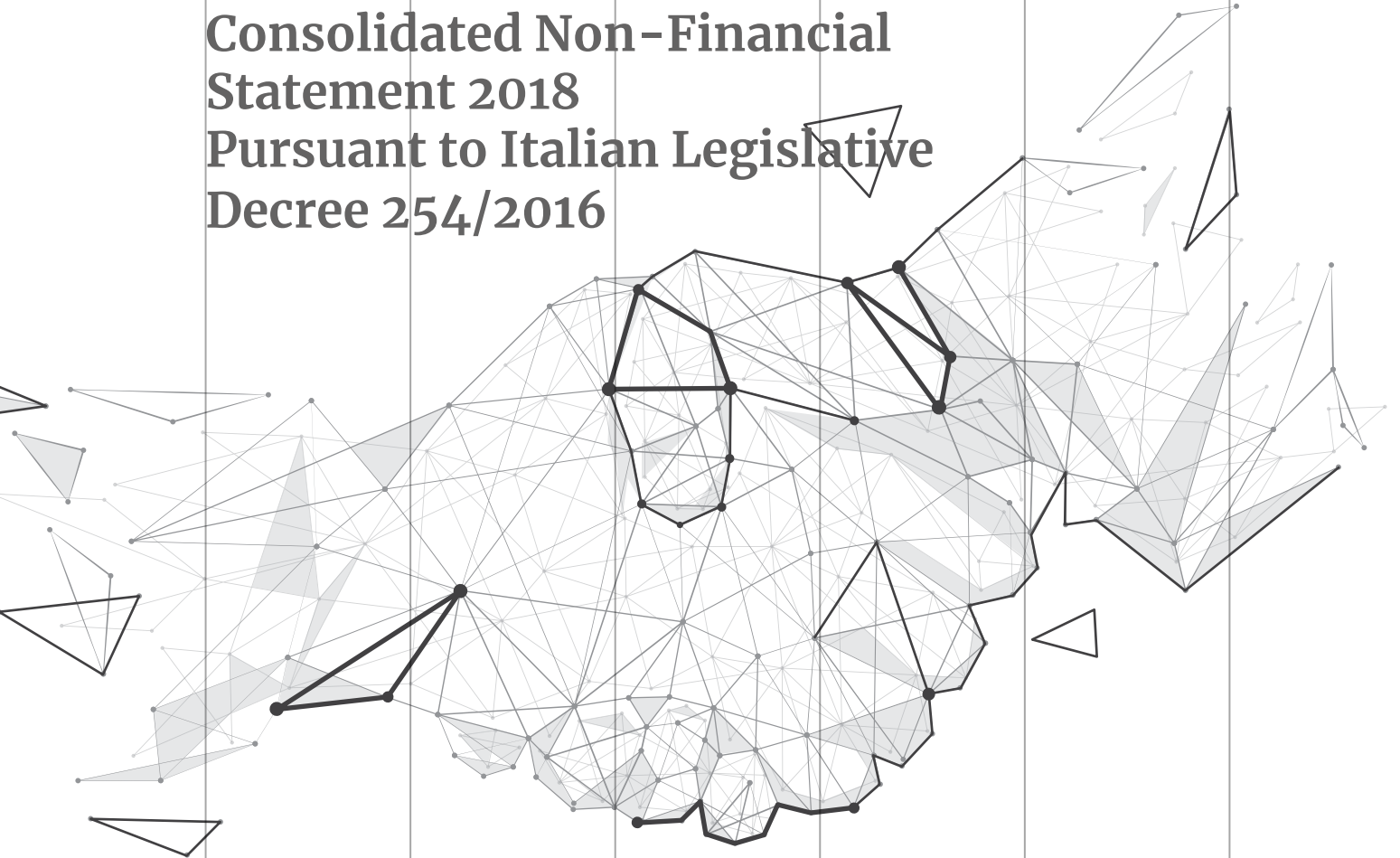




MilanAirports

**Consolidated Non-Financial
Statement 2018
Pursuant to Italian Legislative
Decree 254/2016**



SUSTAINABILITY

R E P O R T

2 0 1 8



MilanAirports

SUSTAINABILITY R E P O R T 2 0 1 8

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Letter to stakeholders

Those who do not try to create for themselves the future that they want, must be content with the future that happens for them.

(Draper L. Kauffman)

2018 was the fifth consecutive year of traffic volume growth for our airport system. This development is satisfying for us to the extent that it demonstrates the SEA Group's ability to respond to market trends and meet the demand for medium/long-haul travel to and from the region which we serve. It however at the same time places a responsibility on us to manage the challenge of sustainable development in a balanced and far-sighted way.

Our commitment in this sphere is long-standing

Our strength is that we are not starting from zero. Over recent years, SEA has taken a committed and closely-studied approach to sustainability - as is extensively demonstrated in this document - while also applying rigorous accountability in terms of our performances and impacts from all aspects.

Projects and major investments have been rolled out to deliver high-quality passenger services,

worker security, energy-saving and environmental protection.

Developing our human capital has been a key focus, with the concerns of staff on key work quality issues given particular attention, in addition to organisational well-being which has indeed improved over time through what has emerged as a high-quality and innovative welfare platform. A comprehensive family-work balance plan has also been introduced to provide more flexible, inclusive and smart ways of working.

We are also investing in the digital transformation to offer ever better services to passengers.

We must also consider the achievement of the top European efficiency level in terms of CO₂ emissions containment, (certified) excellence for the guaranteed service to reduced mobility passengers and the numerous grants issued to support projects of significant social value.

Finally, we should not forget the supportive role that our airports provide to the region in terms of

economic and social processes. Looking only to the impact generated within our airports themselves, Malpensa and Linate have respectively created 20 thousand and 11 thousand work units and an economic value of Euro 5 and 2.4 billion in terms of directly related activities.

Serving the ambitions of "Milano global city"

These figures - and the other content presented in this report - are indicative of the way in which we have concretely delivered upon our mission to generate and develop a "connectivity" asset, accompanying and supporting - as an international mobility hub - the growth of Milan and Lombardy as an attractive and innovative business centre, where cutting-edge manufacturing takes place, and also as a tourism, culture and training and lifestyle focused region. These winning features permit the "Milan System" to compete with other "global cities".



The challenges ahead of us

2019 will be no less important and full of challenges on all fronts. The closure for three months of Linate airport and the transfer of operations to Malpensa require us to ensure a continuity of service for the region at high quality and security levels while, at the same time, preventing and minimising disruption and potential critical situations in terms of accessibility to Malpensa airport, while also facing challenges for the liveability of the region and surrounding areas.

We continue to pursue these objectives through involving all regional actors and partners.

Parallel to managing this contingency, we will focus on relaunch-

ing the sustainability plan with defined objectives, both with regards to our decisions and future actions.

This will be an integral part of the Business Plan, reflecting the fact that the qualitative leap which we intend to execute means transitioning from helpful actions to a real strategic plan, in which sustainability is fully integrated into the business on the basis of innovative measures which reconcile the focus on stakeholders with the creation of lasting and shared value.

Chairman

Michaela Castelli

Chief Executive Officer

Armando Brunini



Methodological note

Methodological note

The SEA Group (hereinafter also the “Group”) has published an annual Sustainability Report according to the GRI Guidelines since 2010.

The 2018 Consolidated Non-Financial Statement (hereinafter the “NFS”) - which from the 2017 Statement has incorporated the Sustainability Report - concerns the Group's performance during the year ended December 31, 2018, in accordance with Legislative Decree 254/2016. Pursuant to Article 5 of this Decree, it takes the form of a separate report that includes specific wording so as to be considered an NFS as per the regulatory requirements.

In continuation with 2017, the 2018 NFS was drafted according to the GRI Sustainability Reporting Standards (2016) and the Airport Operators Sector Disclosures (2014), both published by the Global Reporting Initiative (GRI), in compliance with the option “*in accordance - core*”. The GRI Content Index has been included at the end of the document, with the aim of providing a full account of the coverage of the GRI indicators associated with each topic identified as material.

The document has been prepared in order to ensure an understanding of business activity, its per-

formance, results and impact on the topics deemed material set out in Art. 3 of Legislative Decree 254/2016.

The non-financial disclosures contained in the NFS reflect the principle of materiality or relevance, a key characteristic of the GRI Standards that is also defined in the reference legislation: the materiality analysis process is described in the section “Prioritizing our commitments: the materiality matrix”. The materiality matrix was approved by the Board of Directors on December 20, 2018, after a deep review of the materiality analysis process.



METHODOLOGICAL NOTE

This document thus contains a description of the major policies applied by the undertaking, the management models and results achieved by the Group in 2018 relating to the topics expressly cited in Legislative Decree 254/2016 (environmental, social, personnel-related, respect for human rights and the fight against corruption), as well as the main risks identified relating to the above topics and management methods.

It should be noted that the human rights topic was not found to be highly material in the materiality analysis process. It should also be emphasized that SEA has established procedural and organizational safeguards for managing and monitoring matters relating to applicable legislation. As part of its supplier qualification process, the Group has integrated specific requirements regarding the management procedures of aspects such as parity of remuneration, non-discrimination, freedom of association and collective bargaining and child labour.

Water consumption and anti-corruption are adequately disclosed in this report under the respective material topics of "Containment of land consumption" and "Corporate Culture Inspired by Ethical Values".

It also bears noting that the Company regards the topic of Airport Safety and Security as a prerequisite for all of the Group's activities. The topic in question has not been included in the Materiality Matrix because it has been excluded from the process of evaluation and dialogue regarding the importance of the various issues undertaken by the management and stakeholders.

The boundary of qualitative information and quantitative data regarding social and environmen-

tal aspects includes companies consolidated line-by-line in the Group's Consolidated Financial Statements.

The financial reporting boundary is the same as for the Group's 2018 Consolidated Financial Statements.¹

It should be noted that from 2018, following the entry into force of the International Financial Reporting Standard IFRS 15, the incentives provided to airline companies to develop traffic were classified as a reduction of revenues. For comparability purposes, the figures of previous years were reclassified.

In 2018, no significant changes in relation to the size, ownership structure and supply chain of the Group took place.

In order to permit an assessment of performance over time, a comparison with the figures from the years 2017 and 2016 has been included. In addition, in the interest of providing an accurate account of performance and ensuring the reliability of the data, the use of estimates has been kept to a minimum and appropriately disclosed where applicable.

This document was approved by the Board of Directors on February 28, 2019.

It is also subject to limited examination ("limited assurance engagement" according to the criteria indicated by the ISAE 3000 Revised standard) by Deloitte & Touche S.p.A. which, at the end of the work performed, issued a specific report on the compliance of information provided in the non-financial consolidated statement drawn up by the SEA Group as per Legislative Decree No. 254/2016.

The document also uses the following terms:

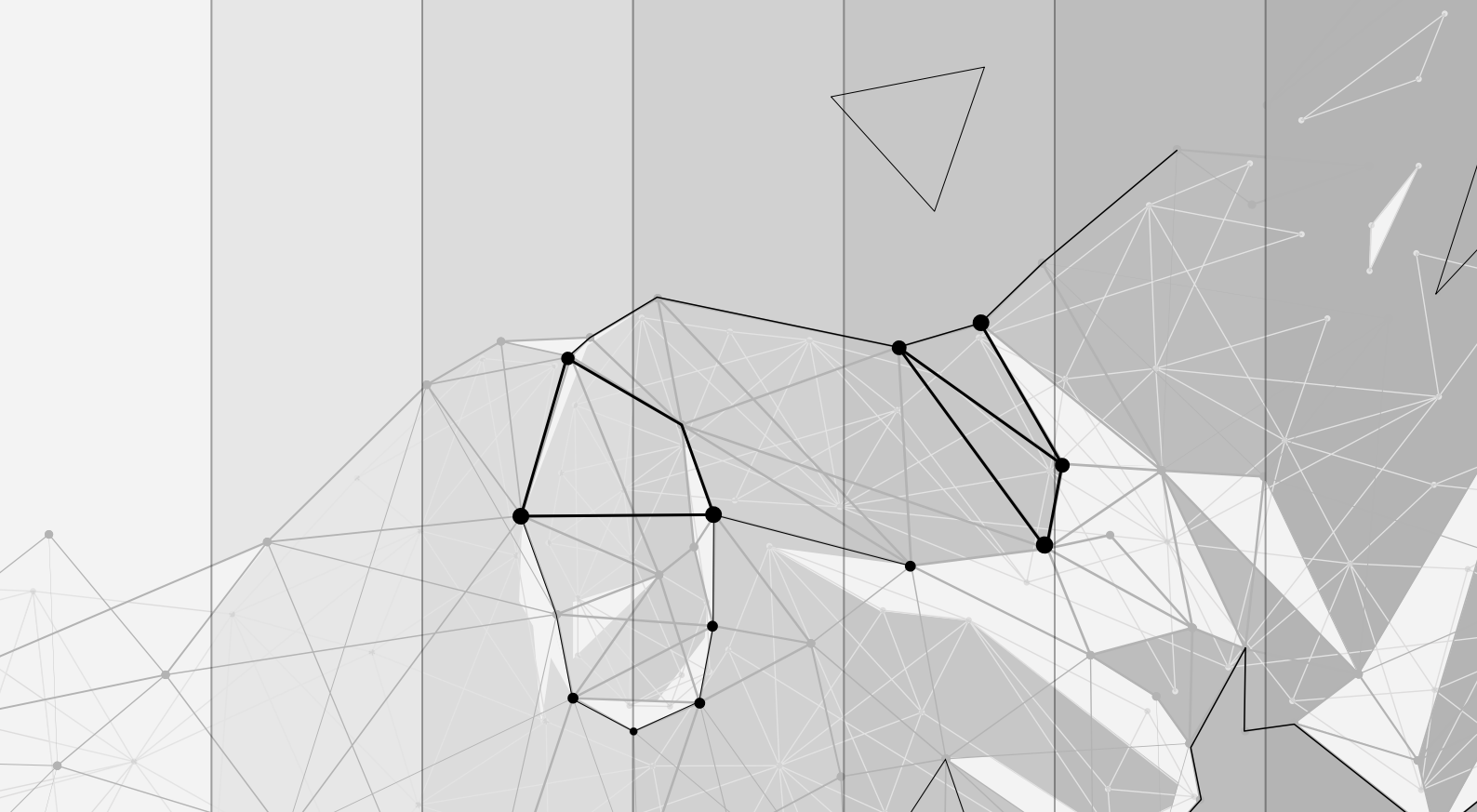
- SEA for SEA SpA;
- SEA Energia for SEA Energia SpA;
- SEA Prime for SEA Prime SpA.

The Group's CSR Function may be contacted for information regarding the Sustainability Report: Sebastiano Renna – Corporate Social Responsibility Manager e-mail: sebastiano.renna@seamilano.eu.

This document is also available from the SEA Group's website, www.seamilano.eu, in the section "Sustainability".

¹ For the list of Group companies consolidated line-by-line, reference should be made to Section 2.4 - Consolidation method and principles and Section 2.5 Consolidation scope and changes in the year of the Explanatory Notes to the SEA Group Consolidated Financial Statements.

Who we are and what we do



Who we are and what we do

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.

The Malpensa and Linate airports are among the top ten in Europe by passenger volume and among the top five by cargo volume, whereas at the national level the Milan airport system is Italy's second-largest in terms of passenger traffic and number-one in the cargo segment and general aviation.

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 aircrafts, the management of airport security and the continued development of commercial services for passengers, operators and visitors through a wide and differentiated offer.

Via its subsidiary SEA Energia, SEA Group produces enough electricity, heat and district cooling to cover its energy needs, and transfers unused residual energy to third parties.

Mission

The mission of SEA is to create value for all parties directly involved in the Group activities: shareholders, clients 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 SEA 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.

Ownership

The share capital of SEA SpA 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, 74,375,102 Class B shares and 38,601,093 other shares. 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.

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
No. Group employees at December 31, 2018: 2,847

HIGHLIGHTS 2018

Total revenues: Euro 713.1 million
EBITDA: Euro 281.9 million
Net profit: Euro 136.1 million
Passengers: 33.8 million
Aircraft movements: 283.9 thousand
Cargo: 569.0 thousand (tons)

WHO WE ARE AND WHAT WE DO

On February 15, 2018, the shares held by the Province of Varese were purchased by 2i Aeroporti SpA. SEA, following the issuance of the bond designated "SEA 3 1/8 2014-2021" on April 17, 2014

and the admission to listing of the notes on the regulated market organized and managed by the Irish Stock Exchange, qualified as a Public Interest Entity (PIE) as defined in Article 16, paragraph 1,

letter a) of Legislative Decree No. 39/2010.

PUBLIC SHAREHOLDERS

8 entities/companies

Municipality of Milan (*)	54.81%
Municipality of Busto Arsizio	0.06%
Other public shareholders	0.08%
Total	54.95%

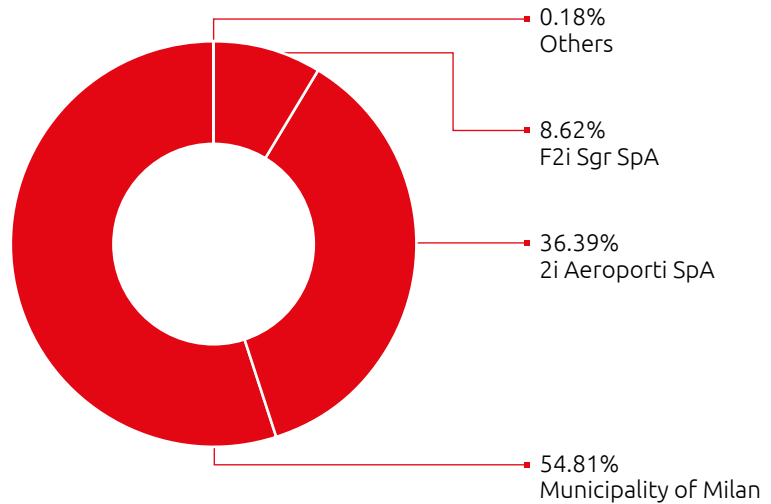
PRIVATE SHAREHOLDERS

2i Aeroporti SpA	36.39%
F2i Sgr SpA (**)	8.62%
Other private shareholders	0.04%
Total	45.05%

(*) Holder of Class A shares

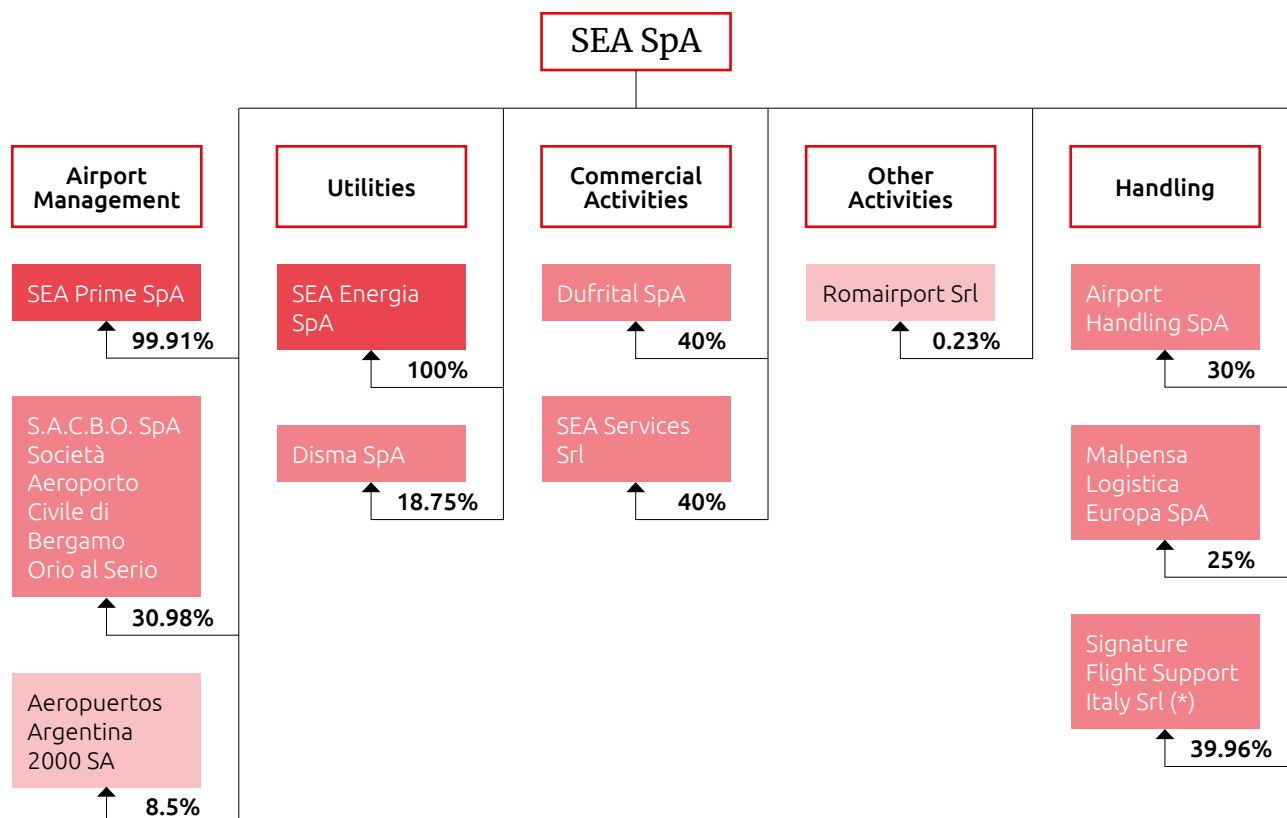
(**) On behalf of F2i – second Italian Fund for infrastructure

SHARE CAPITAL STRUCTURE



SEA Group structure and investments in other companies

DIRECT AND INDIRECT INVESTMENTS OF SEA SPA AT DECEMBER 31, 2018



■ Controlling shareholding ■ Associate ■ Investment in others companies

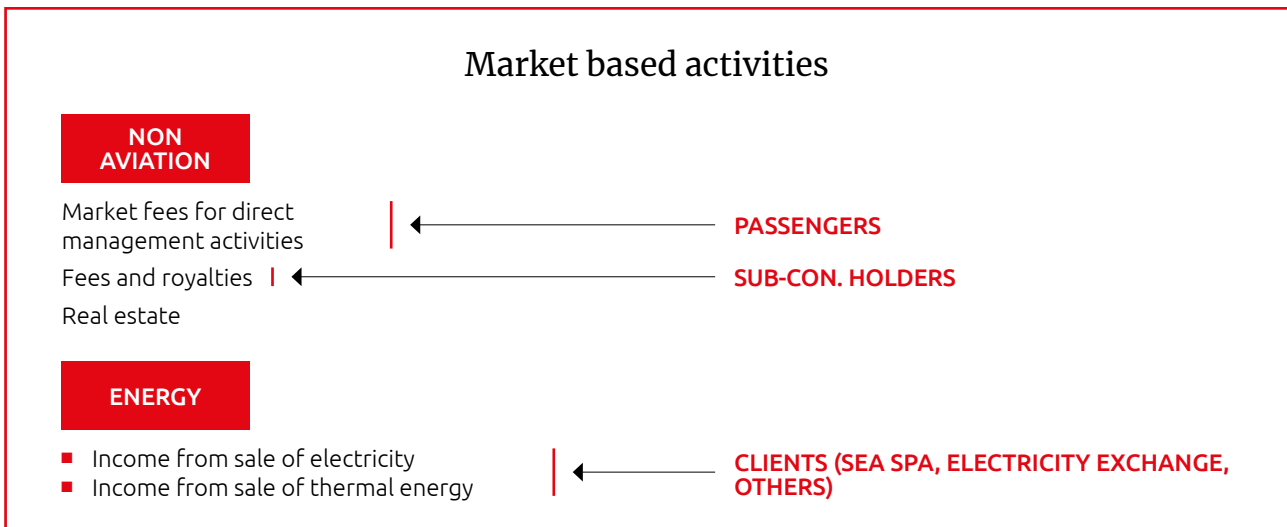
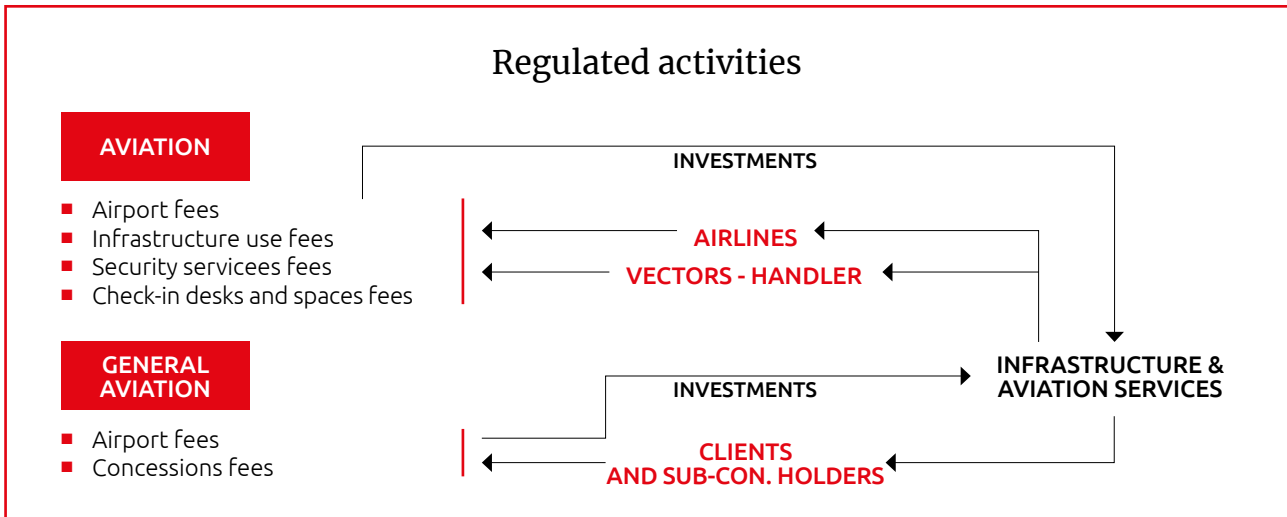
(*) Company held indirectly through SEA Prime SpA

It should be noted that:

- As a result of the sale of an additional 40% stake in Airport Handling and a corresponding share of the equity instruments to dnata (July 2018) and the resulting dissolution of the trust that held the interest, Airport Handling SpA once again became classified as an associated company measured according to the equity method in the consolidated financial statements.
- Consorzio Milano Sistema, of which SEA SpA holds 10%, is in liquidation.
- SEA SpA submitted a request for withdrawal from SITA SC which was effective as of February 28, 2018.

Business Model and lines

SEA BUSINESS MODEL



The management of airports by SEA is undertaken through specific business units.

Commercial Aviation

The Commercial Aviation business includes Aviation and Non-Aviation operations: the former regards the management, development and maintenance of airport infrastructure and plant 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 revenues generated by these activities are established by a regulated tariff system and comprise airport fees, fees for the use of centralised infrastructure, in addition to security fees and tariffs for the use of check-in desks and spaces by airlines and handlers.

On the other hand, the Non-Avia-

tion business provides a wide and segregated offer, managed both directly and under license to third parties, of commercial services for passengers, operators and visitors to the Airports, in addition to the real estate segment. The revenues from this area consist of the market fees for activities directly carried out by the Group and from activities carried out by third parties under license and of royalties based on a percentage of revenues generated by the licensee, usually with the provision of a guaranteed minimum.

This segment includes also income from warehouse, space and office rental to Cargo business operators, such as cargo handlers, transport companies and couriers.

General Aviation

The General Aviation business includes the full range of services relating to business traffic at the western apron of Linate airport.

Energy

The energy business includes the generation and sale of electricity and heat to third parties.

The results of each of the above businesses are presented below.

(Euro thousands)	Commercial Aviation		General Aviation		Energy		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017
Operating revenues	658,128	621,404	11,344	12,128	14,484	14,728	683,956	648,260
EBITDA	273,622	233,710	7,488	7,799	741	1,497	281,851	243,006
EBIT	183,869	122,100	5,577	5,406	23	384	189,469	127,890

The EBITDA shown above includes the IFRIC margin.

The costs regarding incentives to the airlines for the development of traffic are stated as a reduction of revenues in accordance with IFRS 15.



Organizational structure

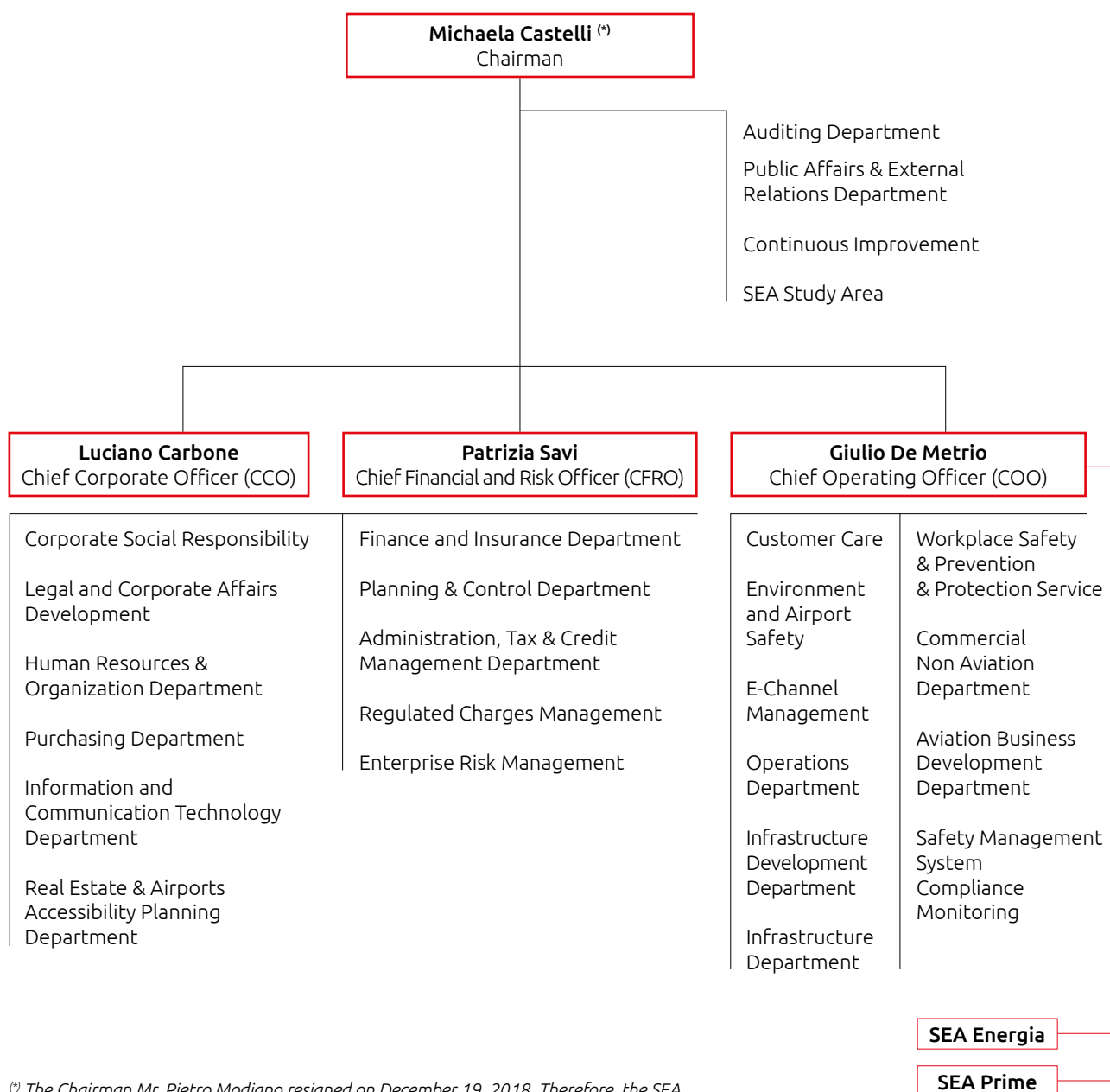
The SEA organization until January 8, 2019 was structured into various departments and staff functions, each of which respec-

tively subject to the control of the Chairman, the Chief Corporate Officer, the Chief Operating Officer and the Chief Financial and Risk Officer.

In 2018 SEA has adopted a Steering Process - based on 5 commit-

tees - 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 team spirit.

DEPARTMENTAL STRUCTURE AT 31-12-2018



(*) The Chairman Mr. Pietro Modiano resigned on December 19, 2018. Therefore, the SEA Board of Directors appointed Chairperson Michaela Castelli on December 20, 2018. The Board of Directors of SEA SpA named Armando Brunini Chief Executive Officer on January 8, 2019 and then also appointed him General Manager on January 16, 2019 modifying the organisation structure.

SEA Group Airport System

Linate Airport

Linate Airport occupies a total area of approximately 350 hectares in the south-eastern part of the Province of Milan, extending into the municipalities of Peschiera Borromeo, Segrate and Milan. Forlanini Park, one of the major urban parks in Milan, and the Idroscalo lake adjoin the airport.

