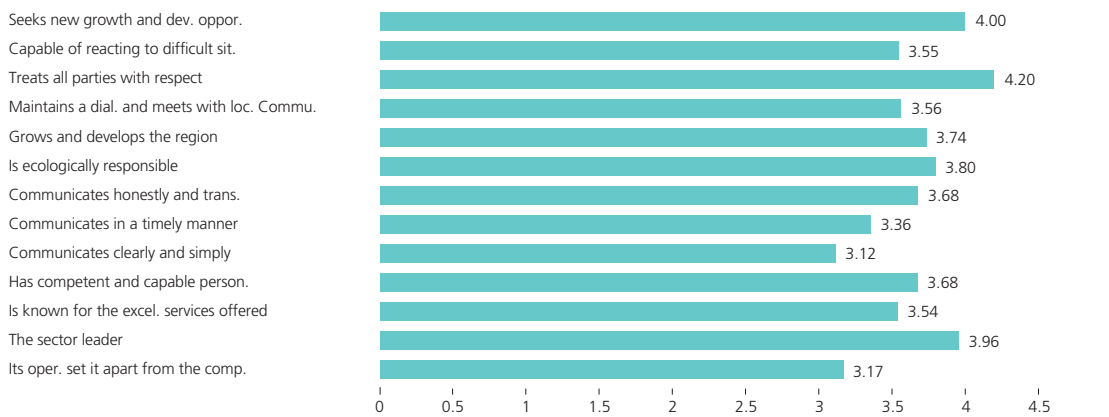
Source: Doxa, Survey of SEA Group stakeholders 2014

Evaluation of the distinguishing features of SEA

The suppliers consider SEA particularly capable of handling all of its partners with respect and with a view to seeking new opportunities for growth and

development. The leadership of the Group in the sector is very much at the forefront of suppliers' minds, as is its role in developing the region and the competence and availability of personnel.

Evaluation of the distinguishing features of SEA (scale 1-5)



Source: Doxa, Survey of SEA Group stakeholders 2014

The weaker aspects were judged as the timeliness and clarity of communication and the distinctiveness of operations.

Passengers

The quality of passenger services

The SEA Group objective is to guarantee continued improvement in the level of services provided to its airport clients, both directly by SEA and by other independent operators within the airports and which impact upon the customer experience.

The certified quality management systems

SEA since 1995 has adopted its own Quality Management System, which has provided a focus for company decisions concerning the review of airport processes/services. In this regard, SEA has trained a group of approx. 25 qualified auditors, taken on to support the Quality department's actions in relation to the internal verification of processes.

This has enabled SEA to gain the following quality certifications:

- **UNI EN ISO 9001:2008**, Quality management system – (Certificate No. 50 100 8107), issued by TÜV Italia;
- **SERVICE CERTIFICATION**, the process concerning airport assistance to passengers with reduced mobility; based on the Technical regulation drawn up in line with Certification UNI CEI EN 45011 – (Certificate TÜV IT 005 MS) , issued by TÜV Italia;
- **D-4001:2008**, accessibility for persons with motor difficulties – (Certificate IA-0510-01), issued by Dasa-Rägister.

Services Charter

The airport Services Charter is an instrument created to establish the service quality level which the airport manager guarantees to passengers.

Through this document, the management of SEA – together with the airlines and companies which provide services to passengers – communicates to passengers the quality objectives under which specific commitments have been undertaken in relation to the level of services offered.

The qualitative and quantitative standards guaranteed by the airport manager are established through the monitoring of a number of specifically identified indicators.

The Services Charter contains also information and advice useful to passengers as a guide for the utilisation of the airport infrastructure and services.

The SEA Charter is distributed also through the information desks present at the airports, or may be downloaded from the website www.seamilano.eu.

Involvement in European level customer satisfaction programmes

In 2013, SEA researched and experimented with a new Customer Satisfaction evaluation system, based on the Customer Satisfaction Index, introduced in the USA at the end of the 1980's and thereafter successfully applied as the ACSI (American Customer Satisfaction Index) for the evaluation of listed companies.

In Europe no airport sector applications exist, but the initial findings of SEA have been comforting in terms of the representation and significance of the dynamics, which link infrastructure, process and service interventions and those concerning the evaluation of the index.

In particular, the comparative analyses with the data drawn up by ACI ASQ (the international benchmark service on the quality of airport services promoted and managed by the global airport association) confirmed the validity of the measurement system. Also on the basis of these results, SEA joined the Airport Advisory Board of ACI ASQ, which works alongside ACI World in the development of these benchmark services.

The airport industry needs to be able to recognise a Service Quality evaluation system whose authority is recognised also by the other sector stakeholders (airlines and regulation bodies).

Currently, only the ACI ASQ presents a base methodology and a sufficient number of airports monitored to achieve this objective. This is significantly in contrast to more commercial and media-based initiatives such as Skytrax, Flightstats and others, which propose international awards based on non-rigorous and unrepresentative online surveys.

Quality of service provided to passengers

The 2013 punctuality figures for both arriving and departing flights were maintained at 2012 levels, however with significant changes in the months of March and June. Adverse atmospheric phenomena and ATC personnel strike in France affected the performance of the European airports in these months of 2013. Approx. 83% of flights departed on time with slightly under 84% of arrivals on time at the airports considered. The performance again highlights a general difficulty in recovering arrival delays, particularly in the second half of the year. The airports which have greatest difficulty in this area were reconfirmed as the mid-sized hubs, which transit 25/40 million passengers per year (such as Munich, Fiumicino and Barcelona).

The service quality performance at the two airports managed by SEA is reported below.

Malpensa

Malpensa, whose punctuality maintains at around 85%, is in line with the average of European airports of similar size (including Vienna, Athens, Zurich and Düsseldorf), while outperforming Rome Fiumicino.

With departing flight punctuality of 85.8% in 2013, Malpensa improved slightly on 85.0% in 2012, particularly in terms of punctuality recovery (+1.8% for both Malpensa 1 and Malpensa 2). Malpensa 1, against arriving punctuality of 83.5%, reported departing punctuality of 85.4%, while Malpensa 2 reported 85.1% arriving punctuality and 87.0% departing.

The baggage delivery times reported were well ahead of that declared in the Services Charter:

- the delivery of the first bag within 27 minutes was achieved for 97.1% of flights to Malpensa 1 and for 95.7% to Malpensa 2;
- the delivery of the last bag within 37 minutes was achieved for 93.7% of flights to Malpensa 1 and for 97.9% to Malpensa 2.

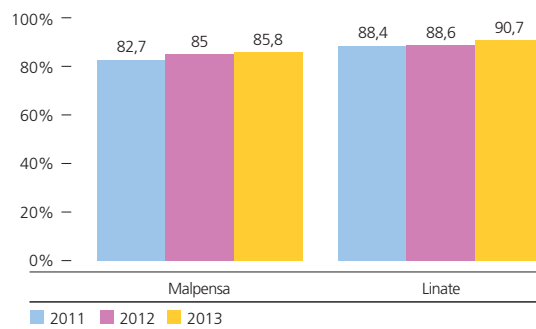
Despite the opening of the new intercontinental routes and the consequent increase in the number of bags per flight, the Malpensa 1 performance slightly improved on the same period of the previous year, while Malpensa 2 reported a small percentage reduction for the first bag due to the fact that in 2013 a more challenging standard was introduced, lowering the baseline value from 27 minutes to 26 minutes. The delivery of the last bag within 37 minutes was however in line with the previous year.

SEA concentrated in particular on complying with the terminal minimums, analysing those flights which

“exceed” the Services Charter parameters. Particular attention was focused on the performances of the individual handlers, impacted both by operating issues related to the very difficult jobs market and the standards established under the “Service Level Agreement” of the airlines served, which in some cases were lowered compared to the standards required by the Services Charter, although without compromising the overall service level.

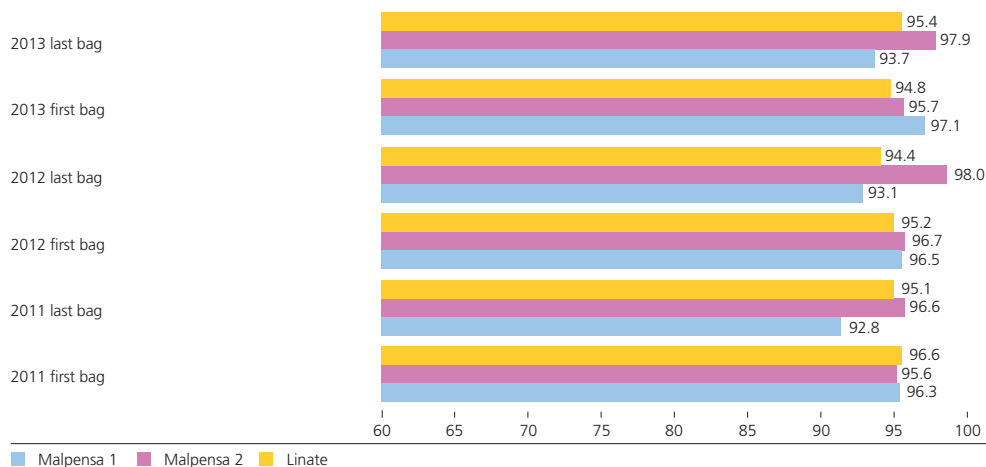
The misdirected bag numbers improved both at Malpensa 1 (from 4.2 misdirected bags per 1,000 departing passengers in 2012 to 3.1 in 2013), and for Malpensa 2, with the number decreasing from 0.6 bags per 1,000 departing passengers in 2012 to 0.5 in 2013. The number of misdirected bags due to the management of baggage allocation plant was in line with the previous year (0.4 bags per 1,000 departing passengers from Malpensa 1 and 0.1 from Malpensa 2).

Departing passenger flight punctuality
(% within 15 minutes from scheduled time)



Source: SEA

Baggage delivery (% within the time limit fixed by the Services Charter)



Source: SEA

Linate

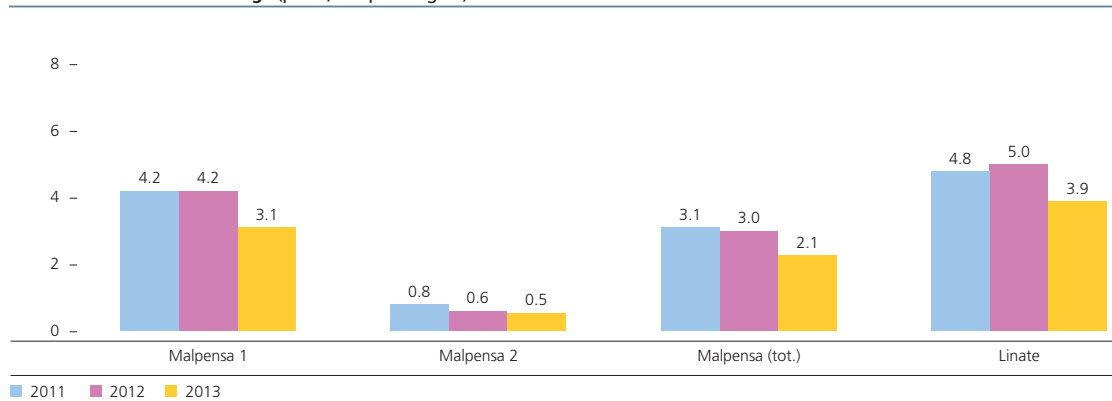
Departing punctuality at Linate in 2013 was 90.7%, improving on 2012 and consolidating its excellent position among European airports, outperforming also Oslo, Stockholm and Munich and positioning itself among the best of the group of airports with traffic in the 5/15 million passengers per year range, which includes Bologna, Budapest, Ciampino, Geneva, London Luton and Warsaw. In the general European context previously described, Linate has shown a capacity to recover arriving delays (+3 points compared to 2012), which is considered more significant in view of the already very high arriving punctuality numbers.

Arriving baggage management is governed at this airport by rather more stringent objectives compared to Malpensa and in line with the most advanced European level targets. This requires significant effort

and a continuous focus on the process to ensure the delivery of the commitments undertaken. The numbers were in line with the previous year; in fact, the delivery of the first bag within 18 minutes was ensured for 94.8% of flights, while the delivery of the last bag within 25 minutes was complied with for 95.4% of flights, despite the different type of traffic and the transfer from Malpensa to Linate of flights with a significant component of connecting traffic from and to intercontinental destinations on the major European hubs.

The number of misdirected bags (3.9 bags per 1,000 departing passengers) improved compared to the previous year (5.0 misdirected bags per 1,000 departing passengers). The number of cases relating to the management of baggage sorting machinery also improved (0.4 bags per 1,000 departing passengers in 2013 compared to 0.5 in the previous year).

Number of misdirected bags (per 1,000 passengers)



Source: SEA

Level of alignment to the Services Charter quality objectives

In 2013 a good level of satisfaction in relation to the Services Charter objectives was achieved.

In the ENAC evaluation system, the absence of negative opinions (SEA operations in the last year, although still a long way from completing the improvement actions, were nearly devoid of opinions of outright dissatisfaction) improved the positive numbers.

Many objectives were therefore achieved. SEA considers this as a satisfactory result, however current commitments must be kept up. The previously mentioned system (CSI), more accurate in measuring

passenger satisfaction, although reporting strong values, is still a significant distance from the ideal point which SEA is targeting to meet the expectations of customers.

The 2013 results concerning the quality of service provided to passengers at Linate and Malpensa airports are reported below.

These results relate to the objectives fixed by the Services Charter of the respective airports on the basis of 4 levels:

- achieving the objective by more than 5% (blue);
- achieving the objectives (green);
- result lower than the objective by 5% (yellow);
- result lower than the objective by more than 5% (red).

Travel safety and personal security indicators

Quality factor	Indicator	Measurement unit	2013 Objective			2013 Result		
			T1	T2	Linate	T1	T2	Linate
Travel safety	Level of satisfaction of the baggage control service in terms of safety	% of satisfied passengers	93	93	90			
Personal and belongings safety	Perception of the personal and belongings safety level at the airport	% of satisfied passengers	94	94	94			
Airports in numbers						T1	T2	Linate
Safety control equipment						52	18	26
Internal security service						24h	24h	24h

Reaching of the objective

Source: SEA, CFI Group

The perception expressed by passengers concerning their personal safety level and the hand baggage control service is overall very strong both at Malpensa and Linate. At this latter airport, in addition to the availability of a “fast track” lane dedicated to VIP customers and “facilitators” (personnel who provide

passenger support at the security lanes), a dedicated lane is available for passengers on the Milan-Rome route. The manager constantly focuses on reducing line waiting times, without sacrificing the accuracy of controls. Monitoring is constant, in order to identify and choose any corrective actions.

Service indicators

Quality factor	Indicator	Measurement unit	2013 Objective			2013 Result			
			T1	T2	Linate	T1	T2	Linate	
Service regularity	Flight delays due to the airport manager	% number of delays/Total departing passenger flights	0.6	0.6	0.5				
	Total delays	% number of delays/Total departing passenger flights	22	22	15				
	Recovery of delayed arrival flight transit times	% of recoveries on the scheduled transit time	1	1	1				
	Overall misdirected bags	Number of misdirected bags/1,000 departing passengers	4.5	1	3.5				
	Baggage delivery times	Delivery times of the 1 st and last bag in 90% of cases		27'	26'	18'			
				37'	37'	25'			
	Boarding wait time for the 1 st passenger	Block-on waiting time in 90% of cases		3'	3'	4'			
	Overall perception on the regularity of services received at the airport	% of satisfied passengers		95	95	95			

Exceeding the objective beyond the 5% threshold

Reaching the objective

Results lower than the objective beyond the 5% threshold

Source: SEA, CFI Group

The punctuality of departing flights at Malpensa was further improved in 2013, confirming the capacity of the airport to manage and co-ordinate the ground activities of all entities involved. In the ranking of European airports, Linate was confirmed as among the most punctual, both for departing flights and arriving flights. Paradoxically, one of the objectives fixed by ENAC – the recovery of punctuality (the difference between arriving punctuality and departing punctuality which, when positive, highlights the positive contribution of the airport to the efficiency of flight connections) is formally critical due to the increasing regularity of the airport: due to the increase in arriving punctuality and the simultaneous good departing performance level, the difference, although

positive for these two values, has narrowed.

It is obviously impossible for the recovery figures to increase over the years if punctuality is expected to be at over 80% and increasing. The result at Linate highlights the good capacity of the airport to manage and co-ordinate the ground activities of all the Entities involved. The level of overall satisfaction expressed by passengers in terms of services received continues to be very high, both at Malpensa (98%) and at Linate (99%). SEA wishes to dedicate significant focus on the improvement of the baggage delivery service, more particularly in periods of higher traffic, through periodic meetings with ENAC, the airlines and the companies which provide the service, in order to analyse performances.

Cleaning and hygienic conditions indicators

Quality factor	Indicator	Measurement unit	2013 Objective			2013 Result		
			T1	T2	Linate	T1	T2	Linate
Cleaning and hygienic conditions	Toilet availability	TPHP/Number of toilets	16	16	12			
	Perception of the cleaning level and functionality of toilets	% of satisfied passengers	87.5	83	77			
	Perception of the cleanliness level at the airport	% of satisfied passengers	95	95	90			
Airports in numbers						T1	T2	Linate
Total number of toilets						481	148	250
Total number of disabled toilets						50	13	15

Exceeding the objective beyond the 5% threshold
 Reaching the objective

Source: SEA, CFI Group

At Malpensa and Linate airports, the spaces available to passengers and the hygienic services are constantly controlled so that cleanliness is guaranteed throughout the day. At all airport areas, hygienic

services are available for persons with reduced mobility. The satisfaction level of passengers in terms of the cleanliness and functionality of toilets improved on 2012.

Comfort indicators during time at the airport

Quality factor	Indicator	Measurement unit	2013 Objective			2013 Result		
			T1	T2	Linate	T1	T2	Linate
Comfort during time at the airport	Availability of space for passengers	M ² /TPHP	19	12	11			
	Availability of seats	TPHP/Number of seats	1.5	1.9	2			
	Availability of baggage trolleys	TPHP/Number of trolleys	1.8	4	3			
	Perception of the availability of baggage trolleys	% of satisfied passengers	91	91	95			
	Efficiency of passenger transfer assistance (mobile walkways)	% functioning time in the opening hours of the airport	99.15	99	97.6			
	Perception on passenger transfer system efficiency	% of satisfied passengers	92.4	92	85			
	Perception on air conditioning plant efficiency	% of satisfied passengers	95	93	94			
	Perception of airport lighting	% of satisfied passengers	95	95	90			
	Perception of airport noise	% of satisfied passengers	95	95	90			
	Overall perception of the comfort level	% of satisfied passengers	95.6	90	86.6			
Airports in numbers						T1	T2	Linate
Available space (m ²)						132,500	30,000	33,500
Seats in waiting areas						4,818	1,279	1,268
Baggage trolleys						2,000	600	800

Exceeding the objective beyond the 5% threshold
 Reaching the objective
 Results lower than the objective within the 5% threshold
 Results lower than the objective beyond the 5% threshold

Source: SEA, CFI Group

The sense of comfort experienced by passengers at the airport is considered of great importance and overall the opinion expressed was of satisfaction, improving on the previous year. With a view to improving the passenger opinion on the comfort level in general, actions are in progress both at an infrastructural level

and in terms of a review of the services offered at the terminal.

In particular, at Malpensa 1, passengers positively evaluated the infrastructural actions on elevators and, analysing the specific data of those departing from the new Satellite North, approved of the new architectural

choices introduced to the new infrastructure. At Linate, the best overall opinion for the last five years was reported; the impact from the restructuring of the check-in and arrivals area was evident, in addition to the approval of the updated retail and food & beverage

commercial offer. This aspect received strong reviews also at Malpensa 1. SEA's commitment focuses on guaranteeing a range of prices for product/services, responding to divergent passenger needs.

Additional service indicators

Quality factor	Indicator	Measurement unit	2013 Objective			2013 Result		
			T1	T2	Linate	T1	T2	Linate
Additional services	Availability of public telephones	TPHP/Number of telephones	40	90	80			
	Compatibility of bar opening hours with flight times	% of arriving/departing passenger flights compatible with the bar opening hours in the respective areas	100	100	100			
	Perception of shop and newsstand availability, quality & prices	% of satisfied passengers	90	90	85			
	Perception of the availability, quality & prices of bars	% of satisfied passengers	82	82	75			
	Perception of the availability, quality & prices of restaurants	% of satisfied passengers	80	85	75			
Airports in numbers						T1	T2	Linate
Catering points						39	14	18
Bag storage capacity (m ²)						130	Not present	107
Public telephones, fax, internet stations						142	28	42

- Exceeding the objective beyond the 5% threshold
- Reaching the objective
- Results lower than the objective within the 5% threshold

Source: SEA, CFI Group

Public information service indicators

Quality factor	Indicator	Measurement unit	2013 Objective			2013 Result		
			T1	T2	Linate	T1	T2	Linate
Public information service	Availability of operational information points	TPHP/Number of information points	34.4	60	45.4			
	Perception of the efficacy of the operative information points	% of satisfied passengers	95	95	95			
	Presence of clear, understandable & effective internal signage	% of satisfied passengers	92	92	89.6			
	Perception of the comprehensibility of announcements	% of satisfied passengers	80	80	84			
	Overall perception of the efficacy of information	% of satisfied passengers	93	93	90			
Airports in numbers						T1	T2	Linate
Operational information points (desks)						5	1	2
Number of information positions with monitors						154	36	47

- Exceeding the objective beyond the 5% threshold
- Reaching the objective
- Results lower than the objective within the 5% threshold
- Results lower than the objective beyond the 5% threshold

Source: SEA, CFI Group

The flight information which SEA makes available to the public follows the indications received by the airlines or the control bodies.

The information service managed by SEA is available to passengers through an information desk at the airport manned by dedicated personnel and through the Call

Centre telephone service at the number +39 02.232323. All data in real time on flights and on airport operations is available on the website www.seamilano.eu, and on the Televideo and Mediavideo pages.

The "Milan Airports Official Guide", updated with information on flight times, is available at the airport.