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 2018, Linate handled 5.0% of passengers, 7.2% of aircraft movements and 1.1% of cargo in Italy.²

The airport has two runways for take-off and landing, of which the first (length of 2,442 meters) for commercial aviation and the second (length of 601 meters) for General Aviation. The flight infrastructure contains a taxiway of approximately 2,100 meters, a system of link roads of approximately 4,000 meters and 2 aircraft stands.

There are 46 aircraft stands, accommodating a maximum of 42 aircraft at any given time.

The passenger area extends over 3 levels for a total area of 75,000 m² (of which approximately 33,000 open to the public), with 73 check-in counters and 24 gates, of which 5 served by loading bridges and the remaining utilized by aircraft positioned in remote parking reachable by runway shuttle buses. 18.2% of the airport surface open to the public is dedicated to commercial activ-

ities (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 utilizes a cargo warehouse of approximately 16,800 m², with a capacity to handle 80-100,000 tons per year.

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

LINATE AIRPORT

Traffic	2018	Δ 18/17	Rank ITA
Passengers	9,187,120	-3.3%	7°
Cargo (tons/year)	10,827	-9.3%	8°
Movements	93,987	-2.6%	3°

Operating standards – 2018

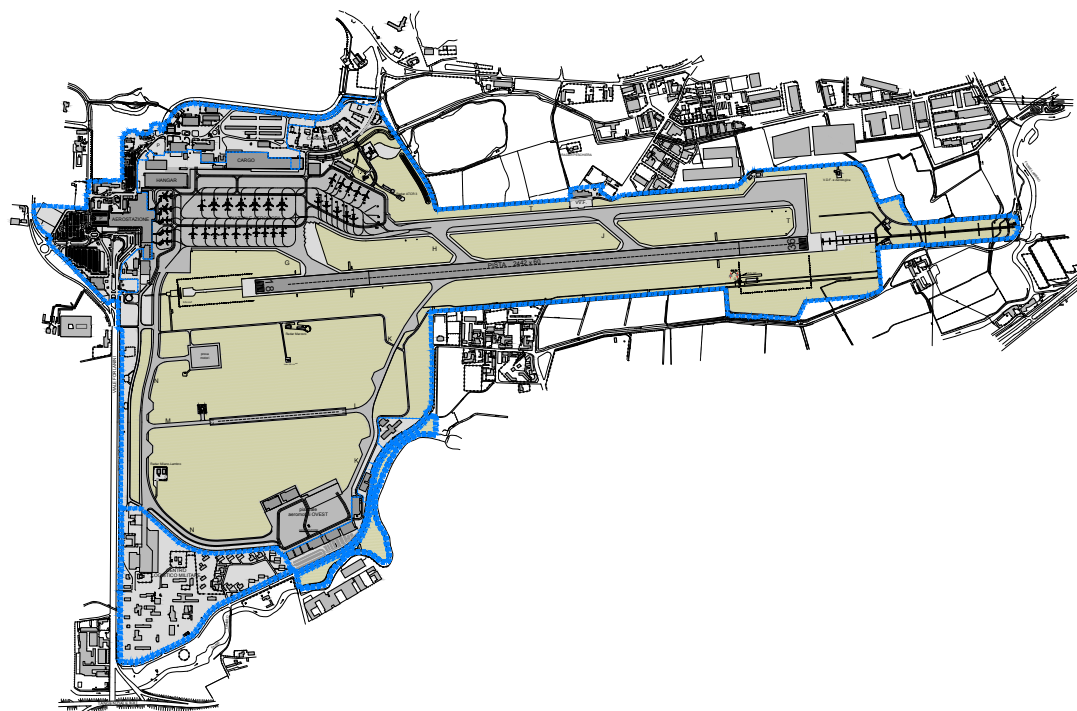
Departure punctuality (delays less than 15 minutes)	86.0%
Delivery of first bag within 18 minutes	93.8%
Number of misdirected bags / 1,000 passengers	1.9

Infrastructural characteristics

Surface area	350 ha
No. runways	2
No. aircraft stands	46
No. check-in desks	73
No. departure gates	24
Terminal surface area dedicated to commercial activity	18.2%
Cargo warehouse surface area	16,800 m ²
Cargo movements capacity	80-100 tons/year
Cogeneration station – installed electric capacity	24 MWe
Cogeneration station – installed thermal capacity	18 MWt
No. car parks	3
No. parking spaces reserved for passengers	3,867
No. parking spaces reserved for airport operators	1,850
No. taxi spaces	169

Sources: SEA, Assaeroporti (www.assaeroporti.it)

LINATE – PLAN OF AIRSIDE AIRPORT AREA



Malpensa Airport

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 and a road system, including a Motorway, which connects the airport with the major regions of Northern Italy and Switzerland. The airport covers 1,220 hectares within 7 municipalities: Somma Lombardo, Casorate Sempione, Cardano al Campo, Samarate, Ferno, Lonate Pozzolo and Vizzola Ticino.

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 industrialization and encroaching urbanization and to safeguard the rich biodiversity heritage. The Malpensa airport

ranks second in Italy for overall aircraft movements and passenger numbers.

In 2018, Malpensa managed 12.2% of overall movements, 13.3% of passenger traffic and 50.3% of cargo transported in Italy.³

The airport utilizes two parallel runways, with 808 meters between them, measuring 3,920 meters each and capable of handling all aircraft in service. The runways do not permit parallel independent approaches.

The taxiing and connection roadways cover approximately 19.4 km in total (28.5 km if considering also the stand taxiways). The 204 stands for aircraft – of which 111 at Terminal 1, 43 at Terminal 2 and 49 at Malpensa Cargo – allow a maximum stoppage capacity of 120 aircrafts.

There are 2 airports for passengers. Terminal 1, operative since

1998, was constructed according to a modular type of plan and comprises a core structure (comprising 6 floors) and three satellite structures with airport stands, from which the passenger loading bridges are connected.

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 255 check-in counters and 65 gates, of which 30 served by 41 loading bridges and the remaining for aircraft positioned in parking, reachable with shuttle runway bus.

Approximately 8.5% of the surface area open to the public is dedicated to commercial activi-

³ Fonte: Assaeroporti (www.assaeroporti.it).

WHO WE ARE AND WHAT WE DO

ties (sales points and catering, car hire and banking services).

Malpensa Terminal 2 has 35 check-in counters and 23 gates for parked aircraft reachable by runway buses. Approximately 12.2% of the sur-

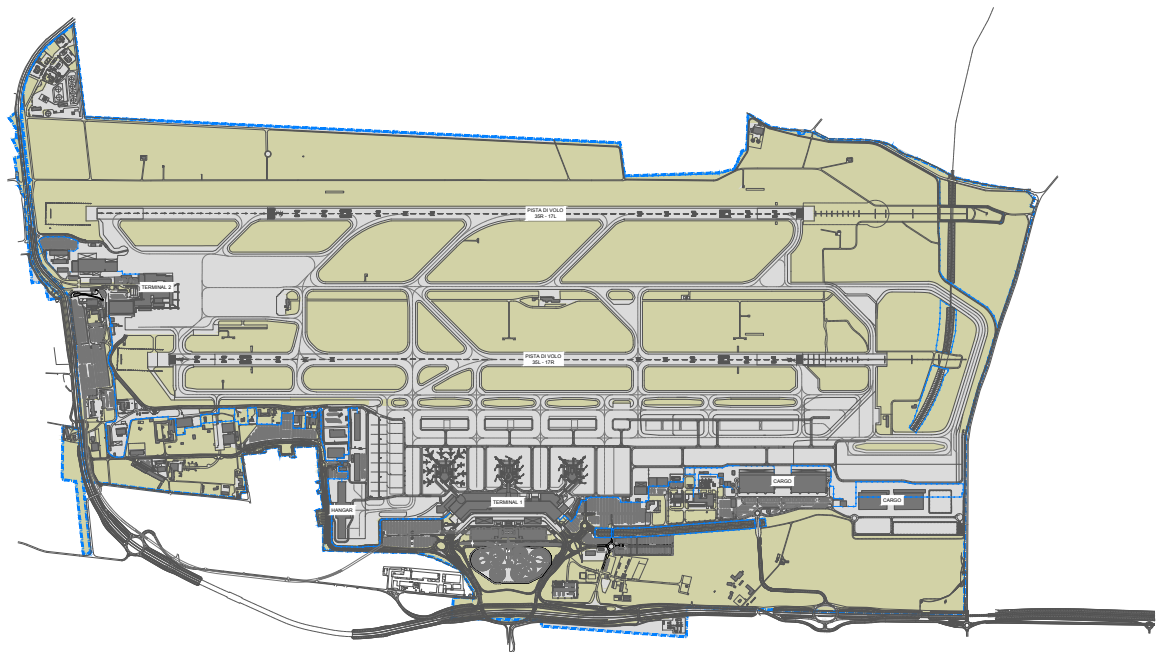
face area open to the public is dedicated to commercial activities.

Malpensa Cargo utilizes warehouses with a surface area of 50,000 m² and has a capacity of between 700,000 and 750,000

tons of cargo annually.

The airport has also a hangar for the recovery and maintenance of aircraft and of office use spaces.

MALPENSA – PLAN OF AIRSIDE AIRPORT AREA



MALPENSA AIRPORT

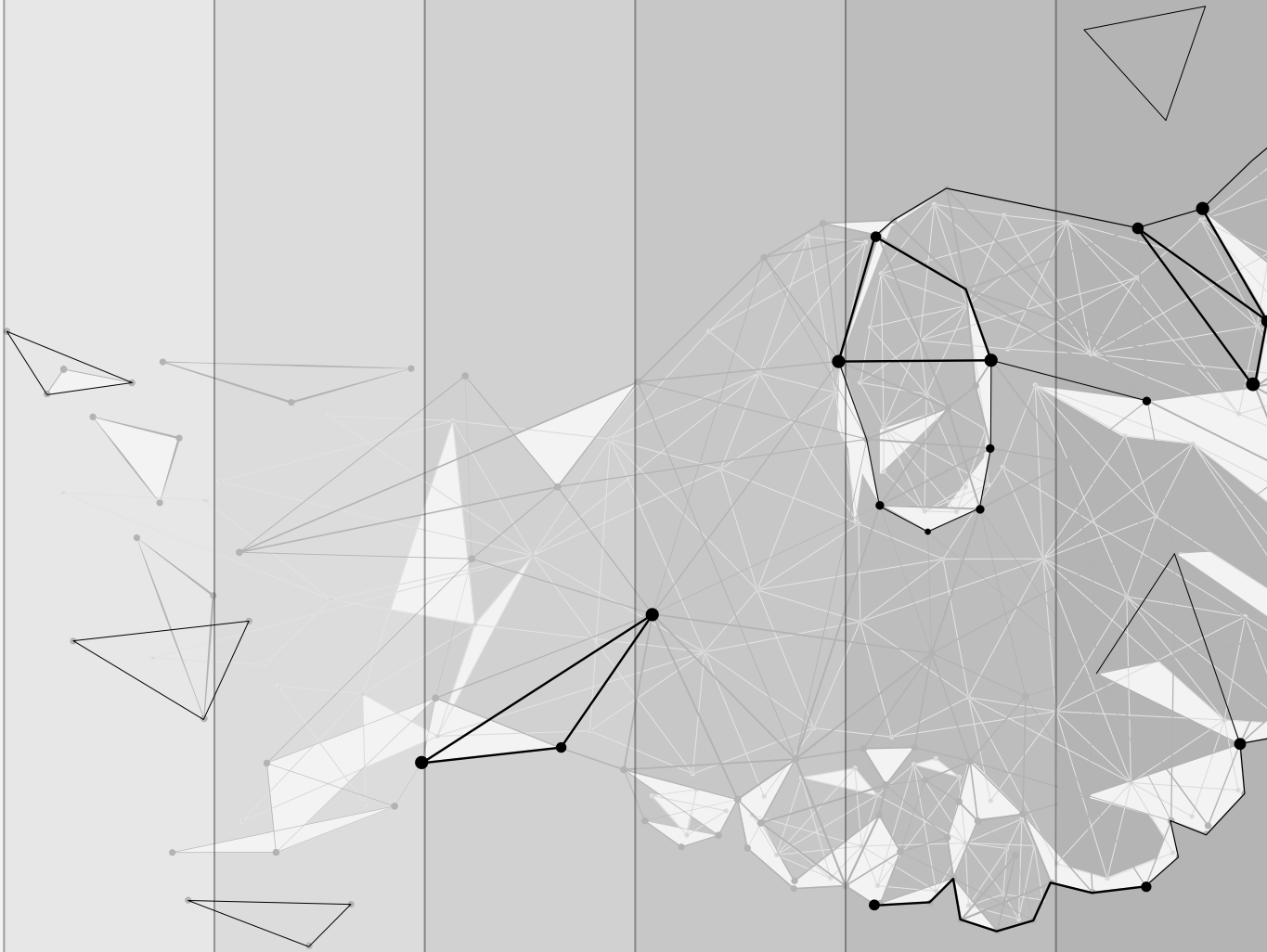
Traffic	2018	Δ 18/17	Rank ITA
Passengers	24,561,735	11.5%	2°
Cargo (tons/year)	558,218	-3.2%	1°
Movements	189,910	8.7%	2°

Operating standards – 2018	
Arriving punctuality	77.1%
Delivery of first bag	
Malpensa T1: bag delivery within 23 minutes	93.1%
Malpensa T2: bag delivery within 26 minutes	96.4%
Number of misdirected bags / 1,000 passengers	1.7

WHO WE ARE AND WHAT WE DO

Infrastructural characteristics	
Surface area	1,220 ha
No. runways	2
No. aircraft stands	204
No. check-in desks:	
Malpensa T1	255
Malpensa T2	35
No. boarding gates:	
Malpensa T1	65
Malpensa T2	23
Terminal surface area dedicated to commercial activity	
Malpensa T1	8.5% of the surface area open to the public
Malpensa T2	12.2% of the surface area open to the public
Baggage Handling System Malpensa T1	10,650 bags/hour
Baggage Handling System Malpensa T2	4,800 bags/hour
No. baggage delivery carousels	
Malpensa T1	10
Malpensa T2	4
Cargo movements capacity	700-750.000 tons/year
Cogeneration station – installed electric capacity	70 MWe
Cogeneration station – installed thermal capacity	62 MWt
No. car parks	
Malpensa T1	4
Malpensa T2	1
No. parking spaces reserved for passengers	
Malpensa T1	7,158
Malpensa T2	2,531
No. parking spaces reserved for airport operators	
Malpensa T1	2,563
Malpensa T2	1,160
Malpensa T1-Malpensa T2 intermediate area	1,609
Malpensa Cargo	1,159
No. taxi spaces	
Malpensa T1	280
Malpensa T2	20

Sources: SEA, Assaeroporti (www.assaeroporti.it)



Market overview

Market overview

Global air transport performance

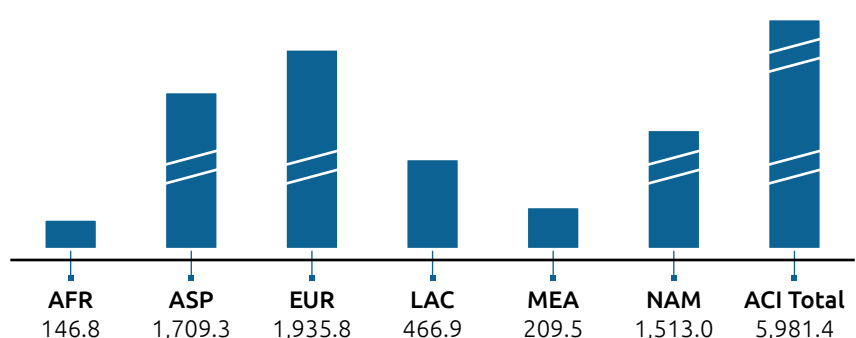
In October 2018, global passenger traffic, measured on a sample of over one thousand airports, increased by 6.1 percentage points on the same period of 2017, amounting to 5.981 billion passengers. There was growth across all continents, and in particular:

- Europe (which has 32% market share) posted gains of +6.2%;
- Asia (29% market share) posted gains of +7.3%;
- North America (25% market share) posted gains of +5.2%;
- Central/South America (8% market share) posted gains of +4.8%;
- Middle East (4% market share) posted gains of +2.3%;
- Africa (2% market share) posted gains of +10.1%.

In the global rankings, the number-one airport by passenger traffic was Atlanta (89.8 million, consisting of 79.2 domestic traffic), followed by Beijing (84.4 million, consisting of 64.6 domestic traffic), and then by Dubai (74.5 million).

GLOBAL AIR TRANSPORT (TO OCTOBER 2018)⁴

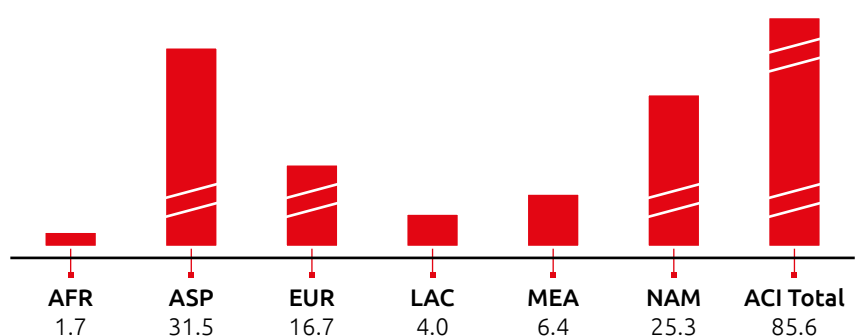
Passengers (5.981 billion)



Cargo traffic increased 4.2 percentage points on 2017, with 85.6 million tonnes handled (on a sample of 681 airports). Volumes are on the rise in all continents (Asia, the first in terms of goods

handled, +3.3%, North America +6.1%, Europe +2.8%, the Middle East +0.4%, Central and South America +8.7%, Africa +11.6%).

Total cargo (85.6 million tonnes)



Key: AFR (Africa), ASP (Asia Pacific), EUR (Europe), LAC (Latin America), MEA (Middle East), NAM (North America). Source: ACI World (Pax Flash & Freight Flash)

⁴ Source: ACI World (Pax Flash & Freight Flash)

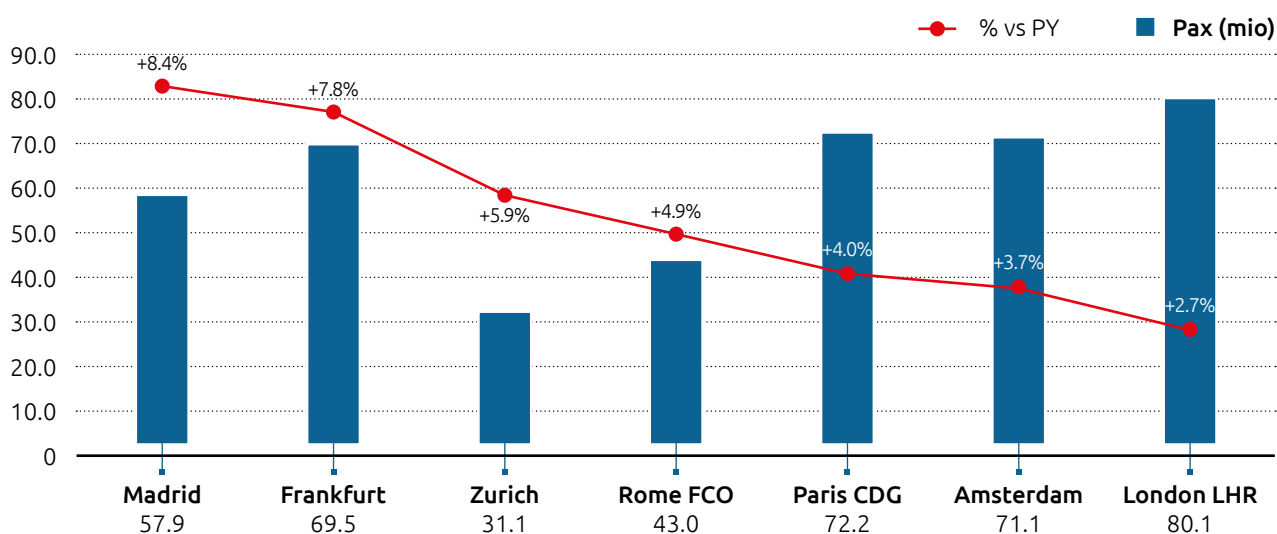
European airport performances

The ACI Europe associated European airports reported passenger growth of 4.8% to 1,166.2

million passengers served. The main European hubs (Frankfurt, Amsterdam, Paris Charles de Gaulle, Zurich, Rome Fiumicino, Madrid, London Heathrow), representing 36% of total associated airport traffic, and their per-

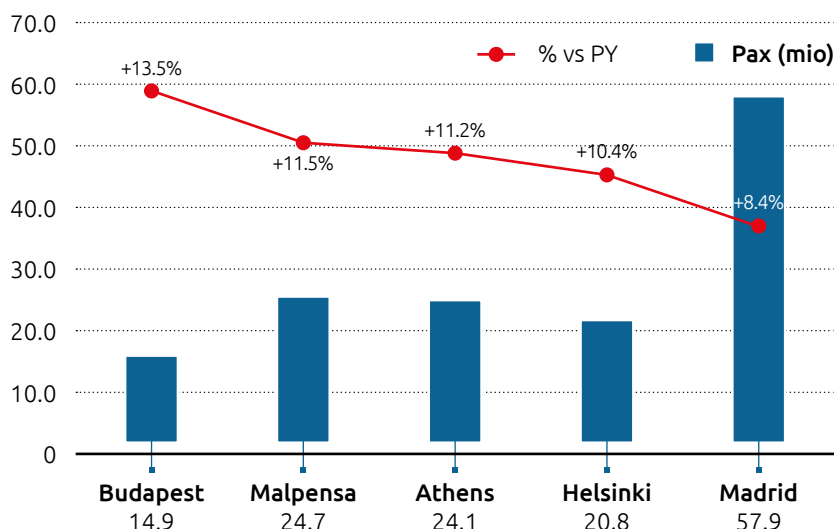
centage growth on the previous year are shown below.

EUROPEAN AIR TRAFFIC - THE MAIN HUBS



If the 42 ACI Europe member airports are included in the analysis, Malpensa ranks second by percentage growth in the period

considered (+11.5%), between Budapest (+13.5%), and Athens (+11.2%), as shown below.



Cargo traffic was stable on the previous year (-0.2%), with a total of over 12.0 million tons handled. In terms of goods handled, in the rankings of the main ACI Europe member airports, Malpensa comes in fifth (558.2 thousand tons), after Frankfurt (first airport with over 2.1 million tons), Paris Charles de Gaulle (with 2.0 million tons) and London Heathrow and Amsterdam (with 1.7 million tons each).

Italian airports traffic performance

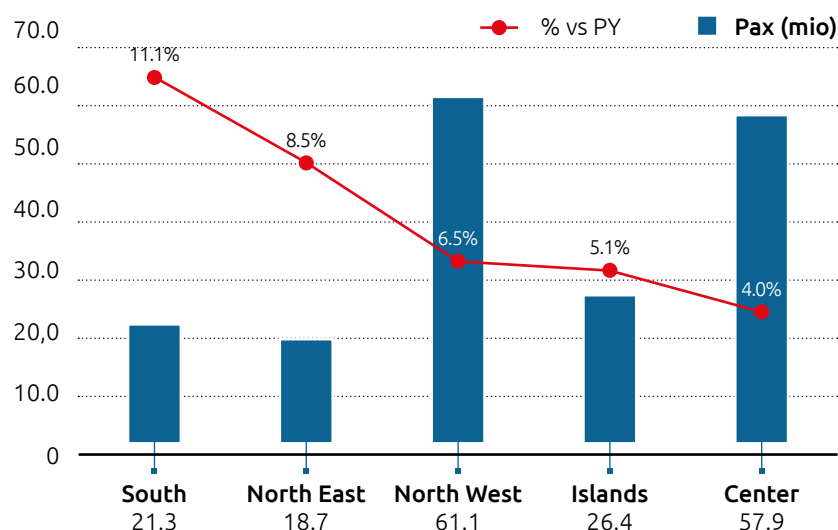
Passenger traffic at the Italian Asaeroporti member airports was up 5.9%. In 2018 185.4 million passengers were served, an increase of 10.3 million on 2017. International traffic was up by 7.2% and domestic traffic by 3.3%. There were 1.4 million flights during the year (+3.6%), whereas the cargo carried was essentially in line with the previous year (1,056.6 thou-

sand tons, -0.4%). The domestic airports reporting the highest passenger numbers were Rome Fiumicino, Milan Malpensa, Bergamo Orio al Serio, Catania, Naples and Milan Linate.

Passenger traffic distribution of the Italian airports aggregated by macro-region* is reported according to percentage growth below.

Among the North-Western airports, the Lombardy airport system (25% of total domestic traf-

ITALIAN AIR TRAFFIC



*North West: Bergamo, Bologna, Genoa, Linate, Malpensa, Turin, others; North East: Treviso, Venice, Verona, others; Centre: Ancona, Rome Ciampino, Rome Fiumicino, others; South: Bari, Brindisi, Lamezia Terme, Naples, Pescara, Reggio Calabria, others; Islands: Alghero, Cagliari, Lampedusa, Olbia, Palermo, others.

fic) served 46.8 million passengers (+6.5%); Milan Malpensa contributed with 24.7 million (+11.5%), Milan Linate with 9.2 million (-3.3%) and Bergamo Orio al Serio with 12.9 million (+4.9%). In Central Italy, the Rome airport system (26% of total domestic traffic) hit 48.8 million passengers (+4.2%); Rome Fiumicino served 43.0 million (+4.9%), while Rome Ciam-

pino with 5.8 million contracted (-0.7%). Among the North-Eastern airports, Venice reached 11.2 million passengers carried (+7.9%), while in the South Catania and Naples grew by 8.9% and 15.8% each, serving 9.9 million passengers each.

⁵ Source: ACI Europe, Airport Traffic Report December, Q4, H2 & Full Year 2018

European air transport market development⁵

- Passenger traffic grew by 6.1% across the entire European airport network in 2018, raising the total number of passengers using European airports

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to a new record of 2.34 billion. Although 2018's growth was less than 2017's (+8.5%), it was nonetheless extremely encouraging considering global economic and geopolitical tensions, in particular, the ongoing trade war between the US and China. Continuous expansion in airline capacities played a leading role, with movements up by 4%, against 3.8% in 2017.

- In 2018, European airports received 136.6 million passengers more than the previous year. This means that passenger traffic has increased by over a third in the last 5 years (36%), with over 629 million additional passengers, of which 445 million in the EU alone. Managing this

growth has been challenging, particularly for airport infrastructures. Capacity and quality have become crucial issues for a growing number of airports across Europe. Such challenges require not only new investments, but also greater operational efficiency.

- Passenger traffic at EU airports recorded an average increase of 5.4%, down on the growth of +7.7% in 2017 due, in part, to air traffic management issues and airline strikes that limited airport operations in various countries until the start of summer. Traffic subsequently grew more strongly, closing with approximately 7% growth in December. Eastern and southern

EU country airports achieved the best performances, along with those of Austria and Luxembourg. The worst results came from Sweden, affected by the introduction of a new aviation tax, and from the United Kingdom, due to mounting fears of the impact of Brexit on the economy.

- Non-EU airports recorded an 8.3% increase in passenger traffic (compared with +7.7% in 2017). However, unlike the EU market, growth followed a downward trend throughout the year, from an impressive +14.6% in January to just +3.5% in December.
- Europe's 5 busiest airports recorded a 4.8% growth in pas-



MARKET OVERVIEW

senger traffic, down on the previous year's 5.5%. The lower performance than the European average mainly reflects capacity limitations, intensifying competition between hubs, and airline strikes. Despite this, the airports gained a total of 16.5 million additional passengers. Frankfurt achieved the highest growth (+7.8%, 4th overall with 69.5 million passengers), thanks to its traffic diversification strategy. On the other hand, capacity limits more than halved growth in Amsterdam-Schiphol

(+3.7% compared to +7.7% in 2017, 3rd overall with 71.1 million passengers) and London-Heathrow (+2.7%), which remained the busiest airport in Europe, with as many as 80.1 million passengers.

- In contrast to the trend in passenger traffic, cargo traffic suffered a sharp slowdown in 2018, with growth of 1.8% (compared to +8.4% in 2017). This slowdown affected EU airports (+1.1%) more than those outside of the EU (+5.6%). The slowdown in cargo traffic can-

not be ignored. It reflects the weakening of the economy not only in Europe, but across the world.



Our airports' competitive positioning

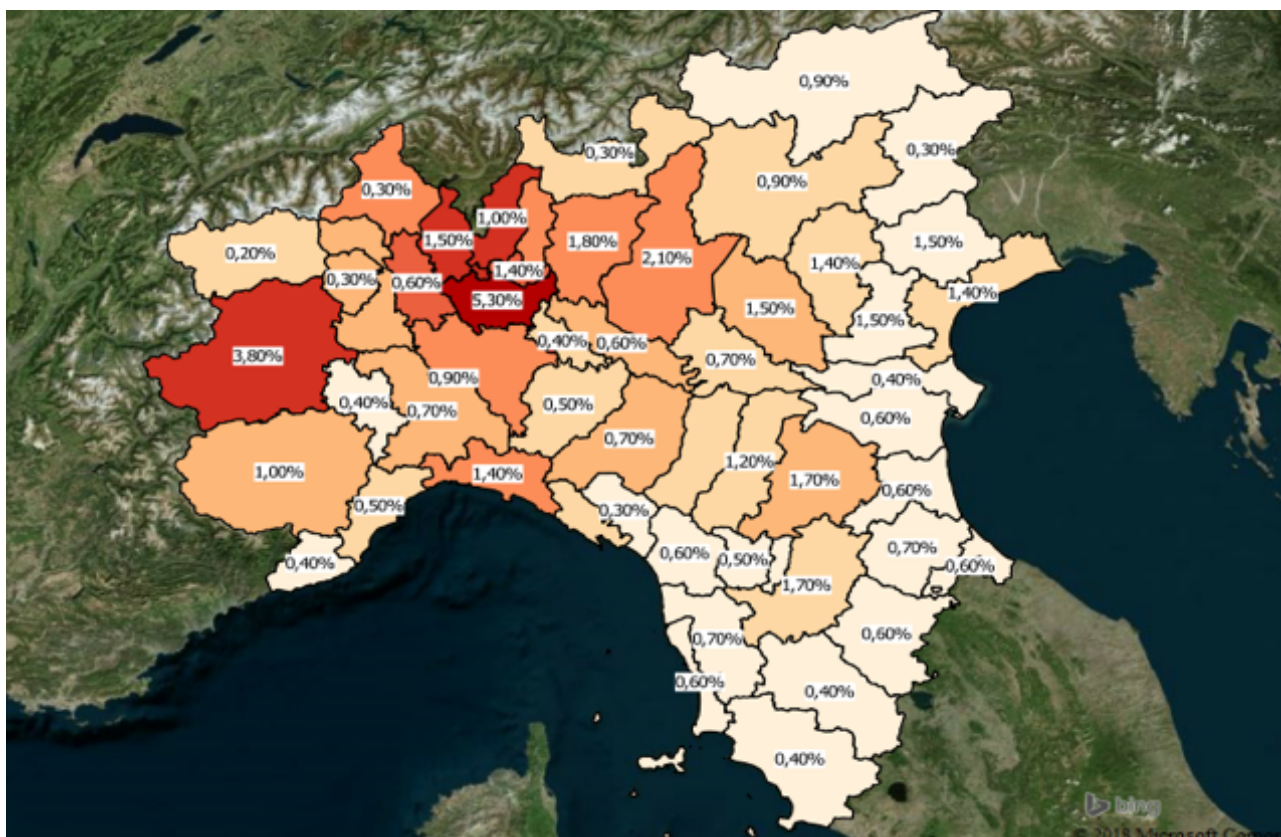
Catchment area

According to the established international standards, an airport's catchment area is determined as including all points within the territory from which the airport can be reached in a given amount of time using any means of transport

available. The Milan airport system's catchment area principally comprises, in declining order of attractiveness, the Milan metropolitan area, the Region of Lombardy and north-western Italy. It also extends – albeit with a lesser ability to capture demand – to the regions of north-eastern Italy, Emilia Romagna and Tuscany. Within the Milan airport system, Malpensa is one of two airports in Italy (the other is Rome Fiumicino) serving a significant network of long-haul destinations. Accordingly, passengers

from northern Italy who wish to travel to intercontinental destinations have two choices: travel from Malpensa or depart from the nearest regional airport and change planes at a European hub. Italy's National Airport Plan also classifies Venice airport as strategic, but its network of long-haul destinations is not currently comparable to Malpensa's.

MALPENSA AIRPORT'S CATCHMENT AREA



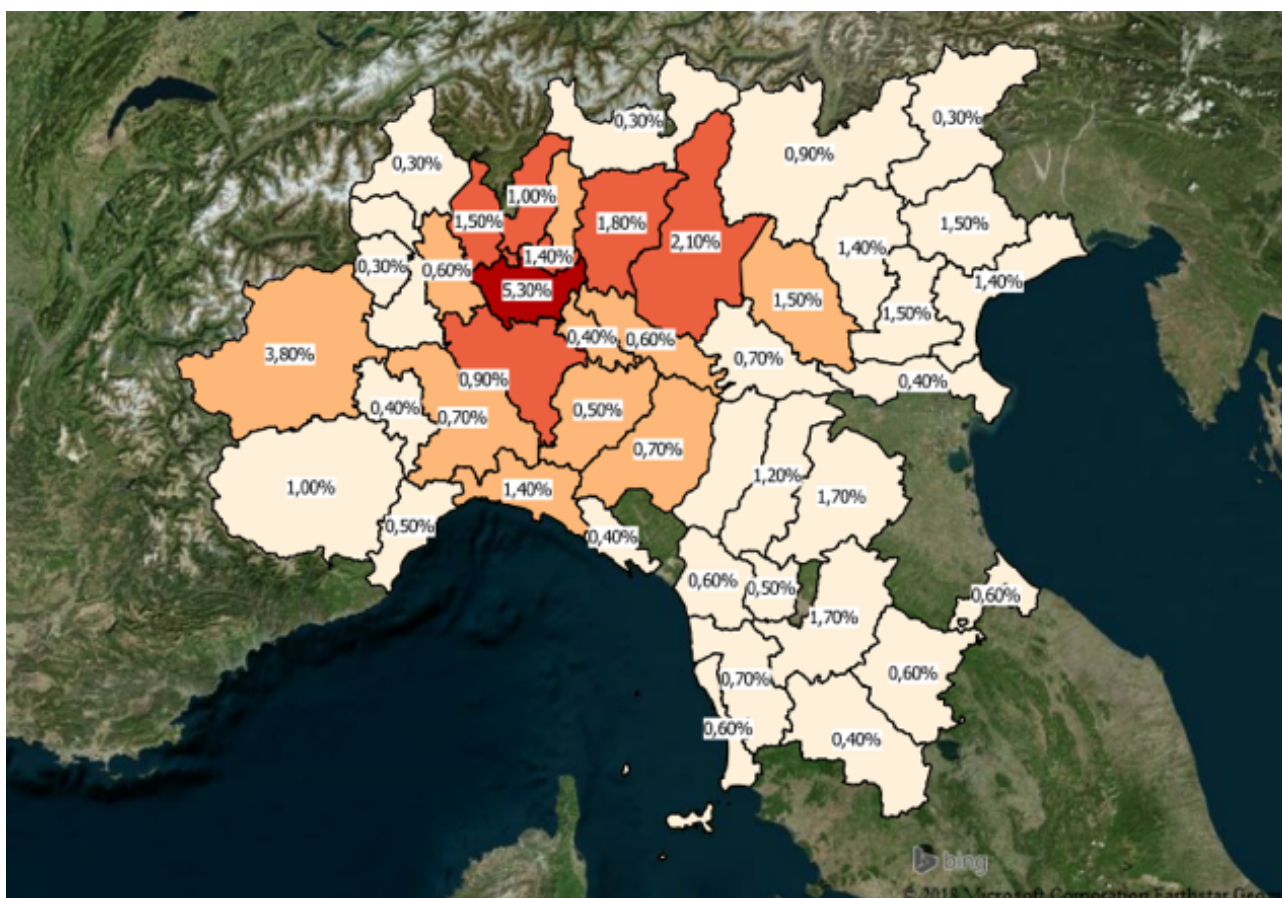
Population percentage of the provinces in Malpensa airport's catchment area compared to the total population. Source: Prepared by SEA using CLAS 2016 and ISTAT survey data

In the short and medium term, it can therefore be stated that all of northern Italy is a potential catchment area for Milan's airports, and in particular for Malpensa with

regard to long-haul destinations. The ability to channel demand to Malpensa rather than to connecting flights routed through other European hubs is contingent on

the accessibility of Malpensa airport – an area in which a fast, integrated and effective road system can make the difference.

LINATE AIRPORT'S CATCHMENT AREA



Population percentage of the provinces in Linate airport's catchment area compared to the total population.
Source: Prepared by SEA using CLAS 2016 and ISTAT survey data

SOCIO-ECONOMIC FEATURES OF THE MILAN AIRPORT SYSTEM CATCHMENT AREA

	Catchment area	% of Italian total
Area (km ²)	135,057	44.8
Population	29,676,146	49.06
GDP 2012 (Euro mil.)	910,053	58.1
N° companies 2015	2,652,848	56.6
N° employees 2015	10,050,207	61.7
Exports 2016 (Euro mil.)	333,200	79.8

Source: Prepared by SEA on ISTAT data

MARKET OVERVIEW

Lombardy – among Europe's most competitive regions – is the heart of the Milan airport system's catchment area.

Competitiveness of the airport and its local community

Airports and the communities in which they are located have a mutually reinforcing influence on one another: airports can have an impact on the competitiveness and economic development of the communities that benefit from their presence, yet the social and economic context in which airports operate also has a significant effect on airport operating performance. The type and scope of the effects that our airports have on the social and economic parameters of the community in the catchment area (understood in its various ramifications, as discussed in the section above) are described in the section of this document dedicated to social and environmental impacts. On the other hand, the contextual factors that have a particularly significant impact on the scope and characteristics of the airport business include economic growth (which has an impact above all on outgoing air traffic) and the attractiveness of the local area, above all to tourists (which instead affects incoming traffic).

The economic background of Lombardy and Milan

Lombardy⁶ is Italy's number-one region from both a demographic and economic standpoint. Its population of 10.0 million at January 1, 2018 accounted for 16% of the nationwide total and its GDP, which exceeded Euro 383.2 billion in 2017⁷, represented 22.2% of the Italian total.

	Lombardy	Italy	Share
Area (sq. km.)	23,864	302,073	7.9%
Population (1/1/2018)	10,036,258	60,483,973	16.1%
Workforce (thousand, 2017)	4,701	25,930	18.1%
GDP (nominal, million euro, 2017)	383,175	1,724,955	22.2%
Value Added (per capita, 2017)	34,064	25,550	-
Enterprises (2017)	815,956	5,150,149	15.8%
R&D expenditure (million euro, 2016)	4,758	23,172	20.5%
Import (million euro, 2017)	124,737	400,659	31.1%
Export (million euro, 2017)	120,334	448,107	26.9%

Source: Booklet Italy, Lombardy and Milan: the strengths of our territory - No. 7, January 2019

From the standpoint of economic indicators, Lombardy is the number-two European NUTS2 region in terms of GDP generation, following Île de France but coming in ahead of regions such as Inner London, Upper Bavaria, Düsseldorf or the Stuttgart region.

In 2017⁸, Lombardy's workforce of 4,701 thousand workers accounted for 18.1% of the national figure. The number of employed workers, equal to 4,701 thousand, represented 19% of the national figure.

The employment rate (the ratio of employed workers to the population between ages 15 and 64) was 64.9%, well above the national average of 55.7%, and, with reference to the Four Motors of Europe, better than in Catalonia, although lower than the average of the Baden-Württemberg and Rhône Alpes regions.

A large number of companies operate in Lombardy, with as many as 97,220 dedicated to manufacturing, and a total of 815,956 registered

with the Chamber of Commerce in 2017, accounting for 15.8% of all Italian companies. Around 1,000 medium-sized manufacturing companies are spread across its territory, while 250 are based within the City of Milan. These figures respectively account for 31% and 7% of the 3,300 medium-sized manufacturing enterprises active in Italy.⁹

The territory of Milan is also the managerial, administrative, commercial or operational home to over 4,200 multinational companies (32.4% of all those operating within Italy as a whole), which collectively generate a turnover of Euro 208 billion and employment for 431,072 workers.

⁶ Source: Confindustria Lombardia; #Lombardia 2030

⁷ Source: ISTAT (dati.istat.it), Gross Domestic Product at market prices, raw data

⁸ Source: Booklet Italy, Lombardy and Milan: the strengths of our territory – No. 7, January 2019

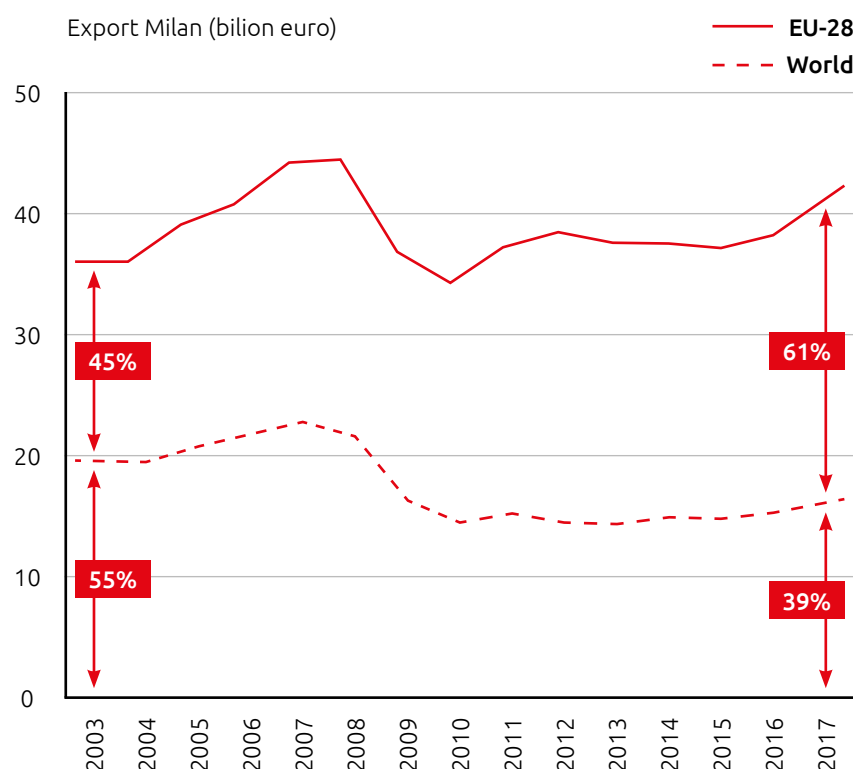
⁹ Number of medium-sized manufacturing companies with 50-499 employees, and a sales volume of between Euro 15 and 330 million (excluding subsidiaries of large and foreign corporations)

MAIN TRADING PARTNERS IN LOMBARDY

		Export 2017	% change 2017-2018
1	Germany	16,093	12.7%
2	France	11,782	-3.3%
3	USA	9,049	54.0%
4	Spain	6,678	3.2%
5	Switzerland	6,497	29.8%
6	United Kingdom	5,408	14.4%
7	China	3,950	64.5%
8	Poland	3,567	35.9%
9	Netherlands	2,906	10.7%
10	Turkey	2,737	34.1%

Source: Booklet Italy, Lombardy and Milan: the strengths of our territory - No. 7, January 2019

REPOSITIONING OF MILAN'S EXPORTS TO NON-EUROPEAN MARKETS



Source: Booklet Italy, Lombardy and Milan: the strengths of our territory - No. 7, January 2019

The degree of internationalization of the Lombard economy and the location of the main markets of interest for local economic operators are significant indicators for the evolution of originating air transport demand.

Though Lombardy's main trading partners, facilitated by the total value of trade exchanges, reside predominantly in Europe, the last decade has seen a shift in the focus of Lombard companies towards areas of the world with stronger overall growth, evidenced by a net increase in trade relations with the USA (+54.0%) and China (+64.5%).

An even more significant reflection of this evolution can be read in data concerning the repositioning of Milan's exports on foreign markets.

Over the last 15 years (2003-2017), the Milan area's production export value has grown by approximately 14.8%, up from Euro 35.9 to 41.2 billion. This growth has been driven mainly by non-European markets, accounting for 61% of trade, up from 45% at the beginning of the period.

Attractiveness of the Milan area ¹⁰

According to data supplied by the Milan Monitoring Centre, which measures Milan's ability to attract and compete – understood as the city's ability to play a global role, projecting a positive image of itself and drawing people, organized knowledge and capital – Milan is a metropolitan area with a robust, highly diversified economy (ranging from industry to commerce, services and finance); its leadership is strongest in areas relating to business and it enjoys

¹⁰ Source: Milan Monitoring Centre 2018



a very positive international reputation.

The analysis was conducted on a comparative basis with the urban centres of the other four major European economic regions: Barcelona, Lyon, Munich and Stuttgart.

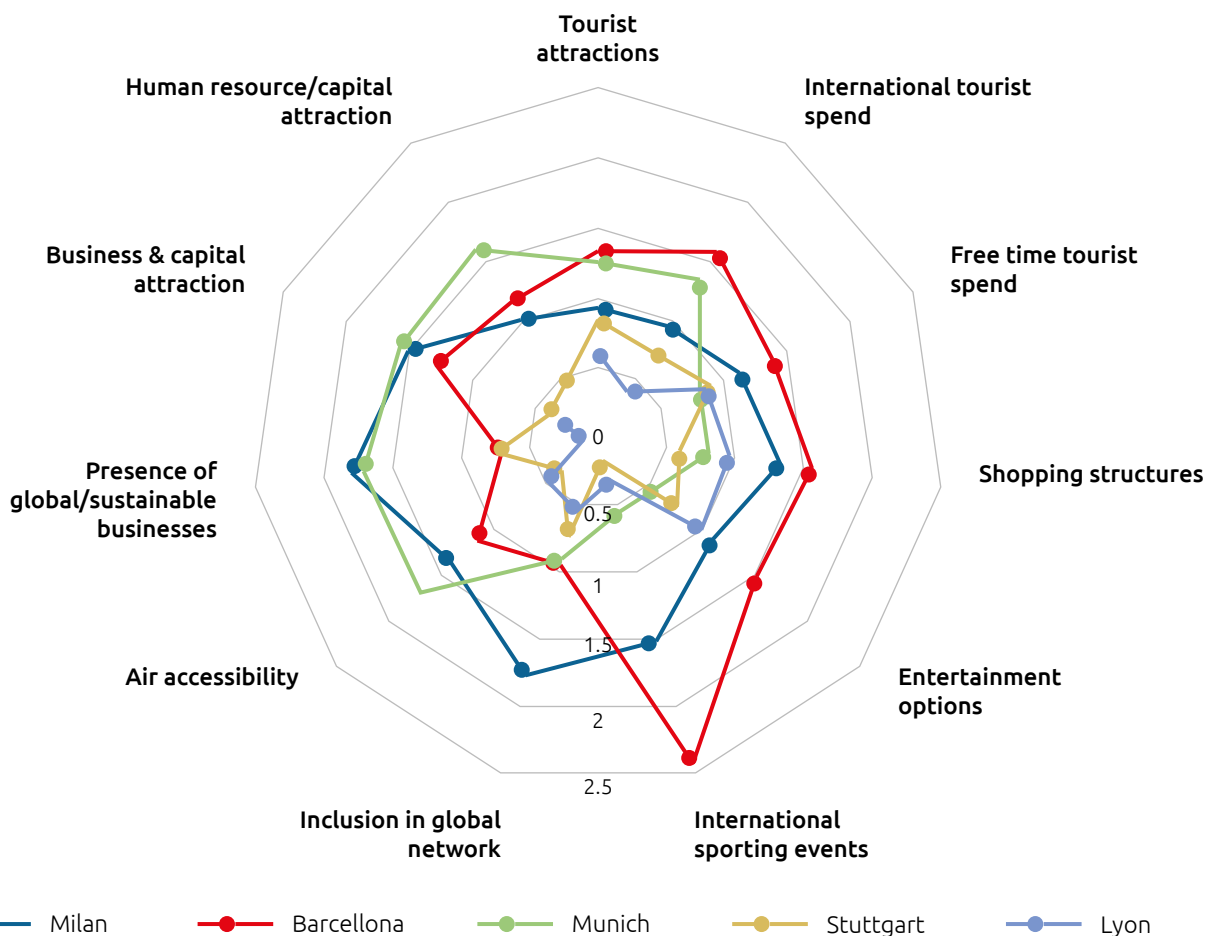
In terms of attracting tourists, Milan maintained its third-place ranking in 2018's Observatory (0.93, slightly below average), after Munich (1.27), which was overtaken by Barcelona (1.33). The latter cities saw a decidedly higher and increasing number of tourist arrivals (11.7 and 16.2 million respectively in 2016, against 6.9 million in Milan's metropolitan area). Milan came just below the benchmark average in international tourist spending (0.95), topped by Barcelona (1.57) followed by Munich (1.35).

This reflects Milan's continuing lower share of total tourist spending, despite its growth in average expenditure, up 25%

from the previous year (+18% in Barcelona, +65% in Munich). The set of activities grouped under the "leisure" dimension saw Milan (with an average score across all dimensions of 1.16) maintain its second placing after Barcelona (with an average index of 1.62 confirming its leadership of the previous year) but clearly ahead of the other industrialized cities in the ranking: Lyon (0.82), Munich (0.76) and Stuttgart (0.64). However, Milan was the only city to lose points (-0.25) in comparison with 2017's survey. This loss was concentrated in the "shopping" dimension, where Milan fell to second place (1.33), losing the previous year's top spot to Barcelona (1.55). This dimension is assessed using three indicators: the top 250 global retailers' ranking of the 57 most attractive European cities, the cities' percentage shares of total shopping expenditure by international tourists, and the average of international tourists' shopping receipts. Milan's setback was mainly attributable to the second indicator, but not

in terms of sales, which are seeing as clear a growth as those of Barcelona, whose market share in relation to the other 5 cities rose from 49.0% in 2016 to 65.3% in 2017. Considering the offer of entertainment and leisure facilities (e.g. libraries, swimming pools, restaurants, bars, nightclubs), Milan (1.11) came in second place after Barcelona (1.51), improving on the previous year's positioning. The result has less to do with complex infrastructures such as libraries and pools, whose yields tend to be constant over time, but more to do with the dynamism of nightlife venues, which saw the gap between Milan and Barcelona shortening in 2018 compared to 2017.

ATTRACTIVENESS OF THE MILAN AREA – BENCHMARK BASED ON VARIOUS EUROPEAN CITIES



Source: Based on Milan Monitoring Centre data 2018

The sporting events hosted by the city serve as both a strong draw for international visitors as well as a significant boost for the city's reputation, with an important role to play in gaining the attention of an extremely broad public and worldwide media coverage. In this aspect, Milan (1.53) appears stable in second place following Barcelona (2.42), which continues to grow, while both distance themselves from the other cities in the panel, thanks to continuous strong investment. Milan held first place in the attraction of world-scale events, though was far behind Barcelona in terms of European events. Regarding trade fairs, 2016 saw Milan fall

below the benchmark average in comparison to the previous year, while Frankfurt continued to excel (1.25). Milan appears stable in terms of B2B visitors, while slightly increasing the number of international exhibiting companies.

Milan also saw its reputation as a "global city" grow steadily. Among the cities under consideration, not only did Milan gain a considerable lead over the others (1.78, with Barcelona achieving only 0.94), but it was also the only city to improve its reputation compared to the last edition of the Observatory (1.60). This result came from an elaboration of the "World City Network" rankings, measuring

the degree of integration of 707 cities within the global economy, and of the Reputation Institute's "City Rep Track" data, based on the responses of 23 thousand G8 country residents to an opinion survey on 56 world cities. In an increasingly interconnected international context, a direct connection to the world's major cities is indispensable. Access to effective air transport services is thus an essential driver of success.

International accessibility, calculated from intercontinental, continental and passenger airport accessibility indices, saw Milan rank second (1.37) after Munich (1.68), amply overtaking Barcelona (1.13)

and distancing itself considerably from Lyon (0.47) and Stuttgart (0.34).

Milan's weak point continues to be intercontinental accessibility. Milan registered an index of 28.6 (London = 100) compared to Munich's 43.2, despite its airports moving approximately the same number of passengers (44.0 million against 44.6 in Munich). The percentage of intercontinental flights offered by the first carrier at Malpensa was 9%, compared to 35.4% in Munich. Regarding the other major airport systems, Lufthansa in Frankfurt operated 52.7% of intercontinental flights, Air France in Paris 48.2% and KLM in Amsterdam 44.0%.

A major strength of Milan is its manufacturing sector, which creates value by exporting according to a logic of social and environmental sustainability. This dimension saw Milan in first position (1.77), leading, albeit slightly, Munich (1.70), and by far other cities with great industrial traditions, such as Stuttgart (0.73) and Lyon (0.10). Significantly, it leads as base of operations for companies with a turnover of over Euro 1 billion (90 companies), ahead of Munich (61) and Barcelona (39). Within the group considered, economic power is closely contended by Milan, Munich and Stuttgart, as evidenced by Global RepTrak 100's listing of the number of companies with registered offices in the cities. The ranking measures the reputation of 100 global companies based on approximately 170 thousand assessments, seeing Milan (1.66), Munich (1.67) and Stuttgart (1.67) practically even. 2018's Observatory extended the analysis of reputation to sustainability by referencing RobecoSAM's "The Sustainability Yearbook", which annually assesses sustainability practices in over 3,400 listed

companies. According to this analysis, Milan ranked second (1.67) behind Munich (2.08), but ahead of Barcelona (1.25).

An additional key factor of the global cities' competitiveness is the ability to attract companies and capital in terms of local offices of foreign multinationals. Milan (1.49) is well positioned above the benchmark average, second only to Munich (1.56) at the top of the rankings. Compared to the other cities' roles in their respective countries, Milan is unique in that it acts as a privileged gateway for foreign direct investment in Italy, accounting for 30.8% of all new international greenfield projects. The last area comparing Milan to the identified benchmarks concerned its attractiveness to talent and human capital. Munich was confirmed as the main centre of attraction for talent (with a score of 1.60), in terms of both foreign university students and researchers funded by the European Research Council. Further confirmation of Munich's attractiveness was its excellent score as a university town in the QS Best Student Cities index. In the overall ranking, second place was taken by Barcelona (1.15), followed by Milan with the average score (1.00).

Capacity

The capacity of an airport, which in Italy is established by ENAC with the involvement of the interested parties, 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 per 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).

This breakdown of the movements per hour between Malpensa and Linate was established within the re-organization 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.

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Capacity of Linate airport

The Linate airport infrastructure is capable of managing a capacity of approximately 32 movements/hour, although traffic limitation is imposed by the “Bersani” and “Bersani bis” Decrees which establish a cap of 18 movements/hour. 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 Sar-

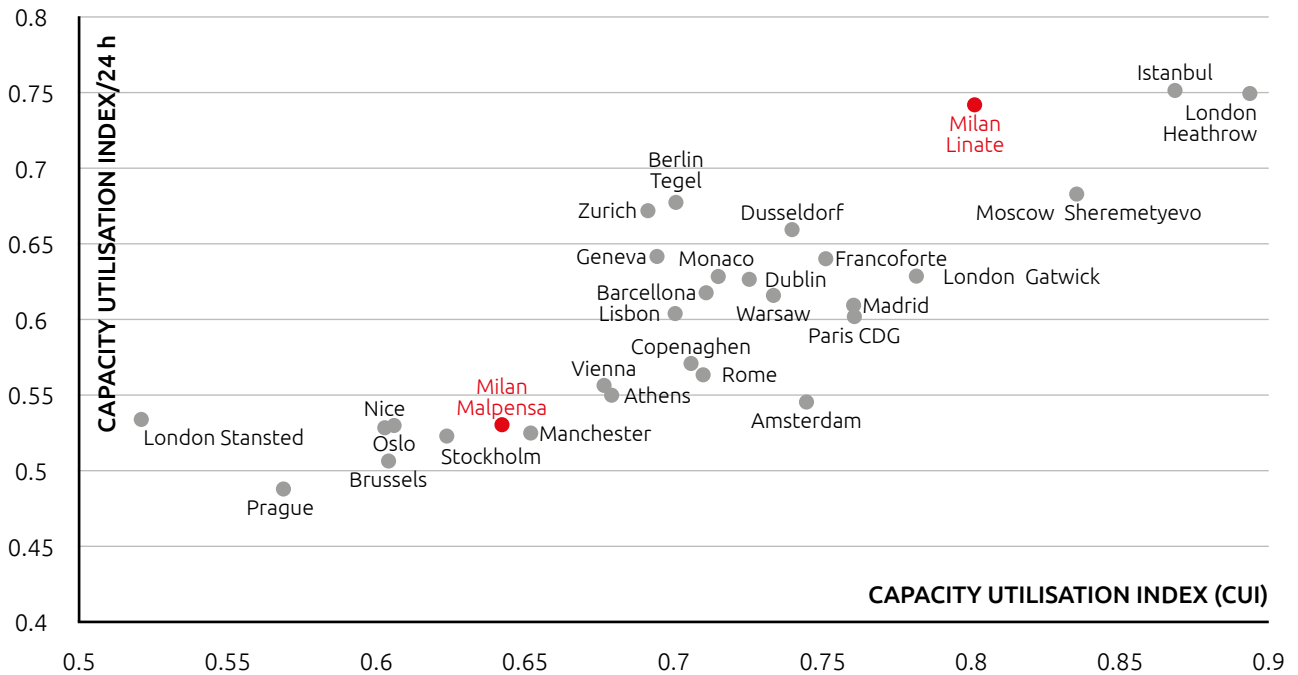
dinia, which guarantee connections with the main peninsular airports) and General Aviation flights.

The positioning of our airports in view of the European capacity crunch

The shortfall at the level of airport capacity is a very sensitive issue within the European air transport market and is considered one of the weak points threatening the industry's future growth.

Eurocontrol¹¹ predicts that there will be more than 30 congested European airports by 2035

POSITIONING AMONG SELECTED EUROPEAN AIRPORTS BY CAPACITY UTILIZATION RATE



Source: SEO Amsterdam Economics, 2017

Even today, these airports already operate at 80% or more of their capacity for more than three hours a day. According to the traffic growth scenario deemed “most likely” by Eurocontrol, in 2035 it will not be possible to accommodate approximately 1.9 million flights (12% of demand). The airport capacity shortfall will not be distributed uniformly throughout

Europe. The United Kingdom, Turkey, Belgium, the Netherlands and several Eastern European countries are likely to be more severely affected than others. The lack of capacity of European airports is also cause for concern due to the scale of the negative externalities that will be borne by passengers. In a situation in which airport capacity demand exceeds supply

– and in which airports have considerable market leverage over passenger traffic – prices will be used to balance demand and available capacity. If an airport's prices are reflected efficiently in airport fees, the lack of slots will result

¹¹ EUROCONTROL (2013b). *Challenges of Growth 2013. Task 6: The Effect of Air Traffic Network Congestion in 2035*

MARKET OVERVIEW

in higher rates and thus in higher costs for airlines, which in turn will charge their passengers higher fares for flights during peak times, on the basis of the market situation. According to Eurocontrol's estimated traffic growth figures, the total amount of fees charged to airlines at congested airports is expected to reach Euro 6.3 billion by 2035. Essentially, European passengers will inevitably pay an increasingly higher price for insufficient airport capacity. To reduce the negative impact of the capacity shortfall on passengers' income, constant investments are required, in addition to regulatory reform to combat disincentives for airlines to increase capacity. The capacity utilization index (CUI) estimates an airport's use of its capacity compared to the peak level of the busiest 5% of hours. In other words, it is an indicator that measures the intensity at which an airport operates at its full capacity. The matrix shows the positioning of 30 major European counterparts in terms of CUI and 24-hour CUI. Linate may be seen



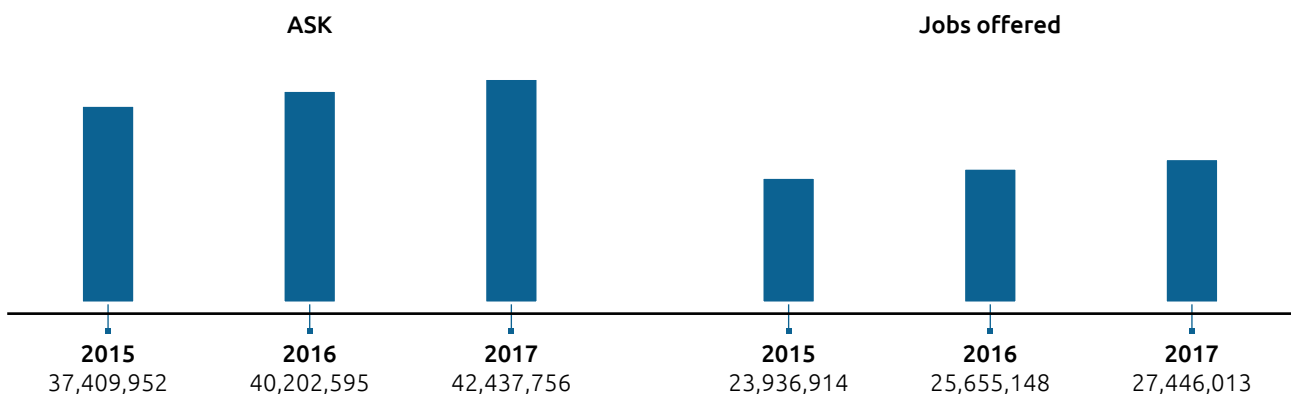
to be among the most congested European airports – although the situation is destined to become less problematic in the future, in the light of regulatory traffic limitations – whereas Malpensa shows a large margin of unused operating capacity.

flight, multiplied by the number of kilometres flown: a measure of an airport's capacity in terms of passenger transport supply. The overall airport system – inclusive of Malpensa, Linate and Orio al Serio – offered 27.4 million seats.

Air transport supply

The Milan metropolitan area ranks ninth in Europe by total air transport offerings at 42.4 million ASKs (available seat kilometres) supplied each year. ASKs correspond to the total seats available on each

AIR TRANSPORT SUPPLY IN THE MILAN METROPOLITAN AREA



Source: ICCSAI Fact Book 2018

Malpensa airport ranked sixth in Europe (after London Heathrow, Paris CDG, Frankfurt, Amsterdam

and Zurich) in terms of the weight of ASKs relating to non-EU destinations out of the total ASKs offered.

Destinations lying outside Europe accounted for 71.7% of Malpensa's weighted offerings.

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AIR TRANSPORT SUPPLY DEVELOPMENT AT MALPENSA AIRPORT

	2017	2016	2015
ASK	29,855,668	28,086,906	26,107,947
ASK <i>inter</i> -EU	8,448,170	7,463,899	6,449,673
ASK <i>extra</i> -EU	21,407,498	20,623,007	19,658,273
ASK <i>extra</i> -EU/ASK total	71.7%	73.4%	75.3%

Fonte: ICCSAI Fact Book 2018

Malpensa is one of the few European airports with a high level of non-EU ASKs that is not also a hub. This may also be explained by the fact that Malpensa offers a high level of medium-/long-haul destinations, despite lacking a feeder flight network, instead relying primarily on point-of-origin demand for air transport to international destinations.

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 11 thousand where the offer of an airport is completely handled by a single airline), it emerged that Mal-

pensa is the European airport with the lowest level of dependence on a single airline.

This sets it apart from other Continental airports such as Amsterdam, Frankfurt, Zurich, Paris or Vienna, where the principal airline accounts for around 50% of ASKs.

DIRECT COMPETITION DEVELOPMENT AT MILAN MALPENSA

	2017	2016	2015
HH index on ASK	508	519	539
No. airlines	87	86	80
Entropy index on ASK	1.51	1.51	1.50
% ASKs of leading 5 airlines	40.1	40.7	42.0
% ASKs of leading airline	12.9	13	13.5

Source: ICCSAI Fact Book 2018

Linate airport shows a higher traffic concentration level than Malpensa owing to the significant presence of Alitalia, which is responsible for approximately 56.8% of the total ASKs. In Ita-

ly, the airport where the largest share of ASKs held by a single carrier is Bergamo: approximately 77.9% of supply is attributable to Ryanair.

DIRECT COMPETITION DEVELOPMENT AT MILAN LINATE

	2017	2016	2015
HH index on ASK	3,415	2,986	3,090
No. airlines	19	18	20
Entropy index on ASK	0.76	0.82	0.81
% ASKs of leading 5 airlines	80.9	76.7	76.3
% ASKs of leading airline	56.8	52.7	53.8

Source: ICCSAI Fact Book 2018

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 particu-

lar airport is highly concentrated. Also according to this index, Malpensa airport was the absolute leader in Europe with regard to the lowest dependence on an individual airline.

Indirect competition

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, for neighbouring destinations or on similar routes.

INDIRECT COMPETITION AT MILAN MALPENSA

	2017	2016	2015
No. neighbouring airports	3	3	3
No. routes in indirect competition	85	83	76
Competitor ASK /ASK in competition	1.25	1.41	1.52

Source: ICCSAI Fact Book 2018

The “proximity” concept relating to departing airports and destination airports concerns those located within 110 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 signif-

icant also in the Lombardy region close to Milan. From Malpensa, over 96% of European destination routes are open to competition from other airports in the area such as Linate and Orio al Serio. Malpensa airport placed fourth, after the London airports of Gatwick and Heathrow and 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.