Indicators of the relationship and conduct aspects

Quality factor	Indicator	Measurement unit	2013 Objective			2013 Result		
			T1	T2	Linate	T1	T2	Linate
Relationship and conduct aspects	Perception of personnel courtesy	% of satisfied passengers	95	95	95			
	Perception of personnel professionalism	% of satisfied passengers	95	95	95			

Reaching the objective

Source: CFI Group

SEA considers the courtesy and professionalism of employees of great importance at the airports, as it highlights a consideration and respect for the passenger and professionalism in the completion of their duties. In the personnel training and updating programmes, SEA dedicates particular attention to the development of conduct to handle also particularly critical situations. SEA requires such thorough

preparation of personnel, both from a professional and conduct viewpoint, from all operators present at the airport. The commitment of SEA on these issues is appreciated by passengers who expressed very positive opinions in terms of the professionalism and courtesy of personnel, capable of satisfying a wide range of needs.

Assistance service indicators

Quality factor	Indicator	Measurement unit	2013 Objective			2013 Result		
			T1	T2	Linate	T1	T2	Linate
Assistance services	Waiting time for the ticket desk	Time in 90% of cases	4'	10'	4'			
	Perception of ticket desk queues	% of satisfied passengers	92	90	85			
	Check-in queue waiting	Time in 90% of cases	10'	14'	6'20"			
	Perception of check-in queues	% of satisfied passengers	93	93	95			
	Waiting time for baggage screening control	Time in 90% of cases	10'30"	9'	8'			
	Arriving/departing passport control waiting time	Time in 90% of cases	4'	4'	4'			
	Perception of passport control line	% of satisfied passengers	95	95	92			

Exceeding the objective beyond the 5% threshold

Reaching the objective

Results lower than the objective within the 5% threshold

Results lower than the objective beyond the 5% threshold

Source: SEA, CFI Group










SEA's commitment is to facilitate all of the check-in and boarding activities, while maintaining full compliance with the safety and control procedures. For this purposes, SEA makes available also a Fast Track lane for passengers which, qualifying for such, wish to reduce to the minimum possible their line waiting time. At the airports, passengers may utilise, in addition to the desks normally managed by assistance personnel, self check-in desks, made available by the larger airlines.



Their use is simple and fast, also for less expert passengers. At Malpensa 1, the lack of compliance with the targets established for check-in waiting times is related to the procedures required for the handling of high risk flights (which include for example the

profiling of passengers) and charter flights. The type of flights require more time, while however maintaining the service level and satisfaction of passengers. The problem remains that their negative impact on results cannot be mitigated at the moment. In order to cope with increased security measures, SEA has developed the infrastructural and human resources needed for these activities, while maintaining waiting times in line with the declared targets.

SEA has communicated clear and cohesive rules, contained in the Terminal Regulation, to the passenger assistance operators, in order to guarantee the full operation of all desks available for the acceptance of flights.

Model integration indicators (city-airport connection efficacy)

Quality factor	Indicator	Measurement unit	2013 Objective			2013 Result		
			T1	T2	Linate	T1	T2	Linate
Transport integration (city-airport connection efficacy)	Availability, frequency, functionality and price of bus, train and taxi connections	% of satisfied passengers	82	82	87			
	City-Airport roadway connection	% of satisfied passengers	88	88	85			
	Presence of clear, understandable & effective external signage	% of satisfied passengers	92	92	85			

 Exceeding the objective beyond the 5% threshold
 Reaching the objective

Source: SEA, CFI Group

SEA is required to support and promote action plans for the upgrading of road and rail connections to and from the airports, in synergy with the relevant institutional bodies. Malpensa 1 is accessible from Milan Cadorna Station through the “Malpensa Express” rail service, with journey times from 29 minutes (average of approx. 40 minutes) and departing every 30 minutes, or with Trenitalia (arriving at Gallarate and continuing by bus or taxi). The roadway connection with Malpensa is the SS 336 (Busto Arsizio exit on the A8 motorway) and on the superhighway which connects the A4 Turin-Milan motorway (exit Marcallo Mesero). SEA also provides a free shuttle service between Malpensa 1 and Malpensa 2. Linate airport, very close to the city of Milan, is connected to the city centre by a city bus and by shuttle with Central Station and Malpensa airport. In addition, SEA makes available for free useful public transport information (lines, frequencies, hours, prices) and in relation to parking on the website www.seamilano.eu, and on the Televideo and Mediaset pages and at the Call Centre (tel. +39 02.232323).

The “Milan Airports’ Official Guide” is available at the airport, updated with detailed information on how to access the city/airport and on parking.

Persons with Reduced Mobility services

From July 2008 SEA implemented all aspects of Regulation (EC) 1107/06 and the relative ENAC circular which allocated to the airport management companies the responsibility for Passengers with Reduced Mobility (PRM) and the duty to provide assistance to such passengers. From this point, the service was no longer provided under a competitive system, but rather as a centralised service remunerated under a tariff applied to all departing passengers.

In the second half of 2013, SEA undertook various initiatives for the development of the PRM service; in particular, through technical roundtables with Trenord and the Lombardy Region, the company is working to identify areas of intervention to supplement the dedicated offer of services and

information throughout the transport chain. EXPO 2015 will be an important occasion to deliver a consistent and integrated experience to these passengers across the transport chain.

The certification of the assistance service

In order to increase the satisfaction level of users of these services, SEA has undertaken a certification path for airport assistance services to Passengers with Reduced Mobility. The process successfully concluded in 2011 with receipt of the certificate TÜV IT 005 MS from TÜV Italia.

The service certification, based on a technical regulation drawn up in line with UNI CEI EN 45011, involved in addition to SEA, also a Technical Committee, headed by Professor Mario Melazzini (founder and head of the NEMO centre of Niguarda, for the cure of degenerative diseases and until 2012 co-ordinator of the technical research group on the disability for the Lombardy Region) and comprising the major associations for the protection of persons with disabilities (LEDHA and FAND) and the Malpensa Users Committee, representing the airlines and the airport operators at the Milan airports. The Technical Committee approved the Technical Regulation, which commits SEA to maintain at its airports of Linate and Malpensa a service level above that required by the European regulation.

The Technical Regulation may be viewed at the website www.seamilano.eu, in the section: airports – useful information – passengers with reduced mobility. This result is in addition to that received by SEA in 2010 from the certification body Dasa-Rägister for the compliance of Linate and Malpensa with regulation D-4001:2008, which defines the requirements which a site must have to allow use by persons with motor difficulties in compliance with equal opportunities rules (Certificate IA-0510-01).

Both initiatives seek to provide objectivity and transparency on the quality of services provided and to establish a long-term collaboration between the parties involved in these delicate assistance processes. The commitments of SEA concerning assistance services to passengers with reduced mobility at the airports of Linate and Malpensa for 2013 are reported below.

<i>Customer Satisfaction</i>	Measurement unit	2013 Objective	Recording means
Overall perception of the service received at the airport	% satisfied passengers with reduced mobility	88%	Survey
	Indicator	Target	
Departing passengers booked	Waiting time to receive assistance from one of the designated airport points, once presence has been notified	10 minutes in 80% of cases 20 minutes in 95% of cases 30 minutes in 100% of cases	
Non-booked departing passengers		25 minutes in 85% of cases	
Booked arriving passengers	Waiting time to receive assistance at the gate/aircraft point, compared to the disembarkment of the last passenger	5 minutes in 85% of cases 10 minutes in 95% of cases 20 minutes in 100% of cases	
Non-booked arriving passengers		25 minutes in 85% of cases	

Source: SEA

All services for passengers with reduced mobility are provided free of charge by the Sala Amica and include complete assistance to passengers with temporary or permanent reduced mobility issues. This service must be requested at least 48 hours in advance from the airline with which the flight has been booked.

Passengers with reduced mobility may find facilitated access at all airport spaces: car spaces close to the entry points, elevators with visual and sound devices and appropriate ramps; for blind or reduced sight passengers, keypads with *Braille* have been installed both to telephones and at a number of elevators, and preferential pathways with the LOGES system have been created (yellow rubber stripes with codes to indicate direction, obstacles and dangers).

Airport Passenger Contingency Plan

The Contingency Plan prepared by SEA for the Malpensa and Linate airports has reached its fourth edition, with the beginning of the 2013/2014 winter season.

In fact, SEA initiated 3 years ago (October 2010), in non-suspect times, an initiative which today responds to the needs of an airport in difficult operating conditions which generates delays and/or flight cancellations.

This is in line with the recent review of the European regulation for passenger rights, which imposes upon airports with traffic of greater than 1.5 million passengers per year, a contingency plan to assist passengers who stay at the airport for extended periods of time, through targeted interventions (overnight stays, catering etc.).

Customer Satisfaction

The opinion of users – passengers, accompanying persons, visitors and employees – is hugely important for the SEA Group which, thanks to such feedback, implements an ongoing monitoring and improvement of the quality and standard levels of services offered. The surveys carried out in 2013 by the CFI Group (a leading market research institute) and concerning services at the airports of Milan Malpensa and Milan Linate highlight a very high satisfaction level of passengers: over 98% in fact declared to be fully satisfied with their experience at the airports managed by the SEA Group.

Milan airport passenger profile

The objective of the survey is also to understand the characteristics of the passengers who use the airports managed by SEA (socio-demographic data, travel habits etc.), to offer a service in line with their particular needs. In order to verify the profile of SEA airport passengers a monthly survey was carried out based on a specific sampling for the three terminals. The total number interviewed in 2013 was 4,803.

Those interviewed were selected according to a systematic procedure (one out of every 10) at the security control lanes, therefore in departures. This procedure allows random selection and consequently is representative of the sample interviewed for each of the three terminals.

The control of the samples (in the weighting of data) verify destinations and the portions of passengers in transit, terminal by terminal and by quarter.

2013 principal passenger characteristics

	Malpensa 1	Malpensa 2	Linate
Male	67%	58%	71%
Average age	41	40	42
University culture	51%	44%	50%
Resident in Italy	68%	80%	74%
Principal reason for travel	Holiday/Tourism	Holiday/Tourism	Work/Business/Study
Average stay at the airport in minutes	126	114	82

Source: CFI Group

Global satisfaction level of passengers in 2013

The analysis of Customer Satisfaction concerning services provided at the airports managed by SEA in 2013, conducted by CFI Group, reports an improved passenger satisfaction level overall at Linate and Malpensa, at very strong levels (99% at Linate and 98% at Malpensa for the number of passengers declaring overall satisfaction with their airport experience). We particularly highlight the strong comfort indicator figures (plant efficiency, lighting, noise) during presence at the airport, the cleanliness, the public information services and the transport integration systems (efficacy of city-airport connections).

Complaint management

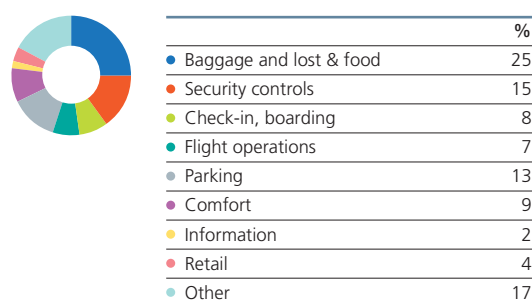
SEA is aware of the importance of maintaining and encouraging direct and constructive dialogue with customers, considering this resource as a fundamental element of the “customer experience”, to satisfy the increasingly demanding needs of the user and to improve the quality of services offered. There are many channels for the sending of complaints:

- website (www.seamilano.eu – “contacts” section);
- fax;
- form sent at the Info desk;
- letter.

SEA treats all complaints and issues reported on services offered with maximum attention and discretion and commits itself to respond in the shortest time possible, and however within 28 days of receipt of the communication. In order to provide a comprehensive and coherent response to all requests, all complaints and alerts were closely reviewed and forwarded to the relevant SEA personnel or to airport

body personnel or those employed by the numerous companies operating at the airport.

Similarly therefore to quality recording, SEA, as an airport manager, analyses all complaints (even though less than one-third concerned services or competencies pertaining to Group companies), in order to deal with all the issues highlighted in the airport system, whose overall proper functioning is the institutional responsibility of SEA. The new operational CRM system in place since May 2012 has certainly facilitated passengers in sending complaints and has assisted SEA in their management. The passenger, contacting the call centre, may receive information on the state of the case. The percentage of complaints sent via web maintained at approx. 70%, in line with 2012. In 2013 the rate of Milan airport complaints reduced by 25 complaints per million passengers, placing the airports managed by SEA among the best in Europe in this regard.

Complaints classification by issue in 2013 (%)

Source: SEA

Actions implemented to improve perceived quality, drawn up on the basis of complaints and surveys

In order to improve the perceived quality of passengers, established through complaints and the Customer Satisfaction data, SEA has approved a series of investments in two particular areas:

- Free baggage trollies – since October 2013 the Malpensa baggage trollies have been free and without deposit and the purchase of 1,500 new trollies is planned in view of the new organisation of the new service.
- Free WIFI – the new connectivity model of our airports provides for 3 level of access to the wireless network of the Milan airports. The categories are broken down in terms of navigation speed (512kb/s – 2Mb/s – 8Mb/s)

Conciliation roundtable with the CRCU

The service offered by SEA through the agreement signed with the associations in 2008 has to date not produced reconciliation, also as the associations considered the few requests received as not pertinent. At the same time, the model implemented remained a sector benchmark and has been proposed also as a model for companies operating in the local public transport sector in Lombardy.

Customer relationship projects

Airport CRM for Customer Service activities

As part of the company's online strategy, Customer Care with the IT Systems department created a technological support platform to manage relations with passengers. The registration of new users is progressing strongly on the CRM SEA system, particularly supported by the new WIFI system and by e-commerce. The majority of subscribers expressed consent in allowing us to send them the newsletter and research questionnaires, allowing us to inform the airport user and to understand expectations and evaluations, in order to focus our airport service offer. From an operating viewpoint, from this year the Call Centre offers technical support to SEA customers who have purchased online, thanks to the possibility to see the position of each customer. The operators, providing the personalised information, assist the customer to reprint e-tickets and invoices, in addition to confirming the purchase. The CRM and call management system have been integrated, allowing immediate recognition of the customer and the instantaneous opening of their purchase application. The system created by SEA is the first of its kind in Europe, with the only other major global entity undertaking a similar course being Changi airport in Singapore.

Social media – Twitter

In October 2012, a Twitter service was introduced as a further communication channel available to our passengers, which responds to the Customer Care front line operators. This provides a quick contact instrument which passengers utilise both to receive information on the time of their flight and to receive more general news such as the situation at our airports in the case of strikes or weather/other events, both affecting Malpensa and Linate and/or in other regions (e.g. snow in the US, the Etna eruption in Catania) which may generate air traffic problems.

In terms of channel management, which requires, due to its nature, a quick and prompt reaction to demands, the Milan airports were awarded first place globally in percentage and time terms.

The Customer Service via Twitter received recognition in 2013 for the best response times in the airport industry globally (source Socialbakers – www.socialbakers.com)

Information screen system

The system, conceived of and designed by SEA, as a development on that created within the unique similar experiences in Munich and Amsterdam, establishes information screens at airports, through multimedia kiosks with 2 monitors, vertical where the Customer Care operator appears and horizontal as touch screens utilised by passengers to begin a call with an assistant; the kiosks are remotely managed by back office stations overseen by appropriately trained Customer Care personnel.

This interactive tool (which allows dialogue between the assistant and the customer), permits also the operator to receive a document which the passenger wishes to show: the technology installed allows in fact the operator to read the document from their remote work station (for example a boarding card) through a camera; where needed a copy may be reprinted for the passenger once the points which the passenger wishes to highlight are marked (for example, circling the indication of the gate).

The video system has the dual objective of optimising the management of resources (the video presence allows immediate assistance to passengers without being physically present before them) and of increasing the areas covered by personnel at the airport. This result is particularly significant considering the opening of the new areas at Malpensa I.

At the end of December 2013, 2 pilot edition virtual desks were positioned and installed: one at Malpensa T1, at the Northern satellite and the other at Linate, in the arrivals area.

Both these objectives fall within the overall improvement of the service, for which the project described above provides for the positioning of a further 4 stations by March 2014 and a further 6 by the end of 2014.

Clients

Aviation customer identity and classification

In 2013 the reduced concentration of traffic continued to be a distinguishing feature of the Milan airport system. In particular, in 2013 Malpensa was confirmed as the European airport with the most contained leading airline overall share. The Malpensa offer is less concentrated than all other major European airports. During the year, easyJet matched the Alitalia Group as the leading carrier of passengers, both representing 24.9% of total traffic at the airports (with over 6.6 million passengers, principally served by easyJet at Malpensa and by the Alitalia Group at Linate).

Principal passenger airlines operating at Malpensa

At Malpensa, at December 31, 2013, 115 airlines were present, 18% less than 2012. The presence of all the major international airline alliances was confirmed:

- Star Alliance at December 31, 2013 represented 17% of passenger traffic (20% at December 31, 2012);
- Sky Team and One World at the end of 2013 represented respectively 13% (17% at December 31, 2012) and 9% (6% at December 31, 2012) of Malpensa passenger traffic.

At December 31, 2013 Malpensa airport connected with 174 domestic and international destinations, 3% less than 2012 (180). The list of the 10 leading airlines in terms of the overall number of passengers highlights the leading position of easyJet, which represents 35.2% of Malpensa passenger traffic. The English company confirmed the role of Milan Malpensa 2 as an important European base.

Malpensa – Top 10 passenger airlines (% of passengers)

Airline	2013	2012
easyJet	35.2	32.0
Alitalia	7.8	11.8
Lufthansa	6.1	5.1
Emirates	3.2	2.5
Neos	2.6	2.5
Turkish Airlines	2.3	2.1
Meridiana fly	1.9	1.8
Vueling Airlines	1.8	1.5
airberlin	1.6	1.4
Austrian Airlines	1.5	1.4
Other airlines	36.1	38.0

Source: SEA

Principal passenger airlines operating at Linate

At December 31, 2013 Linate airport hosted 18 airlines (19 in the previous year) and connected with 36 airports, both domestic and inter-EU. Linate operations were significantly impacted by Alitalia

Group traffic, which in 2013 represented 58.8% of traffic. The table highlights the 10 leading airlines operating from Linate in 2013 as a percentage of overall passenger numbers.

Linate – Top 10 passenger airlines (% of passengers)

Airline	2013	2012
Alitalia Group	58.8	61.1
Meridiana fly	11.2	8.5
British Airways	5.3	4.4
Air France	4.8	5.1
easyJet	4.6	3.2
Lufthansa	4.4	4.4
KLM	4.2	3.5
Iberia	1.8	1.9
Scandinavian Airlines	1.1	1.1
Brussels	1.0	-
Other airlines	2.7	5.0

Source: SEA

Principal Cargo airlines

16 “all cargo” airlines were operating out of Malpensa airport at December 31, 2013. The Malpensa cargo business is distributed among a large number of airlines: in 2013, 70% of cargo transported was spread among 14 airlines (67% in the previous year). Among these, Cargolux – the leading sector operator – held a predominant position, while the highest growth (+60.9%) on 2012 was reported by AirBridgeCargo.

Malpensa – Volumes moved by the main cargo airlines

Airline	2013	2012
Cargolux Group	80,944	73,790
Federal Express Corporation	38,623	32,844
AirBridgeCargo Airlines	24,016	14,924
Qatar Airways	23,591	20,523
Silk Way	17,628	13,985
Korean Air	15,519	20,649
European Air Transport	14,626	14,213
Saudi Arabian Airlines	13,532	12,438
Nippon Cargo Airlines	13,236	12,431
Etihad Airways	12,867	17,308
Asiana Airlines	12,788	11,155
Cathay Pacific Airways	12,221	23,189
Turkish Airlines	9,814	9,913
China Cargo Airlines	4,708	23,392
Other	1,336	5,364
Total “all cargo” activities	295,850 *	271,646*
Total Malpensa cargo activities	421,277	405,858

* The figure concerns volumes moved within “all cargo” activities only.

Source: SEA

The following table lists the top 10 airlines operating out of Malpensa in 2013 in terms of percentage volumes of total cargo.

Malpensa – % of cargo moved by the leading 10 cargo airlines (% of cargo volumes)

Airline	2013	2012
Cargolux Group	19.2	18.2
Federal Express	9.2	8.1
Qatar Airways	7.3	5.1
Emirates	6.5	5.2
AirBridgeCargo Airlines	5.7	3.7
Cathay Pacific Airways	5.4	5.7
Etihad Airways	4.9	4.3
Silk Way West Airlines	4.1	-
Korean Air	4.1	5.1
European Air Transport	3.5	3.5
Other airlines	30.2	35.4

Source: SEA

Management of relations with the airlines

The SEA Group continued to promote the development of passenger and cargo traffic in 2013 through focusing on the extension of the routes and frequencies operated both by airlines already present and by new airlines, with a particular focus on routes to and from countries of highest economic growth.

Further marketing tools included the promotion of bilateral agreements, also under fifth freedom traffic rights and the adoption of incentives for the development of new routes and destinations.

In 2013 connections with Russia have been developed following the new important bi-lateral agreement between Italy and the Russian Federation signed in 2012, which resulted in a significant increase in operable frequencies. In particular, the doubling of daily frequencies operable between Milan and Moscow by Russian operators, in addition to the opportunity to enter the market for a second airline are significant. Thanks to this agreement, the Russian airline Transaero introduced new connections between Malpensa and Moscow, with a daily flight introduced, and with St. Petersburg, while

Aeroflot now operates three daily flights with Moscow. From January 2013 the increase in flights operated by Saudi with Jeddah and Riyadh is highlighted, in addition to the introduction of the fifth daily flight by Turkish Airlines with Istanbul from May, in particular with the Sabiha Gokcen airport, in addition to four daily flights already operating out of Atatürk. From June, Pakistan International Airlines added an extra flight to Islamabad, bringing the total flights from Pakistan to Milan to 3. Malpensa 1 saw the entry of three new airlines in the summer: BM Regional with 6 flights to Bristol, WOW air, a low cost Icelandic airline, with 2 flights to Reykjavík and Atlantic Airways with a weekly flight to the Fær Øer islands. Among the increases: Alitalia with New York (from 5 to 7) and Moscow (from 11 to 14), airberlin with Düsseldorf (from 11 to 18) and Tunisair (from 9 to 11). Thai added 1 flight weekly (from 3 to 4) to the Bangkok route, with Delta also increasing its connection with Atlanta from 6 to 7 (between June and August). Both airBaltic (with Riga) and TAP (with Lisbon) returned to Malpensa after a period of operating out of Linate. In September, Darwin Airline began a new flight with Cambridge (4 weekly flights) and Twin Jet, already operational from Malpensa with a flight to Geneva, introduced new flights with Tolosa (11 weekly flights) and with Marseilles (9 weekly flights). A further important development at Milan Malpensa was from October 2013 the introduction of a daily flight by Emirates with New York, with authorisation granted by ENAC on an extra-bi-lateral basis (so-called fifth freedom rights). Operated with a Boeing 777-300ER, the flight is an extension of one of the three daily connections in place between Dubai and Milan. At year-end, the unexpected bankruptcy of Belle Air resulted in the suspension by the low cost Albanian airline of the service with Tirana, immediately replaced by an increase in flights by Air One and the entry on the route of Blu Express with 10 weekly flights, with the addition of 8 further flights by Meridiana and Livingston from December.