Current and future accessibility to airports

From the standpoint of the demand for transport generated by airport catchment areas, the order of priority for airport ground access is:

- connections with the major local city, which accounts for most transport demand (in this case, the city of Milan);
- connections with the metropolitan area surrounding the major

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local city or the “narrow” catchment area (within 60 minutes from the airport). In the case of the Milan airports, this area corresponds to greater Milan, the region to the south-west of Milan that extends to Piacenza, the most developed portion of the foothills (stretching from the Province of Varese to the Province of Bergamo), the provinces of Eastern Piedmont (Verbano-Cusio-Ossola, Novara and Vercelli) and Canton Ticino;

- connections with other medium and large cities located at larger distances but served by modes of transport (particularly high-speed rail) that offer travel times of less than two hours. In the case of Malpensa, such cities include above all Turin and lower Piedmont (Alessandria and Asti), as well

as Genoa, Emilia (from Piacenza to Bologna), Florence, Eastern Lombardy (Brescia) and western Veneto (Verona).

Modes of passenger ground transport to Milan's airports

The airports are connected to their catchment area by various modes of transport.

There is no single optimal model for all situations, but rather various models that are suited, case by case, to the characteristics of the infrastructure network, the network of existing services and the airport itself. No study or analysis has shown any solid correlation between any characteristics of rail service to the airport and market share in airport ground transport. In fact, an airport's user base is so varied in terms of travel

preferences and needs that it is impossible to develop a single optimal model to be replicated and scaled to suit all contexts. Some correlations may be identified between the type of trip and traveller and a preference for rail as the mode of ground transport, with the preference for public transport increasing the longer the trip and in cases where the travellers are non-residents.

MODE OF GROUND TRANSPORT USED BY PASSENGERS TO REACH MILAN AIRPORTS (%)

TRANSPORT MODE	Airport system			Malpensa T1			Malpensa T2			Linate		
	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016
Collective transport by road*	17	23	27	13	17	15	12	19	23	30	35	49
Private road transport**	72	65	61	72	64	66	72	66	64	70	64	51
Rail transport***	11	11	12	15	18	18	15	14	13	-	-	-
Other	-	1	-	-	1	1	1	1	-	-	1	-
Sample	4,998	4,981	4,487	2,659	2,423	2,321	1,015	1,124	1,010	1,324	1,434	1,156

* Urban and extra-urban buses and shuttle lines, rented buses, tour bus operators, hotel shuttles

** Own cars, cars driven by an accompanying person, rental cars, company cars, taxis, motorbikes, car sharing

*** Malpensa Express from Milan's Cadorna or Central Station

Note: the list of transport means has been updated. For comparison, the 2016 and 2017 data has also been updated to the new list. For more information on previous years, reference should be made to the 2017 NFS.

Source: Prepared using Doxa data - 2017-2018 SEA passenger profile

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However, it is not possible to establish unequivocal, solid correlations between availability of service, travel time, cost, frequency, comfort and reliability of service and the success of the mode of transport, although these factors are undoubtedly crucial to the choice of mode.

The table shows the evolution in passengers' means of access to our airports over the last three years, derived from customer satisfaction surveys. The results indicated a drop in the use of public road transport (down 10% across our airports, 50% at Malpensa's Terminal 2, and 19% at Linate) in favour of private road transport (up 11% across the airports, and 19% at Linate), while use of rail transport to and from Malpensa remained stable.

Current and future accessibility to Linate airport

Linate airport is currently accessible solely via road, from both the city centre and outlying areas, through the Milan ring road system – the foundation for all major road infrastructure serving the local area and connecting to the national motorway system. Public transport options serving the airport include both a bus line and a shuttle bus service from the Central Station. The user base for Linate airport primarily consists of the entire central portion of the region of Lombardy. This area is characterized by significant road congestion due to the central role played by Milan in the regional economic system. Accordingly, various efforts to enhance the existing infrastructure system have been planned.

The key characteristic of both the road and rail ground transport systems that emerges from a review of the projects is that Milan is no longer the main centre of attraction, through which all flows to and from any other destination must inevitably be routed. Linate Airport can also benefit from this network scheme because a significant quota of "passing" traffic, currently concentrated in Milan, would use these new routes, thereby reducing the congestion that Milan's road system suffers from now.

DEVELOPMENTS ENVISAGED FOR ROAD ACCESSIBILITY FOR MILAN LINATE

ROAD SEGMENT	DESCRIPTION OF THE WORKS
SP14 Rivoltana & SP415 Paultlese	Developments & upgrades.
SP160 & SP15b link road	Developments & upgrades.
San Bovio-Longhignana section	Development of SP15b & SP160.
Pedemontana Lombarda Motorway	Pedemontana completion.
IPB	Pedemontana- BreBeMi inter-connection.
Cassanese Bis	Completion Direction Cassanese Bis. In the absence of an adequate connection between the Cassanese Bis and the SP14 Rivoltana, this action shall have little impact in improving Linate's accessibility.

Fonte: Pwc, 2018

Additional capacity would be released on the current road system, improving the level of service on the access routes to the city centre in addition to access to the immediate and surrounding areas (particularly Linate). Works are currently underway to connect Linate with Milan's Metro system (the M4 line) and include the construction of a station directly

linked to the passenger Terminal. This work will further improve the quality of the services offered by the airport, whilst at the same time improving the integration of the airport structure into the urban fabric. Such features of Milan's urban transport system (an efficient Metro line, a loop metro-style rail system linked both to the high-speed network and the

regional railway networks, an efficient and broad overground public transport system) will ensure, and are, indeed, the prerequisites for an objectively successful airport rail link service.

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DEVELOPMENTS ENVISAGED FOR RAIL ACCESSIBILITY FOR MILAN LINATE

Section	Description of the works
Start-up in 2022 forecast for Milan metro line 4 (San Cristoforo FS-Linate) or "Blue Line"	The line will extend across the city for approximately 15 KM from west to east, optimizing not only the airport connection but, more generally, also that with the entire metro and urban rail system.

Source: Pwc, 2018

Current and future accessibility to Malpensa airport Malpensa is indeed 50 km from the centre of Milan. All the main European airports are located at an average distance of between 10 to 20 km from their city centre of reference, with rare exceptions such as Munich (36 km), Oslo (50 km) and Rome Fiumicino (23 Km).

DEVELOPMENTS ENVISAGED FOR ROAD ACCESSIBILITY FOR MILAN MALPENSA

Road segment	Description of the works
A4	A southward extension of the SS 336 section, beyond the Magenta link road to the A4 Milan-Turin motorway, towards the Tangenziale Ovest (West Ring Road) with branching to Vigevano. The final plan for this link was recently approved and involves 17.6 KM of road works, which come under the overall improvement and development plans for road links to Malpensa Airport.
A8	A link road at Gallarate between the A8 motorway and the national SS 336. By-pass to the Sempione SS 33 between Rho and Gallarate. Inversion of the Lainate toll booth. Full upgrade of the motorway entry slip roads with subsequent closure of the current Lainate and Arese entry slip roads. Construction of an underpass at the junction between the A8 and A9, North of Lainate.
A1	Creation of a fourth laneway on the A1 Motorway on the road segment between Milano Sud (South Milan) (at the interconnection with the A50 Tangenziale Ovest) (West Ring-Road) and the Lodi slip road.
Milan-Rho-Monza North Ring Road	Motorway Development of the existing Rho-Monza road link at the A8 (Baranzate)-A52 (Paderno, Dugnano) segment, with the construction of a two-lane roadway in both directions, plus emergency hard shoulders and a parallel road for local traffic.
SS 341	By-pass to the SS 341 from the A8 to Vanzaghello.
Bridge over the Ticino	A bridge over the river Ticino, currently under construction.
Lambrate slip road	These works are the closest to the city of Milan itself and serve to connect the BreBeMi motorway with it.

Fonte: PWC, 2018

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Road access is currently the most prominent system for access to Malpensa Airport. Private vehicles use two existing motorways (the A8 and A4, the latter connected through the Malpensa-Boffalora motorway segment) with another under construction (Pedemontana).

Other private transport systems include hotel shuttles or tourist coaches. The road system is used by a plethora of both collective public transport systems, as well as individual transport systems: airport bus services, taxis, NCC (chauffeured car-hire), and car-sharing options (e-Vai, Drive-

Now). 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 access.

SURFACE ACCESSIBILITY – DEFINITION OF THE BENCHMARK PANEL FOR MILAN MALPENSA

Airport	City	Distance from city [km]	Passengers year (2016)
Milan Malpensa	Milan	52	19,311,600
Eleftherios	Athens	41	20,016,998
Stansted	London	57	24,317,100
Arlanda	Stockholm	41	24,700,000
Gardermoen	Oslo	50	25,800,000
Franz Josef Strauss	Munich	36	42,278,000
Rome Fiumicino	Rome	23	41,575,280

Source: Pwc, 2018

With regard to the quality and quantity of rail links, the “fire power” solution expressed by Trenord in its proposal to connect central Milan and Malpensa airport is undoubtedly significant. The offer consists of 146 daily return trips, of which 68 to/from Milan’s Central Station, and 48 to/from its Cadorna Station, implying an overall frequency of 4 trains per hour. The minimum journey time (37 minutes) is wholly adequate and competitive in terms of international standards (the centre of Munich has two different airport link services respectively taking 43 and 53 minutes). All the routes will operate with new rolling stock designed specifically for an airport service, with good services and high levels of comfort. With the introduction in 2016 of the Terminal 1 and Terminal 2 link,

rail access to Malpensa drastically improved, thus significantly increasing the potential user base, resulting in rail services becoming more cost-effective than any other means of transport to access T2, despite an extensive amount of negative externalities, and it now transports over 7 million passengers per annum.



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SURFACE ACCESSIBILITY – BENCHMARK BETWEEN MALPENSA AND SELECTED EUROPEAN AIRPORTS

Airport	Regional train	Suburban train	Express train	Scheduled bus	Bus TPL	Metro	Car
Milan Malpensa (Milan)	Trenord (Malpensa Express) Every day Cost of 13 €	-	-	Air coach Motorway Terravision All 8 €	S.A.C.O. (from Gallarate and Somma Lombardo)	-	45'/55'
Eleftherios (Athens)	-	Suburban rail service - hourly Cost of 10 €	-	-	Bus (X955 line) , Every 15'. Cost of 6 €	Metro Line 3 Every 30' Cost of 10 €	35'-45'
Stansted (London)	-	-	Stansted Express Every 15' Cost of 18.9 €	National Express Every 20'-30' Cost of € 11.4-12.	-	-	55'-70'
Arlanda (Stockholm)	-	Pendeltag SL , Every 30' Cost of 17	Arlanda Express Every 19-20' Cost of 30€	-	-	-	35'-50'
Gardermoen (Oslo)	NSB - Norwegian State Railways with 2 trains per hour Mon-Sat. and 1 hourly train Sundays. Cost of 10 €	-	AV Flytoget Airport Express Train System every 10' -20' Cost of 19 €	SAS Flybussen Flybusssekspressen Every 30' Cost of 17 € OSL Ekspressen Hourly Cost of 24 €	-	-	40'-50'
Franz Josef Strauss Airport (Munich)	-	S1 and S8 S-Bahn Lines connecting the airport with the center of Munich, every 10'	-	Flixbus Cost of 5 € Lufthansa (Munich central station) Journey time 45' Frequency: 15'	-	-	30'-40'
Rome Fiumicino (Rome)	Regional train connecting the airport with the Stations of Trastevere, Ostiense, Tuscolana and Tiburtina, Frequency: 15' Cost of 8 €	-	Direct Leonardo Express (frequency: 30' Cost of 14 € Frecciargento Trieste-Fiumicino	Terravision and Atral from Rome Termini Schiaffini Travel, SIT Bus Shuttle from the Vatican and Rome Termini Cotral from Rome Termini, Rome Tiburtina, Cornelia and Magliana T.A.M. Bus from Rome Ostiense and Termini	-	-	35'-40'

Fonte: Pwc, 2018

MARKET OVERVIEW

The only other case in Europe with a highly successful rail-to-airport transport system approximately 50 km from the city center is Oslo, with its high-speed express service (up to 210 km/h, at times 250 km/h), and high-frequency trains (a train every 10

minutes, with trip times of 19 to 22 minutes). The development of rail access to Malpensa is considered a priority both from a planning point of view, as shown in the Connecting Europe Facility programme and detailed in the EU regulation No. 1315 of 2013,

where the priority of including core airports such as Malpensa into the system of priority transport corridors is highlighted, as well as in the National Airports Plan, which indicates Malpensa as a strategic intercontinental gateway.

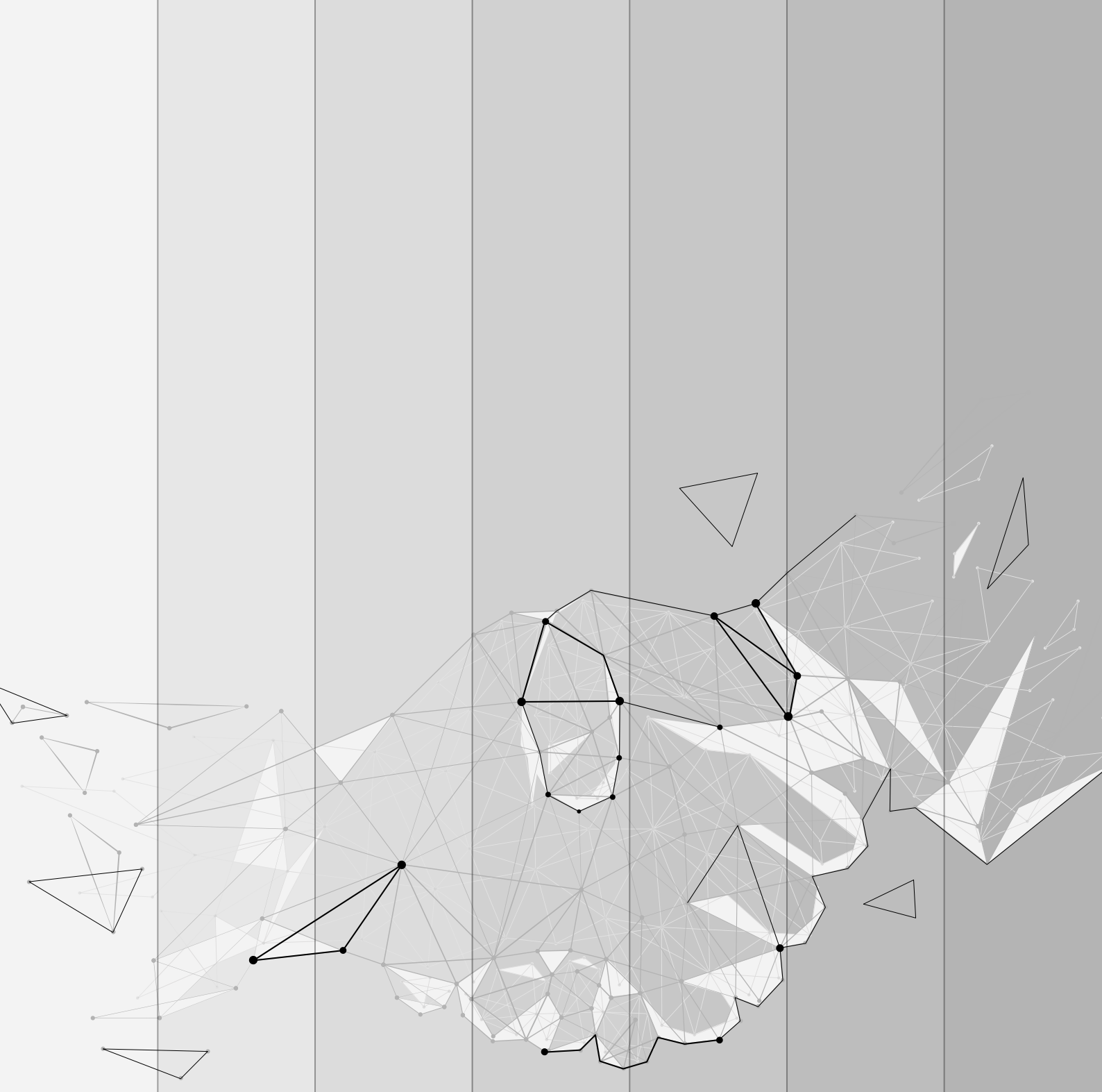
DEVELOPMENTS ENVISAGED FOR RAIL ACCESSIBILITY FOR MILAN MALPENSA

Section	Description of the works
Saronno-Seregno Line	Electrification of a section of the FNM line between Saronno and Seregno.
RHO-Gallarate Line	Quadrupling of the Rho-Parabiago section and tripling until Gallarate. The works will directly connect two of the Lombardy economic system's most significant points: the new Rho-Pero Events center and Milan Malpensa airport. Development of the section between Parabiago and Gallarate, with the quadrupling of the line, will follow.
Milan Malpensa Terminal 2-Gallarate connection	Double track connection between Milan Malpensa and RFI's Gallarate-Varese Line. The definitive project will be completed and delivered to the Lombardy Region at the beginning of 2018.

Fonte: Pwc, 2018



Even at a regional level, both the Regional Development Programme (PRS) of the 2013 10th Legislature and the 2016 Regional Mobility and Transport Programme (PRMT) identified the development of the railway infrastructures as well as the development of Malpensa as two priority goals. When implemented, the target is to capture a 30% market share of the rail services across all the transport systems accessing the terminal, thereby doubling the current quota and promoting the extension of the Malpensa catchment area. This is based on a clear perception of Malpensa as the access gate to an extensive geographic area, which for intercontinental travellers includes the whole of the north of Italy.



Governance

Governance

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. The SEA Corporate Governance structure is based on a traditional model and is composed by the following bodies:

- the Shareholders’ Meeting, which represents the interests of all shareholders and with a duty to take the most impor-

tant 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, Risks and Sustainability Committee and a Remuneration Committee have been set up within the Board;
- Board of Statutory Auditors.

The structure of powers and duties complete the Governance structure.

Board of Directors

The Board of Directors of SEA is composed of 7 executive and non-executive members. The Board of Directors in office at December 31, 2018 was appointed by the Shareholders’ Meeting of May 4, 2016, for 3 years until the approval of the Annual Accounts at December 31, 2018. 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 2018 was Euro 551 thousand. The Board of Directors plays a central role within the company’s organization. The Board is responsible for the strategic and organizational 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.



STRUCTURE OF SEA'S BOARD OF DIRECTORS AND COMMITTEES IN 2018

Office	Board of Directors		Internal Control, Risk Management and Sustainability Committee	Remuneration & Appointments Committee	Ethics Comm.	Indep.	Age group	
	Members	Executive Non-Exec.					*	*
Chairman ⁽¹⁾	Modiano Pietro	X						X
Vice Chairman ⁽²⁾	Brunini Armando		X	X		X		X
Director	Bragantini Salvatore		X		X	X		X
Director ⁽³⁾	Castelli Michaela		X	X		X	X	
Director	Mion Stefano		X		X		X	
Director	Stefani Susanna		X		X	X		X
Director ⁽⁴⁾	Zucchelli Susanna		X	X		X		X

* Membership of the Board member on the Committee.

⁽¹⁾ On December 19, 2018 the Chairman Mr. Pietro Modiano resigned.

⁽²⁾ The SEA Board of Directors appointed Armando Brunini as Chief Executive Officer on January 8, 2019 and then also appointed him General Manager on January 16, 2019; January 8, 2019, Armando Brunini announced his resignation from the position of Vice Chairperson and of member of the Control, Risks and Sustainability Committee.

⁽³⁾ Following Chairman Pietro Modiano's resignation, on December 20, 2018, the Board of Directors of SEA SpA appointed Michaela Castelli as the company's Chairperson. On the same date, Michaela Castelli resigned from the Supervisory Board. On January 8, 2019, she resigned from the office of Chairperson of the Control, Risks and Sustainability Committee, staying on as Committee member.

⁽⁴⁾ On January 8, 2019, the Board of Directors appointed Susanna Zucchelli as Chairperson of the Control, Risks and Sustainability Committee, following Michaela Castelli's resignation from the role.

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 Control, Risks and Sustainability Committee, in addition to periodically reviewing results in comparison with forecasts. In addition, 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.

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.

MEETINGS HELD BY THE BOARD OF DIRECTORS AND THE COMMITTEES IN 2018

Board of Directors	Control, Risks and Sustainability Committee	Remuneration and Appointments Committee	Ethics Committee
12	8	3	3

For the discharge of their duties, the committees may access the information and company departments necessary.

The committees may in addition utilize 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 and Appointments Committee;

- the Control, Risks and Sustainability Committee.

Board of Statutory Auditors

The Board of Statutory Auditors comprises 5 Statutory Auditors and 2 Alternate Auditors. Two statutory auditors are included by law: one of which as Chairman of the Board appointed by the Treasury Ministry 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 statutory 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 BOARD OF STATUTORY AUDITORS STRUCTURE 2018**Board of Statutory Auditors**

Office	Members	In office from	In office until
Chairperson	Cotroneo Rosalba	16/11/2016	Approval 2018 Accs.
Statutory Auditor	Galli Andrea	24/06/2013	Approval 2018 Accs.
Statutory Auditor	Giovanelli Paolo	24/06/2013	Approval 2018 Accs.
Statutory Auditor	Casiraghi Rosalba	04/05/2016	Approval 2018 Accs.
Statutory Auditor	Sarubbi Giacinto Gaetano	04/05/2016	Approval 2018 Accs.
Alternate Auditor	Cioccarelli Andrea	24/06/2013	Approval 2018 Accs.
Alternate Auditor	Allievi Anna Maria	04/05/2016	Approval 2018 Accs.

In 2018, the total remuneration of the Board of Statutory Auditors was Euro 287 thousand.

GOVERNANCE

Systems of powers and duties

In 2018, in continuation with the previous year, the most senior managerial responsibilities within the company were shared, in the absence of a Managing Director, according to the areas of competence, between the Chief Corporate Officer (CCO), the Chief Executive Officer (CEO) and the Chief Financial and Risk Officer (CFRO), and in accordance with the duties conferred by the Board of Directors.

The Board of Directors also conferred powers on the company's Chief Officers to manage - within determined limits - the company's ordinary activities and to implement the directives dictated by the administrative body. The Board of Directors furthermore conferred on the Chairman the power to oversee the work delegated to the Chief Officers, reporting to the Board of Directors upon the tasks assigned to them. Each Chief Officer in his/her turn

partially sub-delegated some of the delegated powers. This power delegation system ensures that the Board of Directors are constantly updated regarding the implementation of the delegated powers and thus informed of developments and key company operations. This system is based on a clear and formalized internal structure, subdivided into distinctive units, each one with a specifically identified and respective line of hierarchical subordination, roles and responsibilities. This organizational structure requires the structuring of responsibilities which enhances competencies, whilst at the same time, allows for checks and balances such as:

- the Auditing Department reporting to the Chairman whilst functionally subordinate to the Board of Directors and to the Control, Risks and Sustainability Committee;
- staffing structures were embodied in the Chief Corporate Officer, along with the Purchasing Department and broken down according to the main

corporate cost centres;

- business development competencies are centralized under the Chief Operating Officer.

These SEA Chief Officers “delegated” to manage their own relevant area regularly partook in Board meetings to provide background information or more in-depth information on the discussions tabled.

Remuneration of management

SEA's 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 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 Business Plan and seeks to further its achievement. The variable remuneration component recognizes 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 control system

SEA's internal control and risk management system was recently organized, adopting the Enterprise Risk Management (ERM) Model (described in the following section) as a reference, comprising regulations, procedures and an organizational 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.

Organisation and management model as per Legislative Decree 231/01

In 2003, SEA adopted an "Organizational, Management and Control Model" in line with the provisions of Legislative Decree 231/2001, taking into account the Guidelines published by Confindustria for the proper and transparent conduct of business.

This Organizational and Management Model was modified to integrate the new offences introduced under Decree 231/2001 in June 2018, and summarises the actions undertaken by the company for compliance with this legislation, indicates the procedures adopted to prevent offences under the Decree, as well as to avoid the cases of administrative and criminal liability of legal persons envisaged therein.

The Supervisory Board, appointed by the Board of Directors and comprising 3 members at December 31, 2018 (two independent external members and the Auditing Manager), is responsible for overseeing the functioning of and

compliance with the Model, ensuring it is up to date.

The Supervisory Board complies with the prerequisites of independence and autonomy, professionalism and continuity in its actions and is invested with the powers to initiate and to control, as well as availing of sufficient financial resources to carry out its actions. The company has set up a dedicated channel for employees, corporate boards and third parties to report unlawful conduct or situations, including anonymously, to the Supervisory Board - even if there is only a potential risk or offence (so-called "Whistleblowing"). This channel guarantees the confidentiality of the reporting party's identity in accordance with Law 179 of 2017.

The components of SEA's 231/2001 Model, which integrate the General Section and the Special Section, are:

- the Code of Conduct;
- risk mapping;
- the corporate organizational system;



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- the corporate procedural system;
- the system of authority and signatory powers;
- the operating control system;
- the reward and sanction system;
- communication and employee training;
- the company IT system;
- the corporate governance system;
- the control activities.

The SEA Supervisory Board met 11 times in 2018; minutes were drawn up for each meeting. The SEA Organization and Management Model includes offences relating to occupational health and safety, the environment, the violation of human rights and associated preventive measures adopted by the company to prevent them, in addition to all the other offences envisaged by Legislative Decree 231/2001 and relative preventive protocols. The Group companies SEA Energia and SEA Prime also adopted their own Organization and Management Model pursuant to Legislative Decree No. 231/2001 and appointed their own Supervisory Board. The Supervisory Boards of SEA and its subsidiaries, SEA Energia and SEA Prime, perform audits, including through the Auditing Department, on the suitability and effectiveness of protocols adopted by the company to prevent such offences.

Code of Conduct and Ethics Committee

The Code of Conduct – also a component of the Organization, Management and Control Model as per Legislative Decree 231/2001 - is a self-regulation tool, first adopted in April 2000 and updated latterly in December 2018. The Code identifies the values and rules of conduct that SEA intends to embrace in its activities and which must be followed by the members of the corporate boards, employees and

collaborators linked to SEA and its Group companies by employment contracts of any nature (including occasional or temporary), as well as other specific categories of stakeholders (particularly, suppliers and main trading partners), which are required to comply with certain rules of conduct set out in the Code of Conduct and formalized through specific provisions in the relevant contracts.

The Code of Conduct's rules are an essential part of the contractual obligations of the company's management, employees and collaborators. Therefore, conduct that is in violation of the rules constitutes an infringement of the diligence obligation required by the applicable National Collective Labour Agreement (CCNL). For other stakeholders, compliance with the provisions of the Code of Conduct is a prerequisite for establishing and/or continuing the relationship with SEA.

SEA has set up an Ethics Committee that is designated to ensure the Code of Conduct's dissemination, compliance, correct interpretation and updating. The Committee is composed of a director representing the company's Board of Directors (who assumes the Committee's chairmanship) and the managers of the "Human Resources and Organization", "Legal and Corporate Affairs" and "Auditing" departments. The Ethics Committee met 3 times in 2018 to discuss the dissemination and implementation status of the Code of Conduct and to examine reports received.

The subsidiaries SEA Energia and SEA Prime have adopted their own Code of Conduct and have appointed as Ethics Committee the Parent Company's Ethics Committee.

The dissemination and publication of the Organization and Management Model, pursuant to Legislative Decree 231/2001, and the Code of Conduct continued in 2018 through the following initiatives:

- the publication of the Model's General Section (XII Edition) on the company website;
- the publication of the Model's General Section (XII Edition) and Special Section (IX edition) on the company intranet;
- the provision of the updated Model to employees (managers, employees and workers) in the "Communications" section of the "Online Payslip" available on the company intranet;
- the updating of information relating to the Model's various components on the company intranet;
- the updating of information on Legislative Decree 231/2001, the Model and F.A.Q.'s on the company intranet;
- the provision of the Code of Conduct and the Organization and Management Model in the dedicated intranet section for newly-recruited employees.

In 2018, information and training on Legislative Decree 231/2001 and the SEA Model was structured as follows:

- continuation of e-learning for SEA employees, with module completion by administrative personnel. The training module also contains specific information on the prevention of corruption (conduct to be adopted/reports to be made) and includes a final test upon understanding; in 2018, the training process of SEA, SEA Energia and SEA Prime involved 38 employees who work in both airports and belong to the categories of managers, white-collars and blue-collars.

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- training on the Decree and on the Organization and Management Model by an internal member of the Supervisory Board for 1 newly-appointed SEA executive.
- the Organization and Management Model pursuant to Legislative Decree No. 231/2001 that also includes corruption offences.

In 2019, separate refresher training is programmed regarding Italian Legislative Decree 231/2001 and the Organizational Management Model for executives and other employees respectively.

Anti-Corruption Policy

SEA, aware of the adverse effects of corrupt practices on economic and social development within its operating scope, is committed to prevent and counteract the occurrence of offences in the performance of its activities. For SEA, the prevention of corrupt practices, in addition to being a legal obligation, represents one of the principles which marks how the company acts, also in view of the strategic importance of the sector in which it operates and the importance of the legal and social framework in which its business is rooted. The corruption prevention policy is expressed through a process which SEA has already adopted through:

- the Ethical system whose components - Ethical Vision, Diamond of Values and the Principles of Relationships with Stakeholders - have the nature of strategic policies and are designed to identify the decision-making values and principles which the company aspires to and undertakes to consistently preserve in pursuing its mission;
- the Code of Conduct that defines the principles and rules of conduct which must inspire the work of the company, its employees and collaborators, members of its corporate boards and, more generally, its stakeholders;

SEA's Corruption Prevention Policy requires staff to adhere to the principles of transparency, clarity, correctness, integrity and fairness in the performance of their activities. In particular, behaviours and practices that may also only appear illegal or collusive, payments that may seem to be unlawful, attempts at bribery and favouritism, direct or indirect solicitation for personal and career advantages for oneself or for others and, more generally, acts that violate applicable laws and regulations in relationships and business relations, are prohibited.

SEA proposes to apply correctness, fairness, integrity, loyalty and professional rigor to operations, behaviours and the way of working both in internal relations and in relations with external parties, by giving the utmost attention to full compliance with the law, in addition to the observance of company procedures. A focus on ethics (transparency, loyalty and honesty in the behaviour toward external and internal parties) is an indispensable approach for credibility in SEA's conduct toward shareholders/investors, customers and, more generally, the entire civil and economic context in which they operate, in order to transform the knowledge and appreciation of the values that widely inspire the company's mode of operation into competitive advantage.

Those who work in the name and on behalf of SEA are aware that they are resorting to punishable offences, in the event of corrupt behaviour and violation of the Law on corruption – on the crim-

inal level, the administrative level and the disciplinary level (in accordance with the provisions of the CCNL). SEA also requires its "Business Partners" to comply with applicable Laws, including Legislative Decree 231/2001, the Code of Conduct and the Organization and Management Model as per Legislative Decree 231/2001 - General Section, on the basis of clauses whose non-compliance will result in the contract's rescission. SEA considers reporting as an effective tool to counteract corruption and encourages the reporting of suspected corruption through dedicated "whistleblowing" channels.

SEA guarantees that no employee shall be sanctioned, fired, demoted, suspended, or discriminated against for having refused to adopt unlawful conduct, even if such refusal were to result in adverse consequences for the Company's business, or for having made a report in good faith of any alleged corruption or violation of the SEA Corruption Prevention Management System.

Anti-Corruption Management System

SEA, confirming its commitment to the prevention and combatting of illegal practices, has adopted a Management System for the Prevention of Corruption, approved by the Board of Directors on February 22, 2018, which integrates, through an organic framework, existing corruption prevention and combatting rules. SEA's Management System for the Prevention of Corruption was certified on March 8, 2018 according to the UNI ISO 37001:2016 "Anti-bribery Management System" standard, an authoritative international standard in this area.

An analysis of company processes

was carried out as part of the activities relating to SEA's Management System for the Prevention of Corruption and the 231/2001 Model of SEA and of the subsidiaries SEA Prime and SEA Energia, in order to identify the risks linked to corruption. 48 audits were also carried out (28 of which at SEA SpA, 11 at the subsidiary SEA Prime and 9 at the subsidiary SEA Energia) - which also focused on the auditing of processes with a potential risk of corruption and the suitability and effectiveness of associated procedures. No critical issues emerged.

In 2019, separate refresher training is programmed regarding anti-corruption measures for executives and other employees respectively, incorporating training originally scheduled for 2018.