At Malpensa 2, easyJet introduced 4 weekly flights with Luxembourg, 5 with Sharm el Sheik, 2 with Larnaca, 3 with Belgrade and 3 with Ajaccio; connections were increased also with Prague, London Gatwick, Naples, Marrakesh and Alghero.

Malpensa – New airlines/increased passenger frequencies

2011		2012		2013	
Gulf Air	(N)	Monarch	(N)	airBaltic	(N)
Biman Bangladesh	(N)	Wizzair	(N)	BMI Regional	(N)
Ethiopian Airlines	(N)	Transaero	(N)	WOW air	(N)
Air Europa	(N)	Armavia	(N)	Atlantic Airways	(N)
Transavia	(N)	Belle Air Europe	(N)	Darwin Airline	(N)
Aer Lingus	(I)	Blue Panorama	(I)	easyJet	(I)
Air China	(I)	Air One	(I)	Cargolux Italia	(I)
Air France	(I)	Alitalia	(I)	Turkish Airlines	(I)
Air Seychelles	(I)	Norwegian	(I)	Aegean Airlines	(I)
Alitalia	(I)	easyJet	(I)	Meridiana fly	(I)
Belle Air	(I)	Aegean Airlines	(I)	Qatar Cargo	(I)
Blue Panorama	(I)	Neos	(I)	Blu Express	(I)
Cathay Pacific	(I)	Qatar	(I)	Twin Jet	(I)
Delta Airlines	(I)	Air China	(I)	Emirates	(I)
easyJet	(I)	Jat	(I)	American Airlines	(I)
Egypt Air	(I)	Uzbekistan Airways	(I)	Livingston	(I)
El Al	(I)	Aer Lingus	(I)	Saudi Arabian Airlines	(I)
Ethihad Airways	(I)	Azerbaijan Airlines	(I)	Airbridge Cargo	(I)
Gulf Air	(I)	Emirates	(I)	Air Moldova	(I)
LOT	(I)	Meridiana fly	(I)	Air One	(I)
Lufthansa Group	(I)	Ethiopian Airlines	(I)	Alitalia	(I)
MEA	(I)	Luxair	(I)	Ukraine Intl.	(I)
Meridiana fly	(I)	Czech Airlines	(I)	Wizzair	(I)
Oman Air	(I)	American Airlines	(I)	airberlin	(I)
Rossiya	(I)	Rossiya	(I)	Delta Airlines	(I)
SAS	(I)	Turkish Airlines	(I)	Tunisair	(I)
Singapore	(I)	Fly Be	(I)	Pakistan Intl.	(I)
TAP	(I)	Royal Air Maroc	(I)	Thai Airways	(I)
Thai Airways	(I)	Egyptair	(I)	Tap	(I)
Tunis Air	(I)	Iceland Air	(I)		
Turkish Airlines	(I)				
Twin Jet	(I)				
Ukraine Intl.	(I)				
Vueling	(I)				

Note: (I) increased frequencies; (N) new airlines.

Source: SEA

The cargo sector in 2013 saw a strong recovery, both for import and export volumes, with an improvement in the second half-year of over 7% on 2012. The capacity offered with North America in particular increased, with the trans-Atlantic services operated by Cargolux Italia with New York-Chicago and Chicago-Lo Angeles and by Qatar Cargo with Chicago expanding – these latter operated from Doha under fifth freedom rights on an extra bi-lateral basis. The Cargolux group, the leading cargo airline at Malpensa, with a market share of 19% and growth of 10% in 2013, in addition introduced in October a new flight with Mexico City and Dallas, a market served for the first time directly from Malpensa. Other airlines also increased their activity: the Russian cargo airline AirBridge and Korean Air Cargo (both from 2 to 5

weekly flights). The results of other operators were also strong, such as Silk Way (+26%), FedEx (+18%), Asiana (+15%) and Nippon Cargo (+7%).

easyJet began operations from March 2013 at Milan Linate with Rome Fiumicino, following the positive declaration by the Council of State which confirmed the Anti-trust Authority decision of October 2012. The route, operated by Airbus 319 aircraft, offers 5 weekly flights, in the mornings and evenings. From winter 2013 Alitalia introduced a new service between Linate and Vienna with 12 weekly flights. In addition, the tender for the allocation of flights under territorial continuity with Sardinia was awarded, with the introduction of a daily flight with Alghero and additional flights with Cagliari (from 2 to 5).

Aviation area collaboration projects

In 2013, the “Chinese Friendly Airport” project continued (begun in 2012), in order to develop commercial and institutional partnerships with foundations and Chinese institutional and governmental bodies. In the first nine months of 2013 a series of commercial and operating initiatives were introduced, with the involvement of airport shops, tour operators and institutional and operative bodies. In particular, in the first half of the year, in partnership with Beijing Viaggi a “survey” was carried out targeting Chinese passengers to establish the quality level of the airport structures, services and products offered. The results of the questionnaires were very positive, testament to the activities introduced and provided very interesting ideas for the development of future initiatives. In the same period a “test” was carried out focused on Chinese passengers departing from Malpensa, in order to ascertain the usefulness of a Chinese mother-tongue shopping helper and to establish the spending potential of such passengers through the use of a FasCINation discount card which may be launched. The results were very satisfying both from the approval level of the “shopping helper” by passengers and by airport shops and also in relation to the average spend made which was three times higher than that normally obtained from the same type of passengers.

In the initial months of the second half of the year, a number of meetings were held with tour operators in Italy specialised in the management of Incoming/Outgoing traffic and in particular contacts with the tour operator “Private Incentive” were developed, specialised in the “top spenders” Chinese passenger segment; the partnership with Private Incentive seeks to develop added value instruments and services for tour operator clients and at the same time promote relations between sector operators in China and Malpensa. In the second part of the year, the initial actions were carried out to adjust the airport signage with the introduction of Chinese language displays in the check-in and boarding areas and the introduction of Chinese into the new electronic directory in the arrivals area and to the new commercial directories of Malpensa terminal 1.

In the final months of 2013, the meetings with EXPO and the Company EXPLORA continued for the promotion of the airport with Chinese passengers (and not exclusively). An agreement was signed with leading Chinese travel agencies (exclusively for 6 months) concerning, among other issues, the distribution of the FasCINation discount card for Chinese customers and the use of Parking and the SEA VIP lounges. The agreement for the use of parking extends also to the business and economy passengers of AirChina. A wide range of communication activities were also undertaken during the year on the digital channels of SEA and at the airport, including: the exchange of visibility with the facebook world-wide page of Air China; the installation of lighted directories at the

arrivals floor of Malpensa 1, in Chinese, Japanese, Russian and Arabic; the production of the Christmas promotions catalogue in Chinese for the sales; the translation into Chinese of the Malpensa app.

ViaMilano: the innovative self hubbing strategy of the SEA Group

In 2013 the promotional activities for the ViaMilano service continued, principally focused on distribution and communication through the digital channels. In relation to Trade, ViaMilano confirmed its presence and visibility at a number of important events such as the BIT trade fair of Milan, TTG of Rimini, Travelexpo at Palermo and the 9th workshop at the Puglia airports. During 2013, a large number of collaborations were introduced with service partner airlines, under which ViaMilano issued connectivity studies in order to highlight the potential for the extension of their network with that of Malpensa. The service was also presented to representatives of the airlines at ACI Europe, at the AOC (Airline Operators Committee) of Malpensa and at the year-end meeting of IBAR (Italian Board Airline Representatives). In 2013 the ViaMilano AXA Assistance insurance coverage was revised and extended in order to guarantee passengers more complete assistance and coverage; the new policy developed offers a new free connecting ticket in the case of a misconnection. The direct contacts with the sector operators were stepped up through the workshops organised in Southern Italy with the Amedeus and Travelport GDS (Lamezia Terme, Bari, Naples, Palermo and Catania scheduled for July 4) and through the involvement of ViaMilano in the “sales Blitz” of Emirates in Puglia and Campania. Relations with the GDS were also pursued to develop further the instruments introduced for travel agents and in particular the joint analysis between airlines and the GDS continued for the implementation of further booking features for low cost flights and legacy long range flights. Communication activity on the digital channel was principally concentrated on Facebook, with a significant increase in the fanbase (Likes). The competition launched over these months with the partner “Travel Memory”, in collaboration with CTS Viaggi and Emirates in March and “Travel Affinity” in June, in collaboration with Icelandair, in addition to the ADS campaign and the extensive editorial plan targeting Italian and overseas fans, resulted in the reaching of 120,000 fans of the page. Also on the digital front, from February a monthly ViaMilano newsletter was launched, in addition to the new Twitter channel (@FlyViaMilano). Finally, highlighting the interest for the ViaMilano service within the airport industry, London Gatwick airport replicated the ViaMilano experience, introducing the operating model at its airport, while Saint Louis Missouri airport formally requested SEA to provide further information on the project, considering possible collaborations, while the same model of “virtual hubbing” is currently in use at Singapore Changi airport. ViaMilano transits in 2013 increased by over 10% on 2012.

New bilateral agreements in the year and granting of fifth freedom traffic rights

In 2013 the SEA Group, within the strategies adopted to develop traffic at the Milan airports, confirmed its commitment to the drawing up and review of a number of bilateral agreements which govern access to the non-EU international air transport market. In particular, in 2013 new bi-lateral agreements were signed with South Korea, increasing frequencies and extending fifth freedom rights to all cargo airlines and with Egypt for the increase of passenger flight frequencies. A historic first aeronautic agreement was signed between Italy and Ecuador for the liberalisation of passenger and cargo traffic, potentially significant in the medium-term considering the high O&D (Origin & Destination) traffic between the two countries and an agreement was reached with Sri Lanka which extends the code share faculty. Finally, two new major agreements were also signed: one with Qatar, increasing operable frequencies, and the other with the Philippines, with an extensive liberalisation of bi-lateral aeronautic relations in terms of frequencies, destinations and assignable airlines. The activities focused on facilitating the development of airline, passenger and cargo services which can benefit from fifth freedom traffic rights, concerning transiting flights typically from Asian airports with a final destination on the American continent, are considered a significant, distinctive and innovative feature of the SEA strategy in relation to the extension of traffic rights to foreign airlines. The inclusion of these fifth freedom traffic rights within the Bilateral Agreements is now quite a common practice among the majority of European Union countries, which have signed comprehensive agreements concerning these rights with a wide range of non-EU states. Highlighting the extent of work carried out in this regard, we cite the fifth freedom traffic rights awarded to Emirates, which launched a new daily passenger service on the Milan/New York route, originating from Dubai, in addition to the authorisation granted to Qatar Airways for a new bi-weekly cargo flight on the Milan/Chicago route from Doha.

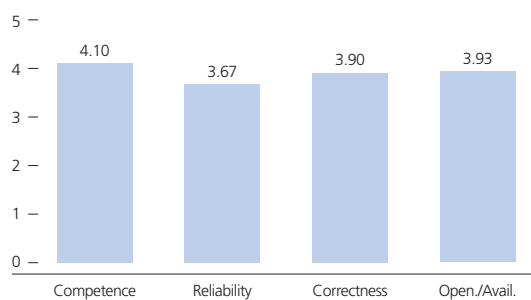
Aviation customer viewpoint

The reputation of SEA and the quality of its relations with "Aviation client" stakeholders can be seen in a survey carried out by Doxa, the leading market research institute, in January 2014. From a panel of 150 external stakeholders, 30 airlines were interviewed.

Quality of the relationship

70% of Aviation clients interviewed stated on average to having contact with a SEA Manager on 5 occasions during the year. 90% of airlines consider the relationship with SEA useful or constructive and 84% professed strong or sufficient trust in the company. The opinion expressed in terms of management quality was also good, with particular reference to competence and openness/availability.

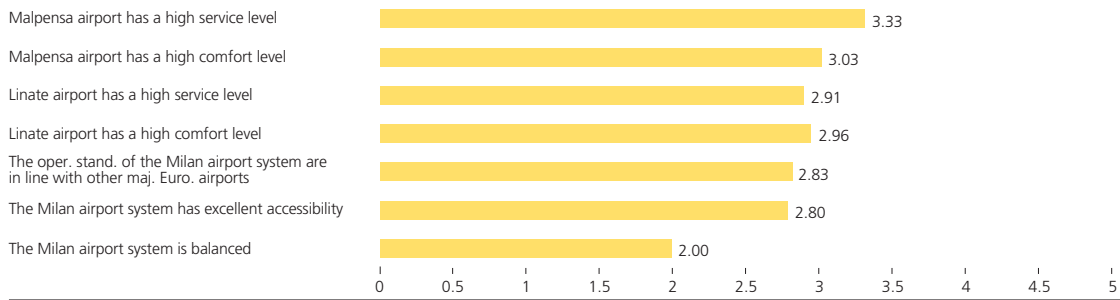
SEA management evaluation (scale 1-5)



Source: Doxa, Survey of SEA Group stakeholders 2014

The quality of services for the airlines and the high level of comfort at both airports were noted by the airlines. The airlines however were not entirely positive in terms of the alignment of operating standards at the two Milan airports with the European average and expressed serious reservations in relation to the harmony between the two airports of Linate and Malpensa, expressly stating the need for a significant restriction to the operations of the former.

Relations with SEA evaluation (scale 1-5)

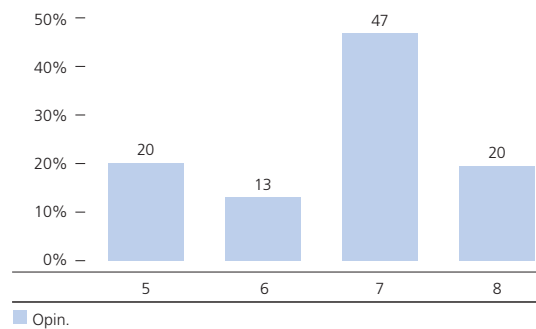


Source: Doxa, Survey of SEA Group stakeholders 2014

Reputational assessment of SEA

The majority of the sample of airlines interviewed by Doxa (67%) expressed strong appreciation of SEA (on a scale of 1-10), at values of 7 and 8. Overall 80% of the airlines involved in the survey expressed an above average opinion. The average score was 6.7. 80% of the sample perceived a change in SEA over recent years, and 67% considered it positive.

On a scale of 1 to 10 how would you evaluate SEA? (% of votes)



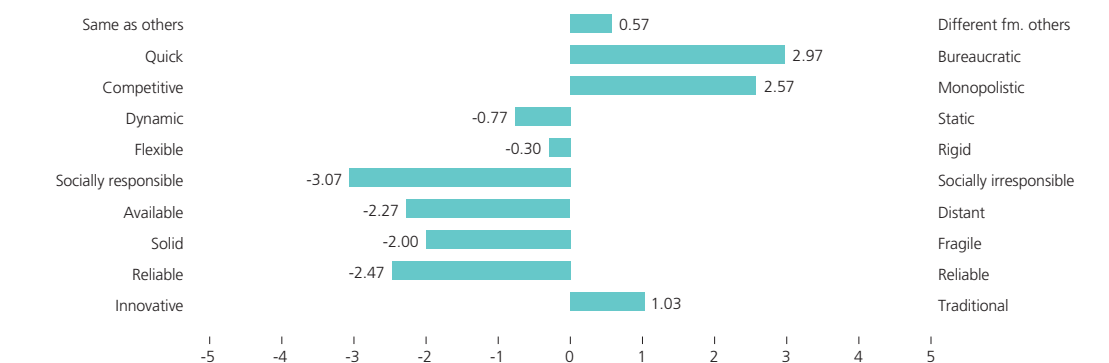
Source: Doxa, Survey of SEA Group stakeholders 2014

The evaluation of the central identity characteristics of SEA

The identity of SEA, as expressed by its Aviation customers, was viewed positively in terms of reliability, solidity, availability and in terms of socially

responsible conduct. The airlines however considered a degree of bureaucracy in the operating manager and business approach, which at certain times appeared monopolistic.

Perceived characteristics of the company



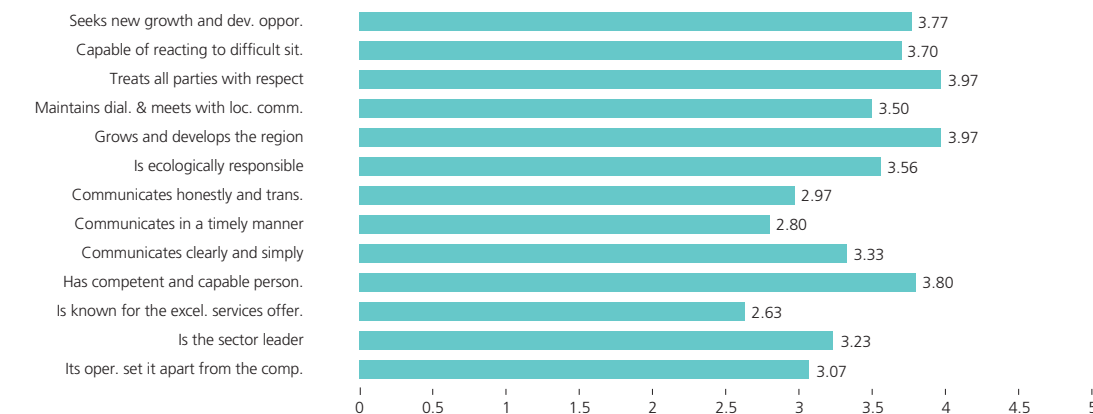
Source: Doxa, Survey of SEA Group stakeholders 2014

Evaluation of the distinguishing features of SEA

The Aviation clients consider SEA a significant growth driver for the region and an enterprise which attracts skilled personnel with a strong propensity for dialogue and collaboration, capable of reacting to critical

situations and who treat their partners with respect. The leadership of SEA in the airport sector and the focus of the company to continuously seek new development opportunities was recognised.

Evaluation of the distinguishing features of SEA (scale 1-5)



Source: Doxa, Survey of SEA Group stakeholders 2014

Management of relations with the cargo operators

The operational complexity which defines the cargo activities at Malpensa (as is the case for the major European hubs), and the range of operators combining in an integrated manner to satisfy shipments, has led SEA to draw up values and quality objectives for the principle parameters concerning the handling of cargo processes at the airports.

In relation to cargo activities, the centralised services at Malpensa airport managed by SEA concern only the warehouse management of radioactive cargo and of the structure for the recovery of medium and large-sized animals.

The remaining management and movement of cargo and of arriving and departing mail at the airport activities are carried out by independent operators which provide their services in compliance with the procedures and regulations contained in the Airport Regulations. The transport of cargo between the aircraft and the warehouses, the management and movement of cargo within the warehouse and the representation and document handling services are classified among these services.

The airport cargo services are primarily of a "Business to Business" nature, generally governed by contractual agreements between the parties, which include also specific "service level agreements".

The contractual instruments however do not sufficiently ensure compliance with the requirements for timeliness and reliability which the service must ensure. This occurs as the complexity of the chain, and the high number of actors involved in the various processes, often makes it impossible to control

operational regularity and to identify any responsibility in terms of non-compliance.

Therefore, Malpensa airport decided to adopt a Cargo Services Charter, in order to:

- define performance and quality levels which satisfy the expectations of operators utilising the cargo assistance services;
- ensure SEA the availability of a regulation and control system for the cargo services provided at the airport, in order to guarantee the quality of the final result.

Services at the airport are not considered as secondary to the chain, whose performance influences two of the most important parameters of the monitoring system:

- for departing cargo, the "FAP" (Flown As Planned), which expresses the percentage value of cargo which arrives according to the manners and timelines promoted by the customer;
- for arriving cargo, the NFD (Notification of Freight and Documents availability), which expresses the percentage of cargo which was made available for collection within the scheduled time periods and assured to the customer.

The Cargo Services Charter of Malpensa defines the operating standards and the service levels for the main airport processes which impact terminal performance in terms of NFD and FAP.

The quality objectives defined in the Services Charter are drawn up to satisfy the needs of couriers utilising the air cargo transport services – needs based essentially upon two fundamental factors: the reliability and punctuality of the service.

Reliability concerns "how" cargo airport services are carried out and on the basis that:

- cargo does not go missing or is stolen;

- is not damaged;
- travels on the scheduled flight and in a complete manner (all packages on all deliveries travel on the planned flights);
- flight safety is not compromised (compliance with the hazardous cargo loading rules and for delivery of cargo) and in terms of security (compliance with the rules which govern cargo security controls).

Timing refers however to “when” these services are carried out, in order to respond to the punctuality expectations of customers and on the basis that cargo:

- arrives at the destination in the scheduled timeframe (and therefore is loaded on the scheduled flight);
- is available for collection within the standard times established;
- satisfies the timelines necessary for delivery (whether by air or by land).

In relation to warehousing operations at the airport, the time requirements are that:

- the delivery to the airport of exporting cargo takes place within adequate service timeframes and in line with departing flights;
- the unloading of cargo does not involve excessive waiting times and the delivery of cargo from import areas does not involve waiting times exceeding the technical timeframes necessary for pick-up;
- the administrative and supporting document processes are carried out within contained timeframes and however in line with the loading of cargo.

The definition of the cargo services quality level at Malpensa airport and of the control systems is based on a set of indicators, organised according to common quality factors to all airport Services Charters (as defined by ENAC in the “Guidelines” for Standard Services Charters), which includes quality measuring parameters and perceived quality recording parameters. The kpi, FAP and NFD are part of the first of these groups of indicators, while the second includes all “objective” elements which measure the level of customer satisfaction in terms of the individual quality parameters and other parameters classifiable as “Cargo Terminal Services”, which establish the overall service level of infrastructure and of the general services of Malpensa Cargo.

In addition to being a best practice for the sector at a domestic and European level, the Cargo Services Charter of Malpensa Cargo provides an opportunity for a structured meeting with the stakeholders (Cargo handlers, shipping agents, cargo airlines etc.), introducing, among other issues, for the first time into the B2B environment a customer satisfaction concept assessment through surveys on perceived process quality.

The single customs desk

Among the initiatives introduced to improve the competitiveness and efficiency of the Cargo City at Malpensa on the technological front, we highlight the introduction from October of a single customs desk, providing an integrated procedure for cargo subject to controls by various entities, with the consequent simplification and reduction of custom clearance times and costs.