Anti-Corruption Focal Point

With effect from January 31, 2014, the company identified an anti-corruption focal point in the person of the Legal & Corporate Affairs Director who is also a member of the Ethics Committee. The Anti-Corruption Coordinator also acts of behalf of the subsidiaries SEA Energia and SEA Prime. The anti-corruption focal point deals with any communication on corruption, including toward third parties; the role, prerogatives and responsibilities are therefore not comparable with those provided for by applicable legislation in relation to the Anti-Corruption Manager (namely, the person in charge pursuant to Law 190/2012).

Whistleblowing

SEA has implemented an IT reporting platform, managed by an external provider, through which employees and third parties can make so-called whistleblowing reports, also anonymously, on, for example, alleged violations of law, of corporate procedures or reg-



ulations, of rules of professional conduct, of the principles of the Code of Conduct, of the Organizational Management Model, as per Legislative Decree 231/2001, or of the Corruption Prevention Management System. The IT platform can be accessed via the Corporate Governance section of the website www.seamilano.eu or via the corporate intranet. The platform guarantees the confidentiality of personal data and the contents of reports in accordance with law. The management of the reporting is governed by a specific company procedure.

Compliance with laws and regulations

Regulatory compliance is ensured by the various corporate functions within their sphere of competence, with the support of specialist assistance from the Legal and Corporate Affairs Department. In 2018, no pending actions were registered in relation to competition and antitrust, nor were any significant penalties recorded for non-compliance with laws or regulations, or for defaulting on environmental and social obligations. Moreover, no corruption cases were confirmed during the year.

Integrating sustainability into the business



Integrating sustainability into the business

Socio-economic ecosystem

In our role as managers of public transport infrastructure, we are committed to acquiring in a planned and structured manner, and correctly evaluating and including in the decision-making process, the interests and expectations which concern our 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 continu-

ous, safe and efficient flights for passengers.

The map indicates our 1st level main stakeholders, i.e. those with whom we develop the most direct and close relations.

Sustainable development strategy

We pursue a strategy of creating value, protecting shareholders' return on capital, based on the following principles:

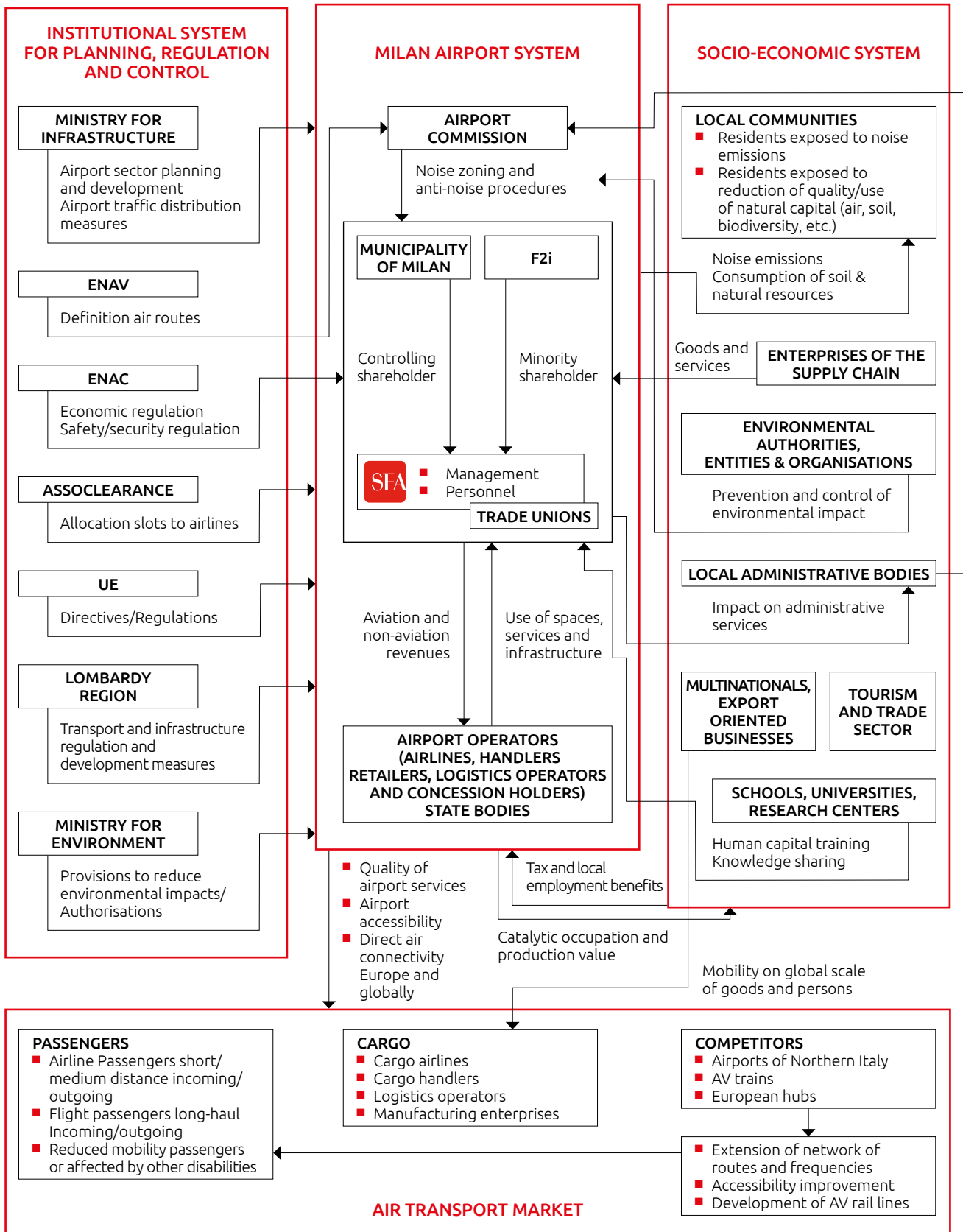
- prioritizing choices that help

grow the Company's value in the medium to long term;

- constantly striving to align financial objectives with the quality of the connectivity offer delivered to the region, due to the public interest role underpinning the role we carry out;
- careful systematic analyses and assessments of both strategic and operational risks;
- support for systematic interaction with stakeholders for the definition and the implementation of our development plans, whilst seeking to create widespread benefits and minimizing negative externalities.



SEA GROUP 1ST LEVEL STAKEHOLDER MAP



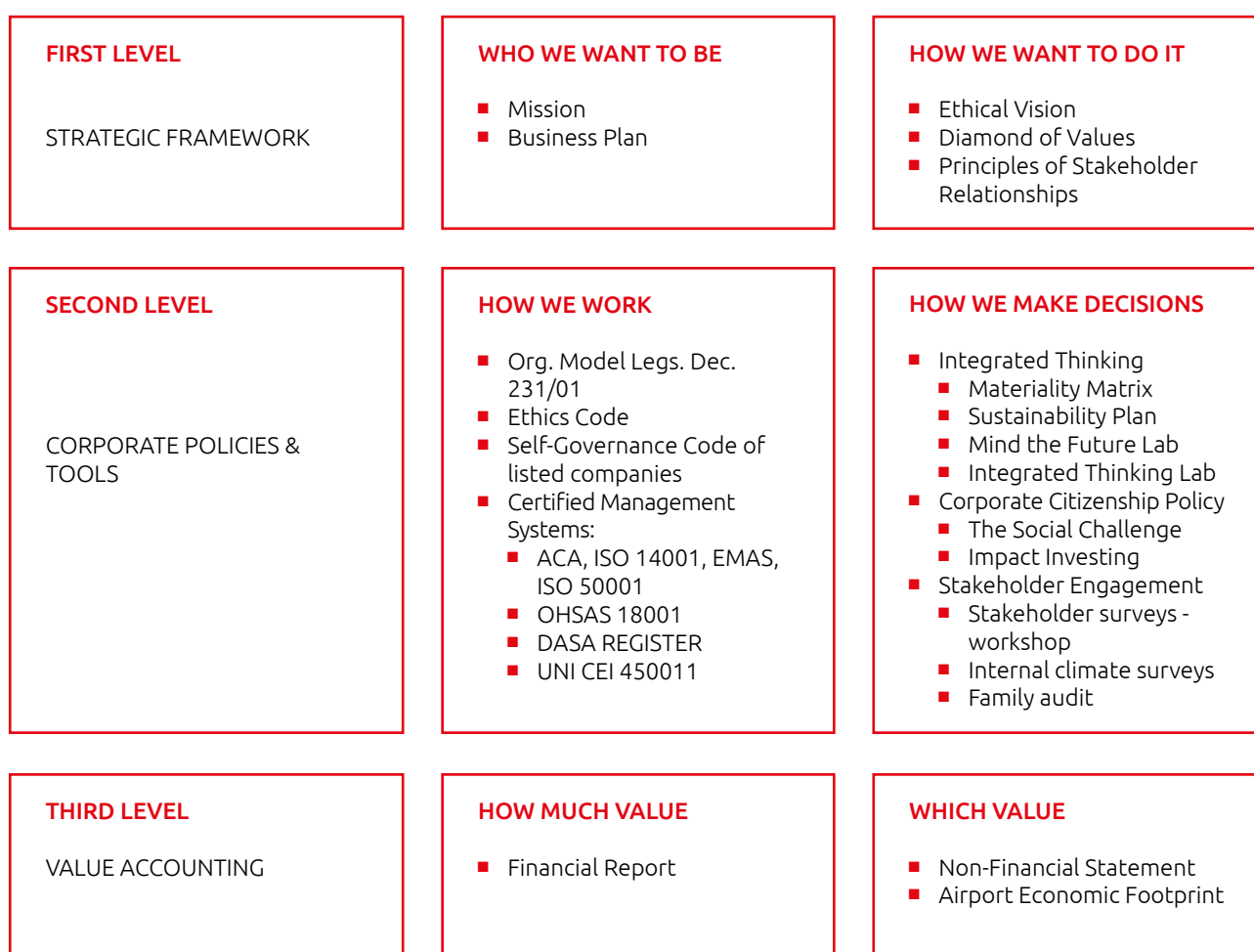
CSR strategy and sustainable governance model

Our Corporate Social Responsibility strategy seeks to enhance the relationships between our organization and its stakeholders, so

that the latter, rather than simply receiving a share of the value generated by the Company, become real and truly qualified contributors to the main strategic choices which significantly impact them. This objective is the most practical response to the serious and delicate interdependencies which characterize choices and decisions

for Companies such as the SEA – who are required to design, realize, develop and manage airport transport infrastructure - and which significantly impact on its medium to long-term results.

SUSTAINABILITY GOVERNANCE MODEL



The SEA Corporate Social Responsibility function was set up in 2011 with the purpose of overseeing the management of stakeholder relationships and ensuring that it supports achievement of the business objectives. As of 2019,

the department reports to the Chief Financial and Risk Officer. The planning and decision-making governance in relation to sustainable development was assigned from 2012 to the Group Sustainability Committee, as part of the

company Steering Process, with the following objectives:

- to analyse the guidelines for the development, the implementation and the monitoring of sustainability policies to be

integrated into our business model;

- to assess the objectives and methods of involving stakeholders, by profiling them, in order to define corporate choices and their related implementation;
- to discuss and participate in the definition of the reporting model integrated with sustainability performances;
- to monitor the development of the significant corporate performance indicators in terms of sustainability and to propose any corrective actions.

Up to 2018, the Group Sustainability Committee, presided by the Chairman and conducting four-monthly meetings, involved the participation of the 3 Company Chiefs and the Managers of the departments within their scope. In 2018 the Group Sustainability Committee held 3 meetings.

Strategy drivers

The CSR strategy developed over these last few years is based on four principal operational pillars:

Integrated Decision-making

For several years, we have been working on a managerial mind-set that seeks to accentuate the capacity to single out the interrelationships between business dynamics and the set of contextual and scenario variables, in order to improve the quality of the decision-making process. The goal we have set ourselves is to ever more effectively assess the consequences and impacts of corporate decisions on stakeholders, making the distribution criteria of benefits, opportunities, risks and costs transparent and accessible. This approach significantly affects business project costs, timings and effectiveness.

Listening and Stakeholder engagement

Periodically, we carry out sample surveys with corporate stakeholders subdivided into categories, to assess their perception of the quality of the relationships with the SEA, to assess SEA's management skills and the direct impact of its actions on them. In addition to these surveys - especially in connection with the launch of important projects such as the Malpensa Master Plan - a think-tank was held to engage with the most representative corporate stakeholders.

The involvement of our internal and external stakeholders in recent years was of particular importance in the implementation of company projects such as: the development of the Ethics Code, The Social Challenge and the Family Audit.

Measuring impacts

Accountability in relation to our strategies, our processes and our impact is not restricted to solely creating a Sustainability Report. Our 7-year partnership with the Centre for Territorial and Industry Development of the LIUC Business School, sought to measure more precisely and reliably the socio-economic externalities created by our Malpensa and Linate airports on various territorial scales. The goal, on the one hand, is to acquire in-depth knowledge of the economic role played by our airports in the local and national context and on the other, to support informed methods of engaging with the region. For evidence relating to this activity, see the following chapter.

Social Citizenship

In 2012 we developed our Corporate Citizenship Policy. Its mission statement was to define efficient and progressive strategic social

and organic investment strategies in sync with the Company's business profile. The social investments realized in the last seven years enabled us to reaffirm that our role as a Company is not limited to the optimal management of our airports but also entails the ability to create symbiotic relationships:

- with the region hosting our infrastructures;
- with non-profit associations which seek to respond to the communities of which we are part;
- with SEA personnel, not just viewed as employees, but as citizens who outside of their work, see their involvement in good causes as an important part of their own personal development.

Ethics and Diamond of Values

In December 2015, we adopted the Ethics Code approved by the Board of Directors and which comprises 3 statements:

- Code of Conduct;
- Ethical Vision and Diamond of Values;
- Principles of Stakeholder Relationships.

What is its role?

The substantial revision of both the contents and the role of the Ethics Code, since 2000, was dictated by the need to add value-based content to the pre-established and prevalently rule-based content, based on the Company's and the stakeholders' mutual commitments, seeking to guide its target audience towards adopting decision-making



criteria and behaviours based on a self-driven and responsible implementation of a nucleus of shared ethical principles.

The Ethics Code seeks to highlight our entrepreneurship style to our audience, so that when involved in related decision-making and oper-

ational contexts, a certain degree of discretion can be used, guided towards delivery models inspired by the fundamental nucleus of corporate values, potentially resulting in the equal distribution of costs and benefits across the Company and stakeholders (so called ethical dilemmas).

CLASSIFICATION OF THE ETHICS SYSTEM STATEMENT

	Code of conduct	Vision, values and principles
NATURE	Self Regulation Code	Strategic Policy
OBJECTIVE	Sets out the conduct rules to ensure regulatory compliance in the execution of employment, company offices and contracts.	Identify the decision-making values and principles which the company aspires to and undertakes to consistently preserve in pursuing its mission.
CONTENTS	Prohibitions and obligations Indicates individual conduct principles: (correctness, integrity, fairness, diligence, etc.)	Factors supporting the creation of value over the long-term: <ul style="list-style-type: none"> ■ they offer baseline patterns for the decision-making process; ■ they refer more to the “company system” than individuals; ■ they indicate that which the organisation may not reject in its operation.

FROM MISSION TO THE ETHICAL VISION

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.**

Ethical vision

SEA recognises its value creation processes as unique and distinctive features:

- their serving of **public utility,** under the management and development of airport infrastructure which opens up in the world for both passengers and cargo, improving the well-being and prosperity of the region;
- a focus on **innovation** as an elective response to the increasing complexity which characterises the management of the business, and that increases Company risks;
- the constant search for **efficiencies,** meaning the best use of Company resources and identifying the best conditions to use them.

In pursuit of this aspect of value generation, SEA undertakes an approach to managing services centered on cultivating **professional excellence,** the consolidation and gradual extension of **merit-based criteria** in assigning organisation roles and responsibilities and in building a **team spirit** which inspires a cooperative vision and common solutions, both within the "company system" and in terms of general relations.

SEA identifies the lynchpins of this business philosophy as the development of relations, both internal to the organisation and between the organisation and its stakeholders, based on the concrete exercise of **respect, transparency and cooperation.**

How was this achieved?

The process of revising and integrating the Ethics Code was based on a bottom-up procedure broadly involving all the Company's professional categories as well as representing the main stakeholder categories. This development work was constantly driven forward by using listening tools (focus groups, web discus-

sions etc.) and structured participation.

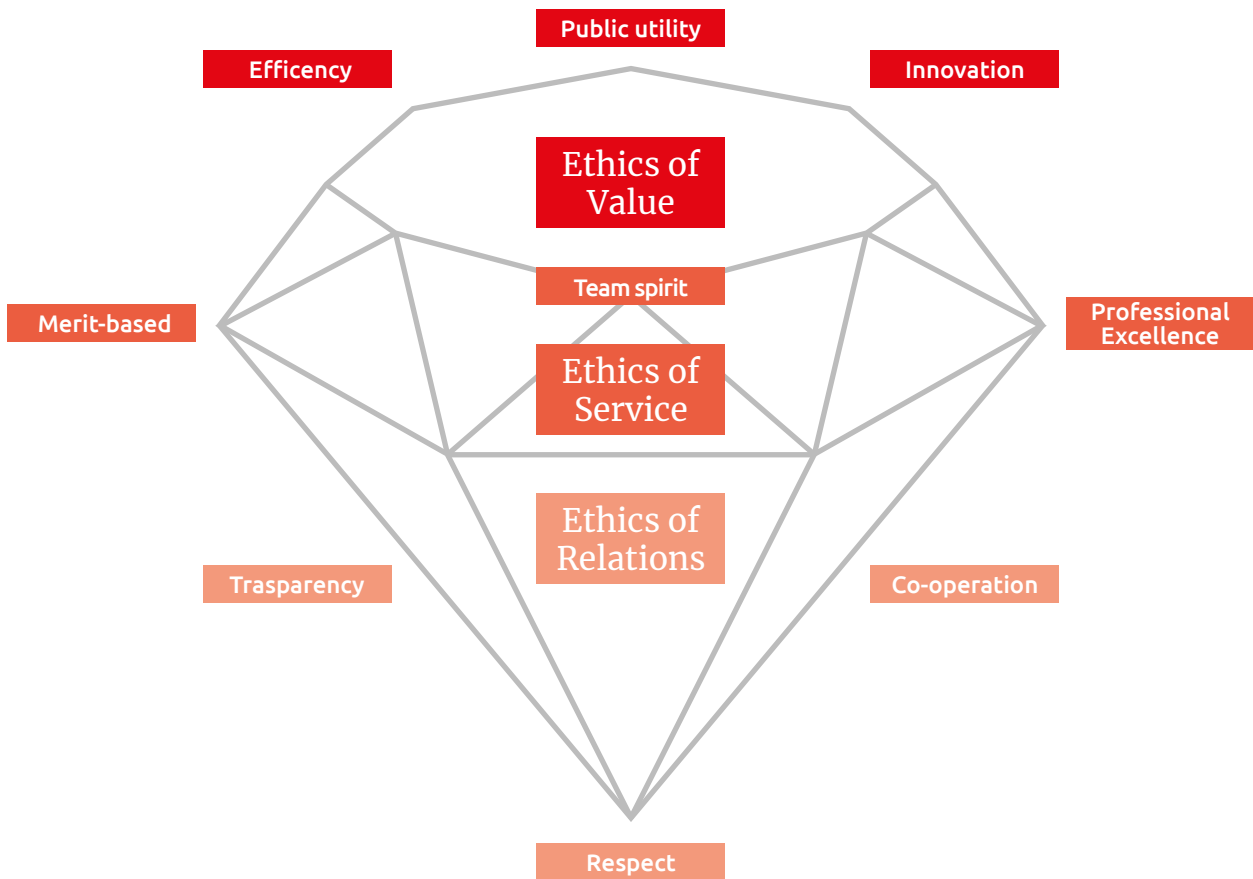
Diamond of Values

- These are the result of the best practices we have deployed over time and which have supported our organization in the various phases of its development.
- They are also paradigms capable

of creating practices which have not yet or have not been completely implemented and which require that the Company engages in change.

- They imply the concept of our Company as being "part of a complex and interdependent system".

DIAMOND OF VALUES



Integrated Decision-making

Over recent years, we have implemented various mindset change aimed at integrating Environmental, Social and Governance criteria into our managerial culture, as well as identifying key actors and material topics within the context of our business.

This programme is developed through the following initiatives.

Developing Sustainability Culture

Listening, reflection and sharing on the approach and founding princi-

ples of sustainable development and its applications within the airport sector.

The project, implemented between 2012 and 2014 involved, amongst other things, interviews with management and stakeholders, focus groups and web discussions with SEA employees, workshops with top and middle management, and benchmarking studies and analyses.

The launch pad for this programme was the elaboration, in 2015, of our Ethics System, through which we defined the characteristic features of our sustainable managerial style, as summarized below:

- **The Ethics System as a point of reference:** The Values of

the Ethics System guide our decisions, particularly in crises and disruptive changes.

- **The Values as an asset:** The Values of the Ethics System are a corporate asset, as they reinforce our collective identity.
- **From an emergency to excellence:** The challenge of SEA is to transform our ability to face an emergency situation into one that creates excellence by leveraging human resources. In this context, the Ethics System is a tool for implementing change by valuing the ethical aspects of results.
- **Attention to methodology:** SEA's Ethics System focuses not only on results, but also how they are achieved. How we do things is as important as the results we achieve.

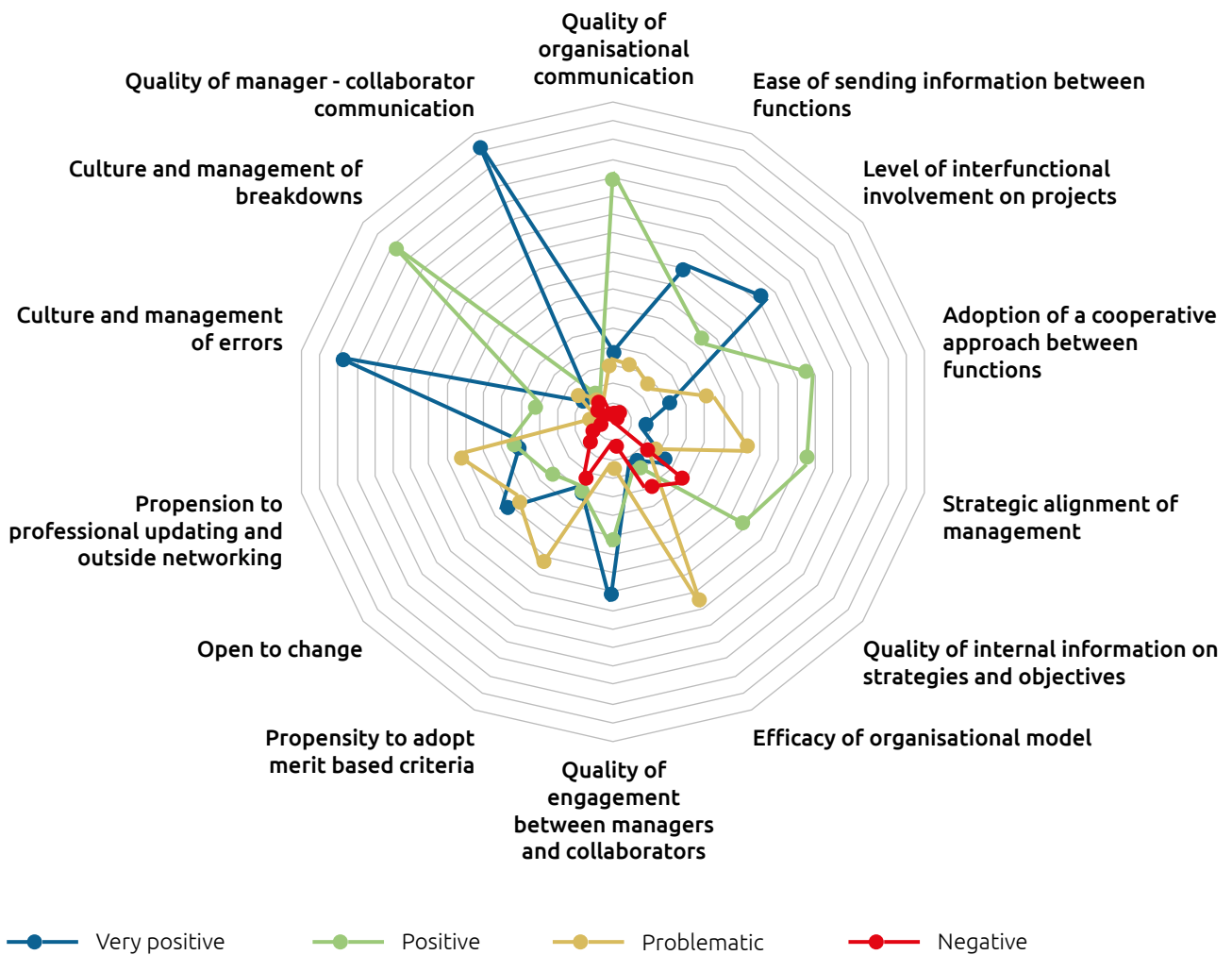
- Interdepartmental relations:**
 There is an ever great need to improve collaboration between corporate departments and roles.

Ongoing Values

2016 and 2017 saw the implementation of the Project "Ongoing Values"; a change-management plan based on the implementation of corporate values in managerial practices, directly linked to the

content of the 2016-2021 Business Plan. The aim is bringing the Values of our soft assets back to their minimum common denominator (mind-set, decisional dynamics leadership styles), making them fully synergistic and functional with the business strategy.

LEVEL OF ALIGNMENT BETWEEN VALUES AND ORGANIZATIONAL PROCESSES



Source: SEA

In 2017 the project was micro-analysed in terms of the relationship between the values and the SEA's organizational culture with the purpose of ensuring that the Ethical System was not simply a receptacle of principles but also a real accelerator of change in our managerial mind-set, driving excellence, which, as outlined in the Business Plan 2016-2021, is a distinguishing feature to be consolidated in the near future.

For this purpose, we developed 3 distinctive and structured listening sessions for the management team:

- 2 focus groups - this involved 5 company Directors in key Company roles - to identify contact points between the values and the drivers of the Business Plan;
- 25 in-depth interviews conducted with the senior Directors and the management team related to managerial and leadership styles used and practiced;
- an online survey involving 190 executives and SEA Managers (including some involved in the previous phases) which sought to collect a broad range of managerial assessments on Company topics such as collaborative work between functions, dissemination of information, conflict and mistake management.

This diagnostic model facilitated organic and deep discussions on the connections between the Company's ethical vision, the Diamond of Values, the Business Plan and the risk model, identifying several possible initiatives to sustain and relaunch SEA's strategic focus.

This vision, outlined above, accompanies and enhances the most concrete values of the Business Plan (development of international traffic, development of

non-aviation revenues, further cost reductions) providing an interpretive framework as well as a coherent and unified method to consolidate:

- the interdisciplinary and inter-functional work required to govern the underlying complexity of the SEA business model and to create further and continuous efficiencies;
- the cultural change necessary to robustly drive and create elasticity in the related decision-makers' mind-set and to innovate the Company's processes and technological infrastructures;
- the SEA employees' commitment to the objectives of achieving excellent performance.

Mind the Future Lab

"Mind the future" is the laboratory started in 2018 with the aim of envisioning airport industry and aviation sector scenarios right up until 2030, in support of far-sighted and integrated strategic planning necessary for facing emerging challenges.

Scenario planning is a decisive activity for any organization wishing to remain competitive and dynamic over time. Several airport operators, in various parts of the world, are in the process of co-planning for the future.

This process of reading and interpreting future trends in relation to airport ecosystems has been conducted on the basis of two criteria:

- adoption of a multidisciplinary and transversal mindset in approaching problems and collaborative reflection and research;

- consultation with stakeholders on the output, engaging opinion formers and decision makers in the upgrading and refinement of the internally generated framework.

Imagining a variety of possible future scenarios requires an understanding of network nodes and interconnections between industry actors, the use of redundancy analysis to assess the same situation from varying and opposite points of views, the asking of the right questions, and the identification of macro trends and impacting factors that, individually or separately, may dictate the survival and success of airport systems in the future.

Resources

- **DIGITAL PLATFORM:** a digital platform designed and set up to allow dialogue and the exchange of ideas, opinions and 360° knowledge between the SEA community, stakeholders and opinion leaders.
- **SMART PEOPLE:** 23 young managers, supported by 7 senior managers as tutors - with solid knowledge and skills and a passion for team research, opinion sharing, and in-depth analysis of issues.
- **DIGITAL LIBRARY:** over 400 sources, including databases, reports, papers and articles on the evolution of the aviation industry.

Issues

- *Megatrends, Risks & Sustainability*
- *Institutional Market Design*
- *Airlines Business Model*
- *Airport's Competition*
- *Ground Transportation & Airports*
- *Airport's Ownership*
- *Disruptive Technologies for Aviation*

Method

- A team of 3 to 4 people were assigned to each issue in order



launched during the second half of 2018, is transformative leadership programme oriented to raising the awareness of corporate decision makers on all forms of value and capital that can be leveraged to improve and consolidate performance over the long-term. The goal is to promote a managerial mindset fully integrating technical, economic and financial issues with environmental, social and contextual ones, ensuring that our capacity for planning and decision-making (from risk assessment to business planning) takes into due consideration both the effects of our choices on stakeholders and the influence of stakeholder choices on our decisions and on the long-term value of the company. The six-month programme continues to engage 20 managers, subdivided into four work teams, in leveraging the integrated thinking approach on numerous company projects and activities already in progress or at the start-up phase:

to generate know-how and organize scheduling, common work methods and a timetable of deadlines.

- A tutor was assigned to support each team, having the task of facilitating work on the orientation of research, the sourcing of documents and the identification of stakeholders and experts to engage in the consultation process.
- Both team members and tutors developed their reflections drawing on a knowledge library, which was further enriched with their own contributions.
- The teams met regularly, alternating between moments of sharing and open discussions. The outputs of each team were shared across the teams in or-

der reciprocally fertilize further work and discussions.

- The teams engaged a panel of various external stakeholders in evaluating the scenario hypotheses. Each team, together with its tutor, mapped its stakeholder audience, and engaged it through its relational network.

The scenarios were researched and developed over a six-month period that saw 13 plenary workshops to present progress and numerous work sessions independently managed by the various teams. The project's final output is expected in the first half of 2019.

Integrated Thinking Lab

The Integrated Thinking Lab,

Aviation Green Charges

The project aims to develop a feasibility study on a package of measures for the introduction of regulated aviation charges with a component associated with the acoustic footprint of the aircraft using our airports. Part of the proceeds of this component would be destined to the creation of a fund for redistributing financial resources to local the area for the mitigation of noise-related disturbances.

Long Term ERM

The proposed approach has two main goals:

- to extend the scope of Enterprise Risk Management to specific Environmental, Social and Corporate Governance issues in order to assess not only impacts, but also medium to long

term risks and opportunities for SEA;

- to spread the culture of risk awareness throughout the company, disseminating the principles of a virtuous risk approach through common language and awareness of the potential domino effect of individual everyday actions within the organization.

Master Plan Malpensa 2030

The company is committed to consolidating the Malpensa 2030 Master Plan as a sound, sustainable and satisfactory plan. The programme aims to manage dialogue with external stakeholders through the engagement of relevant actors, and to obtain final technical, urban planning and environmental approval for the plan.

Long Term Business

This aim is to validate scenario planning as an indispensable preliminary tool for medium to long term strategic planning in order to improve the quality of corporate decision-making. The activity sees the experimental adoption of scenario planning in three projects assigned to Integrated Thinking Lab teams, in order to evaluate the feasibility of its application across the entire organization.

The start of the Laboratory was preceded by an assessment on the Integrated Thinking Mindset and its five characterizing principles with a direct impact on integrating all forms of capital and value into decisions. The assessment was replicated in various project implementation phases, providing a “dashboard” for verifying progress in the use of the principles and related approaches, such as openness to change, anticipation, agility, awareness of the strategic value of one’s own work, risk and opportunity monitoring.

The process of revisiting the four projects was then initiated by implementing activation and engagement initiatives, including preparation sessions, project work group harmonization activities and output presentation sessions in front of a jury of internal and external experts, in order to build, strengthen and consolidate capabilities of facilitating acquisition of the mindset.

The conclusion of the project will allow the organization to:

- know its positioning in terms of the acquisition of the principles of the Integrated Thinking Mindset;
- understand how the mindset’s principles and six capitals fit into corporate strategy and contribute to transforming the business model;
- possess the tools, skills and motivation to implement an integrated approach to corporate strategy and operations;
- develop a greater propensity to innovate, adapt and accelerate change.

How we set the priorities of our commitments: the materiality matrix

What is materiality?

Materiality is the extent that a given element of the Company-stakeholder relationship can influence the capacity to create value.

These are the two characteristics that need to be considered to assess the materiality of an element of the Company’s business:

- does it produce significant im-

pacts from a financial, social or environmental point of view?

- does it substantially influence stakeholder assessments or decisions relating to the Company?