At year-end a partnership between SEA, the Lombardy Region, ANAMA and Assohandler was signed for the creation of an IT “ecosystem” (Malpensa smart city cargo project), which will collate all information concerning a shipment during its various movements on the air cargo chain in order to improve cargo traceability.

The point of view of the Cargo Operators

In July 2013, in collaboration with ANAMA (National Association of Cargo Airline Agents), AOC Cargo Working Group and the Association of Milan customs officers, for the first time an “online” survey was carried out by an external company on the Milano.Malpensa Cargo website, including all relevant operators (airlines, cargo agents, couriers, customs agents etc.). The 24 responses provided the following results.

Indicator	Average mark	Services Charter Target
Level of cargo security services at the airport	6.75	80%
Service regularity	6.86	60%
Cleaning and hygiene conditions of the Cargo area	5.48	60%
Additional services in the Cargo area	6.95	75%
Information services on cargo traffic available at the airport	5.67	60%
Courtesy and attention to the client by front-line staff	6.7	65%
Assistance services	5.88	60%
Land/air integration structures	5.86	60%

Source: SEA

Retail customer identity and classification

Public sales points

Sales points at the Milan airports at December 31, 2013 numbered 145, corresponding to 13,494 m² of commercial space (+598 m²) of which 9,879 m² at Malpensa (7,704 at Malpensa 1 and 2,175 at Malpensa 2) and 3,615 m² at Linate.

Sales points at the Milan airports

	m ² 2012	m ² 2013	Sales points 2012	Sales points 2013
Malpensa 1	7,588	7,704	76	81
Malpensa 2	2,095	2,175	18	19
Linate	3,213	3,615	41	45

Source: SEA

Food & Beverage

Bars and restaurants at the Milan airports at December 31, 2013 numbered 64, for an occupied

surface area of approx. 10,543 m², of which 7,592 at Malpensa (5,854 m² at Malpensa 1 and 1,738 at Malpensa 2) and 2,951 m² at Linate.

Food & Beverage operations at the Milan airports

	m ² 2012	m ² 2013	Food & Beverage points 2012	Food & Beverage points 2013
Malpensa 1	5,973*	5,854*	32	35
Malpensa 2	1,864	1,738	10	11
Linate	2,832*	2,951*	15	18

* Excluding VIP lounges (315 m² at Linate; 250 m² at Malpensa 1).

Source: SEA

Management of relations with retailers

The Non Aviation commercial activities not carried out directly by SEA are governed by specific contracts signed with third party operators, under which SEA confers the organisation and management of activities from time to time considered appropriate, in addition to the use of the airport spaces necessary for the carrying out of operations.

The contracts have variable durations (on average 3 years) and do not provide for tacit renewal. SEA's remuneration under these contracts generally concerns:

- fixed annual fees for the use of spaces;
- variable fees (royalties) calculated on the basis of differing parameters according to the activity carried out (such as, for example purposes, revenues returned or cargo handled), providing however for guaranteed minimums and supported only by a bank surety.

The development of Non Aviation activities concerns differentiated strategies according to the various terminals at Malpensa and Linate airports, in order to satisfy the needs of the range of passenger and user types at the terminals.

This strategy has been developed with a view to collaboration and partnership with the main sector operators and has resulted not only in the introduction of innovative sales models and the extension of the brand portfolio operating out of the Milan airports, but also the use of analysis

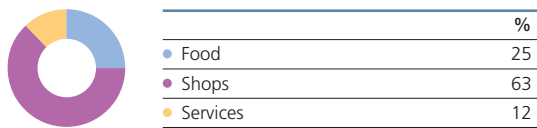
instruments (including customer profiling, targeted marketing plans and quality control systems) which enable the identification and most complete satisfaction of customer demands.

The Mystery Shopping survey

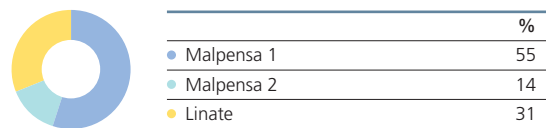
"Mystery Shopping" is an instrument which verifies the quality of commercial services – based on visits and interviews carried out by personnel "incognito" – which SEA introduced in 2011 in order to obtain structured information on the shopping experiences of airport users. At the sales point, the mystery shopper, undertaking the experience of a "typical client" focuses upon:

- the attitude and conduct of sales personnel;
- their level of knowledge and professional ability;
- their problem solving capacity;
- their sales skills, customer attention ability and proposal of complementary purchases;
- their capacity to listen, empathy and demeanour;
- fulfilment of the corporate philosophy;
- in-store feel.

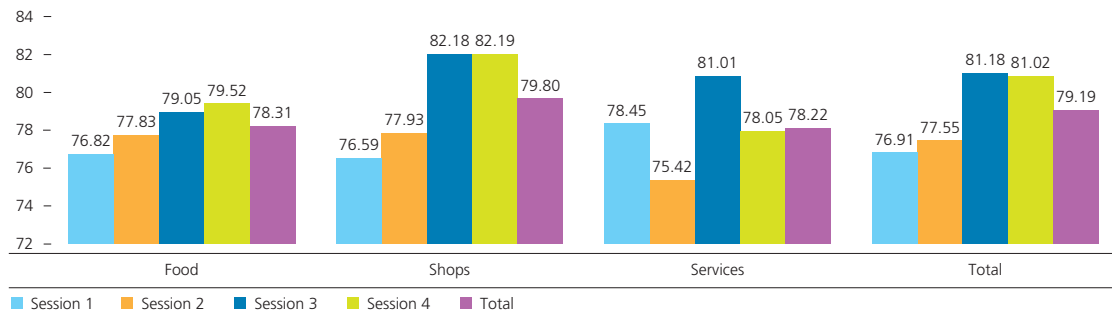
"Mystery Shopping" was introduced in 2011 to the airports managed by SEA and concerned two survey sessions, which became four in 2012. During the year, the sessions involved 209 commercial enterprises for a total of 839 visits. The distribution of shops visited in 2013 by type and location are listed below.

Mystery Shopping – Shops visited by type of activity

Source: SEA

Mystery Shopping – Shops visited by location

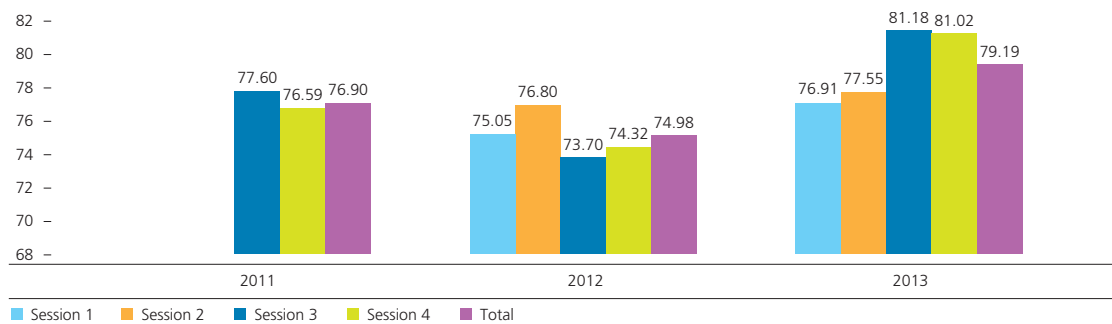
Source: SEA

Mystery Shopping – Average perceived quality value by type of business (scale 1-100)

Source: SEA

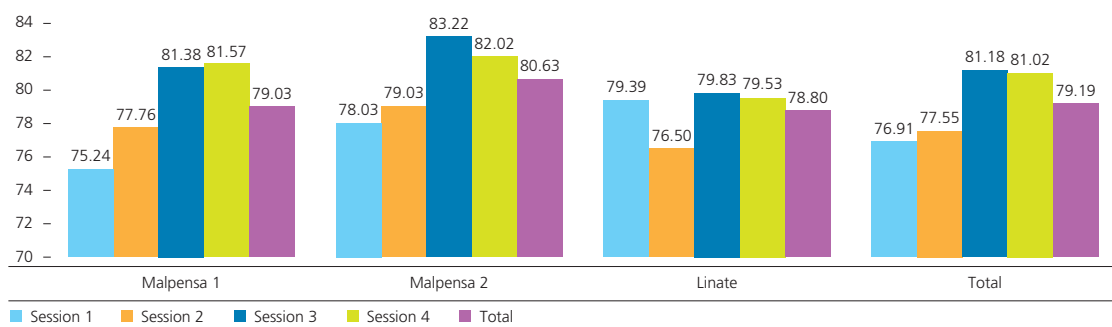
The perceived quality of the commercial outlets present at the airports managed by SEA in 2013 resulted in an average value of 79/100. Analysing the data based on the type of business, the shops category

attains the highest value (79.80), while the food and services categories were in line with the average (respectively 78.31 and 78.22).

Mystery Shopping – Average perceived quality value (scale 1-100)

Note: in 2011, two survey sessions were carried out.

Source: SEA

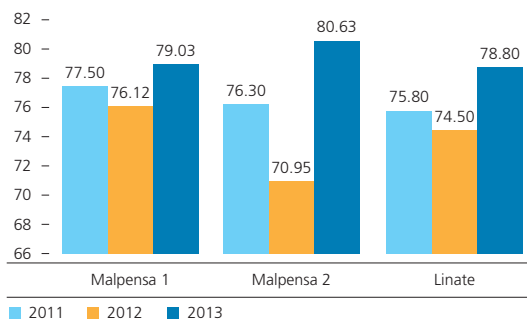
Mystery Shopping – Average value of perceived quality by airport (scale 1-100)

Source: SEA

Considering the quality performances at the various terminals, a positioning in line with the average for the shops present at Malpensa 1 was reported, while

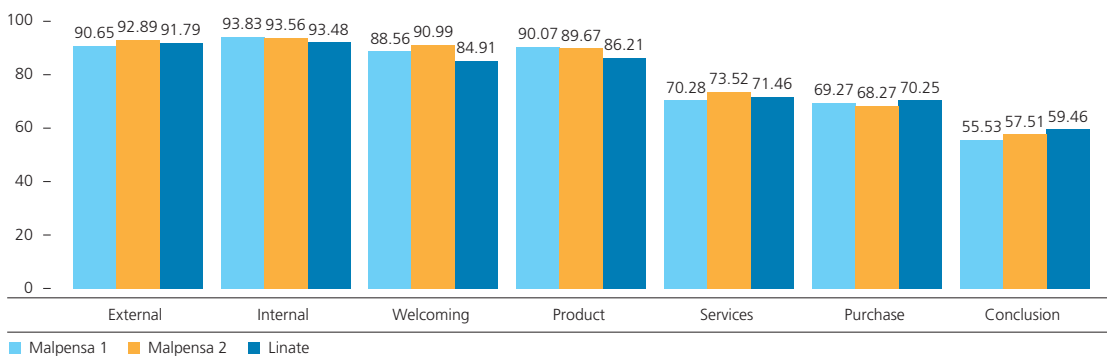
the shops operating out of Linate were just below average, with those at Malpensa 2 slightly above average.

Mystery Shopping – Average value of perceived quality by airport (scale 1-100)



Source: SEA

Mystery Shopping – Driver of perceived quality by airport (scale 1-100)



Source: SEA

The Mystery Shopping 2013 survey, compared to 2012, reports an average improvement of 4 points out of 100 for all three categories (food, shops, services); Malpensa 1 and Malpensa 2 reported an improving trend, while Linate saw a more uneven performance. The shopping experience reported a decline, with excellent results for the structures, reception and the products, and low marks for the service, the purchase and the conclusion (of sales). Despite an improvement across all phases, the sales techniques again reported a result which may be improved upon.

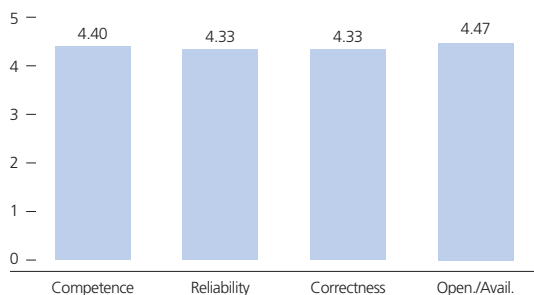
Evaluation of the SEA airport system by retailers

The reputation of SEA and the quality of its relations with “retailer client” stakeholders can be seen in a survey carried out by Doxa, the leading market research institute, in January 2014. From a panel of 150 external stakeholders, 15 retailers were interviewed.

Quality of the relationship

67% of retailers interviewed stated on average to having contact with a SEA Manager on 5 occasions during the year. 93% consider the relationship with SEA useful or constructive and all professed strong or sufficient trust in the company. The opinion expressed in terms of management quality was also very good, with particular reference to competence and openness/availability.

SEA management evaluation (scale 1-5)

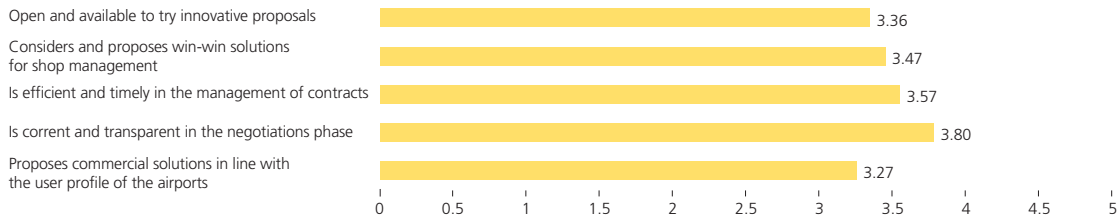


Source: Doxa, Survey of SEA Group stakeholders 2014

The correctness and transparency adopted by the company in the management of negotiations and its

administrative efficiency were the strongest points in the opinion of the retailers.

Relations with SEA evaluation (scale 1-5)



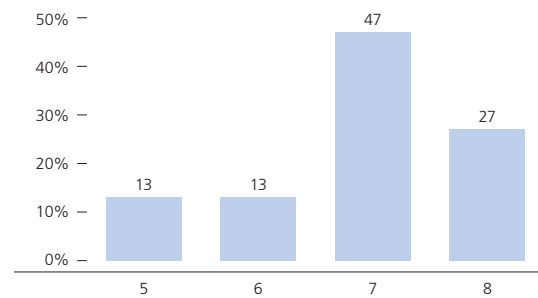
Source: Doxa, Survey of SEA Group stakeholders 2014

The capacity to reach shared solutions and the compliance of the commercial approach with the user profile of the various airports also received strong scores.

Reputational assessment of SEA

87% of the sample of Group retailers interviewed by Doxa generally expressed an opinion of SEA (on a scale of 1 to 10) in the range of 6, 7 and 8. 73% of the sample viewed a change in SEA over the last three years and 91% considered it positive.

On a scale of 1 to 10 how would you evaluate SEA? (% of votes)



Source: Doxa, Survey of SEA Group stakeholders 2014

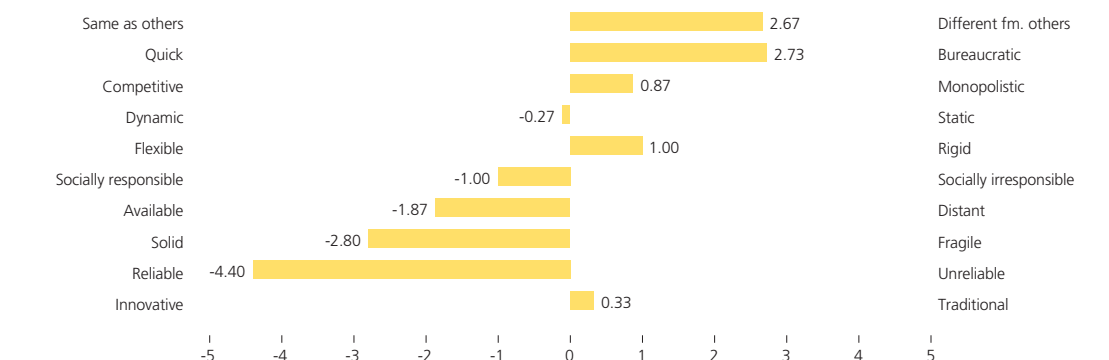
The evaluation of the central identity characteristics of SEA

The identity of SEA, as expressed by its Retailer customers, was particularly based on its reliability,

solidity, availability and in terms of socially responsible conduct.

On the other hand, negative perceptions concerned rigidity and a monopolistic approach.

Perceived characteristics of the company



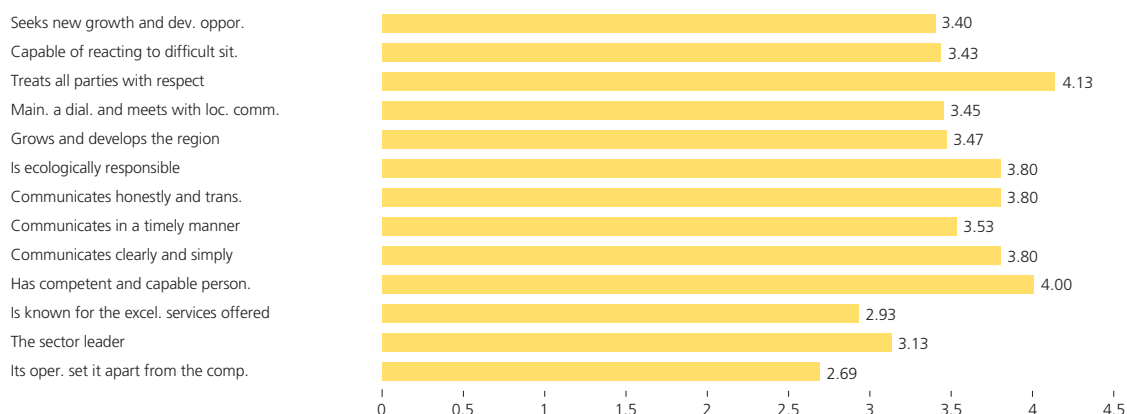
Source: Doxa, Survey of SEA Group stakeholders 2014

Evaluation of the distinguishing features of SEA

The retail customers recognise that SEA handles partners with respect, transparency and through clear communication, while seeking to operate in an

ecologically responsible manner. Retailers also recognise the capability to react to difficult situations and the availability of competent and accessible personnel.

Evaluation of the distinguishing features of SEA (scale 1-5)



Source: Doxa, Survey of SEA Group stakeholders 2014

Handling customer policies

The handling activities are provided by SEA Handling to its customers (airlines) principally on the basis of specific service contracts of variable duration (from a minimum of 1 year to a maximum of 5 years), and on occasion of unfixed duration.

In accordance with the Standard Ground Handling Agreement (SGHA) clause of the IATA – and where not expressly contractually excluded – these handling contracts include the option for both parties to revoke the contract with 60 day notice. In 2013 SEA Handling presented to the market a high quality service offer, particularly targeting the separate customer segments, in order to maintain and – where possible increase – the market share served at the airports managed by the SEA Group, ensuring its place as the leading handler.

In particular, the company confirmed its ability to offer airlines a wide variety of services, including both full handling and partial handling services and ad hoc services to satisfy airline demands, specialising in ramp activities dedicated to all-cargo airlines which require particular levels of quality in terms of dedicated personnel and plant utilised.

Organisational and professional sphere

The experience gained by personnel over time (also through an extensive amount of long-term contracts) provides the basis for a wide range of professional abilities and the communication of knowledge. Expert personnel (including the chain of command and control) have developed the specific experience necessary to manage the range of operational emergency situations which, in an increasingly divergent manner, form the basis of normal airport operations.

SEA Handling dimensions

- Capacity to absorb temporary phenomenon (and largely unforeseeable) of traffic developments, making exclusive recourse to the internal workforce;
- availability of IT systems which support normal operations, optimising the quality of service provided. This concerns highly developed systems, which enable the complete integration of the work cycles from the planning of resources, to programming, operational management (with real time realignment), up to the final calculation phase;
- possibility to compensate for the deficiency of other insufficiently structured operators. The presence of an extensive co-ordination system guarantees the continual physical presence at the airport of qualified personnel, who can undertake important decisions, interacting with the other parties operating out of the airport.

Consolidated certifications package

The quality level of services offered by SEA Handling is highlighted also by the ISO 9001 and ISO 14001 certifications which concern the drawing up, co-ordination and provision of ground assistance services to passengers, for baggage and aircraft.

SEA Handling has also achieved ISAGO Registration, issued by the IATA and which concerns security service quality.

ISAGO (Iata Safety Audit for Ground Operations) is the standardised and structured programme for airport operators, whose objective is to verify that suppliers of handling services possess all the regulatory and operational requirements necessary to reduce the risks which impact flight security, damage to aircraft on the ground and accidents involving operators, in addition to the prevention of offenses.

SEA Handling was the first Italian handler to achieve ISAGO registration.

The Company and the Region

Importance of the Milan airports for the surrounding region

The SEA Group is a fundamental driver of development for the Lombardy region. This is true particularly for the municipalities neighbouring the airports, which benefit in a continuous and stable manner from the economic advantages provided by employment and the distribution of added value devolving to the families of SEA personnel and of all other companies and entities which operate within the airport system.

On the other hand, the Milan airport system certainly place a role in the Lombardy region (if not in the entire North-West of Italy) in attracting capital, in generating employment opportunities and in introducing or acting as a catalyst for investment.

It's extraordinarily important role to a number of specific sectors is also recognised, such as tourism, logistics, transport and commerce.

Alongside the purely multiplier type effect that the Milano airport system has on the local economy, qualitative type impacts are also apparent, such as the "genetic changes" which the region has undergone together with the development of the airports: new managerial personnel, changes to the production specialisation model, an increased degree of multiculturalism and cosmopolitanism in the region, and new and divergent training paths.

Many statistics back up these elements of the airport – region relationship. For example, we highlight:

- the Province of Varese – in which Malpensa airport is located – in the figures produced by the Tagliacarne Institute (2009 data), was the Lombardy province with the best infrastructure, with an infrastructural index of greater than 258, compared to 144 and 113 respectively for Milan and Lombardy as a whole;
- in the last ten years Varese has risen from 7th to 3rd among the Lombardy provinces in terms of arriving tourist numbers, with an increase (+80%) not matched across the entire Northern Italy region;
- Varese was the leading Italian province for economic growth between 2011 and 2012. This statistic emerged from the research carried out by KFinance for Borsa Italiana in 2014 on the 2012 financial statements of 52 thousand Italian companies. Varese is in the top 25 (17th position) of the Italian provinces in terms of revenues achieved in 2012 (Euro 25,280 million, +2.2% compared to 2011), although leading the total value creation table: Euro 2,348 million more than the previous year. The aeronautics sectors and related industries were particularly central according to the research.

Within this framework, certain regional "tensions" emerged, all of which not yet resolved and clearly related to a number of major issues, such as the environmental impact of the airports.

In the specific case of Malpensa, the local environment is particularly significant in relations with surrounding communities, which have organised into a pressure group.

In fact, the Malpensa Voluntary Urban Consortium was founded in 1974 and is based in the Somma Lombardo municipality.

The association represents residents of the nine municipalities closest to the airport, representing their interests against the growth of an airport, which is considered both a source of opportunity but also of possible negative collateral effects for the surrounding region.

The municipalities represented by the Consortium are: Ferno, Lonate Pozzolo, Casorate Sempione, Vizzola Ticino, Arsago Seprio, Somma Lombardo, Cardano al Campo, Golasecca and Samarate.

The socio-economic impact of Malpensa airport

Overall, the airport-region relationships must be analysed and broken down individually and in a thorough manner in order to optimally and efficiently develop the efforts which, particularly recently, SEA has introduced and gradually intensified in order to ensure its relationship with the local socio-economic system is harmonious and constructive.

For this reason, SEA has drawn up a platform of data to periodically measure the socio-economic impact generated in the Lombardy Region, the Province of Varese and the neighbouring hinterland by Malpensa airport.

This platform to date has hosted the figures concerning:

- a study carried out during 2012 and 2013 by a research group involving the LIUC and the Institute for Social Research and co-ordinated by Professor Massimiliano Serati, Director of the Research Centre for Regional Development of the University;
- an analysis produced in January 2014 by the Chamber of Commerce of Varese in relation to the development of production units (and relative employment impacts) operating within the Malpensa area;
- research and studies produced internationally on the socio-economic impact generated by the air transport sector – and in particular by the airports – in various regions throughout the world.

In line with the most widely accepted approaches in the literature concerning infrastructure and transport

networks, analyses of the direct, indirect, spin-off and catalytic impact were combined and integrated, in order to understand the socio-economic impact for which the airport is directly responsible, in addition to as a generator, rather than an activator, or a central actor, although not exclusively.

The impacts of airport activity on the business environment were evaluated, on the jobs market, on the specialisation model, on the competitiveness and the attractiveness of the region, on the propensity towards innovation and on the tax take collected by the local Public Administrations.

Types of impact analysed

On-site direct impact

Those impacts generated by economic activities which provide services to passengers and concerning cargo, operating within the airport (for example: airlines, shops, bars and restaurants, car hire, banks, couriers, cargo, handlers, catering companies etc.).

Off-site direct impact

This concerns expenditure in the region (hotels and restaurants outside the airport, car hire etc.) from tourists and all those arriving in the region at the airport.

Indirect impact

This concerns the economic spin-off generated by the provision of services and goods to passengers outside of the airport and by the supply chain – triggered by the providers of direct activities – which do not offer direct services.

Spin-off impact

This concerns the increase in end demand prompted by the expenditure of those operating in various forms on the basis of the presence of the airport.

Development of the economic footprint of Malpensa

The evaluation of the economic impact of Malpensa airport over the last 7-8 years enables us to re-appraise some of the major issues concerning the assumed decline of the airport as an economic driver made by a number of stakeholders in the region.

Based on the figures updated to 2012 on the content of the LIUC-IRS study, the productive plant at Malpensa generates, between the direct, indirect and spin-off impact, more than Euro 12 billion in the Lombardy region, equivalent to the capacity to create nearly 87 thousand jobs.

These figures confirm the airport as one of the most important “productive plant” in the region.

Comparing the results of this research with those concerning 2005 (a previous study⁴) indicates that in the 2005-2012 period, the “Malpensa economic system” would have lost nearly 3,000 jobs (-3.1%), while the value of production at like-for-like prices would have improved 16.4%.

The analysis carried out by the Varese Chamber of Commerce also highlights, to March 2013, the close link between the region's economy and the presence of the airport, comprising 21,950 local business units and 84,298 employees. These figures confirm the economic importance of the Malpensa area, with nearly 1/3 of all jobs in the province concentrated in only 13 municipalities.

Development of local business units in the Malpensa area and in the Province of Varese (No.)

Local units	December 2007	December 2009	Cge.% 07-09	December 2011	Cge.% 09-11	March 2013	Cge.% 07-13
Malpensa area ¹	21,818	22,057	1.1	22,114	0.3	21,950	0.6
Other municipalities of the Province of Varese	50,979	50,934	-0.1	50,868	-0.1	50,340	-1.3
Total Province of Varese	72,797	72,991	0.3	72,982	-	72,290	-0.7

1. The Malpensa Area, as defined by Regional Law 10/1999, includes the municipalities of: Arsago Seprio, Busto Arsizio, Cardano al Campo, Casorate Sempione, Ferno, Gallarate, Golasecca, Lonate Pozzolo, Samarate, Sesto Calende, Somma Lombardo, Vergiate & Vizzola Ticino in the Province of Varese; Castano Primo, Nosate, Robecchetto con Induno & Turbigo in the province of Milan.

Source: Varese Chamber of Commerce – Analysis of the Malpensa area, 2014

Developments since the end of 2007 highlight:

- a more dynamic development of local business units in the airport area (+0.6%) compared to the rest of the province (-0.7%);
- a lower decrease, although slight, in the Malpensa area employment figures than the provincial average (-5.5% in Malpensa and -6.2% in the total Province).

4. CLAS Group 2007.

Jobs in the Malpensa area and in the Province of Varese (No.)

Employees	December 2007	December 2009	Cge.% 07-09	December 2011	Cge.% 09-11	March 2013	Cge.% 07-13
Area Malpensa ¹	89,216	87,613	-1.8	86,069	-1.8	84,298	-5.5
Other municipalities of the Province of Varese	191,541	184,965	-3.4	182,344	-1.4	179,149	-6.5
Total Province of Varese	280,757	272,578	-2.9	268,413	-1.5	263,447	-6.2

1. The Malpensa Area, as defined by Regional Law 10/1999, includes the municipalities of: Arsago Seprio, Busto Arsizio, Cardano al Campo, Casorate Sempione, Ferno, Gallarate, Golasecca, Lonate Pozzolo, Samarate, Sesto Calende, Somma Lombardo, Vergiate & Vizzola Ticino in the Province of Varese; Castano Primo, Nosate, Robecchetto con Induno & Turbigo in the province of Milan.

Source: Varese Chamber of Commerce – Analysis of the Malpensa area, 2014

This indicates that:

- the estimated decline in employment levels prompted by the de-hubbing were only partly mitigated, thanks both to the social security measures and the strategic choices made by SEA;
- the crisis hit both the Province of Varese and the Malpensa area hard;
- the airport suffered from a lack of growth, but also demonstrated its ability to absorb the impact of de-hubbing;
- an appraisal of the numbers clearly highlights that certain restructuring and re-organisation actions of the extensive "Malpensa enterprise" have been completed and had a major effect of reducing the

number of persons employed in the area, maintaining the dynamism of the business activities undertaken;

- based on the passenger numbers and the development of direct employment at the airport, Malpensa has been confirmed as a strategic asset, offering advantages for the opening of businesses in the area rather than in other Municipalities.

Analysing the airport in greater detail and based on information collated by the SMAIL databank of the Varese Chamber of Commerce, the production and employment dynamic of recent years may be re-constructed:

Production and employment development in the Malpensa area

Local business units/employees	2007	2013	Cge. % 07-13
Local business units in the airport	255	241	-5.5
Production units related to the airport	411	469	14.1
Production units in the Malpensa area	21,818	21,950	0.6
Employment at the airport	7,720	6,991	-9.4
Employment related to the airport	12,861	12,569	-2.3
Employment in the Malpensa area	89,216	84,298	-5.5

Source: Varese Chamber of Commerce – Analysis of the Malpensa area, 2014

- at the end of 2007, 255 local business units had addresses at the airport (excluding the airlines), employing 7,720 persons. As a combined effect of the crisis and the de-hubbing at the end of March 2013, the number of local business units reduced to 241 (-5.5%) and employees to 6,991 (-9.4%);
- in March 2013, airlines operating out of Malpensa, including the cargo segment, numbered 58 and employed 4,282 persons. Compared to five years previously, the number of persons employed increased 0.1%, while the local business units increased by 10;
- the air transport support activities located in Lonate Pozzolo, Cardano al Campo, Somma Lombardo, Gallarate, Busto Arsizio, Ferno, Vizzola Ticino and Marnate concerned at the end of March 2013, 57 local business units for a total of 437 employees;
- the hotel sector in March 2013 reported 30 operational enterprises with 256 employees, which

with high probability, carry out airport related activities, as located in the surrounding municipalities (Cardano al Campo, Ferno, Lonate Pozzolo, Somma Lombardo and Vizzola Ticino);

- parking and car hire businesses (referring also to the Ferno, Vizzola Ticino, Lonate Pozzolo, Cardano al Campo and Somma Lombardo areas) number 53 and employed at the end of March 2013 approx. 271 persons;
- the remaining activities, including warehousing, meal preparation, security and travel agencies concern approx. 120 businesses.

In March 2013 therefore, the extended Malpensa area (located in 13 Municipalities, excluding the 4 located in the Province of Milan), hosted over 84,000 employees and approx. 22,000 local business units (third circle), of which 12,569 employees and 470 local business units strictly related to airport operations (first and second circle).

A number of conclusions may be drawn from the data:

- job losses at the airport (therefore within the airport, the so-called first circle) were more extensive than the entire area of the 13 Malpensa Municipalities, with a contraction of -9.4% compared to -5.5% in the area as a whole.
- the core airport activities (included in the second circle), concerning therefore air transport, lost Alitalia, but responded strongly through diversifying the offer and increasing the presence of other airlines, increased employees numbers +0.1% between 2007 and 2012 (without Alitalia);
- the other activities (also second circle), within the municipalities surrounding the airport and closely related to it, generally report an improvement, with the number of hotels, parking and car hire, security and air transport support activity companies increasing. Therefore, overall employment in the first and second circles, between 2007 and 2013, reduced 2.3%, lower than that at the airport, but also than within the 13 Municipalities in the Area.

Therefore, at micro and general regional level and in relation to directly related goods sectors, the airport as a driver of economic growth is still significant and substantially in line with previous years.

The research by LIUC-IRS and the Varese Chamber of Commerce paints the picture of an infrastructure which, although undergoing the noted developmental issues, has acted positively in the region to offset the effects of the recent economic crisis, stemming the impact – which in other sectors and regions was devastating – and ensuring the production chain and the individuals employed on the basis of airport activities a mitigated impact from the de-hubbing firstly and the subsequent global recession.

On-site direct impact

The various economic activities at Malpensa in 2012 numbered 1,457.

The list of economic activities taken into consideration corresponds to those of the businesses which have requested the issue of badges to operate at the airport.

Off-site suppliers account for 63.6% of total mapped economic activities.

These suppliers are considered as all those companies which have not permanently located personnel at the airport.

The largest categories in 2012 concern 111 airlines, 104 shop/sales points and 101 shipping agents.

Employment impact

On the basis of the study carried out by LIUC-IRS in 2012, the number of jobs related to on-site economic activity at Malpensa airport numbered 16,617 (substantially in line with that calculated by the Varese Chamber of Commerce, which in March 2013 reported 15,947 employees involved in activities

directly related to airport), in addition to 3,784 further jobs related to SEA suppliers and third party enterprises operating on-site. Average sector employment was established through collating the Istat-Asia databanks, the reporting dedicated to existing airport systems and the results of the verifications carried out directly at the airport. Total employment is obviously obtained through multiplying average sector employment by the number of on-site activities for each sector.

An analysis of the regional distribution of employment impacts directly generated by Malpensa airport, carried out in 2013 through the reclassification of badges issued to employees based on the municipality of residence, highlighted that more than 72% of employees resided in Lombardy, 5.9% in the close by Province of Novara, with 20.2% resident outside the region.

Malpensa – Distribution in the region of direct employment impacts

Locality of residence	% employed
Lombardy	72.4
of which Province of Varese	44.8
of which Somma Lombardo	4.7
of which Casorate Sempione	1.2
of which Cardano al Campo	3.3
of which Samarate	1.8
of which Lonate Pozzolo	2.2
of which Ferno	1.5
of which Vizzola Ticino	0.5
of which Golasecca	0.4
of which Arsago Seprio	0.9
Total CUV municipalities	16.6
Province of Novara	5.9
Other locations	20.2
Residency not stated	1.5
Total	100

Source: SEA

In the Province of Varese, in which Malpensa airport is located, nearly half of employees were based (44.8%), while in the CUV municipalities nearly 17% of employment generated by the airport was located (37% of the employment directly generated by Malpensa in the Province of Varese).

Value of production generated

The value of production relating to on-site economic activity in 2012 amounted to nearly Euro 2,776 million. Of this, 13% is directly produced by SEA.

The added value is calculated as the sum of the sector employment and productivity, while the value of production is the sum of the added value and final sector prices.

Malpensa – Direct on-site economic impact of the airport (* millions of Euro)

Economic activity	Productivity	Added value*	Value of production*
Car hire	0.11	6.97	15.46
Banks	0.17	5.51	8.53
Bars and Restaurants	0.05	3.78	7.15
Cargo & Handling	0.04	72.96	198.16
Catering	0.05	2.23	4.22
State Bodies	0.02	42.59	60.20
Other Bodies	0.85	96.33	148.78
Shops/sales points	0.05	41.19	70.84
Refuelling	0.05	7.68	144.20
SEA			359.92
Tourist and passenger services	0.05	51.51	365.96
Courier companies	0.10	353.91	530.30
Transport	0.10	22.49	52.37
Airlines	0.10	275.47	748.14
Security/Safety	0.05	28.58	61.54
TOTAL ACTIVITIES		1,011.2	2,775.8

Source: LIUC, 2012

Impact on the local tax take

As a generator of economic development, the airport also generates significant volumes of tax revenue in various forms.

On one hand, the impact on employment (directly, indirectly or as a spin-off) related to the airport affects income tax contributions (and additional taxes), while on the other hand the presence of an inter-connected business network dependent on airport activities has knock-on effects for the Tax Take of the municipalities. The analysis of these Tax Take profiles on a local scale therefore adds another element to the overall picture and highlights how an airport such as Malpensa may impact the purses of the municipal administrations in the region.

In the small municipalities of the CUV, the tax take in the 2007-2011 period not only grew but was better than that of the wider region (province and region) and clearly countered the contraction experienced by this latter.

The LIUC-IRS research initially calculated the volume of Income Tax Take⁵ (and additional taxes) produced by the airport through its capacity to create employment.

Malpensa – The “tax” dimension of the impact of the airport

Impact on Income Tax (IRPEF) (2010)	millions of Euro
Total Income tax generated	1,543.4
Additional regional tax generated	97.7
Additional municipal tax generated	22.3

Note: the figures refer to 2011.

Source: LIUC reworking of Ministry of Finance figures

The Income Tax Take generated by Malpensa airport on a regional basis and collected by the State, region and municipalities represents approx. 4.5% of the Lombardy tax take.

A second aspect of the study took into consideration the measure in which the presence of Milan Malpensa airport contributed over time to the tax takes of the surrounding municipalities within the CUV⁶, significantly different from the Province of Varese. In this regard, for the 2007-2010 period four types of taxes were considered: The Property Tax on the non-principal residence, the advertising tax, the additional on electricity consumption and the tax on the collection and disposal of municipal urban waste. Two findings were particularly indicative on the influence of the airport on the micro-regional economic variables:

- the level of pro-capita tax take in the Municipalities of the CUV and in those of the CUV extended to include Busto Arsizio and Gallarate, tended to be higher (and often significantly) compared to the provincial and regional averages;
- also in the small Municipalities of the CUV (and in this case the evidence is again stronger excluding the two significant municipalities of Busto Arsizio and Gallarate), on average the tax take in the 2007-2010 period not only grew, but was stronger than that of the wider region (province and region) and clearly countered the contraction experienced by this latter.

5. Based on the input/output table by region, the average income per employee for each of the related economic activities was calculated (directly and indirectly), with the management of the airport; then utilising the brackets and the national rates, the Income Tax Take was calculated for the average contributor for each economic category and thereafter, based on the respective rates, the additional regional and municipal tax takes were calculated. Finally, applying the occupational multipliers (deriving again from the regionalised input/output matrix) utilised in the calculation of the economic impact of the airport, the total related tax take was calculated.

6. The municipalities considered are those which constitute the Lombardy block of the CUV, Arsago Seprio, Cardano al Campo, Casorate Sempione, Ferno, Golasacca, Lonate Pozzolo, Samarate, Somma Lombardo, Vizzola Ticino. These are bordered also by Busto Arsizio and Gallarate, the two most populous municipalities and significant also in terms of the production plan of the areas surrounding the airport.

Malpensa – The “tax” dimension of the impact of the airport**Comparative tax intakes (* Euro)**

	Property tax other than principal residence		Municipal advertising tax		Municipal additional on electricity		Municipal urban waste tax	
	Pro-capita amount*	Increase	Pro-capita amount*	Increase	Pro-capita amount*	Increase	Pro-capita amount*	Increase
	2010	2007-2010	2010	2007-2010	2010	2007-2010	2010	2007-2010
Lombardy	159.5	-6.3%	8.5	1.2%	11.2	0.9%	88.8	12.7%
Varese	141	-14.1%	8.5	3.5%	11.1	0.0%	88.0	12.8%
CUV municipalities	169.3	7.3%	11.4	6.6%	11.4	3.2%	95.6	17.6%
CUV + Gallarate and Busto Arsizio	173.5	2.3%	14.4	0.9%	10.5	-1.8%	127.2	19.0%

Source: LIUC

Off-site direct impact

In order to calculate the direct off-site effects, the Federal Aviation Administration (FAA-USA) suggests basing it on the annual expenditure of tourists/visitors to the area through the airline. In this regard, the LIUC research group carried out a direct survey of air passengers concerning (together with useful information to profile the tourist) the expenditure incurred for services.

In the first quarter of 2013 approx. 400 interviews are carried out with departing passengers (at the end of their stay in Lombardy), coming from abroad and staying in Lombardy for at least for one night. The base concerned the 7,600,000 foreign tourists which

each year arrive in Lombardy at Malpensa airport.

The type of expenditure considered included: transport, lodging, catering, shopping, entertainment and free time.

The survey and subsequent data analysis revealed an average pro-capita spend per day in the Lombardy region of Euro 225.50. Taking account that the average stay was 2.55 days and multiplying this by the average pro-capita spend and the volume of incoming international passengers to Malpensa airport, the total spend in the Lombardy region was Euro 4,370 million, generating, based on the ratio between the expenditure accounts and the product by sector employee, 38,256 jobs.

Spend in the region by tourists arriving at Malpensa

Expense	Amount spent	Corresponding jobs (No.)
Transport	15.7	1.615
Lodging	76.9	13.151
Restaurants	41.2	7.037
Shopping	59.9	12.735
Free time	31.7	3.718
Pro-capita spend per night (Euro)	225.5	
Average number of nights stay	2.55	
Number of overnight tourists	7.600.000	
TOTAL SPEND (millions of Euro)	4.370	38.256

Note: the figures refer to 2012.

Source: LIUC

The overall direct effects produced by Malpensa totalled Euro 7,146 million of production value generated and nearly 55,000 jobs.

Indirect economic impact

Based on the direct effects, it is possible to calculate the indirect economic effects generated by the airport

utilising multipliers (respectively the Leontievan and Keynesian multipliers) produced by regionalised input/output tables.

Malpensa – Value of production and direct and indirect employment at the airport

	Direct	Indirect	Spin-off	Total
	Value of production (millions of Euro)			
Multiplier		0.4	0.64	
On-site effect	2,775.79	775.87	1,251.80	4,803.46
Off-site effect	4,370.42	1,221.59	1,970.94	7,562.95
Total effect	7,146.20	1,997.46	3,222.75	12,366.41
	Jobs (No.)			
Multiplier		0.33	0.17	
On-site effect	16,617	6,804	4,132	27,552
Off-site effect	38,256	13,705	8,323	55,502
Total effect	54,874	20,509	12,454	87,837

Note: the figures refer to 2012.

Source: LIUC

The total value (direct, indirect and spin-off) of the production generated through airport activities at Malpensa totals Euro 12.4 billion, while employment created exceeds 87,000 jobs.

Investments in projects and social initiatives

The SEA Group considers the balance between the economic and surrounding social environment of utmost importance and is committed to a frank and

on-going dialogue with local bodies and in relation to the issues which the local communities have expressed concern upon over the years.

Particular importance is placed on relations with the Municipality of Milan, the CUV (neighbouring) Municipalities, the Province of Varese and the relative civic groups, with the Park of Ticino Management Board, with important Milan-based cultural and artistic activities and with non-profit operators and the educational system.

Donations and Corporate Citizenship projects 2011-2013 (Euro)

	2011	2012	2013	Total 2011-2013
Total donations	1,020,978	792,253	665,797	2,479,028
of which: culture/education	970,086	690,020	625,197	2,285,303
of which: sporting events	15,000	12,000	12,000	39,000
of which: social/health	35,892	90,233	28,600	154,725
Corporate Citizenship projects	178,000	228,921	199,421	606,342
Total donations	1,198,978	1,021,174	865,218	3,085,370

Source: SEA

The majority of donations concern the support of cultural initiatives, in particular support of the La Scala Foundation of Milan. SEA in fact is a founding Member of the Foundation and as such actively

participates in pursuit of the promotion of musical culture throughout the world, supporting the national artistic heritage and improving its quality level, and taking part in the artistic life of La Scala.

Corporate Citizenship Policy

SEA has drawn up a policy concerning the “corporate citizenship” initiatives, whose principal elements concern:

- the significance of corporate citizenship is based on the closeness of the link between employees and the corporate strategy and not on the amount of resources employed;
- the corporate citizen activities are carried out in order to protect the interests of:
 - shareholders, in relation to the most correct, efficient and beneficial use of employees by management;
 - the “social” stakeholders (non-profit bodies), in relation to the need for transparency and objectivity in terms of the criteria under which the company chooses its partners for social investment;
 - the company itself, in relation to the protection of its credibility and reputation, not only in relation to the approval, but in particular in relation to the rejection of requests for contributions from the non-profit world;
- the touchstone of SEA’s corporate citizenship activities revolves around the financed project, whose credentials (completeness, endorsement by national and international institutions, scalability, clarity of objectives, measurability and accountability) impact upon the credentials of its proponents. Projects in line with the identity, features and distinctive characteristics of the SEA Group are preferred, which carries out an active role (not simply a donator, but rather a partner) in the management of initiatives, considering therefore as important factors for the choice of the project the possibility to mobilise the involvement of employees, in addition to the opportunity to reconcile the needs within the region of the airports with an international dimension. Based on this approach, in 2013 the SEA Group invested approx. Euro 200,000 in corporate citizenship activities, implementing – in partnership with institutions and Non-Profit Organisations – 3 projects.