Determining the material aspects of the Company-stakeholder relationship is not only important solely from a point of view of identifying which topics of value should be included in the sustainability report, but also to establish what are the key areas governing the stakeholder relationship which will deliver long-lasting sustainability in terms of its financial and competitive value to the Company.

To be able to make an assessment relating to the materiality of an element, it is necessary to start from the broadest recognizable range of factors that determine the features of the Company’s relationship with its audience. In defining materiality, strong emphasis is placed on both external stakeholders and members of management representative of the SEA Group, given that their reasonable expectations and interests must be taken into account as an important reference point.

Through a joint Company-stakeholders assessment of the relevance of these factors in terms of impact on their mutual point of view, as well as their usefulness, a range of items are defined that constitute the areas of primary commitment for sustainable development.

How did we create the materiality matrix?

2018 saw the deep review of the materiality matrix, as envisaged in the SEA Board’s resolution of Jan-

uary 25, 2018. The matrix review process was divided into the following tasks:

- mapping of material topics;
- approval of the mapping by top management;
- assessment and prioritization of the topics by both stakeholders and SEA management (in parallel);
- definition of the draft materiality matrix and its dissemination with the Sustainability Committee and the Control, Risks and Sustainability Committee;
- approval of the materiality matrix by the SEA Board of Directors.

Materiality Analysis and Business Plan

The starting point of the materiality matrix's review process is represented by the five business challenges defining our vision in the medium term, constituting the cornerstones of the 2016-2021 Business Plan.

BUSINESS CHALLENGES OF THE 2016-2021 BUSINESS PLAN

1. Quality of the management and development of the capital infrastructure

The new Malpensa and Linate Master Plans, fundamental to the development strategy. Infrastructural development of the two airports consistent with the long-term strategic vision.

2. Aviation Business Development

Short to medium-term: further develop low-cost carriers.
Long-term: development of new carriers and connections; develop incoming non-EU traffic.
Cargo: consolidating Malpensa as a cargo hub.

3. Growth of the Non-Aviation Business

Further diversification and broadening of the commercial offering.
Extension of the Malpensa Terminal 1 business model to Linate and Malpensa Terminal 2.

4. Quality and digitalization of passenger services

Make the terminals more welcoming and hospitable.
Ensure adequate training of front-line personnel and improvements to communications with passengers.
Become the leading European airport operator in terms of digital innovations.

5. Efficiency and productivity

Improve productivity continuing along the route taken previously to improve efficiencies.
Significant reorganization plan, to be managed within a changed regulatory environment.
External costs: redefinition of purchase volumes and conditions.

The material topics indicate the social, environmental and stakeholder implications relating to the Business Plan's operational measures. They describe areas for monitoring and intervention crucial for making Business Plan implementation measures effective and efficient in the medium to long term.

To the five areas directly infer-

able from the strategic plan, a sixth has been added concerning the governance of the sustainable development process.

Mapping of material topics

The identification of relevant issues, for the subsequent identification of material topics within those issues, was implemented by adopting three different views, with the support of ad-

equate documentary sources. These three views were:

- Company View: identifies business development lines, consistency between corporate values and organizational practices and the mapping of main risks;
- Stakeholder View: identifies, through studies, surveys, workshops and opportunities for

INTEGRATING SUSTAINABILITY INTO THE BUSINESS

interaction, key themes in the company's relationship with stakeholders;

- **Context View:** identifies emerging or rapidly developing Environmental, Social and Corporate Governance issues within the reference industry,

through: a) In-depth analysis of the most common issues in the reports of main aviation and infrastructure sector players; b) Examination of national and international legislative sources (hard and soft law); c) Collection of circulating international

public debate news (in particular through the social media platform of Twitter) focused on sustainability and the aviation world's main players.

COMPANY VIEW	<p>2016-2021 Business Plan</p> <p>5 Business Challenges</p> <ul style="list-style-type: none"> ■ Development of the capital infrastructure ■ Quality and digitalisation of passenger services ■ Efficiency and productivity ■ Aviation Business Development ■ Growth Non-Aviation Business 	<p>"Ongoing Values" Survey</p> <p>Survey on organisational practices and application of values for 190 company top managers</p>	<p>ERM</p> <p>Assessment of main strategic, financial, operating and reputational risks</p>
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STAKEHOLDER VIEW	<p>Stakeholder Survey</p> <p>Quantitative surveys with: aviation customers, cargo customers, retailers, suppliers, regional representatives, socio-economic actors, financial community.</p>	<p>Stakeholder quality survey</p> <p>20 structured interviews with: aviation customers, cargo customers, retailers, suppliers, regional representatives, socio-economic actors, financial community.</p>	<p>Community Engagement Master Plan MXP</p> <p>6 workshops and 3 public meetings in 2016-2017 with: institutions, local committees and regional associations of Malpensa, dedicated to analysing the guidelines of the 2030 Master Plan.</p>
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CONTEXT VIEW	<p>Aviation players</p> <p>AIRPORT MANAGERS AENA - ANA - SCHIPHOL - COPENAGHEN - MONACO - FRAPORT - MAG</p> <p>AIRLINES AIR FRANCE - KLM - DELTA - LUFTHANSA</p> <p>TRANSPORT & INFRASTRUCTURE DJSI ADP - ATLANTIA - ANA HOLDING - CANADIAN NATIL RAILWAY - DEUTSCHE POST - LATAM - POSTNL NV - ROYAL MAIL PNC - TRANSUBURBAN GROUP - UNITED PARCEL SERVICE</p> <p>95 ISSUES Financial & Sustainability Report</p>	<p>Regulations</p> <p>94 ISSUES</p> <p>152 SOURCES 64 TRANSVERSAL RULES 37 SECTOR RULES 40 VOLUNTARY GUIDELINES 11 ON COMMUTE RULES</p> <p>2,726 TOPICS</p> <p>ISSUERS EU - STATO ITALIANO - ILO - ONU - OCSE - UNICEF - LONDON STOCK EXCHANGE - UNEP - WORLD BANK - IPCC - ICGN - ICAO - ENAC - FAO - UNCTAD - ISO - UNHCR - FEDERAZIONE BORSE MONDIALI - WBCSD - FINANCIAL STABILITY BOARD</p>	<p>News</p> <p>33 ISSUES</p> <p>1,508 ARTICLES</p> <p>30 MILLION TWEETS</p> <p>MENTIONED PLAYERS</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td>Ryanair Holding PLC</td><td style="text-align: right;">281</td></tr> <tr><td>United Airlines</td><td style="text-align: right;">217</td></tr> <tr><td>American Airlines Group INC</td><td style="text-align: right;">176</td></tr> <tr><td>Heathrow Airport Holdings LTD</td><td style="text-align: right;">168</td></tr> <tr><td>IAG - International Consolidated Airlines Group SA</td><td style="text-align: right;">139</td></tr> <tr><td>Easyjet PLC</td><td style="text-align: right;">105</td></tr> <tr><td>Deutsche Lufthansa</td><td style="text-align: right;">96</td></tr> <tr><td>Qatar Airways LTD</td><td style="text-align: right;">60</td></tr> <tr><td>Air France-KLM</td><td style="text-align: right;">55</td></tr> <tr><td>Jetblue Airways Corp</td><td style="text-align: right;">46</td></tr> <tr><td>Qantas Airways LTD</td><td style="text-align: right;">45</td></tr> <tr><td>Air Canada</td><td style="text-align: right;">27</td></tr> <tr><td>Turkish Airlines</td><td style="text-align: right;">20</td></tr> <tr><td>Westjet Airlines LTD</td><td style="text-align: right;">20</td></tr> <tr><td>Etihad Airways</td><td style="text-align: right;">19</td></tr> <tr><td>Norwegian Air SH</td><td style="text-align: right;">14</td></tr> <tr><td>Amsterdam Airport Schiphol (NV Luchthaven)</td><td style="text-align: right;">12</td></tr> <tr><td>ADP</td><td style="text-align: right;">10</td></tr> </table>	Ryanair Holding PLC	281	United Airlines	217	American Airlines Group INC	176	Heathrow Airport Holdings LTD	168	IAG - International Consolidated Airlines Group SA	139	Easyjet PLC	105	Deutsche Lufthansa	96	Qatar Airways LTD	60	Air France-KLM	55	Jetblue Airways Corp	46	Qantas Airways LTD	45	Air Canada	27	Turkish Airlines	20	Westjet Airlines LTD	20	Etihad Airways	19	Norwegian Air SH	14	Amsterdam Airport Schiphol (NV Luchthaven)	12	ADP	10
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The mapping process led to the identification of 43 issues for potential consideration as “material topics”, to be submitted for assessment by SEA management and stakeholders.

Assessment and prioritization of issues

The assessment and prioritization of issues involved:

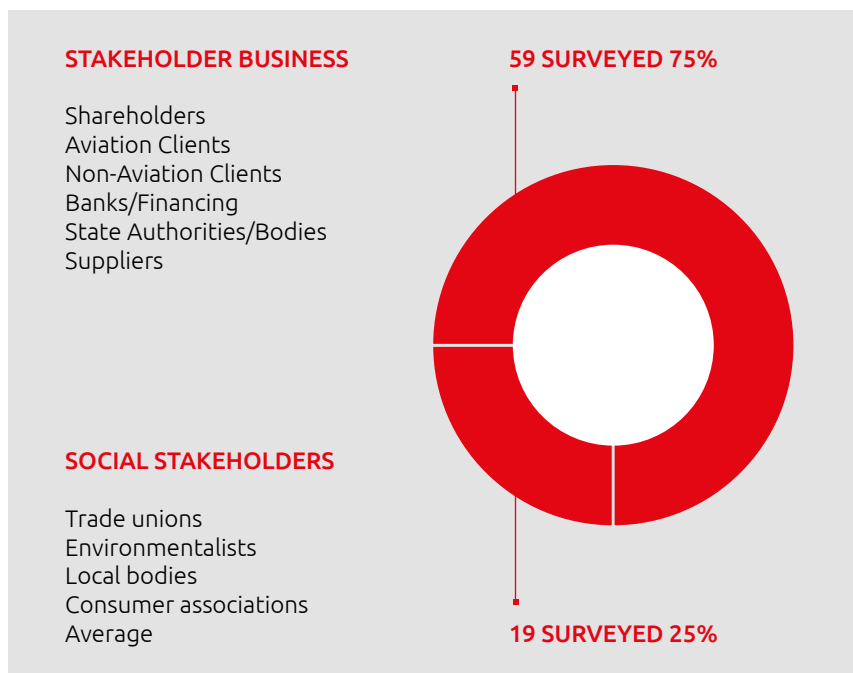
- 78 external parties, belonging to the main categories of company stakeholders (of which 75% business and 25% social);
- 23 SEA managers, reporting to the Chairman, to the three Chiefs and their seniors.

The various parties were given an online questionnaire indicating the 43 starting issues, subdivided into the six strategic areas described above. The questionnaire asked for the issues to be ranked in terms of their importance (highlighting the first three per strategic area), understood as the potential contribution of each to the minimization of risks and maximization of the company’s competitiveness, and to be given a value of importance on a scale from 1 to 10. The 18 issues found to be most relevant according to the collated views of management and external stakeholders were used to compose the materiality matrix for 2018-2020.

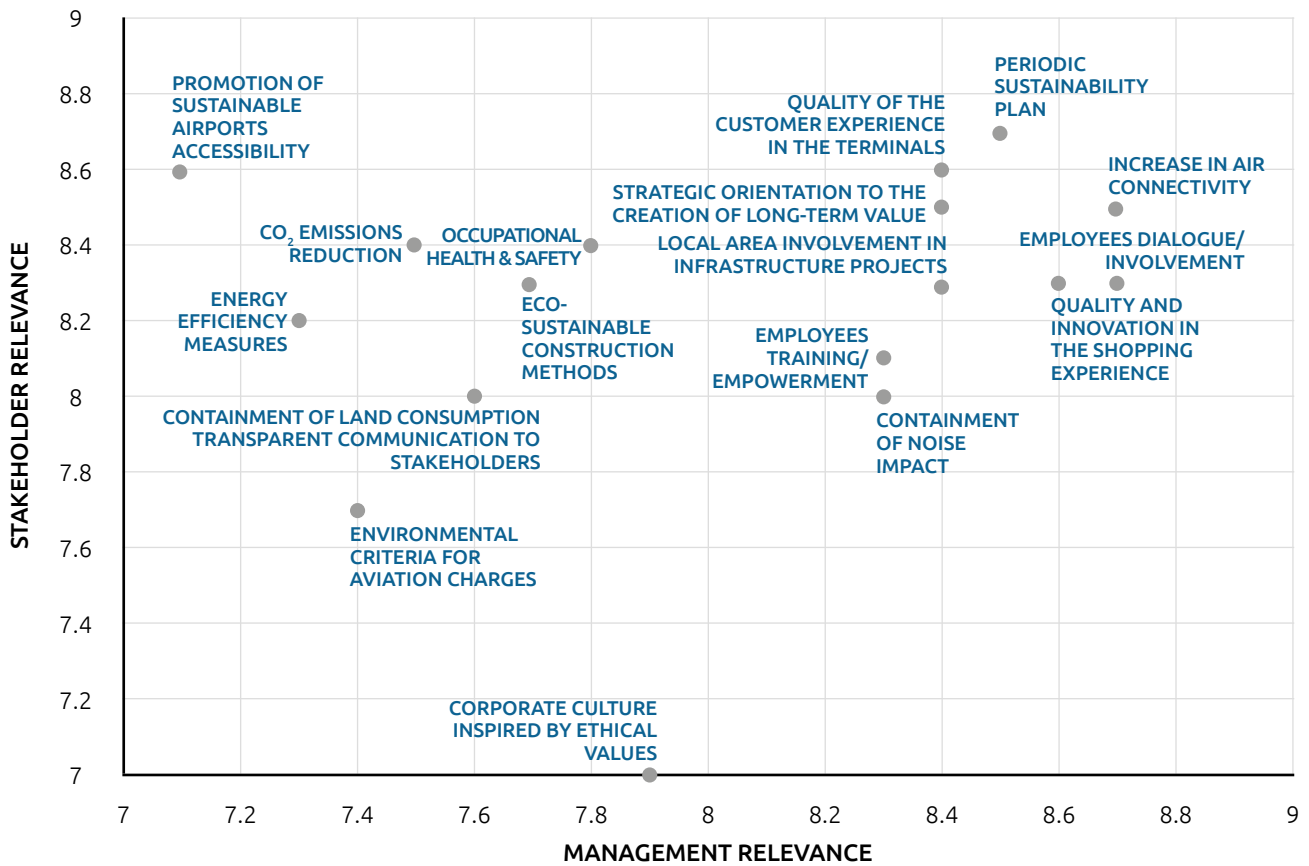
DISTRIBUTION OF ESG ISSUES RELEVANT TO STRATEGIC AREAS

Strategic area	No. issues
Sustainability Governance	5
Quality of the management and development of the capital infrastructure	8
Aviation business development	8
Growth Non-Aviation Business	6
Quality and digitalization of passenger services	10
Efficiency and productivity	6

CATEGORIES OF EXTERNAL STAKEHOLDERS INVOLVED IN THE REVIEW OF THE MATERIALITY MATRIX



MATERIALITY MATRIX 2018



Issues of the materiality matrix

Strategic orientation to the creation of long-term value

Adoption of the strategic planning mindset and approaches that take into account all variables capable of influencing the achievement and sustainability of medium to long term business objectives and of improving corporate management’s envisioning and scenario planning capacity.

Corporate culture inspired by ethical values

Constant fostering of corporate culture and business practices inspired by the reference ethical values, investing in work methods and relations favouring the application of such values in daily

operations. Commitment to verify, through periodic surveying of the corporate community and stakeholders, the perceived level of alignment of practices with the values.

Periodic Sustainability Plan

Commitment to structuring a plan of ESG goals in relation to future Business Plans, as its qualitative complement.

Increase in air connectivity

Generation over time of the best possible direct air connectivity index for our region with the areas of the world which represent a potential source of prosperity for the region itself.

Quality of the customer experience in the terminals

Increasing attention to passenger needs, seeking to provide them with an excellent, reliable service, meeting their expectations and needs in line with changing habits and lifestyles and seeking solutions by the use of technological innovations to improve passenger experience. Particular attention to the needs of passengers with disabilities, promoting experimentation and the use of solutions increasingly suited to their demands.

Quality and innovation in the shopping experience

Continuous improvement in terms of the commercial offering provided to the public at our airports

as a fundamental lever towards growing and developing the business, which is to be fuelled and strengthened to provide passengers with innovation in the commercial formats present, technological evolution in payment systems, and the ongoing monitoring of the quality of services offered.

Promotion of sustainable airports accessibility

Commitment to the development of sustainable mobility solutions (public transport, electric vehicles, etc.) adequate in terms of times and ease of use. Promotion of collaboration with transport agencies and public institutions, to increase accessibility, especially rail accessibility, to the airports with the related reduction in the use of private vehicles.

Transparent communication to stakeholders

A commitment to promote effective communication processes with internal and external stakeholders to promote discussions, team work and create a collective knowledge-base.

Local area involvement in infrastructure projects

The cultivation of a development process in consultation with relevant stakeholders (carriers, retailers, regulatory authorities, institutions, businesses, municipalities), making it possible to identify sustainable solutions to combat challenges to the business and to share the benefits, the costs and the risks in managing the airports fairly and efficiently.

Occupational Health & Safety

Pursue the goal of continuously improving health, safety and well-being in the workplace, disseminating and consolidating a culture of safety, developing knowledge and an awareness of

risks and promoting responsible behaviour.

Energy efficiency measures

The promotion of every action and investment to ensure eco-sustainability as well as high levels of energy efficiencies in the airport processes, both in terms of our own efficiencies as well as those of carriers or of other operators working within the airport.

Environmental criteria for aviation charges

Evaluation of the possibility of introducing environmental criteria in the formulation of aviation charges. In particular, a commitment to considering the inclusion of aircraft noise pollution factors in the determination of aviation charges, with the aim of allocating resources for local area mitigation projects.

Containment and correct utilisation of land consumption

Commitment to evaluate all technological and process innovations (both air-side and land-side) that allow to increase the operational capacity of the infrastructures with the same ground used and to study the most effective solutions that allow safeguarding the integrity of the eco - interested systems, where the physical expansion of the sediment area is unavoidable.

Eco-sustainable construction methods

Commitment to the gradual introduction of sustainable infrastructure construction protocols, based on the renewability of materials, the absence of toxic or harmful substances, the potential to reduction building maintenance and operating costs and the potential to reuse end-of-life materials.

CO₂ emission reduction

Commitment to a series of actions

for the control and reduction of direct and indirect emissions of CO₂ at the airport and deriving from airport management activities.

Containment of noise impact

Constant and efficient monitoring of aircraft noise within the airports areas and implementation of mitigation solutions for the benefit of the territory, collaborating with ARPA (the Regional Protection Environmental Agency) and under its close supervision, in order to reduce the inconvenience connected to the increase in aviation activities.

Employees training/empowerment

Recognizing the crucial role of human capital in achieving the corporate mission, the promotion of employee management policies to create a working environment where the various knowledge competencies and related professional skills of each worker are continuously supported and encouraged and where career development is based on the possession of skills.

Employees dialogue/involvement

Supporting a workplace climate of discussion, debate and sharing of information and knowledge to better achieve the shared objectives. The commitment to share with the corporate community, in a clear and transparent manner, all information relating to the Company's processes and decisions to ensure that every individual can efficiently carry out their work and ensure their required involvement in the objectives, methods and procedures to achieve them.

The issue of "Security and Safety"

The issues represented in the matrix do not include airport "Security & Safety" which SEA considers as a meta-material issue i.e. an issue which is a prerequisite for

the normal conduct of airport business. The issue in question was not included in the matrix because it was excluded a priori from the assessment and comparison process related to ranking the importance of various issues dealt with by management and stakeholders. Its relevance for SEA is reflected in the fact that in this Non-Financial Statement there is an in-depth description of our management approach and of our performances in terms of our Safety Management System.

es, Material Topics and Sustainable Development Goals









SEA is committed to the 2030 Agenda for Sustainable Development promoted by the UN.

The Sustainable Development Goals (SDGs) are drawn from the 2015 Global Agenda for Sustainable Development. The 17 goals, subdivided into 169 targets, define the challenges all global players are called to respond to. The transport and infrastructure sector is considered crucial for achieving the goals.

We therefore carried out an assessment to identify which of the 17 Sustainable Development Goals were relevant to our activities, in order to align our Business Plan’s strategic vision with the material topics that support the pursuit of this vision and commitment to the 2030 Agenda.


Alignment of Business Challenge-

BUSINESS CHALLENGES, MATERIALITY ISSUES AND SDGS

Business Challenges	Materiality Issues	SDGs
SUSTAINABLE GOVERNANCE	<ul style="list-style-type: none"> Strategic orientation to the creation of long-term value Periodic Sustainability Plan Corporate culture inspired by ethical values 	
QUALITY OF THE MANAGEMENT AND DEVELOPMENT OF THE CAPITAL INFRASTRUCTURE	<ul style="list-style-type: none"> Eco-sustainable construction methods Containment of land consumption Local area involvement in infrastructure projects CO₂ emissions reduction Promotion of sustainable airports accessibility Containment of noise impact Transparent communication to stakeholders 	    
AVIATION BUSINESS DEVELOPMENT	<ul style="list-style-type: none"> Increase in air connectivity Environmental criteria for aviation charges 	
GROWTH OF THE NON-AVIATION BUSINESS	<ul style="list-style-type: none"> Quality and innovation in the shopping experience 	


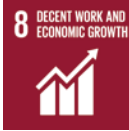

QUALITY AND DIGITALIZATION OF PASSENGER SERVICES

- Quality of the customer experience in the terminals



EFFICIENCY AND PRODUCTIVITY

- Employees training/empowerment
- Employees dialogue/involvement
- Energy efficiency measures
- Occupational Health & Safety

Update on the materiality matrix

On the basis of SEA Board discussions on January 25, 2018, the materiality matrix is undergoing a deep review, based on a broad process of stakeholder, shareholder and management engagement every three years. In the intervening years, the materiality matrix underwent a light review, based on exclusively logging and assessing internally significant aspects emerging from stakeholder interactions to determine how the ranking of the issues within the matrix might change.

How we manage the main key non-financial risks

The Risk Management Model

The creation of sustainable value for stakeholders cannot exclude taking risks, which is a fundamental component of doing business.

The SEA Group, in its capacity of airport operator, is exposed to a broad spectrum of potential risks impacting on the achievement of the business strategies.

In order to reduce exposure to such events, the Group adopt-

ed specific processes and procedures to safeguard airport safety and the quality of services offered, for the protection of tangible and intangible assets of interest to stakeholders and to ensure the long-term creation of value. To better support and integrate the systems mentioned, in 2016 the SEA Group introduced an Enterprise Risk Management (ERM) model for the identification, homogeneous and transversal assessment of risks linked to the development of corporate activity, and their ongoing monitoring, to support management strategic choices and decision-making processes and stakeholder assurances.

The SEA Risk Model consists of four event categories:

- external risks
- operating and business risks
- financial risks
- legal and compliance risks.

Within these macro-areas there are some risk events which could impact on employee health and safety with varying degrees of severity, and which, more broadly, might impact on people transiting through the airport, on the environment, in terms of pollution, and the degradation of resources, or which might have a social impact i.e. community relations as well as elements relating

to employee management.

Each risk event identified is assessed on the basis of a five-year occurrence probability (the same period as the group's Strategic plan), and its impact is based on four elements which include HSE (health safety and the environment), reputational impacts, as well as the level of maturity in managing the risk itself. There are 5 levels of risk assessment.

To integrate the mapping and evaluation of the ERM risks (Enterprise Risk Management), the SEA Group consolidated ad hoc functions responsible for specific management systems in compliance with the industry regulations. The risks monitored by these functions cover the environment, energy and Occupational Health and Safety and corruption. In fact, within the scope of each certification process (ISO 14001, ISO 50001, OHSAS 18001 and ISO 37001), the Group is engaged in specific activities to identify, assess and manage risks, which in conjunction with the activities of continuous improvement and the policies implemented, allow the Company to effectively manage non-financial risks also.

Main non-financial risk factors of the SEA Group

The main risk factors linked to en-

vironmental, social and employee-related issues come under the risk category defined in the Risk Model as "Operational and Business Risks", particularly in the risk

areas of Safety and Security, Infrastructure Investments and the Interruption of Activities/Services, with a focus on the first area.

TERRORIST ATTACK

Risk description

A potential terrorist attack in one of the Group airports could have serious consequences for passengers and airport operators.

Prevention/mitigation measures

SEA invests enormous effort in the management of this risk. Similar to all Italian airport managers, safety procedures applied by the company are based on the National Security Programme (PNS) measures. In order to ensure compliance with the provisions in the PNS, the airport operators draft, implement and keep an updated Security Programme which outlines the processes and procedures followed to apply the aspects of the National Security civil aviation programme for which they are responsible. To this end, SEA carries out periodic drills involving all the competent entities and provides ongoing support to the Security Forces in defending the air-side/land-side borders and the land-side area. The perimeters of both airports are equipped with a video surveillance and access control system.

AIR CRASH

Risk description

A ground accident between two aircrafts, due, for example, to human error, may cause casualties or damage to airport infrastructures.

Prevention/mitigation measures

In terms of aviation safety, the Group's Safety Management System, which is also validated and controlled by the Italian Civil Aviation Authority (ENAC), maintains the highest levels of safety and service quality, acting in line with the fundamental principles of the SEA Airport safety policy. Through the Ground Safety Report and its related indicators, SEA constantly monitors daily operations carried out in aircraft-related areas, to detect any potential incidents which might cause an air incident (e.g. failed right of way, technical problems). For further information, reference should be made to the "Aviation safety" section.

FIRE PROPAGATION

Risk description

A large fire could spread from a localized source and if not dealt with in a timely manner by employees and/or by the relevant infrastructure systems, could damage assets, structures and people.

Prevention/mitigation measures

The system handling this risk event is maintained in optimum condition and is monitored, whilst we strive for continuous improvement. In terms of procedures, we use joint emergency and evacuation plans with third parties (operators and entities within the airports), fire prevention regulations, VVFF (Fire Brigade) fire prevention certificates, as well as periodic system maintenance. On an organizational level, in addition to periodic evacuation drills, there is continuous awareness-raising and training of operators and audits are conducted on commercial operators regarding Fire Prevention Regulations: audit results are checked by the external Certification Body and transmitted to SEA's Auditing Department.

BUSINESS INTERRUPTION DUE TO FUEL DEPOT FIRE

Risk description	Prevention/mitigation measures
A fuel depot fire at Malpensa Airport may cause the closing of airport areas and air traffic suspension due to damage to airport infrastructures, facilities, neighbouring civilian areas, as well as to the environment due to subsoil fuel absorption.	A shared emergency management plan is in place between SEA and the depot manager, DISMA.

INJURIES AT WORK

Risk description	Prevention/mitigation measures
Injuries at work with generally moderate repercussions for the health of workers.	The Group has heavily focused on prevention and now submits low accident IF (frequency) and IG (severity) indices. Internal policies and procedures are in place to avoid such events arising, in addition to conducting regular audits. Every incident undergoes a process-analysis of the causes and where necessary the procedures, the training process and the infrastructures are revised. The management system is certified by external accredited bodies in accordance with OHSAS 18001 standards.

MALPENSA MASTER PLAN'S NON-APPROVAL

Risk description	Prevention/mitigation measures
In 2017, the new Malpensa Airport Master Plan was submitted to ENAC (National Civil Aviation Authority), whose approval process is underway.	The Master Plan envisages a 60-hectare expansion south of the current airport structure. As this plan involves part of the Ticino Park area, whose transformation may have potential environmental and economic impacts on the surrounding municipalities, the Group has focused strongly on the local communities in designing the project, currently in the approval stages.

INTERRUPTION OF OPERATIONAL SERVICES DUE TO CYBER ATTACK

Risk description	Prevention/mitigation measures
The vulnerability of airport systems may increase with increasingly aggressive cyber-attack strategies and new Digital Transformation technologies. Computer attacks or unauthorized system access may compromise business-critical processes or result in data loss.	Safeguards against such criticalities include the implemented measures relating to the new EU GDPR Regulation, and ongoing activities to obtain ISO 27001 certification. Environmental risks include both internal risks generated by Group activities with potential environmental effects, and external risks that may significantly affect Group operations.

ENVIRONMENTAL RISKS GENERATED BY SEA GROUP ACTIVITIES

Risk description	Prevention/mitigation measures
<p>Ordinary activities and a potential future increase in night flights may cause noise pollution in areas adjacent to the airport grounds. Other risks are the consumption of natural resources such as energy and fuels, with consequent impacts on the atmosphere in terms of the production of dangerous waste and spillages affecting the territory. Planned infrastructure interventions involve waste recovery and disposal activities.</p>	<p>These risks are managed and constantly monitored by the Environmental Management System. For further information, refer to our “Environmental and Energy policy” section.</p>

INTERRUPTION OF AIRPORT ACTIVITIES DUE TO EXTREME CLIMATIC EVENTS

Risk description	Prevention/mitigation measures
<p>Higher frequency of extreme weather events (cloud bursts, snow) which could interrupt airport activities.</p>	<p>Processes, systems and structures which the Group has already set up in the past, enable the better management of these events.</p>

JAPANESE BEETLE PEST CONTROL ON PASSENGER AIRCRAFT

Risk description	Prevention/mitigation measures
<p>The Japanese Beetle (<i>Popillia japonica</i>), present along the banks of the river Ticino for some years now, is an invasive species harmful to the local ecosystem. The Lombardy Region has imposed onerous pest control requirements, which may be intensified in the future and have significant impacts on flight operations.</p>	<p>To counter the spread of this insect, SEA carries out specific annual pest control activities.</p>

DECLINE IN PRODUCTIVITY DUE TO CORPORATE POPULATION AGEING

Risk description	Prevention/mitigation measures
<p>The ageing of the company workforce (the current average age is 49) is also due to the extension of the working age introduced under recent pension reforms and could impact operations (particularly in relation to the use of new technologies, higher absenteeism and/or health and safety problems).</p>	<p>SEA constantly addresses this issue through the implementation of a variety of initiatives, aimed, on the one hand, at recruiting younger staff (including the drafting of a recruitment plan for persons under 35) and, on the other, of developing and maintaining skills (including specific talent management initiatives) and employee physical and psychological wellbeing (supporting employees with elderly parents).</p>

FAILURE/OPERATIONAL DIFFICULTIES OF CRITICAL SUPPLIERS

Risk description	Prevention/mitigation measures
<p>A potential significant risk across the airport sector is the possibility that a single supplier may become bankrupt or might encounter operational difficulties, or even potentially monopolize the market segment where they operate. In this case, the Group may not be in a position to ensure the continuity of services instrumental to conducting its business.</p>	<p>To mitigate this, the Group has paid great attention to monitoring its suppliers through specific actions both during the Supplier Register selection phase, formalised in the "SEA Supplier Selection and Assessment" Procedure, subject to a supplier risk assessment, as well as during supplier operations where the company business lines provide periodic feedback to the purchasing management team.</p>

Other Considerations

Considering the nature and the geographic location of the activities carried out by the Group, as well as the preparatory controls for obtaining mandatory airport passes for anyone working in the airport, we do not indicate any **human rights** breach risks regarding the supply chain.

The potential risks of **corruption** offences are managed by the Group through the adoption of its 231 Model and ISO 37001. For further information, please see the "Internal control system" paragraph.

How we cultivate excellence in our processes

The pursuit of excellence in the management of processes manifests itself in our high level of expectations - from ourselves and from the organization where we work - in terms of the elements we need to constantly push the limits of our capabilities.

Cultivating excellence means therefore doing jobs to the best of our ability on a daily basis, the result of bringing intelligent behav-

our to our tasks, focused properly on achieving our own as well as shared objectives. We believe that we achieve excellence when:

- we succeed in combining the creation of a financial value with public purpose, underlying the management and development of efficient, functional, accessible and inclusive airport structures;
- our choices are subject to a close assessment of environmental impacts and we are committed, through research and international partnership programmes, to identifying and designing innovative solutions to reduce the consumption of natural resources and limit emissions;
- we are focused on innovation as an elective response to the increasing complexity which characterizes the management of the business, and that increases Company risks;
- we seek efficiencies, meaning the best use of Company resources and identifying the best conditions to use them.

Our environmental and energy policy

It is our clear commitment to combine the fundamental value of protecting our environmental heritage with development.

Our environmental and energy policy 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 for a 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

- and subsequent international agreements and conventions;
- 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.

Our commitment to reduce environmental impacts increases the need to integrate key issues of environmental management

into the strategies and economic/financial management of the Company.

In this sense, the Environment and Airport Safety function ensures that stakeholders working in the field of aviation operations in our airports, through periodic monthly Committees, are provided with information on the environment and operational safety and, externally, this ensures a correct relationship with the local territory and institutions. Our environmental and energy policy management tools and guidelines are periodically reviewed both internally and externally and drive the commitment we have in

providing stakeholders with a detailed report on the environmental and energy processes of our airports.