“English takes off from MXP” Project

Project basis

The presence of the Malpensa international airport in the region provides an important professional outlet for future generations in the area. Therefore, foreign language abilities undertake a central importance and are fundamental from the early stages of schooling.

Description

The project “English takes off from Mxp” falls within

the Framework Agreement signed by SEA and the Lombardy Regional Education Office in 2010. The initiative has been undertaken in order to teach at an early stage the English language – as a vehicle for world citizenship and as an indispensable workplace tool – to primary school students in the communities within the Malpensa zone, in addition to promoting teaching excellence. The initiative is among the first carried out by Italian public schools and concerns 2 hours of English teaching per week – beginning with first elementary classes taught by mother tongue teachers. The classes do not only concern English grammar, but focus also on curriculum materials (geography, history of art etc.) in the English language.

Objectives

The project seeks to:

- introduce systematic and extensive improvements to English language knowledge among primary school pupils within the localities directly impacted by the presence of the airport;
- establish high levels of linguistic proficiency among the pupils involved;
- create, in the long-term, favourable employment conditions as future citizens, providing a high level of English language proficiency, necessary both for the professions in general and airport roles, and for other uses in a region with a strong international focus.

Place and Beneficiaries

The project is aimed at students and specialised English teachers in 16 primary schools in the 9 municipalities of the CUV. In the three-year period, the classes each year will involve approx. 2,600 students.

Implementation method

The project is based upon the reform guidelines applied in primary education, introducing at an early stage – from first class and with effective teaching/communication methods – the teaching of English through a mother tongue teacher and the adoption of the CLIL (Content and Language Integrated Learning) method. The project requires significant investment, allowing on the one hand the employment of specialised English language teachers and the reaching of a generalised and certified B2 level (necessary to offer English language training in the CLIL method in the schools in the region), and on the other allowing students to avail of mother tongue speakers in their English classes, as in other subjects.

Role of SEA

SEA is involved in this project through the allocation of funds and the provision of human resources and logistics.

Partners

- Lombardy Regional Education Office: designs and structures language training courses and the CLIL teaching method, with on-the-spot and final monitoring, supervision and validation;
- Varese Regional Education Office: provides regional and inter-institutional support and interchange;
- Network of educational institutes: through the qualified and direct promotion and co-ordination of senior managers, the education institutes establish the organisational and teaching conditions of the project.

Duration

From school year 2011/2012 to school year 2013/2014. In the same period, training of the 36 state teachers involved will be carried out, with individual course duration of 300 hours (interim initial level).

Actions

The three-year project comprises three general measures:

- the specialised training of already “specialised” state English language teachers to develop their abilities up to level B2;
- the development of English language skills for first and second class students, through external mother tongue teachers, both in the teaching of English and other subjects;
- introduction of an international exchange programme for teachers, managers and students as a necessary condition for the development of a true European and international culture at the schools and in the region of the CUV.

Intermediate outcomes

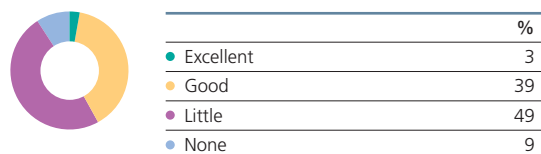
Survey of the parents of students involved in the project

In 2013, a survey was proposed once again, as carried out in 2012, on an extensive sample of families involved in the project to evaluate the level of awareness of the project and the opinions of parents in relation to the progress made by their children.

The survey was overseen directly by the Varese Provincial Education Office, which distributed 589 questionnaires to the family of first class students, with a redemption of 485 responses, equal to 82% – and 704 questionnaires to families of second and third class students, achieving a redemption of 569 questionnaires, equal to 81%.

The results relating to the survey concerning parents of first class students are reported below.

English language knowledge in the family



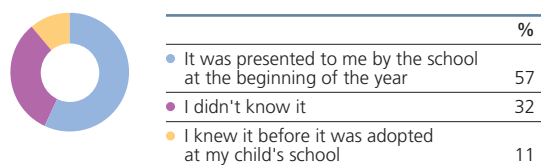
Source: Varese Provincial Education Office

The majority of the sample (58%) stated to having little or no knowledge of the English language, with 39% stating a good level of knowledge and 3% an excellent level.

Nearly all families (98%) agreed upon the importance of foreign language knowledge by their children.

The survey also highlighted that the majority of families (57%) had knowledge of the CLIL teaching method, thanks to the presentations at the respective schools at the beginning of the school year. It however emerged that a significant proportion of families (32%) did not have knowledge of the project.

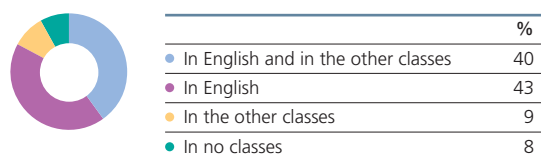
Knowledge of the CLIL method



Source: Varese Provincial Education Office

The majority of families interviewed reported improvements in the educational advancement of their children both in the English language alone (43%) and in English and other subjects (40%). The percentage which did not see any improvements was very low (8%).

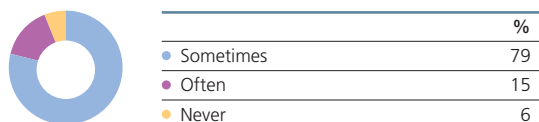
Improvements in the educational advancement of students reported by families



Source: Varese Provincial Education Office

The majority of the sample noted that their children utilised foreign terms in their everyday speech (79% sometimes, 6% often). Finally, nearly all parents interviewed considered that the study of subjects in the English language improves their linguistic knowledge.

Perception of families of the use of English terms by their children



Source: Varese Provincial Education Office

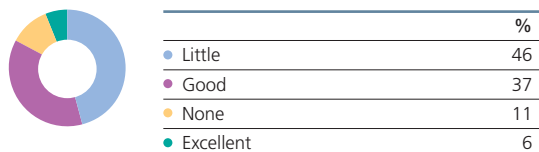
Perception of usefulness of the learning of subjects in the English language



Source: Varese Provincial Education Office

The results of the survey concerning the parents of second and third class students are reported below.

English language knowledge in the family



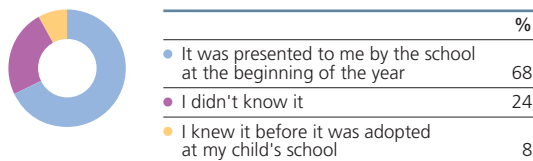
Source: Varese Provincial Education Office

The majority of the sample (57%) stated to having little or no knowledge of the English language, with 37% stating a good level of knowledge and 6% an excellent level.

Virtually all families (99.5%) agreed with the importance of foreign language knowledge by their children.

The proportion of families (68%) involved with knowledge of the CLIL teaching method increased for the parents of first year children thanks to the presentations made by the respective schools at the beginning of the school year, while the proportion of families (24%) which were not yet aware of the project decreased significantly.

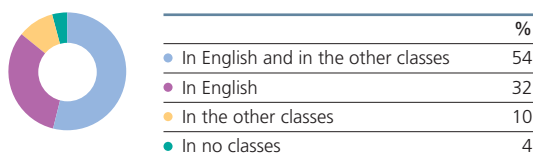
Knowledge of the CLIL method



Source: Varese Provincial Education Office

The majority of families interviewed noted improvements in the educational advancement of children in the English language and in other subjects (54%), while 32% of those interviewed reported improvements only in the English language. For the first class students the percentage which did not see any improvement decreased further (4%).

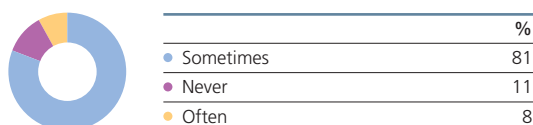
Improvements in the educational advancement of students reported by families



Source: Varese Provincial Education Office

The overwhelming majority of the sample reported the use by their children of foreign terms in everyday speech (81% sometimes, 8% often). Nearly all parents interviewed hoped for the adoption of the CLIL method also in the subsequent school year.

Perception of families of the use of English terms by their children



Source: Varese Provincial Education Office

Evaluation of the usefulness of the CLIL method in subsequent years



Source: Varese Provincial Education Office

Survey of teachers involved in the project

The survey reported also the evaluations of 25 of the 27 teachers involved in the project. A majority of teachers interviewed (64%) declared a knowledge of the CLIL method at the time the project was launched at their school.

Three-quarters of teachers interviewed (76%) agreed that the CLIL method is effective for all schooling levels, while the remaining 24% were divided between those who considered that the method should only be introduced in secondary schools (12%) and those who consider the introduction of the method effective also in previous years (12%).

84% of the sample considered that the CLIL method had a positive impact (significant for 20%, moderate for 64%) for the learning of a subject and in terms of specific subjects, 60% considered that the learning of geography in the schools in which the project was underway improved and 96% considered that the method had an impact on the learning of English.

Finally, in the opinion of teachers, the usage of the CLIL method for the learning of geography was prevalently undertaken by foreign students (64% of the sample affirming such) compared to Italian students (48% of teachers stating such), while the reverse was reported for the learning of English (87% of teachers considered that Italian students benefitted from the CLIL method, while only 48% considered it to be a benefit for foreign children).

“Access to renewable energies for the rural areas of Malawi” project

Project basis

Through its energy saving projects, SEA has achieved a 9% reduction in energy consumption in the 2010-2013 three-year period compared to the 2009 base year. Since 2011, the company has ideally targeted this saving in developing countries, within a framework of international co-operation and the facilitation of access to renewable energies, which is an important addition, with a view towards sustainability, to the connectivity mission and rapid physical-geographical accessibility to an international airport.

Description

Promote knowledge in the use of renewable energies, committing to training and education of the communities in which they will be used. All of this is undertaken with the objective to make electricity available to a greater number of people, to halt the de-forestation process, improve the quality of life of those involved and to encourage the development of small enterprises which will benefit from this resource.

Objectives

The general objective is to improve access to sources of sustainable energy in order to improve the living conditions of the rural Malawi populations. The

specific objective concerns increasing access to modern energy services, accessible and sustainable, which utilise local and renewable energy resources and to promote the efficient production, conversion and productive use of energy.

Place

Central Malawi – District of Kasungu and the island of Likoma.

Background

In Malawi the supply of electricity is inadequate, unreliable and inaccessible to many due to the lack of network coverage (approx. 5% of the population), the impossibility to pay for the service and the insufficient investment by the national electric company. In the Kasungu District, only 3% of the total population (approx. 600,000 people) have access to electricity. Of these 19,000 persons, only 3,700 use electricity also for cooking and not only for lighting. Only 1% of homes in rural areas have electricity. On the island of Likoma, approx. 10,000 persons live, but less than 700 families (3,000 persons) are connected to the national electricity network. The greatest source of energy in Malawi is biomass, which is utilised as wood to be burnt and satisfies the majority of agricultural needs and those for domestic life in the country. Currently, the production of biomass is lower than consumption, a factor which contributes to the worrying deforestation process. In addition, health problems must be considered (the inhalation of smoke and respiratory diseases and the decrease in cooked meals and therefore malnutrition), and social and economic issues.

Beneficiaries

16,400 persons, in particular the families of farmers in rural areas.

Implementation method

The actions envisaged by the project are:

1. Education and training of the community (approx. 8,000 persons) on the construction and use of economical kitchens (improved stoves in terms of wood consumption).
2. Together with 6 dams, the construction of 6 water towers of 6 metres in height; the training of six committees on their management and maintenance; the supply of six solar energy pumps, piping and water tanks (loaned); monitoring of the increase of cash inflows, a part of which will be used for maintenance (10%) and a part for the repayment of the loan within three years. The repayment of the loan will thereafter be re-utilised to re-propose the same activities in 6 other communities, also in the Kasungu district.
3. Supply of: twenty solar panels in a similar number of villages; two manual presses, enabling twenty communities to extract jatropha oil; five motors which utilise maize and other product biofuel for small local activities.

4. Training and planning on the management of the forestry resources of the surrounding area; the supply of 1,000 small solar panels (75 Wh) for domestic use, as an incentive for families involved to the planting of new jatropha trees and local plants in a de-forested area of 20 km²; supply of seeds, technical support, monitoring and planning for this re-forestation.
5. Island of Likoma: loan to be repaid in three years for a solar panel and a wind generator; training on its use and maintenance. The energy provided in this way will be used for local economic activities.
6. Supply of 5 large solar panels (2,000 Wh) which supply energy to five schools; training of the school boards on the collection of funds for the maintenance of plant and student education on renewable energies.

Partners

COOPI is the largest Italian international co-operation organisation in terms of project capital managed (Euro 39 million) and one of the oldest organisations in the sector (45 years). It currently operates in 21 countries with 193 humanitarian projects, 98 emergency projects and 95 development projects.

Role of SEA

SEA is involved in the project as a private financing partner and supplements the funds allocated to COOPI by the European Union (corresponding to approx. 80% of the project value).

Duration

4 years, beginning in July 2011.

Intermediate outcomes

In 2013, the project was in its third year of operation. In 2012 and in 2013 photovoltaic systems were installed in the local communities, which were also trained and educated on the conservation of natural resources, in addition to the use of renewable energy systems and their maintenance.

Five groups of producers of “energy saving stoves” are today operative within this project in the district of Kasungu. A further three group were added to the other two, which were trained in the second half of 2013.

To date, more than 900 stoves have been purchased by COOPI. Of these, 720 were distributed to people in the villages of the Kasungu district, while over 260 were distributed to those on the island of Likoma. The distribution of “energy savings stoves” was carried out

in accordance with the criteria for their distribution which concerns, by those receiving the donated COOPI stove, the planting of a certain number of trees for re-forestation. To complete the number envisaged by the project, COOPI must still purchase and distribute approx. 400 “energy saving stoves”. This is the minimum number, but considering that these cooking stoves protect the environment through the reduction of wood consumption and smoke and with the re-forestation, increasing the number of local producing groups and consequently the stoves produced and their local domestic use would be beneficial.

The planned 6 irrigation plant in a similar number of villages in the Kasungu district was completed and are functional. In the rainy season (from the middle of November to the end of March), the unutilised plant and therefore the water basins, may refill to be ready and utilised during the dry season. In this period, the maintenance of plant and any training of employees in relation to plant is carried out.

In addition, 21 solar energy systems, of which 20 in the Kasungu national park and 1 on the island of Likoma, were installed and were functional, allowing the beneficiaries to carry out the activities which allow them to achieve a financial return and therefore discourage poaching in the park.

In the project, 2,400 solar kits, which provide lighting for families, were produced by the German company Fosera and purchased by COOPI. The solar kits were donated to people in the villages, once the pre-established criteria for distribution had been verified, which concerns, also in this case, re-forestation. On the island of Likoma, the Lita building was restructured and is ready to house the first hybrid renewable energy plant for the development of commercial tourism on the island.

Finally, six schools were supplied with a similar number of solar panels and 18 computers were donated by private companies and distributed to the schools, both in the Kasungu district and in Likoma. The directors are currently researching how to resupply the school with printers and establish an internet connection, with external rechargeable modems, locally called “dongo”.

The project includes in addition the use of innovative techniques, such as:

- implementation of a carbon credits system;
- research at the Milan Polytechnic;
- a monitoring system through mobile telephones and web applications.

Appraisal of impacts in collaboration with the Milan Polytechnic

The Milan Polytechnic and the Energy Department are monitoring and evaluating the economic, environmental and social impacts of the Energy Facility project implemented by COOPI in Malawi and co-financed by SEA. At the end of the research, it will be possible to have a defined framework of outcomes produced by the project. The Milan Polytechnic began the first of three studies within the project, which are:

- an evaluation of the project at three points: baseline, mid-term and final;
- an ecological study: examining the relationship between the objective of the project (to satisfy energy needs) and the environmental impact measured in the various components: air, water, soil and in three time periods and differing places (local, regional and global level);
- a financial and feasibility study, including a scientific publication: evaluation of the overall impact of the project and estimate of its reproducibility at national level, including an evaluation of the improvement to services made available at local level, thanks to the new sources of energy developed during the project.

An innovative component of the monitoring system is the collation of data through mobile telephone and web applications. The field staff of COOPI utilise a smartphone application to collect the data necessary to calculate the indicators and send them to a dedicated online platform. The collation of data began in a systematic manner in May 2012 and, to date, information concerning the VNRC activities and their capacity for saving has been collected.

A base theory is the Sustainable Livelihood Approach (SLA), drawn up by the British Department for International Development (DFID, English Cooperation), with the relative framework, commonly used in development projects to create wellbeing, human development and sustainability indicators, rather than economic growth.

The model refers to 6 types of capital created: economic, environmental, physical (infrastructure), human (capacity building), social (relational) and personal (motivational).

Another two missions are forecast for July 2014 (Mid-term evaluation) and July 2015 (Final Evaluation).

A further component of the collaboration between the Milan Polytechnic and COOPI concerns the involvement of a number of students in the development of research projects or texts in terms of renewable energies applied in the ambit of development.

“Fighting child labour in Kenya” project

Project basis

The issue of workplace wellbeing is one of the cornerstones of the human resource management policies at SEA. The package which forms the supplemental corporate welfare system is one of the most obvious manifestations. SEA wishes to improve working conditions also in developing countries, with a view to international co-operation and the establishment of collaboration between countries on the African continent, one of the areas of greatest potential economic growth in the medium-term, with inevitable repercussions also in terms of increased transport and air connections.

Description

The project is part of the fight against child labour in Kenya, creating “Child Labour Free Zones” (CLFZ) and a related certification. The action, which will involve local authorities, children and educational and social institutes, in addition to the companies themselves, is part of the “Stop Child Labour: School is the best place to work” project, with the aim to educate Italy and Europe upon child labour, beginning with concrete projects in the Southern hemisphere.

Objectives

Contribute to the fight against child labour in Kenya. Specifically, “Child Labour Free Zones” (CLFZ) will be created. In order to achieve this objective, the awareness of all local actors will be developed, primarily businesses, on their social responsibility towards minors. The involvement of local businesses will result in the creation of a “Child Labour Free Certificate” (CLFC) based on a monitoring system of the production chain, the promotion of adult labour and the total elimination of child labour.

Place

Provinces of Nyanza and Nairobi (Kenya).

Background

Globally, 215 million children are involved in child labour. In Kenya, the most recent statistics highlights that 17.4% of the child population between 5 and 17 years, equivalent to approx. 1.9 million persons, were involved in various forms of labour.

The two regions of Nairobi and Nyanza are areas in which the risk factors are high. Nairobi is a high class urban area with a disparity between rich and poor at its most extreme. Nyanza is located in the vicinity of Lake Victoria. It is a rural area with a particular focus on the fishing industry. The region is considered among the poorest in the country, with a high mortality rate due to HIV/AIDS.

The most widespread forms of child labour identified in the areas of the project are:

- the collection and recycling of waste, mainly by males between 5 and 17 years;
- prostitution, principally among females between 10 and 17;
- domestic labour: females between 6 and 17 years;
- fishing industry: males involved in fishing and females involved in related activities.

An analysis of the context identified the following urgent problems:

1. the lack of capacity of local authorities and private social agencies to prevent and fight child labour and to support victims and their re-inclusion in society;
2. insufficient social responsibility of local businesses and a lack of public and private co-operation in the fight against child labour;
3. lack of representation and involvement of children in actions against child labour, both at a local and national level.

Beneficiaries

Overall, approx. 350,000 persons will benefit directly or indirectly from this project, between citizens, families and members of the community:

- 3,500 victims of child labour, broken down into two groups: 2,000 minors, involved in extreme forms of child labour, will receive adequate protection services; 1,500 minors housed by government institutions will receive psycho-social support;
- 40,000 students at elementary-middle public schools (6-15 years) will participate in educational activities; 1,500 of these will be involved in groups (children's rights and peer educators clubs). At least 20,000 thousand parents will be educated on the issue through 100 participative theatre shows;
- training will be offered to 375 members of 15 child-protection committees;
- 391 workers and local volunteers will receive training on child protection: 60 public administration officials, 100 teachers, 48 policemen, 60 village elders, 48 volunteers and 75 governmental child institute employees;
- an extensive network will involve 120 local authorities, 30 NGO's, 15 organisations ran by religious orders and 150 civil society groups;
- 33 companies, members of Rubikom, will be involved in the CSR activities.

Partners

CESVI is an independent humanitarian organisation. Founded in 1985 in Bergamo, it operates in 28 countries across the globe. The mission of CESVI concerns the fight against poverty through qualifying development programmes. Their involvement focuses on active solidarity: not hand-outs, but development

initiatives which focus on the "*genius loci*" and mobilise the populations involved.

Role of SEA

SEA is involved in the project as a private financing partner, supplementing funds allocated to CESVI by the EU, concerning approx. 80% of the total value of the project.

Period

30 months from November 2011.

Principal activities

- The creation and training of 15 zone committees against child labour for the prevention, monitoring and identification of cases and the co-ordination of actions.
- Lobbying of the local Ministry for Labour to ratify the Child Labour Policy proposal.
- The implementation of a wide range of public education campaigns on the issue of child labour.
- Strengthening of the public and benchmark intervention procedures and systems.
- Direct support for 200 child labour victims through psycho-socio support and workplace training.
- Re-inclusion in families of 100 child labour victims and support for the families.
- Creation, implementation and launch of a "Child Labour Free" (CLFC) quality certification for companies, with the relative monitoring and control system.

Intermediate outcomes

- A mapping of the WFCL (Worst Form of Child Labour) in the areas covered by the project was carried out. The following was uncovered: 3,402 cases of child labour concerning the recovery and recycling of trash (47% of the total cases recorded), 433 cases in the fishing sector (6%), 1,034 cases of domestic labour (20%); 545 cases concerning agricultural labour (7%), 465 cases concerning mining (7%) and 920 cases of child prostitution (13%). The majority of children surveyed (31.4%) work 4-6 hours daily, with a substantial proportion (21.3%) working more than 8 hours per day and a further 20.7% involved in working activity for 6-8 hours daily. School attendance is very low in the Nairobi area (30.9% of children monitored), but increases in the province of Nyanza to 71.1%.
- A mapping was carried out of the companies and the production networks operating in the project areas, in order to collate information on the availability to become an "applicant" of the "child labour free" standards. At the end of 2012, the companies involved in the experimentation panel numbered 28, of which 17 fishing consortiums, 8 businesses and 3 semi-state bodies.

- 2 training workshops were organised in Nairobi on Corporate Social Responsibility. The first involved 12 companies, 2 semi-state bodies, the Federation of Kenyan enterprises (FKE) and the main trade union (COTU). The second involved 16 businesses, 3 semi-state bodies and the Kenyan Ministry for Labour, FTE and COTU.
- The standard acquisition procedure was drawn up, which involves the compilation of a self-evaluation questionnaire by companies which have adopted a code of conduct, the mapping of the chain, the introduction of monitoring and control systems on the chain and the drawing up of a ratings system which defines the application level of the standard by the company involved.

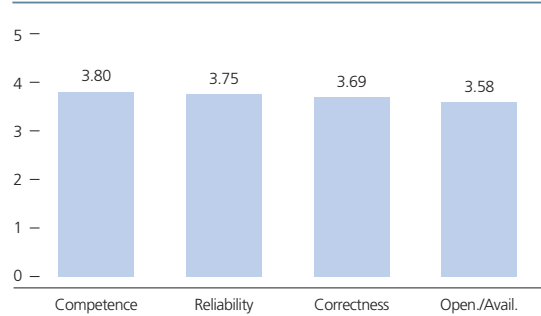
The perception of the impact of SEA on the region

The reputation of SEA and the quality of its relations with “company within the region” stakeholders can be seen in a survey carried out by Doxa, the leading market research institute, in January 2014. From a panel of 150 external stakeholders, 60 socio-economic actors and institutions within the region were interviewed.

Quality of the relationship

35% of the socio-economic actors and institutions interviewed stated on average to having contact with SEA on 5 occasions during the year.

SEA management evaluation (scale 1-5)



Source: Doxa, Survey of SEA Group stakeholders 2014

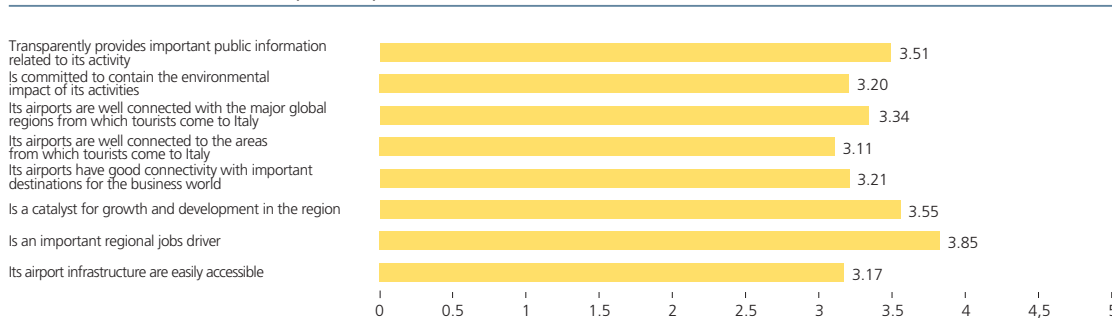
62% considered the relationship useful or constructive. 80% of the sample declared to have high (12%) or sufficient (68%) confidence in SEA, while 20% expressed a lack of confidence.

The positive evaluation of the regional stakeholders is confirmed in relation to the quality of management of SEA, with opinions which range between 3.6 and 3.8. 63% of the sample personally know a manager at SEA.

The socio-economic actors confirmed the strong opinion concerning the positive effects produced by the airports on employment. The role of SEA as a catalyst for growth and development in support of local enterprises was also considered strongly.

The transparency of information provided by SEA and the availability for dialogue and meeting improved on the previous survey, while the accessibility of the airports remained stable. The aspects which received a lower score were the connectivity of the airport with major international destinations and the accessibility of airport infrastructure.

Relations with SEA evaluation (scale 1-5)



Source: Doxa, Survey of SEA Group stakeholders 2014

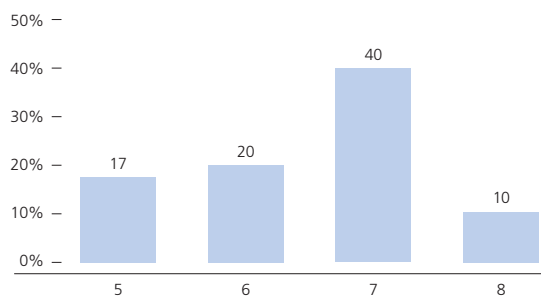
Reputational assessment of SEA

54% of the sample of socio-economic and institutional operators interviewed by Doxa generally provided a positive view of SEA (on a scale of 1-10), corresponding to values of 7, 8, 9 and 10.

Overall, 74% of the sample expressed an evaluation of SEA above sufficient.

58% of the sample also stated to have noticed a change in the manner in which SEA acts over recent years, against 42% which considered SEA more or less in line with the past. Among those who judged a change in SEA, 57% considered it positive.

On a scale of 1 to 10 how would you evaluate SEA? (% of votes)

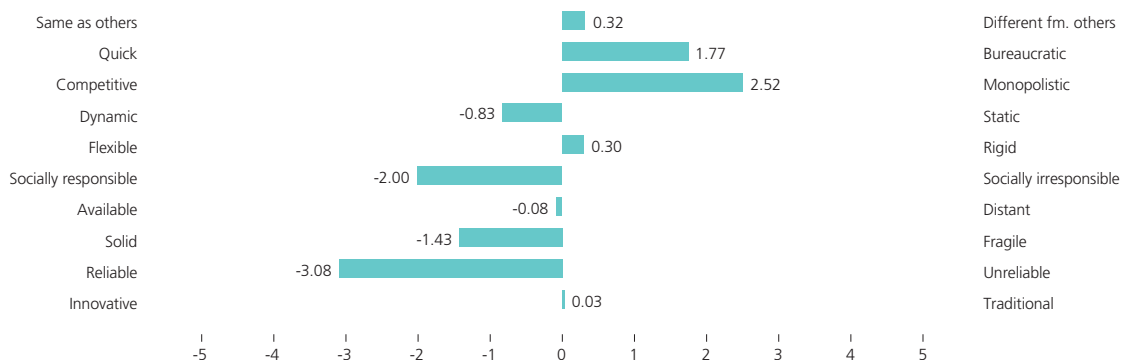


Source: Doxa, Survey of SEA Group stakeholders 2014

The evaluation of the central identity characteristics of SEA

The identity of SEA, as perceived by the socio-institutional organisations in the region, is very well defined, clearly identified in its reliability, responsible conduct and solidity.

Perceived characteristics of the company



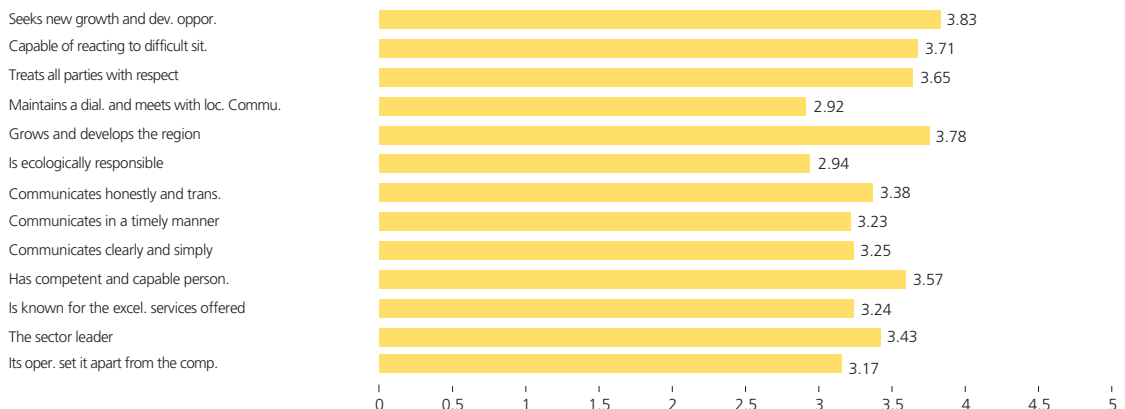
Source: Doxa, Survey of SEA Group stakeholders 2014

Evaluation of the distinguishing features of SEA

The socio-economic stakeholders considered the capacity for growth and development of the region and the pursuit of new development opportunities as

the principal distinguishing features of SEA. The capacity to react in difficult situations, the treatment of people with respect and the quality of personnel were also well recognised.

Evaluation of the distinguishing features of SEA (scale 1-5)



Source: Doxa, Survey of SEA Group stakeholders 2014

SEA places fundamental importance on the opinions of the general public. The stakeholder relations policies undertaken by the Group involved the introduction and consolidation over time of tools for the understanding and involvement of stakeholders, through which the company can garner opinions, attitudes and evaluations in relation to its image, the satisfaction with services provided, the quality of relations with the public and in relation to development projects.

In the last two years SEA has significantly improved the range of tools for the involvement of stakeholders in its sustainable development policies.

The stakeholder engagement activities currently operate on 3 principal fronts:

- customer satisfaction surveys, carried out quarterly and targeting passengers and cargo operators, in pursuit of the quality objectives indicated in the respective “Services Charters”;
- the annual survey of the “business sensitive” stakeholders (airlines, retailers, cargo operators, suppliers, public administrations, the business community, credit institutions and the media);
- the multi-stakeholder workshop, carried out for the first time on March 7, 2012 and designed to be implemented regularly with the objective to start a systematic dialogue with the principal stakeholders in relation to innovation and development projects of the company and on the manners in which they impact the competitive, social and environmental aspects.

Stakeholder survey

The survey on the evaluation on the identity profile, reputation and quality of SEA’s relations with its principal sections of the public was carried out in December 2013 and January 2014 by Doxa, a leading opinion pollster. Overall, 150 stakeholder interviews were carried out within the following categories: Aviation and Non Aviation customers, control authorities, suppliers, the bank and financial community, the regions business community and journalists. The results of the surveys concerning the evaluations of the range of the sample interviewed on the identity and the aspects related to the image of SEA are reported below. The findings regarding the evaluations made by the various stakeholder categories on specific aspects of the relationship with SEA were included in the paragraphs concerning the competitive advantage factors, supplier relations, customer relations and the company and the region.

The stakeholders view of SEA

The overall evaluation of SEA by the stakeholders interviewed remains very positive and the general average was in line with the previous year. The best evaluations were expressed by the banking and finance category (slightly reducing on 2013) and by suppliers. Entirely positive, although to a lesser degree, were the opinions of the Aviation and Non Aviation customers and the control authorities, while the evaluation of societal members and the regional institutions fell again.

On a scale of 1 to 10 how would you evaluate SEA?

	2011	2013	2014
Suppliers	7.5	6.5	7.1
Aviation Clients	7.5	6.2	6.7
Non-Aviation Clients	7.4	6.8	6.9
Control Authorities	6.5	6.8	6.9
Banking/financial community	7.0	7.5	7.1
Society/Region	7.0	6.9	6.2
General average	7.2	6.7	6.6

Source: 2011, 2013 – SWG, Survey of SEA Group stakeholders
2014 – Doxa, Survey of SEA Group stakeholders

In the opinion of SEA stakeholders, the perception of positive change was however high, even though significantly reducing on the previous survey.

Perception of change within SEA over the last 2/3 years

	2011	2013	2014
It has changed	80.2%	49%	68%
It has remained the same	14.9%	29%	30%
It has improved	86.4%	77%	65%
It has deteriorated	11.1%	18%	33%

Source: 2011, 2013 – SWG, Survey of SEA Group stakeholders
2014 – Doxa, Survey of SEA Group stakeholders

The evaluation of the relationship with SEA remains very positive (78% of the sample judged it constructive and useful), although slightly declining on the previous year.

Overall evaluation of the relationship with SEA			
	2011	2013	2014
Constructive	60.4%	50.7%	41%
Useful	27.7%	29.6%	37%
Not useful	1%	1.4%	7%
Disorganised	1%	4.2%	5%

Source: 2011, 2013 – SWG, Survey of SEA Group stakeholders
2014 – Doxa, Survey of SEA Group stakeholders

Level of confidence in SEA			
	2011	2013	2014
Very confident	31.7%	21.1%	21%
Sufficiently confident	60.4%	56.4%	65%
Not very confident	6.9%	12.7%	13%
No confidence	1%	2.8%	1%

Source: 2011, 2013 – SWG, Survey of SEA Group stakeholders
2014 – Doxa, Survey of SEA Group stakeholders

The level of confidence expressed by stakeholders in SEA significantly increased (86% of the interviewed sample stated strong/sufficient confidence, compared to 77.5% in the previous report).

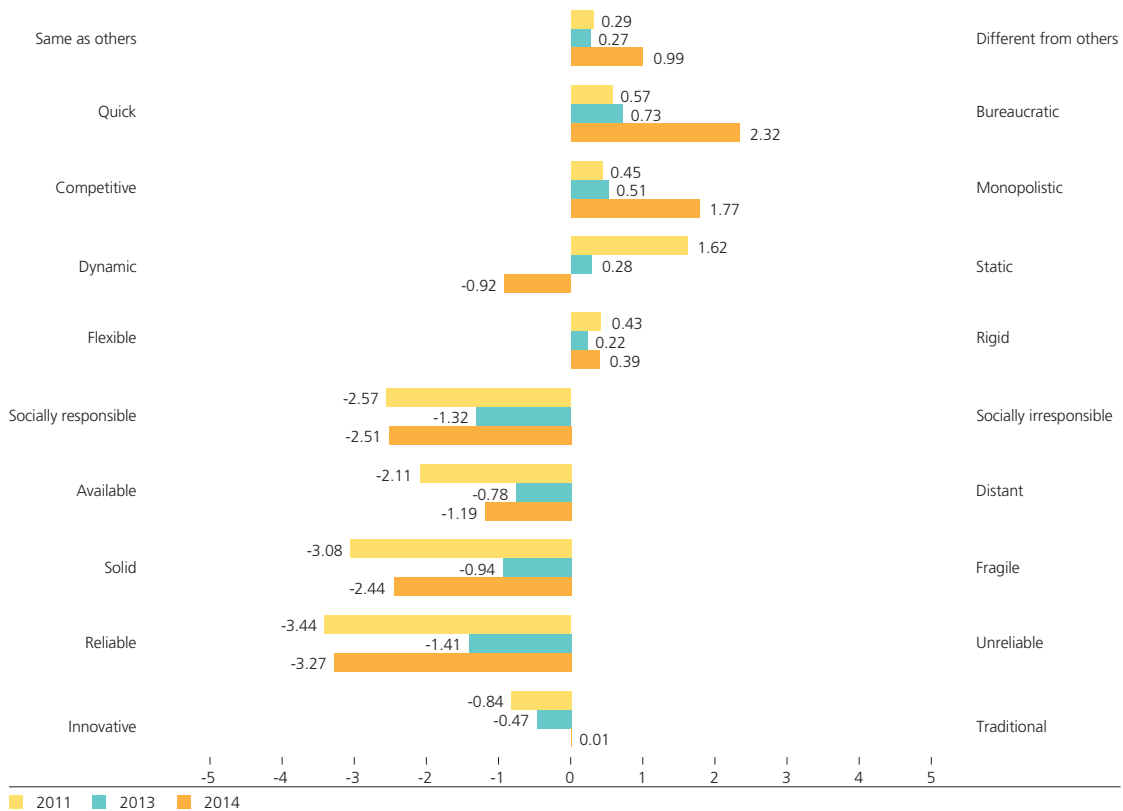
The evaluation of the central identity characteristics of SEA

The perceived image of SEA, as based on the evaluation of its central elements, was in line with 2011.

The positive aspects which were widely recognised by stakeholders, such as reliability, solidity and a commitment and pursuit of social responsible behaviour remained in positive territory, although reducing.

The negative factors continue to worsen, such as bureaucracy and a monopolistic approach.

Perceived characteristics of the company



Source: 2011, 2013 – SWG, Survey of SEA Group stakeholders
2014 – Doxa, Survey of SEA Group stakeholders 2014

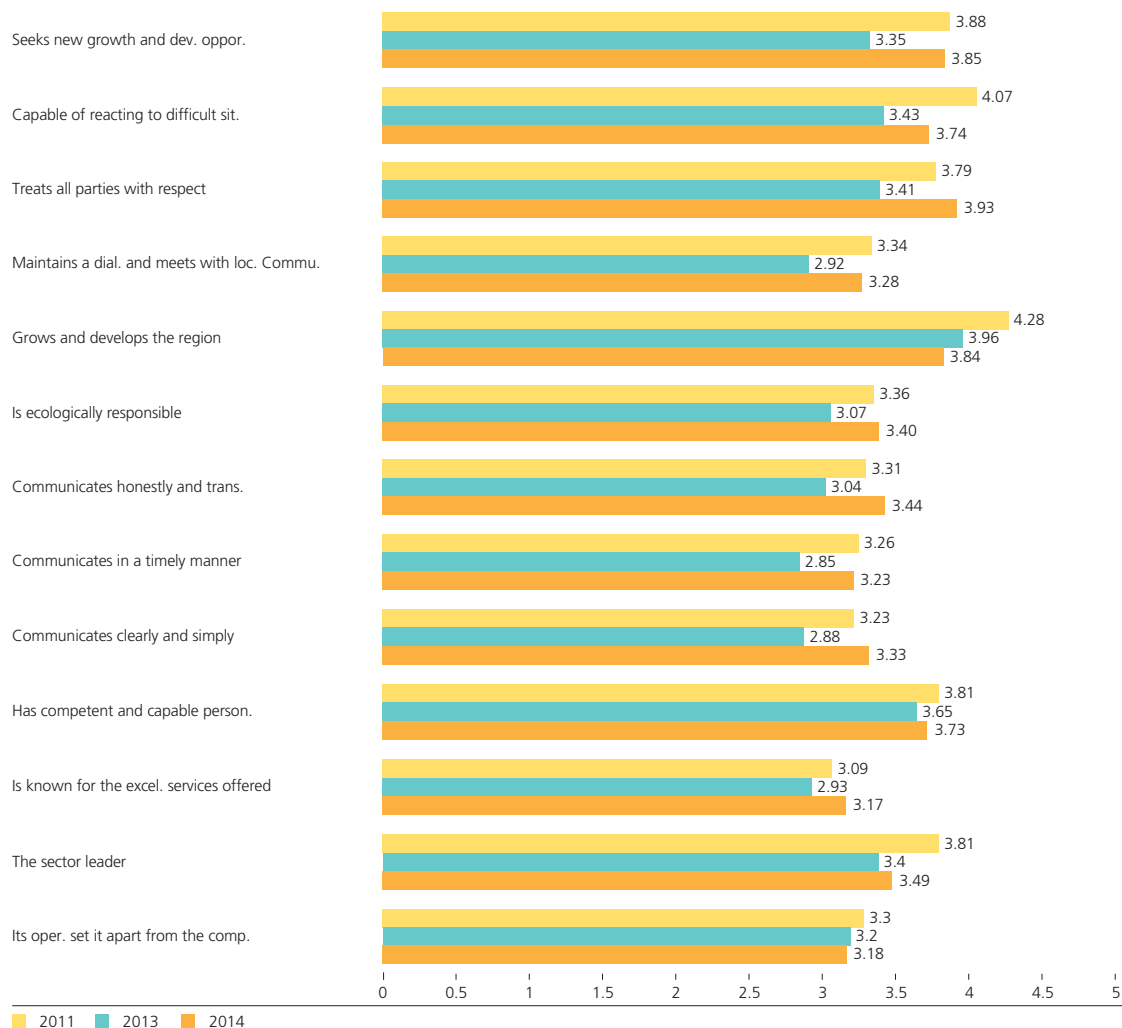
Evaluation of the distinguishing features of SEA

The factors which SEA believe represent the strong points of the company – or rather the intangible assets which the organisation believes to hold and which are considered distinctive aspects compared to other operators in the sector – were evaluated by stakeholders to establish their recognition of such aspects. An overall positive viewpoint emerged, which highlighted primarily the respect shown by the company in its relations with the major stakeholders, the seeking of new opportunities and the development and capacity to create, encourage and accelerate

economic development in the regions surrounding the airports (although this latter decreased compared to the previous surveys).

Other distinguishing elements, confirmed in both interview sessions, concerned the “resilience” which the company has shown in the face of difficult situations, the professional and relational skills of SEA personnel and the company’s leadership of its sector. The competences which received lower ratings from stakeholders concerned operations with others, the excellence of services offered, availability for dialogue, meeting with the local community and the clarity, transparency and timeliness of communication (although improving on the 2013 survey).

Evaluation of the distinctive features of SEA



Source: 2011, 2013 – SWG, Survey of SEA Group stakeholders
2014 – Doxa, Survey of SEA Group stakeholders 2014

The sustainability objectives which the SEA Group will pursue in the short/medium-term derived from two principal areas: the 2011-2015 Master Agreement – signed with ENAC on September 23, 2011 and which entered into force in September 2012 and the innovation and competitive performance quality improvement programmes promoted by the individual departments and presented and discussed within the Sustainability Committee.

In relation to the first source, the Quality Plan and the Environmental Plan are central elements of the Regulatory Agreement, which identify and define, through specific indicators, respectively the quality levels of services offered to passengers and the environmental protection objectives which the airport manager is committed to throughout the duration of the Agreement. The innovation and improvement programmes of the competitive capacity stem from the sustainability strategy implementation programme rolled out by SEA since 2011.

Sustainability Governance Objectives

In 2013 SEA consolidated the governance of the sustainability processes through periodic and systematic meetings with the Sustainability Committee, the body which implements the sustainability policies of the company. In relation to sustainability reporting, application level A+ of the GRI was implemented, while a process for the progressive integration of the Sustainability Report with the Financial Statements within an Integrated Reporting system was introduced.

In 2013, the drawing up of the “Sustainability Vision” of SEA continued, which will establish an agenda of strategic objectives, policies, instruments and resources through which the business objectives will be linked with sustainability issues.

The objective is to establish the “tangibility” of the SEA sustainability policies, with an indication of the remit of action which, in satisfying the expectations of key stakeholders, promotes the competitive strategies of the company.