Certified management systems

The implementation of sustainable management practices also involves adopting a broad set of certified management systems encompassing the issues of quality, safety, the environment, as well as social issues.

CERTIFIED MANAGEMENT SYSTEMS

	Environment	Safety	Social	Quality	Governance
SEA	Airport Carbon Accreditation – Neutrality Level ¹ ISO 14001 ² ISO 50001 ³	OHSAS 18001 ⁴	Dasa Register ⁵ UNI CEI TUV Italian Service Certificate ⁶	ISO 9001:2015 ⁷	ISO 37001:2016 “Anti-bribery Management System” ⁹
SEA Energia	Registration EMAS ⁸ ISO 14001 ISO 50001	OHSAS 18001			

¹ ACI (Airport Council International) Europe Certification to incentivize 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 Concerns the provision of an Environmental Management System which identifies, controls and monitors the performance of the organization.

³ International standard for the management of energy, which focuses on the energy yields of the organization and requires that the promotion of energy efficiency is considered throughout the organization’s distribution chain, as a requirement to be sought from suppliers.

⁴ Voluntary application, within the organization, of a system which guarantees adequate control regarding the Safety and Health of Workers, as well as compliance with the regulations in force.

⁵ 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.

⁶ Concerns the passenger assistance service to those with reduced mobility at airports.

⁷ Services Quality Management System.

⁸ Enterprises and organizations wishing to 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 organization may be attained.

⁹ Anti-bribery Management System.

European green innovation projects

SEA has been a pro-active member of the Environmental Strategy Committee and of ACI Europe's (the European Airports Association) Technical and Operational Safety Committee for some time now, also participating in specific work groups on environmental issues of particular impact (aircraft noise).

Over the years, we have strengthened our European presence, promoting project-based partnerships with key airports, regional and scientific entities, with a focus on energy, waste and water management, as well as contributing to the development of maintenance and airport infrastructure control system concepts and procedures.

This input continues to feed into the much-needed international dialogue and discussion on best practices to manage environmental issues.

The project OCTAVE (Objective Control for TALKer VERification) was concluded in 2018, focused on the development of a reliable biometric testing system (TBAS = Trusted Biometric Authentication Service), for access to non-monitored sensitive areas as well as to structures and online services.

SEA, as an end-user, has set aside an area of Linate airport as an "ecological island" in order to test the proposed system for the accessibility and control of a managed waste area.

Work continued on the TRANSFORMING TRANSPORT project, in close collaboration with BOEING and JEPPESEN, as part of the Horizon 2020 Research and Innovation Programme. Through the use of

"Big Data" technology, the project aims to technically and economically optimize mobility and logistics processes and services, improving operational efficiency and mitigating environmental impacts, mainly by reducing CO₂ emissions. In 2018, the project successfully passed the first technical and financial assessment by Project Reviewers and the European Commission's Supervisory Body.

SEA also joined Landside Airport Accessibility (LAirA) consortium, as part of the Central Europe Programme. LAirA aims to reduce the energy use and environmental impacts of transport activities through changes in passenger and airport employee mobility, and new local authority low-carbon mobility planning strategies.

Furthermore, participations have been activated in various new European project proposals with a focus on process and control optimization regarding environmental sustainability, safety, security, critical infrastructures and passenger and freight transport. Such proposals are awaiting positive assessment from the European Commission.

Stakeholder Evaluation

We place fundamental importance on the opinions of the general public.

The stakeholder relations policies which we have adopted involve the execution over time of organized activities for the understanding and involvement of our important stakeholders, through which we garner opinions, attitudes and evaluations in relation to our reputational profile, the satisfaction with services provided, the quality of relations with the public and the impact on our context.

The survey on the evaluation of the identity profile, reputation and quality of relations with our principal sections of the public was carried out with the CAWI system in November 2018 by Marketing Problem Solving, a leading opinion pollster.



COMPOSITION OF THE STAKEHOLDER SAMPLE INTERVIEWED

Stakeholder	Number of interviews
Suppliers	14
Aviation Clients	13
Non-Aviation Clients	11
Control Authorities	6
Banking/financial world	11
Shareholders	4
Society/Region	19
General media	78

Overall, 78 stakeholder interviews were carried out within the following categories: Shareholders, Aviation and Non-Aviation Customers, Control Authorities, Suppliers, the banking and financial community, companies and the Region (in turn, comprising: Local Authorities, Trade Unions, Associations and the Media).

The survey results concerning the evaluations of the range of the sample interviewed on the identity and the aspects related to the SEA reputational profile are reported below.

Source: Marketing Problem Solving, Survey of SEA Group stakeholders 2018

The stakeholders view of SEA

The overall evaluation of SEA by the stakeholders interviewed (who were asked to express their opinion on a scale of 1-10) is very positive and the general average of opinions has increased on previous surveys. The best evaluations were expressed by the categories of shareholders, suppliers, bank and financial community and Non-Aviation Customers. Less enthusiastic though nonetheless positive and on the rise are the opinions of aviation customers and social partners.

Stakeholders' perception of SEA as an ever-evolving company has remained considerable over time, as has their positive opinion of the direction of such change.

TRENDS IN SEA STAKEHOLDER OPINIONS

Stakeholder	2018	2015	2014
Suppliers	7.9	7.5	7.1
Aviation Clients	7	6.5	6.7
Non-Aviation Clients	7.8	7.2	6.9
Control Authorities	7.8	6.9	6.9
Banking/financial world	7.8	7.6	7.1
Shareholders	8	-	-
Society/Region	7.4	7.0	6.2
General media	7.6	7.0	6.6

Source: Doxa, Survey of SEA Group stakeholders 2014
Marketing Problem Solving, Survey of SEA Group stakeholders 2015, 2018

PERCEPTION OF CHANGE WITHIN SEA

	2018	2015	2014
It has changed*	62%	68%	68%
It has remained the same*	24%	30%	30%
It has changed for the better**	94%	80%	65%
It has changed for the worse**	4%	15%	33%

*Base: Total sample (78)

**Based on those who perceive change (48)

Source: Doxa, Survey of SEA Group stakeholders 2014
Marketing Problem Solving, Survey of SEA Group stakeholders 2015, 2018

INTEGRATING SUSTAINABILITY INTO THE BUSINESS

The evaluation of the relationship with SEA remains very positive (86% of the sample judged it constructive and useful), while the percentage of stakeholders who expressed a negative evaluation dropped compared to previous years.

OVERALL EVALUATION OF THE RELATIONSHIP WITH SEA

	2018	2015	2014
Constructive	59%	55%	41%
Useful	27%	30%	37%
Not useful	3%	2%	7%
Disorganised	4%	12%	5%

Source: Doxa, Survey of SEA Group stakeholders 2014
Marketing Problem Solving, Survey of SEA Group stakeholders 2015, 2018

The level of confidence expressed by stakeholders in SEA is very high and increased further compared to previous years (90% of the sample stated strong/sufficient confidence).

LEVEL OF CONFIDENCE IN SEA

	2018	2015	2014
Very confident	50%	39%	21%
Sufficiently confident	40%	47%	65%
Not very confident	4%	13%	13%
No confidence	1%	1%	1%

Source: Doxa, Survey of SEA Group stakeholders 2014
Marketing Problem Solving, Survey of SEA Group stakeholders 2015, 2018



Factors affecting reputation

Several reputational factors characteristic of infrastructure and transport sectors have been subjected to stakeholder assessment in order to identify the organi-

zation's perceived strengths and weaknesses.

An overall positive viewpoint emerged, which highlighted certain points of excellence represented primarily by the capacity to create, stimulate and accelerate the region's economic develop-

ment, the leadership it conveys in its sector and the respect it shows in its relations with the major stakeholders.

EVALUATION OF SEA'S DISTINCTIVE COMPETENCIES*



*Opinions on a scale of 1 to 5 from the sample total (78)
Source: Marketing Problem Solving, Survey of SEA Group stakeholders 2018

Corporate competences that, despite being considered positively, are less recognizable for stakeholders are those relating to local community interaction, effective and transparent communications and environmental commitments.

Management quality

The quality of SEA's management was recognised by the principal stakeholders who allocated very positive average scores concerning competence, reliability, cor-

rectness and availability in their interactions with group management.

STAKEHOLDER OPINION ON SEA MANAGEMENT (SCALE 1-5)

	Average data	Aviation	Non-Aviation	Control Authorities	Suppliers	Banks/ Finance	Shareholders	Region
Competence	4.5	4.1	4.5	4.7	4.5	4.8	4.5	4.6
Reliability	4.3	3.8	4.5	4.7	4.3	4.4	4.5	4.2
Correctness	4.3	3.9	4.5	4.7	4.5	4.6	4.5	4.2
Availability	4.2	4.1	4.5	4.5	4.2	4.1	4.3	4.2

**Opinions on a scale of 1 to 5 from the sample total (78)
Source: Marketing Problem Solving, Survey of SEA Group stakeholders 2018*

Our corporate citizenship policy

Corporate Citizenship Policy

The main points of our “Corporate citizenship” policy are:

- the value of the Company’s corporate citizenship is defined more by the robustness of its link with the company’s strategy than by the quantity of resources invested;
- 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 non-profit stakeholders, in relation to the need for transparency and objectivity in terms of the criteria under which the company chooses its partners for social investment;
 - it is defined by the Company itself in terms of its own credibility and reputation to act transparently in accepting requests for contributions from non-profit organizations;
- the touchstone of our corpo-

rate citizenship activities revolves around the financed project, whose credentials (completeness, endorsement by national and international institutions, scalability, clarity of objectives, measurability and accountability) are added to those of its proponents;

- projects in line with the identity, features and distinctive characteristics of SEA are preferred, which carries out an active role (not simply a donor, but rather a partner) in the management of initiatives, considering therefore as important factors for the choice of the project the possibility to mobilize the involvement of employees, in addition to the opportunity to reconcile the needs within the region of the airports with international dimension initiatives.

Investments in Corporate Citizenship

Over the last three years, we have invested over Euro 250,000 in corporate citizenship. The majority of donations (over Euro 2.8 million in the period) concern the support of cultural initiatives, in particular support of the La Scala Foundation of Milan. As a founding member, we actively participate in

the promotion of musical culture throughout the world, supporting the national artistic heritage and improving its quality level.



DONATIONS MADE OVER THE LAST THREE YEARS (EURO)

	2018	2017	2016
Total donations	933,500	896,550	782,800
<i>of which: Culture/Education</i>	700,000	728,500	712,400
<i>of which: La Scala Theatre Foundation Contribution</i>	600,000	600,000	600,000
<i>of which: Sporting events</i>	167,200	90,000	10,000
<i>of which: Social/Assistance</i>	66,300	78,050	60,400
Corporate Citizenship projects	100,000	80,000	75,000
Total donations	1,033,500	976,550	857,800

Source: SEA

A social investment model involving our employees: The Social Challenge

In 2015 we launched a new selection procedure to choose social initiatives for investment purposes called "The Social Challenge". This entailed a participatory process in identifying and selecting social projects developed by non-profit organizations operating within the provinces of Milan and Varese, to which make 6 donations of Euro 10,000 each every year. 2016 and 2017's editions saw the addition of Special Prizes worth Euro 10,000.

Only projects that are planned to be rolled out in the provinces of Milan and Varese (where respectively the airports of Milan Linate and Malpensa are located) and which relate to social, environmental or cultural topics can qualify. At the heart of the process there are 2,847 SEA employees who are invited annually to:

- acquire - or define along with these entities - a social, environmental or cultural project;
- present the project to SEA, through which it undergoes an initial selection process by an Evaluation Committee;
- having passed the selection process successfully, the employee must then promote the project to their colleagues to garnish their support. They then vote for their chosen project by a digital referendum on the Seonet Intranet platform.

Non-profit organizations headquartered in the provinces of Milan or Varese are also invited to submit social projects to SEA's

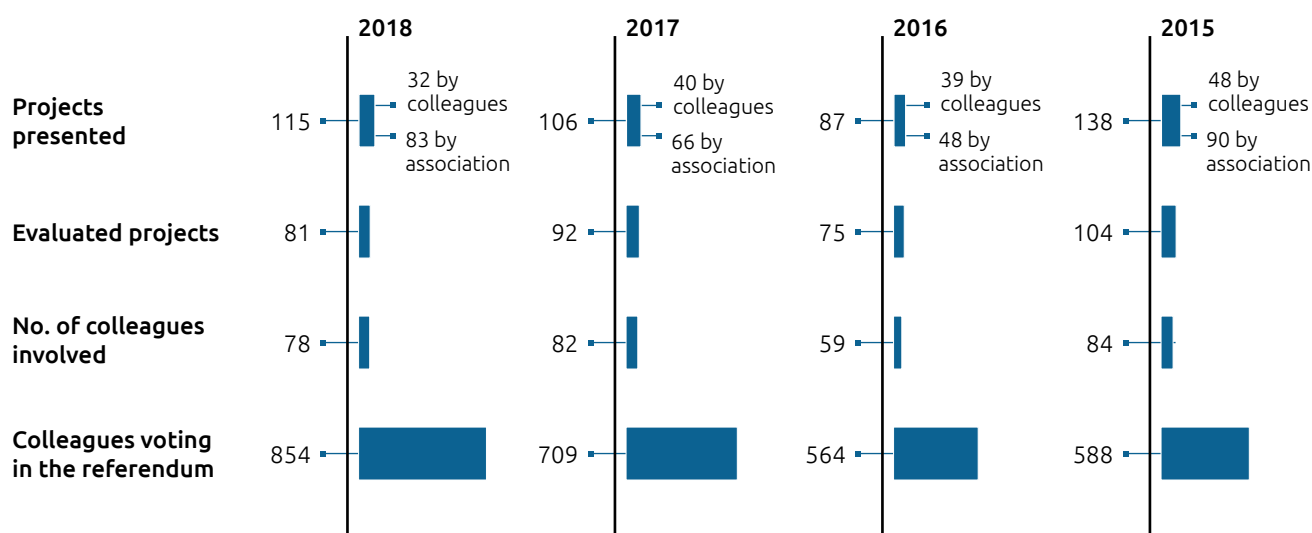
corporate community, which if selected, also undergo the same evaluation and voting process as the projects proposed by the employees themselves.

In 2018, the Evaluation Committee was comprised of 2 SEA representatives and 4 experts from the non-profit arena.

In the project's first 4 years, we have distributed Euro 260 thousand, financing 26 projects, of which 13 in each of the 2 reference provinces, and involving 22 associations, some winning twice with different projects over the period.



THE SOCIAL CHALLENGE: FIGURES ON THE 4 INITIATIVES



Source: SEA

2018 edition

The following summarizes 2018’s funded projects and proposing associations.

WINNING PROJECTS IN THE MILAN AREA

Association	Project Title	Description
Vivi Down	Attiviamoci diversamente (Let’s act differently)	Engagement of people with intellectual disabilities and Down syndrome in active volunteer roles supported by tutors, for initiatives to combat social exclusion, such as food canteens for the poor and aid for the homeless.
Atlha	Ristoro nell’orto (Garden refreshments)	Initiative to integrate disabled youths and other individuals at risk of social exclusion in the world of work through sustainable and reproducible entrepreneurial activities with high social values, such as in the food and catering industry.
La Banda degli Onesti	La vera fortuna: conta su di te, non sull’azzardo! (Real luck: learn to count on yourself, not on your cards!)	Awareness raising on the subject of pathological gambling through educational initiatives engaging 30 classes in the 3rd year of several upper secondary schools in Milan and the Province of Milan, with specific interventions addressed to teachers, students and parents.

WINNING PROJECTS IN THE VARESE AREA

Association	Project Title	Description
Amici della Fondazione Giacomo Ascoli	Insieme per l'Oncoematologia Pediatrica (Together for Paediatric Onco-hematology)	Purchase of tools, equipment and furnishings for the new Giacomo Ascoli Paediatric and Onco-hematology Day Centre in the Leonardo pavilion of the Ponte di Varese Hospital. The project involves the purchase of six paediatric beds complete with mattresses and IV drip stands for three rooms.
Anffas Ticino	La strana officina: pedaliamo nel Parco del Ticino (The strange workshop: pedalling in the Ticino Park)	Realization of a bicycle maintenance and repair shop along the Ticino Park cycle path. The workshop will provide professional training opportunities for disabled youths.
Amici di Volandia	Safety Course	Interactive educational workshop on transport safety for middle and high school children at the Volandia aviation museum (Malpensa). The workshop plans to recreate the entire journey of a passenger up until boarding a plane, with the involvement of security personnel and engaging games on various aspects, such as packing your own suitcase.

In the latest edition, the “The Social Challenge” project has received support from Ciessevi, a regional body coordinating, promoting and supporting third-sector associations in the Lombardy Region in the promotion of the culture of solidarity and of active citizenship. Ciessevi will also work with SEA in future editions, organizing meetings open to other third-sector associations in order to illustrate the project and how it works, and to provide support to associations in the planning and preparation of project proposals.

The 2018 edition, in collaboration with the association NoiSEA, also awarded an additional prize of Euro 5 thousand entitled “Fare Uguale Raccontare” (Doing equal Telling) to the best communications initiative by “The Social Challenge” participating associations in order to raise public awareness of their activities.

From grants to investments in social entities: the impact investing projects

From 2015 onwards, and to further boost our social investments, we set up a partnership with the Opes Foundation, a qualified investment fund for high social impact entrepreneurship projects. We therefore engaged in investing philanthropic capital, through Opes, into financially sustainable companies capable of promoting social progress and lifting people out of poverty. Opes is the leading Italian Social Venture Capital operating in critical development sectors: health, access to water, basic sanitation, energy, education and food. Its mission is to support social ventures and enlightened entrepreneurs proposing innovative, sustainable and long-term solutions in response to the most relenting demands of the people at the bottom of the social stratum. Opes' targets are pre-existing start-up social ventures seeking to validate their business model. These are locat-

ed in developing countries and, since 2018, also in Italy. Opes channels philanthropic capital in the form of investments to achieve social impact and financial returns.

All the funds returned to Opes are reinvested in new social ventures.

KADAFRICA Project

Location: Uganda
Sector: Sustainable agriculture
Opes investment date: June 2016
Investments amount: Euro 87,000
SEA Participation: Euro 40,000

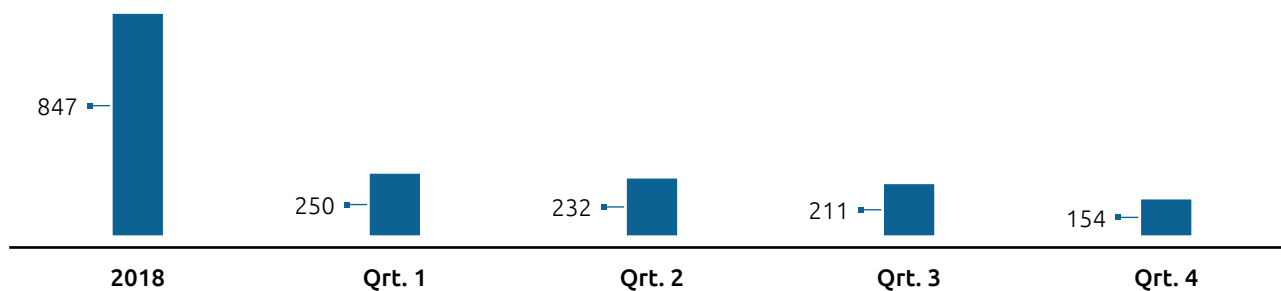
KadAfrica is a social enterprise founded in 2011 in Fort Portal, Uganda, which produces and markets passion fruit, employs vulnerable young women in two-year training and development programmes, and offering a guaranteed outlet market to a wide network of small local agricultural activities committed to overcoming the limits of subsistence farming. In trying to find the right balance between economic sustainability and social goals, the enterprise has made various

changes to its business model and market positioning.

In rural and remote areas, KadAfrica faces the challenges of youth

employment precariousness and early marriage (40% of girls marry before they are fifteen).

KADAFRICA - NO. YOUNG WOMEN INVOLVED IN TRAINING



Source: Opes Foundation

The impact of the activity has been extremely positive, with 2,196 young women involved in the two-year training and development programme in the last two years, and their monthly incomes increasing by an average of 250%.

Wider significant indirect impacts affected 10,980 people in local communities. 50% of the young women in the programme acquired access to funding through savings and loans. In particular, 847 young women were involved in the training in 2018, 118 of whom subsequently abandoned the programme (26 in the 1st quarter, 33 in the 2nd, 21 in the 3rd and 38 in the 4th).

The project received numerous accolades in 2018. Indeed, KadAfrica won the “Grand Challenge Canada” award for the world’s best social enterprises dealing with issues of women’s health and well-being. The organization is currently negotiating the scaling-up of activities. KadAfrica’s programme for young and vulner-

able women was also received a donation of USD 250,000 as one of the winners of the Roddenberry Award.

The enterprise’s reputation in terms of social interventions has resulted in it acquiring various donations and prizes, though it has also tipped the balance of focus away from the economic sustainability of its market activities, including fruit collection points and its national distribution network. Despite a contraction in turnover in 2018, also due to market fluctuations and pricing pressures, the company recently obtained the support of the US Agency for International Development (USAID) for a pulp production pilot project feasibility study, designed to create opportunities for greater harvest exploitation and industrial diversification.



KADAFRICA - TURNOVER 2018 (USD THOUSANDS)



Fonte: Opes Foundation

In any case, KadAfrica's potential market is expanding. Numerous potential buyers are interested, both locally and in the United States and South Africa.

2019 will test the company's ability to increase production and guarantee more quantitatively important supplies to national and international customers.

“The Water Shop Naivasha” Project

Location: Kenya

Sector: Access to drinking water

Opes investment date: 2014-2016-2018

Investment amount: Euro 118,000

SEA Participation: Euro 40,000

The Water Shop Naivasha is a social venture company operating through the "PureFresh" brand and is based in Naivasha, Kenya (80,000 inhabitants, 90 km north west of Nairobi) in the Rift Valley, proposing an effective solution to the problem of the precarious and unreliable access to drinking water.

Launched in 2010, PureFresh is involved in the extraction, purification and sale of drinking water (both loose and bottled water).

In Kenya, 42% of urban slum inhabitants and 50% of rural inhabitants do not have guaranteed

continuous access to drinking water. In particular, aquifers in the Rift Valley region contain a high concentration of fluorine, leading to a high incidence of osteofluorosis. The immediate result of which is the weakening and discoloration of teeth.

However, the effects of prolonged exposure to excessive fluoride concentrations go well beyond tooth discoloration to include widespread paralyzing bone abnormalities and deformities. Scientific research has evidenced a direct correlation between excessive fluoride exposure and reduced intelligence in children, from quantities of 1 mg/litre and above.

The most common way for low-income families to purify contaminated water is to boil it. However, the use of charcoal, wood or kerosene (their most common energy sources) is the number one factor in infant deaths under 5 years of age: respiratory diseases.

Numerous government and international development agency interventions have been aimed at guaranteeing drinking water to the Rift Valley population over recent decades.

Yet only Antony Kamotho's Naiva-

sha Water Shop has managed to guarantee a continuous supply of drinking water at prices that are affordable for even the poorest segments of the population. The social enterprise uses reverse osmosis technology and a franchise distribution model with entrepreneur customized vending machines to contain prices and make clean water as accessible as possible. The catchment population of the area served is approximately Euro 1.6 million.

The enterprise targets the low and medium to low income population that cannot afford the bottled water sold in supermarkets.

PureFresh launched its business with the opening of two shops in Naivasha (expanded to 4 over the years). In 2015, the Company started to test a new expansion model installing 5 drinking water vending machines in existing shops to increase sales volumes, reduce operational costs and deliver price points that ensure its products are more accessible for low-income customers.

INTEGRATING SUSTAINABILITY INTO THE BUSINESS

The Opes Foundation initially made an investment in 2014, while in 2016, with SEA's contribution, it financed a pilot franchise model to upgrade the activity from 5 to 25 franchises.

In 2018, based on the encouraging results, the pilot project was expanded through financing for a second purification plant in the city of Nakuru (the first is in Naivasha), which will allow a tripling in production capacity over the coming years.

Currently, the enterprise successfully manages:

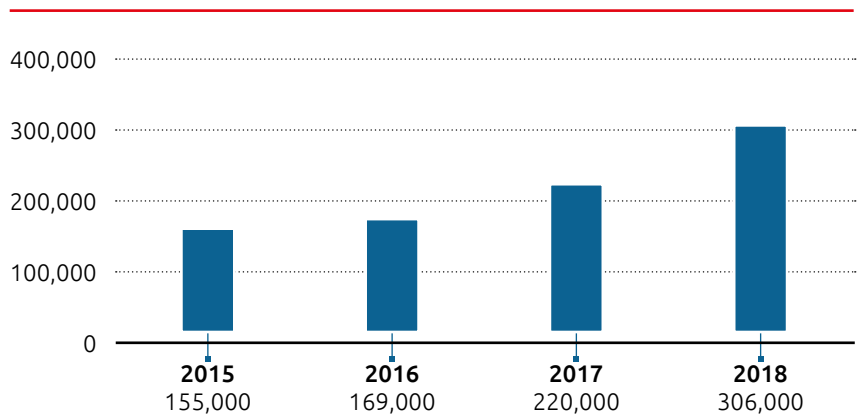
- 2 fresh water plants
- 3 directly-managed distribution and sales points
- 35 franchises

Purified and distributed water volumes have increased from 2 million litres in 2017 to 3 million litres in 2018.

The number of families served per week increased from an average of 7,500 in 2017 to 12,000 in 2018.

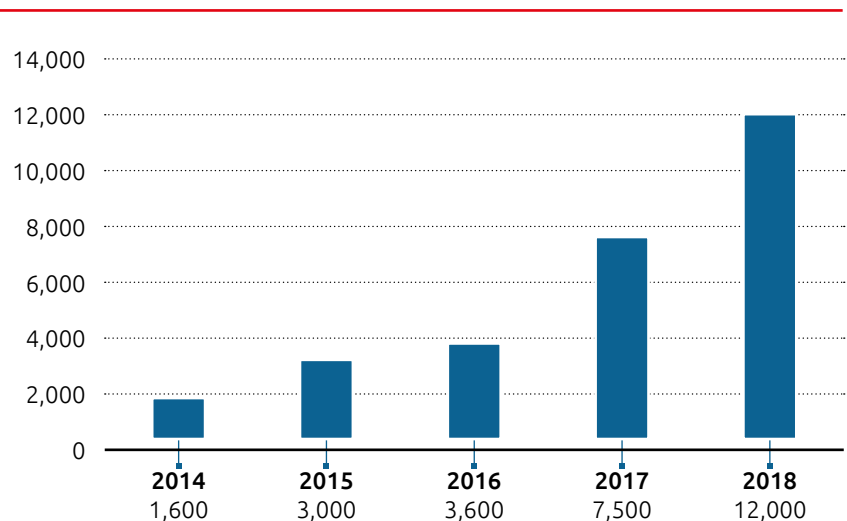
In the near future, PureFresh aims to carry out a capital increase to expand further and increase the size of the population served.

THE WATER SHOP NAIVASHA - TURNOVER DEVELOPMENT (\$)



Source: Opes Foundation

THE WATER SHOP NAIVASHA - GROWTH IN NUMBER OF FAMILIES SERVED PER WEEK



Source: Opes Foundation



Quid

Location: Italy
 Sector: Ethical fashion
 Opes Investment date: 2018
 Investment amount: Euro 300,000
 SEA Participation: Euro 40,000

Quid is a social cooperative, which, through its ethical fashion brand “Progetto Quid”, offers stable work opportunities and professional development to those faced with employment difficulties, with particular attention

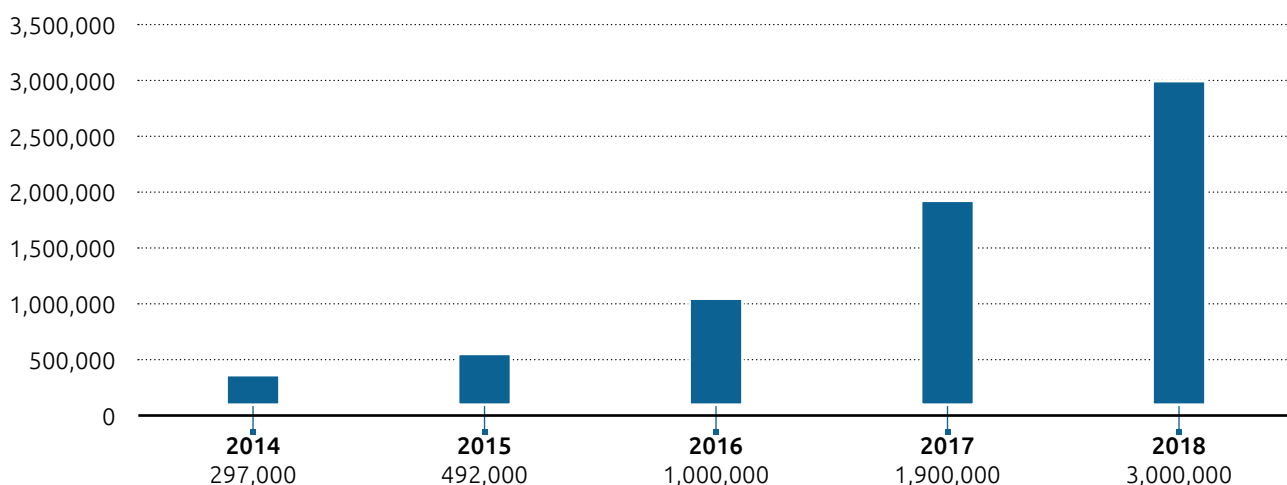
dedicated to women.

Quid’s management team is composed of young professionals, 90% of which women between the ages of 25 and 40, who, having been trained abroad or in sector-leading companies, such as Safilo, Falconeri and Calzedonia, have chosen to put their talent to work for social entrepreneurship.

Progetto Quid aims to revolutionize the perception of ethi-

cal fashion with limited edition collections created from locally recovered production surpluses. In addition to existing as an independent brand, Progetto Quid in the guise of “Progetto Quid for” supplies ethical lines to Italian fashion companies sensitive to environmental sustainability and social responsibility.

PROGETTO QUID – TURNOVER DEVELOPMENT (EURO)



Source: Opes Foundation

The Impact Model

Since 2013, Quid has offered stable and transparent work placement opportunities for vulnerable people in a young and dynamic environment (80% of whom women) in its various departments, including production and quality control, retail, logistics, administration and management. With its commitment to addressing a wide range of vulnerabilities, Quid established a sartorial workshop in the women’s section of Montorio Prison, near to Verona, in 2014, and has begun to integrate women into its personnel from vulnerable categories currently lacking

other forms of support. The innovative approach earned Quid first prize in 2014’s European Social Innovation Competition, and, in 2017, United Nations Momentum For Change and European Commission Employment and Social Affairs Civil Society prizes.

A Systemic Impact - The Social Supply Chain

Progetto Quid realizes its creations almost exclusively from production surpluses, excessively large or small production batches or those abandoned due to market trends or fabric characteristics.

Through its network of 17 fabric suppliers, Quid is able to prolong the life cycle of fabrics and shorten their carbon footprint by tens of thousands of metres every year, totalling as much as 200,000 metres in 2018 alone.

Strengthening its social impact

Quid has entered the period 2018-20 with an ambitious growth plan to maximize its social and commercial impact by achieving the target of 120 employees and a turnover of Euro 4.5 million by 2020.

The cooperative aims to create



specific programmes for asylum seekers, refugees and male prisoners, in order to meet particular local needs, as well as workplace leadership and integration programmes in order to make work integration and training interventions more effective.