Sustainability Governance Objectives

Area	Objective	Timeline	Status
Methodological approach	Develop closer and more extensive interactions between the Sustainability Report and the Annual Financial Report	4 years (2011-2014)	In progress
	Reach application level A+ under the GRI	3 years (2011-2013)	Completed
Stakeholder	Implement permanent dialogue/meeting systems with stakeholders, through which the interaction and collaboration level on initiatives will be increased and the sustainability instruments introduced by the Group improved	2 years (2013-2014)	In progress
Sustainable development strategy and governance instruments	Define the Sustainability Vision and the materiality analysis	3 years (2012-2014)	In progress

Environmental Sustainability Objectives

The 2011-2020 Master Agreement contains 5 indicators in relation to environmental protection subject to monitoring. For these indicators a roadmap was drawn up, which in 2014 will see a re-focussing ahead of the setting of targets for the subsequent five-year period. The base year of the performances is 2009 and the timeline for their improvement is the three-year period 2011-2013.

SEA commits to producing documentation which fully supports the base year core values and the values-objectives fixed for each indicator (with the exception of that relating to the treatment of waste water, for which SEA commits to provide the certification of the relevant body or of an authorised entity) on an annual basis, in order to allow ENAC to effectively discharge its supervisory functions. In 2013 all fixed objectives were achieved

Environmental Sustainability Objectives				
Indicator	Objective		Status 2013	
	Malpensa	Linate	Malpensa	Linate
Regulatory Agreement				
Noise recording stations	2011: 10 2012: 10 2013: 10	2011: 4 2012: 4 2013: 4	Completed	Completed
Extension of the up-time of the noise monitoring network (% of functioning times/opening hours of the airport)	2011: 91 % 2012: 91.5% 2013: 92%	2011: 91.4% 2012: 91.7% 2013: 92%	Completed	Completed
Increase in separated waste collection (% of separate waste collected/total waste)	2011: 19% 2012: 19.5% 2013: 20%	2011: 17% 2012: 17.5% 2013: 18%	Completed	Completed
Compliance with a more restrictive threshold than the legal limits for the BOD5, COD and sewage phosphorus values (% thresholds respected – legal thresholds)	2011: -22% 2012: -23% 2013: -24%	2011: -22% 2012: -23% 2013: -24%	Completed	Completed
Reduction of CO ₂ emissions (kg of CO ₂ /unit of traffic – or 1 passenger or 100 kg of cargo transported)*	2011: 3.65 2012: 3.60 2013: 3.55	2011: 2.1 2012: 2 2013: 1.9	Completed	Completed
Other environmental objectives	Timeline		Status	
Replacement of the corporate fleet with electric vehicles	2012-2014		In progress	
Installation of electric car recharging posts at Linate	2012-2014		In progress	
Energy certification ISO 50001	2013		Completed	

* Scope 1 and 2.

Socio-Economic Sustainability Objectives

The socio-economic stakeholder sustainability objectives may be divided into two categories. The first concerns the objectives for the improvement of the passenger service quality parameters, relating to the introduction of the first regulatory period of the Master Agreement (2011-2015). The second relates to the initiatives introduced by the individual

departments within their ongoing improvement programmes.

The Quality Plan, part of the Regulatory Agreement, focuses SEA on achieving service levels in line with – and where possible better than – those offered by the major European airports. SEA's goal is to offer Milan airport passengers an experience featuring efficiency and operational proficiency, in a modern and welcoming environment.

Sustainability objectives for the passenger stakeholders				
Indicator	Objective		Status 2013	
	Linate	Malpensa	Linate	Malpensa
Regulatory Agreement				
Availability of operational information points (Typical Peak Hour Passengers - TPHP/No. of information points)	2011: 45.8 2012: 45.6 2013: 45.4	2011: 34.8 2012: 34.6 2013: 34.4	Not reached	Reached
Opinion on the level of cleaning and functionality of toilets (% passengers interviewed satisfied/total passengers interviewed)	2011: 70% 2012: 76% 2013: 77%	2011: 86.5% 2012: 87.0% 2013: 87.5%	Reached	Reached
Overall opinion of the airport comfort level (% passengers interviewed satisfied / % total passengers interviewed)	2011: 86.2% 2012: 86.4% 2013: 86.6%	2011: 95.2% 2012: 95.4% 2013: 95.6%	Reached	Reached
Presence of clear, understandable and effective internal signposting (% passengers interviewed satisfied / % total passengers interviewed)	2011: 89.2% 2012: 89.4% 2013: 89.6%	–	Reached	–
Waiting time for baggage x-ray (minutes waiting in 90% of cases)*	2011: 9'00" 2012: 8'50" 2013: 8'00"	2011: 10'24" 2012: 10'13" 2013: 10'03"	Reached	Reached
Check-in queue waiting (minutes of waiting in 90% of cases)*	2011: 07'00" 2012: 06'40" 2013: 06'20"	2011: 11'30" 2012: 11'11" 2013: 10'51"	Reached	Not reached
Baggage delivery, difference between last and first bag (minutes of waiting in 90% of cases)*	2011: 08'50" 2012: 08'40" 2013: 08'30"	2011: 15'50" 2012: 15'40" 2013: 15'30"	Not reached	Not reached
Passengers with Reduced Mobility (PRM) assistance (% of satisfied passengers / total passengers interviewed)*	2011: 86% 2012: 87% 2013: 88%	2011: 86% 2012: 87% 2013: 88%	Reached	Reached
Misdirected bags due to malfunctioning of the Baggage Handling System (number of misdirected bags / 1,000 departing passengers)	2011: 1.25 2012: 1.20 2013: 1.15	2011: 0.95 2012: 0.90 2013: 0.85	Reached	Reached
Availability of baggage carousels (TPHP/number of carousels)	2011: 3.2 2012: 3.1 2013: 3.0	2011: 2.0 2012: 1.9 2013: 1.8	Not reached	Not reached
Efficiency of the passenger transfer assistance (% time operational / opening hours of the airport)	2011: 97.2% 2012: 97.4% 2013: 97.6%	2011: 99.05% 2012: 99.10% 2013: 99.15%	Reached	Not reached
Opinion on efficiency (% transport systems, satisfied passengers interviewed / total passengers interviewed)	–	2011: 92% 2012: 92.2% 2013: 92.4%	–	Reached
Reliability of the baggage movement system (% time of functioning / operational hours of the airport)*	2011: 99.52% 2012: 99.54% 2013: 99.56%	2011: 99.52% 2012: 99.54% 2013: 99.56%	Reached	Reached

* Indicators concerning both Terminal 1 and Terminal 2.

For each airport, 12 indicators have been identified, chosen from those within the Services Charter. From Malpensa the indicators refer to, where not otherwise specified, only Terminal 1. For 5 indicators, relating to the functional aspects, a target was defined for the value of the weighted performance levels of the two terminals.

The particular attention on the Terminal 1 performance was due to the fact that this infrastructure is considered characteristic of Malpensa airport, both in terms of volumes and type of traffic managed. In the time period considered (the coming three-year period), for Terminal 2 no infrastructural

development plans have been drawn up, as the terminal has already been adapted to the correct service levels required for the managed traffic.

For some indicators, with performance levels already more than adequate, contained improvements are expected. The concept of “adequate value” is based on ongoing benchmarking with the major European airports.

SEA has identified the Sustainability objectives also concerning the relations with other socio-economic stakeholders, such as Partners, Suppliers and Customers, as shown in the following table.

Sustainability objectives concerning other socio-economic stakeholders			
Stakeholder	Objective	Timeline	Status 2013
Human Resources	Introduction of a new company Intranet with coverage of all services in an integrated communication, collaboration and information portal	2012-2014	In progress
	Allocation of performance objectives to a target group of company senior managers	2013-2014	
Suppliers	Updating of the supplier section criteria, with the introduction of socio/environmental responsibility parameters	2011-2014	In progress
Airlines/Passengers	Extension of the ViaMilano service (number of passenger transited, number of bags handled)	2011-2014	In progress

Profile elements				
Indicators	Code	Description	Status	Reference
1. Strategy and Analysis				
	1.1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy	T	5
	1.2	Description of key impacts, risks, and opportunities	T	52-54
2. Organizational Profile				
	2.1	Name of the organization	T	18
	2.2	Primary brands, products, and/or services	T	26-27
	2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	T	28; 33
	2.4	Location of organization's headquarters	T	18
	2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	T	18
	2.6	Nature of ownership and legal form	T	27-28
	2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	T	78-81
	2.8	Scale of the reporting organization, including: – Number of employees; – Net revenues; – Total capitalization broken down in terms of debt and equity; – Quantity of products or services provided	T	18
	2.9	Significant changes during the reporting period regarding size, structure, or ownership	T	27
	2.10	Awards received in the reporting period	T	In 2013 SEA did not receive any awards
3. Report Parameters				
Report Profile				
	3.1	Reporting period for information provided	T	9
	3.2	Date of most recent previous report	T	9
	3.3	Reporting cycle	T	9
	3.4	Contact point for questions regarding the report or its contents	T	201
Report Scope and Boundary				
	3.5	Process for defining report content	T	9-10
	3.6	Boundary of the report	T	9
	3.7	State any specific limitations on the scope or boundary of the report	T	9
	3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	T	9-10
	3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	T	9
	3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	T	9-10
	3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	T	9-10; 12; 134-136
GRI Content index				
	3.12	Table identifying the location of the Standard Disclosures in the report	T	189-197
Assurance				
	3.13	Policy and current practice with regard to seeking external assurance for the report	T	199

Status: (T) total (P) partial (NA) not applicable.

Profile elements				
Indicators	Code	Description	Status	Reference
4. Governance, Commitments, and Engagement				
Governance	4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	T	29-32
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer	T	29; 33
	4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members	T	29-31
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	T	31-32
	4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance	T	31
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	T	30
	4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity	T	35
	4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	T	20
	4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	T	35
	4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	T	31
Commitments to External Initiatives	4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	T	92
	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	T	139
	4.13	Memberships in associations and/or national/international advocacy organizations	T	51-52
Stakeholder Engagement	4.14	List of stakeholder groups engaged by the Organization	T	51
	4.15	Basis for identification and selection of stakeholders with whom to engage	T	50-51; 61; 136-138; 154-157; 160-162; 177-178
	4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	T	180-182
	4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	T	180-182

Status: (T) total (P) partial (NA) not applicable.

Management Approach

Disclosure on Management Approach

Indicators	Description	Reference
DMA EC	Disclosure on Management Approach EC	56-60; 163-169
DMA EN	Disclosure on Management Approach EN	92-111
DMA LA	Disclosure on Management Approach LA	118-127; 128-130
DMA HR	Disclosure on Management Approach HR	74; 121; 123; 128; 134-135; 148
DMA SO	Disclosure on Management Approach SO	29-31; 163-170
DMA PR	Disclosure on Management Approach PR	48; 115-116; 139; 146-147

Performance Indicators

Economic Performance

Indicators	Code	Description	Status	Reference
Economic Performance	EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	T	62
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	P	98
	EC3	Coverage of the organization's defined benefit plan obligations	T	127
	EC4	Significant financial assistance received from Government	T	In 2013 SEA did not receive Public Administration loans
Market Presence	EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	T	This scope is governed by the National Labour Contract and supplementary agreements.
	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	T	135-136
	AO1	Total number of passengers annually, broken down by passengers on international and domestic flights and broken down by origin-and-destination and transfer, including transit passengers	T	79-80
	AO2	Annual total number of aircraft movements by day and by night, broken down by commercial passenger, commercial cargo, general aviation and state aviation flights	T	79-80
	AO3	Total amount of cargo tonnage	T	81
	EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	T	SEA guarantees equal opportunities in its hiring policies and does not have a policy which favours local residents.
Indirect Economic Impacts	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	T	170-177
	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	T	163-169

Status: (T) total (P) partial (NA) not applicable.

Environmental Performance Indicators				
Indicators	Code	Description	Status	Reference
Materials	EN1	Materials used by weight or volume	T	101
	EN2	Percentage of materials used that are recycled input materials	T	No material identified in the EN1 indicator derives from recycled material.
Energy	EN3	Direct energy consumption by primary energy Source	T	99
	EN4	Indirect energy consumption by primary energy Source	T	99
	EN5	Energy saved due to conservation and efficiency improvements	T	98
	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	T	98
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved	T	97-99
Water	EN8	Total water withdrawal by source	T	101
	A04	Quality of storm water by applicable regulatory standards	T	102-104
	EN9	Water sources significantly affected by withdrawal of water	T	101
	EN10	Percentage and total volume of water recycled and reused	T	105
Biodiversity	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	T	112-114
	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	T	112-114
	EN13	Habitats protected or restored	T	112-114
	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	T	112-114
	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	T	112-114
Emissions, Effluents, and Waste	EN16	Total direct and indirect greenhouse gas emissions by weight	T	97
	EN17	Other relevant indirect greenhouse gas emissions by weight	T	97
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	T	98
	EN19	Emissions of ozone-depleting substances by Weight	NA	The quantity of ozone substances present in the cooling and air conditioning systems are insignificant as such material is only present in some residual equipment
	EN20	NO _x , SO _x , and other significant air emissions by type and weight	T	94-96
	EN21	Total water discharge by quality and destination	T	103-104
	EN22	Total weight of waste by type and disposal method	T	109-111
EN23	Total number and volume of significant spills	T	105	

Status: (T) total (P) partial (NA) not applicable.

Environmental Performance Indicators

Indicators	Code	Description	Status	Reference
	A05	Ambient air quality levels according to pollutant concentrations in microgram per cubic meter (g/m ³) or parts per million (ppm) by regulatory regime	T	94-96
	A06	Aircraft and pavement de-icing/anti-icing fluid used and treated by m ³ and/or metric tonnes	T	101; 104
	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention and percentage of transported waste shipped internationally	NA	The Group does not transport, import or export waste considered hazardous under the Basel Convention
	EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	P	103-104
Products and Services	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	T	94-96; 106-108
	EN27	Percentage of products sold and their packaging materials that are reclaimed by category	NA	This indicator is not applicable to Group activities.
Compliance	EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	T	96
Transport	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	T	98
	A07	Number and percentage change or people residing in areas affected by noise	T	108

Status: (T) total (P) partial (NA) not applicable.

Social Performance Indicators

Labor Practices and Decent Work				
Aspect	Code	Description	Status	Reference
Employment	LA1	Total workforce by employment type, employment contract, and region, broken down by gender	P	118-120 SEA will further develop its data collation system to provide a breakdown of the workforce between full-time and part-time by 2014
	LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region	T	119 In 2013 no recruitment was undertaken
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	T	125-126
	LA15	Return to work and retention rates after parental leave, by gender	T	126-127
Labor/Management Relations	LA4	Percentage of employees covered by collective bargaining agreements	T	All SEA employees are covered by the National Labour Contract
	LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	T	124
Workforce Health and Safety	LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	T	129
	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	T	133
	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	T	131-132
	LA9	Health and safety topics covered in formal agreements with trade unions	T	124
Training and Education	LA10	Average hours of training per year per employee by gender, and by employee category	T	121-122
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	T	122-123
	LA12	Percentage of employees receiving regular performance and career development reviews, by gender	T	123
Diversity and Equal Opportunity	LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	T	29; 120
	LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	T	121

Status: (T) total (P) partial (NA) not applicable.

Human Rights

Aspect	Code	Description	Status	Reference
Investment and Procurement Practices	HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening	NA	The Group operates in Italy, where such aspects are governed by law.
	HR2	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken	NA	The Group operates in Italy, where such aspects are governed by law.
	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	T	Security personnel are trained and operate according to Italian and international airport regulations
Non-discrimination	HR4	Total number of incidents of discrimination and corrective actions taken	T	No cases of discrimination were taken.
Freedom of Association and Collective Bargaining	HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	T	The Group operates in Italy, where such aspects are governed by law.
Child Labor	HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	T	The Group operates in Italy, where such aspects are governed by law.
Forced and Compulsory Labor	HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	T	The Group operates in Italy, where such aspects are governed by law.
Security Practices	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	T	Security personnel are trained and operate according to Italian and international airport regulations
Indigenous Rights	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	T	No violations of local community rights were reported.
Assessment	HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	T	The Group operates in Italy, where such aspects are governed by law.
Remediation	HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms	T	During the year no cases of human rights abuses were reported.

Status: (T) total (P) partial (NA) not applicable.

Society				
Aspect	Code	Description	Status	Reference
Local Communities	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	T	163-169
	SO9	Operations with significant potential or actual negative impacts on local communities	T	106-108
	SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	T	106-108
	A08	Number of persons physically or economically displaced, either voluntarily or involuntarily, by the airport operator or on its behalf by a governmental or other entity, and compensation provided	T	During the year no cases of voluntary or involuntary displacements were reported.
Corruption	SO2	Percentage and total number of business units analyzed for risks related to corruption	T	32
	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	T	32
	SO4	Actions taken in response to incidents of corruption	T	In the period no cases of corruption were reported
Public Policy	SO5	Public policy positions and participation in public policy development and lobbying	T	51-52
	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	T	No contributions or donations to political parties or institutions were issued.
Anti-Competitive Behavior	SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	T	52-53
Compliance	SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	T	During the year no significant penalties for non-compliance with law or regulations were received.

Status: (T) total (P) partial (NA) not applicable.

Product Responsibility				
Aspect	Code	Description	Status	Reference
Customer Health and Safety	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	T	106-108; 114-116
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	T	During the period no incidents took place
	AO9	Total annual number of wildlife strikes per 10,000 aircraft movements	T	116
Product and Service Labeling	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	T	48-49
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	T	During the period no incidents took place
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	T	141-146
Marketing communication	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	T	Marketing activities were carried out in compliance with applicable regulations
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	T	During the year no cases of non-compliance with marketing regulations or codes occurred
Customer privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	T	During the period no petitions concerning the violation of privacy were documented
Compliance	PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	T	149 During the period no penalties for non-compliance with law or penalties for the supply and usage of products or services were issued

Status: (T) total (P) partial (NA) not applicable.

Auditor's Report



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REVIEW REPORT ON THE SUSTAINABILITY REPORT

To the Board of Directors of
Società per Azioni Esercizi Aeroportuali - SEA S.p.A.

1. We have reviewed the Sustainability Report of the SEA Group (the "Group") as of December 31st, 2013. The Directors of Società per Azioni Esercizi Aeroportuali - SEA S.p.A. are responsible for the preparation of the Sustainability Report in accordance with the "Sustainability Reporting Guidelines" (version 3.1) and the "Sustainability Reporting Guidelines & Airport Operators Sector Supplement" (version 3.1/AOSS Final Version) both issued in 2011 by GRI - *Global Reporting Initiative*, as set out in the paragraph "Methodological note". The Directors of Società per Azioni Esercizi Aeroportuali - SEA S.p.A. are also responsible for the definition of the Group's objectives regarding the sustainability performance and the reporting of the achieved results. The Directors of Società per Azioni Esercizi Aeroportuali - SEA S.p.A. are also responsible for the identification of stakeholders and of significant aspects to report, as well as for the implementation and maintenance of appropriate management and internal control processes with reference to data and information presented in the Sustainability Report. Our responsibility is to issue this report based on our review.
2. We conducted our work in accordance with the criteria for review engagements established by the "International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000"), issued by the *International Auditing and Assurance Standards Board*. That standard requires the compliance with ethical principles ("Code of Ethics for Professional Accountants" issued by the *International Ethics Standards Board for Accountants - IESBA*), including independence requirements, and that we plan and perform the engagement to obtain limited assurance about whether the Sustainability Report is free from material misstatement. A limited assurance engagement on the Sustainability Report consists of making inquiries, primary with persons responsible for the preparation of the information included in the Sustainability Report, analysing the Sustainability Report and applying other evidence gathering procedures, as appropriate. The performed procedures are summarized as follows:
 - comparing the economic and financial information and data included in the paragraph "Economic-Competitive Sustainability" of the Sustainability Report with those included in the Group's Consolidated Financial Statements as of December 31st, 2013, on which Deloitte & Touche S.p.A. issued the auditor's report dated April 15th, 2014 (pursuant to articles 14 of Legislative Decree no. 39 of January 27th, 2010);
 - analysing how the processes underlying the generation, recording and management of quantitative data included in the Sustainability Report operate. In particular, we have performed the following procedures:
 - interviews and discussions with the management of Società per Azioni Esercizi Aeroportuali - SEA S.p.A., to gather information on the information, accounting

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Page 2

and reporting systems used in preparing the Sustainability Report, as well as on the internal control procedures supporting the gathering, aggregation, processing and transmittal of data and information to the department responsible for the preparation of the Sustainability Report;

- analysis, on a sample basis, of the documentation supporting the preparation of the Sustainability Report, in order to gather the evidence of processes in place, their adequacy, and that the internal control system correctly manages data and information in connection with the objectives described in the Sustainability Report;
- analysing the compliance of the qualitative information included in the Sustainability Report and its overall consistency in relation to the guidelines referred to in paragraph 1 of this review report, in particular with reference to the sustainability strategy and policies and the determination of significant aspects for each stakeholder category;
- analysing the stakeholder involvement process, in terms of methods used and completeness of persons involved, through analysis of the minutes of the meetings or any other available information about the significant features identified in the stakeholder involvement process;
- obtaining the representation letter signed by the legal representative of Società per Azioni Esercizi Aeroportuali - SEA S.p.A. on the compliance of the Sustainability Report with the guidelines referred to in paragraph 1 and on the reliability and completeness of the information and data contained therein.

A review is less in scope than an audit carried out in accordance with ISAE 3000, and, therefore, does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in an audit.

For the data and information relating to the Sustainability Report of the prior year presented for comparative purposes, reference should be made to the review report issued by another auditor dated June 20th, 2013.

3. Based on the procedures performed, nothing has come to our attention that causes us to believe that Sustainability Report of the SEA Group as of December 31st, 2013 is not prepared, in all material respects, in accordance with the “*Sustainability Reporting Guidelines*” (version 3.1) and the “*Sustainability Reporting Guidelines & Airport Operators Sector Supplement*” (version 3.1/AOSS Final Version)” both issued in 2011 by GRI - *Global Reporting Initiative*, as set out in the paragraph “*Methodological note*”.

Milan, October 21th, 2014

DELOITTE ERS – Enterprise Risk Services S.r.l.

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Partner

This report has been translated into the English language solely for the convenience of international readers.

SEA Group's commitment
towards environmental protection
has significantly reduced
directs and indirects
CO₂ emissions thanks
to the adoption of focused actions.

In 2010 Malpensa and Linate were the first
European Airports to be accredited the "Neutrality"
level by European Airport Carbon Accreditation.



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