Opes, with SEA's contribution, decided to support Quid in a delicate phase of growth in which it needs a partner that not only provides "patient capital", but also support in managing growing complexity in the organization of increasingly complex industrial processes, the optimization of production processes and the sourcing of various

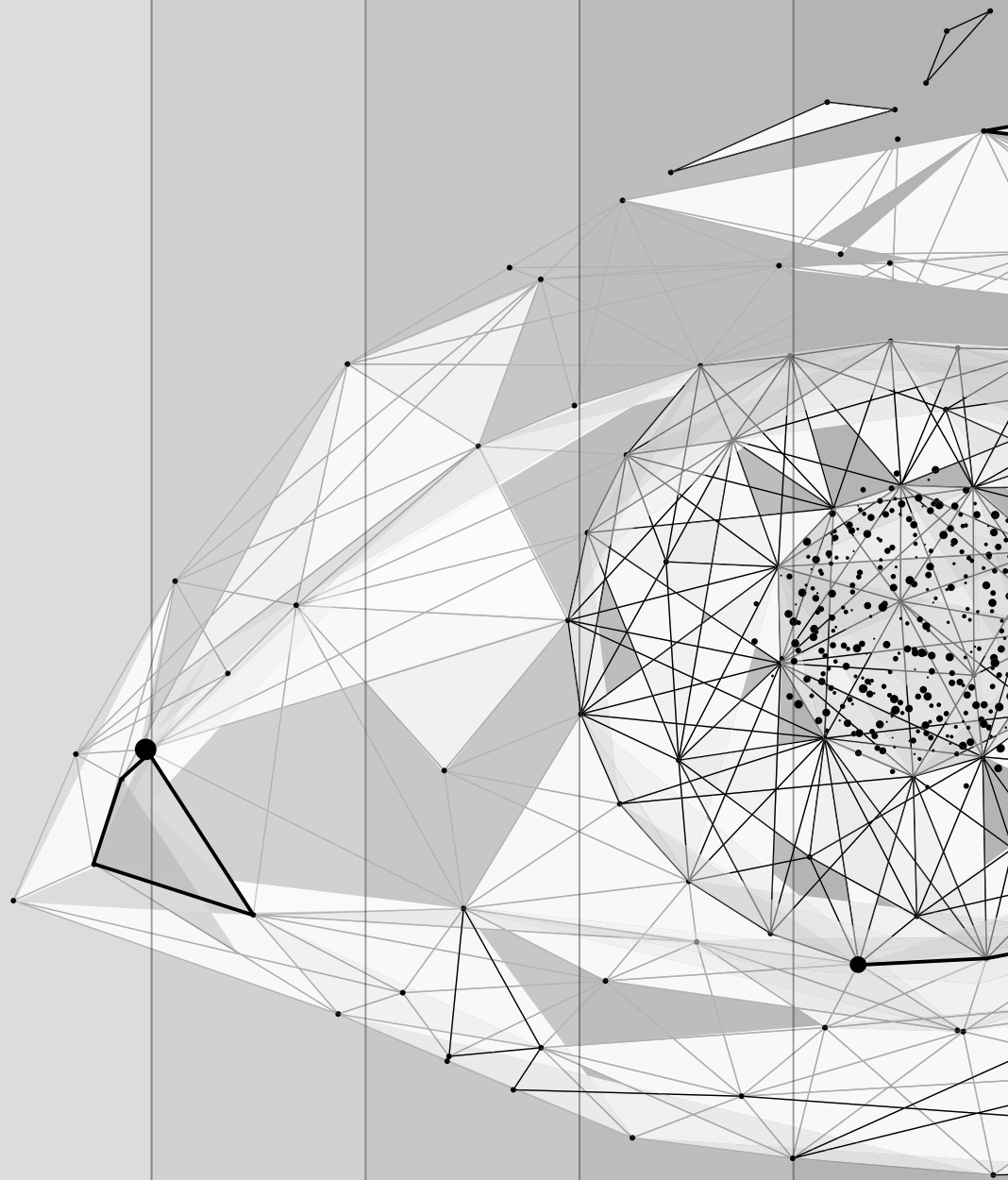
capital inputs. Opes, in addition to capital, provided support through a manager specialized in industrial processes, who aided the entrepreneurs in the choice of management system, the definition and adjustment of processes, the preparation of a three-year business plan, and support in seeking additional funding.

Opes has defined a series of social KPI monitoring metrics, whose achievement will bring financial benefits in the form of a discount on the proportional cost of the capital.

The impact indicators relate to:

- Internal mobility of staff employed in production processes.
- % of vulnerable over total employees.
- Integration of migrants (vulnerable category not subject to tax relief).
- General support interventions aimed at members in difficulty.
- Quality and quantity of customers in the B2B segment (ecosystem impact indicator).

The socio-economic impact



The socio-economic impact

The value generated and distributed to our stakeholders

In 2018 SEA generated a value of Euro 684.0 million, a 5.5% increase on the previous year. 80.1% of this amount (Euro 547.6 million) was distributed to stakeholders in the form of payments and other forms of transfers (an increase of +1.4% over

the previous year), growing from Euro 539.7 million to Euro 547.6 million. The main recipients were suppliers, who were distributed Euro 200.7 million (Euro 184.3 million in the previous year), equal to 36.7% of the total and human resources, receiving Euro 189.4 million (34.6% of the overall value distributed compared to 39.0% in 2017). Also of significance was the value distributed to capital providers (Euro 88.0 million, equating to 16.1% of the dis-

tributed value, an increase on Euro 88.5 million in 2017). Public service payments - in the form of taxes and duties, amounted to Euro 63.4 million (11.6% of the distributed value). Finally, the value distributed to the Company and to the region amounted to 0.2% in 2018 and related to donations to service-sector entities and associations supporting cultural, humanitarian, scientific and sports projects.

STATEMENT OF THE ECONOMIC VALUE GENERATED AND DISTRIBUTED BY THE GROUP (EURO '000)

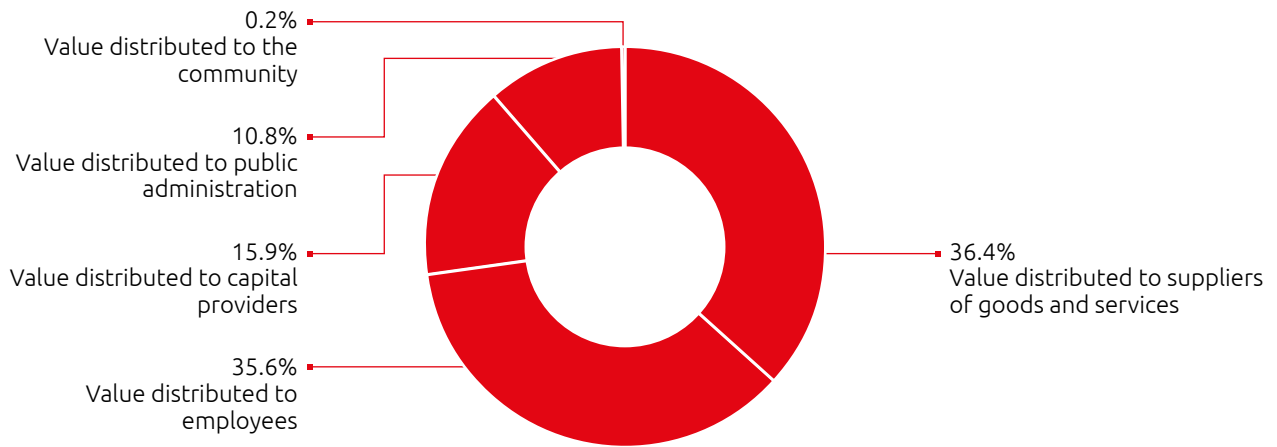
		2018	2017	2016
Economic value directly generated		683,956	648,260	614,705
a) Revenues	Operating revenues	683,956	648,260	614,705
Economic value distributed		547,565	539,748	514,141
b) Reclassified operating costs	Reclassified consumable material costs and other operating costs	200,695	184,288	187,196
c) Commercial costs	Commercial costs	5,067	4,070	5,651
d) Employee salaries and benefits	Personnel costs	189,416	210,743	182,971
e) Payments to providers of capital	Dividends distributed in the year	70,300	70,300	62,817
e) Payments to providers of capital	Financial charges	17,662	18,167	18,940
f) Payments to the Public Administration	Current income taxes and tax charges	63,391	51,203	55,708
g) Investments in the community	Donations, sponsorship and communication	1,034	977	858
Economic value	Calculated as the difference between the economic value generated and the economic value distributed	136,391	108,512	100,564

Note: In order to guarantee uniformity in representing data, including data from 2016, the items "costs" and "Dividends distributed in the year" both belong to the share value distributed to capital providers ("Payments to providers of capital").

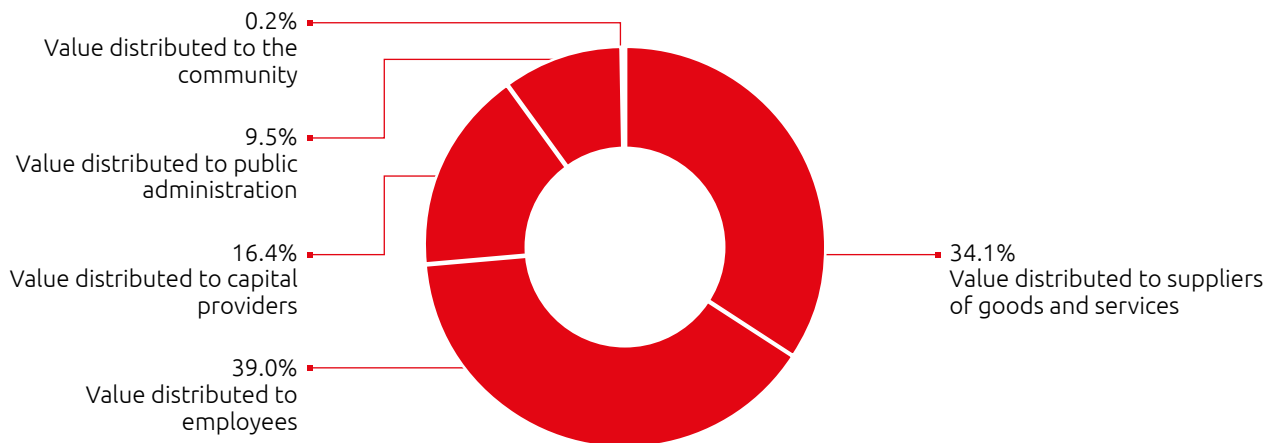
It should be noted that from 2018, following the entry into force of the International Financial Reporting Standard IFRS 15, the incentives provided to airline companies to develop traffic were classified as a reduction of revenues. For comparability purposes, the 2016 and 2017 figures were also reclassified.

SOCIO-ECONOMIC IMPACT

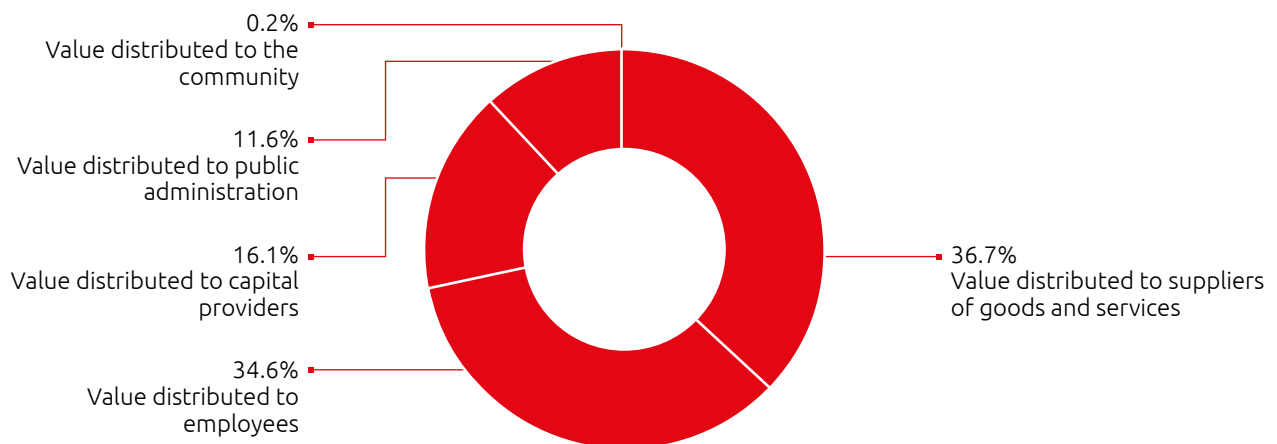
ECONOMIC VALUE DISTRIBUTED IN 2016



ECONOMIC VALUE DISTRIBUTED IN 2017



ECONOMIC VALUE DISTRIBUTED IN 2018



Source: SEA

Over the three years, both the value generated and that distributed to stakeholders increased significantly, respectively increasing by 11.3% and by 6.5% from 2016. The stakeholder community saw the highest retained value increase in this three-year period (+20.5%), followed by the Public Administration (+13.8%), providers of capital (+7.6%), suppliers of goods and services (+7.2%) and human resources (+3.5%). Finally, in the period in question, we underline the SEA Group's payments of taxes and duties to the public services amounting to over Euro 170 million.

The socio-economic impact of our airports

The Milan airport system benefits the whole Lombardy region (this often includes the whole of north-west Italy) in terms of attracting capital investments, generating employment opportunities and is a catalyst for investment initiatives. It also merits highlighting its role in other specific economic sectors such as tourism-related sectors, logistics, transport, and trade.

For this reason, we created a data platform to periodically measure our social impact on the region.

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.

TYPES OF IMPACT ANALYSED

Direct impact

This social impact derives from all the economic activities that provide services to passengers, in addition to the goods circulating within the airport structures (e.g.: carriers, shops, bars, restaurants, car hire, banks, shippers, handlers, state authorities, catering companies, etc.). This was re-organised starting from the list of shops which requested the issuing of a badge to operate within the airports. The average employment per sector and local units was obtained by cross-referencing Istat's (National Statistics Institute) national and regional databases, information solely related to airport systems and assessments conducted directly in the airports. The Value of Production was estimated by applying average employee productivity indices to the employment data.

Indirect and spin-off economic impact

The indirect impact is that 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. 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. Estimating indirect and spin-off effects was undertaken using economic multipliers (respectively Leontief and Keynesian models), as is common practice in economic impact studies. These multipliers are based on national economic input-output models, adjusted per region, so it could be applied to the Lombardy scenario. The model establishes how much output each company or sector needs to acquire from every other sector to produce Euro 1 of goods or services.

Catalytic impact

The definition of catalytic impact encompasses all the static and dynamic effects arising from the presence of an airport in terms of the attractiveness and the competitiveness of the area involved in its activity. By creating connectivity, the airport either triggers or amplifies socio-economic development mechanisms, boosting the economic growth of the region.

SOCIO-ECONOMIC IMPACT

On the basis of the figures for the last five years and updated to 2018 - reported in various studies commissioned by the Centre for Regional and Sector Development of the LIUC Business School and coordinated by Prof. Massimiliano Serati - our airport system overall generates - between direct, indirect spin-off and catalytic effects from

tourism - for the Lombardy region a value of approximately Euro 47 billion, corresponding to a capacity to create over 388 thousand work units. These numbers confirm that the overall airport infrastructure managed by SEA is one of the most important "productive systems" in the whole region.

Direct socio-economic impact of Malpensa airport

Malpensa airport in 2018 recorded the presence of 548 production activities, delivering over 20,500 work units.

DIRECT SOCIO-ECONOMIC IMPACT GENERATED BY MALPENSA AIRPORT

	No. Companies	Jobs Created	Value Of Production (Euro Mil.)	Passengers	Cargo (Ton.)	Transport Units	Jobs Created/ Millions Of Units
2014	482	16,682	3,173	18,669,740	459,696	23,266,700	717
2016	546	18,305	3,660	19,311,565	536,862	24,680,185	741
2017	539	19,093	4,977	22,037,241	576,539	27,802,631	687
2018	548	20,540	5,022	24,561,735	558,218	30,143,915	681

Source: elaborated from SEA and ISTAT data by LIUC Business School's Centre for Local Area and Sector Development.

In the last five years, the presence of companies inside the airport structures grew by 13.7% (1.7% in the last year), with the corresponding job creation increasing by 23.1% (7.6% in 2018), due to a 29.6% increase in transport units (8.4% in 2018).

These performances indicate the current capacity of the airport to create work units against the growth in traffic, which can be quantified as 681 work units per million transported units, reducing slightly on previous years. According to a study commissioned by ACI Europe¹², direct employment generated by airports is influenced by the size of the airport, the type of traffic, as well as the mix of the traffic handled. The growth in airport size has an inversely proportional impact on its job creation capacity, just like the significant presence of low-cost airlines in the airport generates a lower impact on direct employment compared to the traf-

fic produced by traditional carriers. Nonetheless, Malpensa's ability to generate employment continues to show constant growth. In the five-year period, the value of production realized within Malpensa airport, totalling almost Euro 5 billion in 2018 (an increase of +58.3% on 2014; +0.9% on 2017), grew significantly. This growth includes the increase in direct employment, the inflation-linked contribution, and the increase of overall productivity which characterized the whole Lombardy production system in the period covered by the four studies.

Direct employment impact of Malpensa on CUV municipalities (Voluntary Urban Committees)

The analysis of the regional employment distribution, directly due to Malpensa airport, shows that 79.3% of employees live in Lombardy, with over 6% residing in the neighbouring province of Novara and almost 12% residing outside the region.

¹² Intervistas, Economic Impact of European Airports, 2015



EMPLOYMENT IMPACT OF MALPENSA ON THE CUV MUNICIPALITIES

Year	Direct Total Employment Delivered By Malpensa	Direct Employment Delivered In The Cuv Municipalities	% Cuv Of The Total
2014	16,682	3,639	21.8
2016	18,305	3,722	20.3
2017	19,093	3,870	20.3
2018	20,540	4,082	19.9

Source: elaborated from SEA data by LIUC Business School's Centre for Local Area and Sector Development.

In the Province of Varese, in which Malpensa airport is located, approximately half of employees were based (49.8%), while in the CUV municipalities slightly more than 20% of employment generated by the airport was located (approximately 38% of the employment directly generated by Malpensa in the Province of Varese).

Indirect and spin-off socio-economic impacts of Malpensa

Testament to the indirect impact of Malpensa airport (related to the supply chain external to the production units operating within the airport) in 2018 are the over 12,600 job openings, related to Euro 1.8 billion of value of production generated.

The spin-off effect (resulting from the increase of aggregate demand generated by salary and payments to employees operating inside the airport structures) represents, on the other hand, approximately 9,600 job openings with a value of production worth Euro 2.4 billion.

After 2017's significant increases in indirect and ancillary impacts over previous years¹³, the trend continued in 2018, albeit at a slower rate both in terms of production and employment. The continuing general positive economic climate and the sustained growth in passengers gravitating to the airport confirmed their role in facilitating production and employment.

In general terms, the indirect ef-

fects are positively connected to the overall size of the economic activities operating inside the airport, the expansion and development of the aviation sector in the country (airports which acquire significant part of their supplies from domestic sectors have a higher instance of job creation and indirect production value) and from the levels of productivity/efficiencies of the industries supplying the air transport sector (sectors with high levels of industrial automation and technologies have a lower level of indirect employment impacts).

¹³ For an explanation of the phenomenon, see 2017's NFD

DEVELOPMENT OF MALPENSA'S INDIRECT AND SPIN-OFF EFFECT

Year	Indirect Impact		Spin-Off Impact	
	Employment	Value Of Production (Euro Mil.)	Employment	Value Of Production (Euro Mil.)
2014	4,917	1,049	2,333	1,250
2016	5,497	830	2,686	1,095
2017	11,748	1,770	8,892	2,335
2018	12,639	1,786	9,566	2,356

Source: elaborated from ISTAT data by LIUC Business School's Centre for Local Area and Sector Development.



The attraction and the retention of production investments in the territory

The presence of an international airport is a key factor for companies deciding to relocate their offices, production plants or warehouses.

The role of Malpensa in international trade

The volume of air cargo volume to and from Italy is negligible (about 2%) of the external national trade flows and is trumped by maritime transport as the key mode. This might imply that the catalytic effect on trade is insignificant. The framework changes if you take into account the value of the shipped goods. The total value of air cargo transported represents 8.5% of Italian foreign trade and of this, over 65% originates in the north of Italy, with increasing values over time. These amounts are even more significant if we focus on exports: 10.5% of Italian exports in value are shipped by air (8.7% in 2010), with 67.6% of this transiting through northern Italian airports (against 69.1% in 2010). The role of Malpensa from this point of view is primordial, not only in terms of its impact on the overall value of Italian exports (which in 2018 increased by 1%), but in terms of its impact on national direct exports outside the EU (where air cargo suffers less from competition with maritime transport and notably road haulage), which between 2010 and 2018 increased from 13.4% to 15.1%.

The scale of the spin-off effects is, on the other hand, correlated to the salary scales of the work units directly and indirectly generated. It is also correlated to the preference for consuming domestic products, a tendency for families to save rather than spend, (higher levels of spending on imported goods and services, or high-levels of savings, reduce the impact) and the levels of tax contributions (higher tax contributions reduce the multiplier).

The catalytic socio-economic impact of Malpensa airport

The concept of the catalytic impact is in line with the idea that the airport contributes to generating (and is a part of) a sort of eco-system of which the airport is initially the driving force and then the co-pivot. Catalytic dynamics may therefore be the forces, which, in the long term, bring together in the airport's territory, people, production activities, competencies and technologies. By placing catalytic-type impacts

in the broader context of territorial attractiveness it is clear that:

- the catalytic activation tends to become significant and transversal only beyond a certain airport size threshold and, correlates in a non-linear manner, to traffic flows;
- it is not easy to identify and separate the various breakdowns of the catalytic impact;
- there are feedback mechanisms, even if relatively weaker, by which the economic context, in its turn, triggers airport development.

Analysis of the components of Malpensa's catalytic impact

International trade

Manufacturing companies present in the territory benefit from the airport connections to export markets.

Tourism

Air access increases the number of inbound tourists to a country. This tourist spend supports a wide range of businesses: hotels, restaurants, shops, entertainment and leisure services, car hire, etc.

SOCIO-ECONOMIC IMPACT

DEVELOPMENT OF THE IMPORT-EXPORT FLOWS OF AIR CARGO IN ITALY (IN MILLIONS OF EURO)

Year	Imports+Exports			Exports		
	Total Italy	Italy Via Air	North Italy Via Air	Total Italy	Italy Via Air	North Italy Via Air
2010	704,735	49,542	33,828	337,346	29,448	20,359
2017	975,495	67,081	44,433	514,121	42,705	33,553
2018	875,717	74,669	48,574	459,430	48,288	32,640
CAGR	3.7%	7.1%	6.2%	5.3%	8.6%	8.2%
Growth 18/17	-10.2%	11.3%	9.3%	-10.6%	13.1%	-2.7%
Share 2010		7.0%*	68.3%**		8.7%*	69.1%**
Share 2017		6.9%*	66.2%**		8.3%*	78.6%**
Share 2018		8.5%*	65.1%**		10.5%*	67.6%**

* Italy via air/Italy tot. ** North via air/Italy via air

Source: elaborated from ISTAT data by LIUC Business School's Centre for Local Area and Sector Development.
Last quarter 2017 and 2018 estimated

Import-export flows (Euro 48.5 billion) through Malpensa correspond to approximately 2.8% of Italian GDP.

IMPACT OF MALPENSA CARGO TRAFFIC ON ITALIAN EXPORT VALUES (MILLIONS OF EURO)

Year	Exports Italy	Exports Via Malpensa	Exports Via Malpensa/ Exports Italy	Exports Italy Non-Eu	Exports Via Malpensa Non-Eu	Exports Via Malpensa Non-Eu/Exports Italy Non-Eu
2010	337,346	20,359	6.0%	143,958	19,283	13.4%
2017	514,121	30,906	6.0%	198,977	29,087	14.6%
2018	459,430	32,640	7.1%	201,123	30,355	15.1%

Source: elaboration by SEA and LIUC Business School's Centre for Local Area and Sector Development from ISTAT-Coeweb data (last quarter 2017 and 2018 estimated)

With regard to goods transiting through Malpensa's Cargo City, the main reference markets in terms of import values are East Asia, North America and the Eu-

ropean Union. The Middle East is included when we consider export values.

IMPORT-EXPORT MOVEMENTS IN VALUE TERMS VIA MALPENSA BY REGION (EURO THOUSANDS)

	Import 2010	Import 2017	Import 2018	Δ 2010- 2018 (%)	Export 2010	Export 2017	Export 2018	Δ 2010- 2018 (%)
Ue 27	1,627,296	2,535,058	2,106,835	29.5%	1,075,163	1,818,354	2,285,952	112.6%
Europe Non-Eu Countries	301,352	827,891	349,024	15.8%	1,005,400	1,492,328	1,383,354	38.6%
North Africa	43,273	45,294	46,747	8.0%	463,493	306,168	286,190	-38.3%
Sub-Saha- ran Africa	327,057	338,668	98,199	-70.0%	492,649	462,209	538,588	9.3%
North America	3,580,207	5,748,845	3,209,441	-10.4%	5,179,007	8,413,028	8,542,860	65.0%
Central/ South America	257,852	377,840	310,883	20.6%	1,376,060	1,691,007	1,807,361	31.3%
Middle East	207,069	211,363	182,028	-12.1%	2,176,413	2,877,959	2,605,981	19.7%
Central Asia	652,819	721,754	851,190	34.4%	906,166	1,010,496	1,279,360	41.2%
East Asia	6,399,371	6,800,289	8,721,226	36.3%	6,996,730	11,914,056	12,992,426	85.7%
Oceania	71,242	106,848	56,085	-21.3%	676,293	897,073	894,081	32.2%
World	13,468,749	17,640,921	15,934,575	18.3%	20,359,115	30,906,295	32,640,256	60.3%

Source: elaborated from ISTAT-Coeweb data by LIUC Business School's Centre for Local Area and Sector Development. Last quarter 2017 and 2018 estimated

During the acute phase of the recession (2010) to today (2018), the total value of exports transiting through Malpensa has increased much more quickly (60.3%) than imports (+18.3%), an increase of approximately Euro 12.3 billion in absolute value.

The main markets in terms of cargo managed by Malpensa are the European Union (imports +29.5%, exports +112.6%), North America (imports -10.4%, exports +65.0%), the Middle East (exports +19.7%) and East Asia (exports +85.7%). An analysis of main industry sector goods flows (altogether totalling 93.7% of the imports and 91.1% of the imports in terms of value handled by Mal-

pensa) shows a peak in exports for machinery, fashion/clothes, chemical/plastics and furniture/furnishings. Imports are strong in the machinery, chemical/plastic and fashion/clothes sectors.



SOCIO-ECONOMIC IMPACT

CHANGE IN IMPORT-EXPORT FLOWS THROUGH MALPENSA PER INDUSTRY SECTOR (EURO THOUSANDS)

	Import 2010	Import 2017	Import 2018	Δ 2010- 2018 (%)	Export 2010	Export 2017	Export 2018	Δ 2010- 2018 (%)
Mechanics	6,937,603	7,448,197	8,999,612	29.7%	7,808,372	9,776,066	11,323,110	45.0%
Fashion/ Clothes	1,965,067	1,630,326	1,918,557	-2.4%	4,473,242	8,562,996	9,072,515	102.8%
Chemicals/ Plastic	2,397,392	4,619,155	2,123,209	-11.4%	2,592,617	4,813,927	4,241,406	63.6%
Furniture/ Furnishings	524,325	767,826	906,590	72.9%	1,770,144	3,305,605	2,881,109	62.8%
Transport Vehicles	643,419	1,153,427	919,494	42.9%	2,256,094	2,813,255	2,205,828	-2.2%
Total	12,467,806	15,618,931	14,867,462	19.2%	18,900,469	29,271,849	29,723,968	57.3%

Source: elaborated from ISTAT-Coeweb data by LIUC Business School's Centre for Local Area and Sector Development.
Last quarter 2017 and 2018 estimated

EXPORT QUOTAS OF SOME INDUSTRY SECTORS TRANSITING THROUGH MALPENSA TO KEY GLOBAL MARKETS, (IN MILLIONS OF EURO)

FASHION/CLOTHES	2010	2017	2018
Total exports Italy	27,018	38,183	39,244
Total exports via Malpensa	3,237	8,563	9,073
Total exports via Malpensa/Total exports Italy	12.0%	22.5%	23.1%
FURNITURE/FURNISHINGS			
Total exports Italy	10,684	14,305	14,349
Total exports via Malpensa	1,281	3,306	2,881
Total exports via Malpensa/Total exports Italy	12.0%	23.1%	20.1%
MACHINERY			
Total exports Italy	68,885	90,942	93,349
Total exports via Malpensa	5,651	9,776	11,323
Total exports via Malpensa/Total exports Italy	8.2%	10.7%	12.1%
CHEMICALS/PLASTIC			
Total exports Italy	35,387	45,249	53,935
Total exports via Malpensa	1,876	4,814	4,241
Total exports via Malpensa/Total exports Italy	5.3%	10.6%	7.9%

Compared to 2010, industrial sector export values transiting through Malpensa have almost tripled (+57.3%) compared to imports (+19.2%), resulting in a net improvement of the trade balance.

Source: elaborated from ISTAT-Coeweb data by LIUC Business School's Centre for Local Area and Sector Development.
Last quarter 2017 and 2018 estimated

SOCIO-ECONOMIC IMPACT

Strong increases are reported in imports in the furniture/furnishings (+72.9%) and transport vehicles (+42.9%, down compared to 2017) sectors, the doubling of exports in the fashion/clothes sector (+102.8%) and the decisive increase, also in terms of annual growth, in the machinery sector (+45%).

Malpensa's role in terms of cargo becomes even more important if we focus on the growth of export value quotas over the period 2010-2018 for some industry sectors.

The value of Italian exports in the fashion/clothes and furniture/furnishing sectors transiting through

Malpensa almost doubled in the period, growing from 12.0% for both sectors in 2010 to 23.1% and 20.1% respectively in 2018. A high growth rate was also registered for the machinery and the chemical/plastics sector, with Italian exports using Cargo City in Malpensa for 12.1% and 7.9% respectively of its export value, compared to 8.2% and 5.3% in 2010.

The role of Malpensa in Lombardy's tourism industry

The existence of a positive and significant correlation between airport connectivity and tourist attractiveness is well-established in research literature. Beyond the obvious fact that a greater number of airport connections gener-

ates more international mobility and therefore more tourism, it is worthwhile highlighting that:

- The effect works both ways (inbound and outbound tourism) regardless of the type of airport (Oxford Economics 2013).
- The presence of an airport significantly contributes to increasing the prestige and image of a tourist destination ((Vujicic e Wickelgren, 2013).
- The airport becomes a key asset in implementing public policies to support tourism (Jacobs Consultancy per NTTCC, 2012).

SOCIO-ECONOMIC IMPACT GENERATED BY TOURIST FLOWS THROUGH MALPENSA

Results of the airport tourist survey: amount of per capita spend by expense item

Individual expense totals	Transport	Accommodation	Catering	Shopping	Free time	Total
Milan T1 total passenger spend (€)	90.4	323.7	202.3	383.2	90.4	1,090.0
Milan T2 total passenger spend (€)	83.7	288.9	194.4	324.0	86.4	977.4
Spend per night T1 (€)	38.0	136.0	85.0	161.0	38.0	458.0
Spend per night T2 (€)	31.0	107.0	72.0	120.0	32.0	362.0

Results of the airport tourist survey: stay in the region

	Nights/region	No. interviews	Average stay
Malpensa T1	11,318,443	3,311	2.38
Malpensa T2	5,994,384	601	2.70

Airport statistics

	Pax totals	Incomers
Malpensa T1	16,984,458	4,755,648
Malpensa T2	7,577,277	2,220,142

SOCIO-ECONOMIC IMPACT

Reconstruction of total tourist spend

OFF SITE spend total	Transport spend	Accom. spend	Catering spend	Shopping spend	Free time spend	Tot. spend
Malpensa T1 (€ thousand)	430,101	1,539,308	962,068	1,822,269	430,101	5,183,847
Malpensa T2 (€ thousand)	185,826	641,399	431,596	719,326	191,820	2,169,967

Reconstruction of total jobs related to tourism

	Transport	Accommodation	Catering	Shopping	Free time	Total
Produced per employee	139	89	50	53	150	
Jobs generated	4,442	24,393	28,098	48,319	4,138	109,390

Source: CeRST-LIUC

On the basis of the data produced by the LIUC – SEA airport-tourism Observatory - it is estimated that:

- In 2018 Malpensa airport delivered almost 7 million tourists to the Lombardy region, of which 1.4 million from outside the European Union.
- Data on inbound tourism shows a 57% impact on total inbound passenger flows, with a 43% impact on intercontinental flows, in constant growth since 2010.
- After Europe, the areas contributing most passengers are the Middle East (approximately 7.3% of total inbound), Asia (4.2%) and North America (approximately 4%).
- Malpensa, in 2017, delivered over 59% of the total tourists visiting Lombardy from non-EU markets.

To establish how these dynamics translate into socio-economic impact variables that benefit the Lombardy region, a study was carried out on a panel of passengers disembarking in Malpensa, to establish their spending habits in the region, in terms of transport, hotels, restaurants, retail outlets, free time, entertainment and leisure: almost 4,000 outbound in-

ternational tourists from Malpensa Terminal 1 or Terminal 2 with at least one overnight stay in Lombardy were interviewed between 2017 and 2018.

For each cost item and each airport Terminal the average daily spend per capita declared was multiplied by the average stay and then by the number of international visitors transiting through Malpensa in 2018. Thus, the overall spend per Terminal was established. These values, compared to the average productivity per employee per relevant sector, generated data on the catalytic impact on employment. Economically, inbound tourism represents about Euro 7.3 billion. Work units created from inbound tourism linked to Malpensa exceed 109,000 units.

The role of Malpensa in the attractiveness of local businesses

To identify the role played by Malpensa airport in the decisions taken by the players in the industrial sector regarding their location (and/or continued presence), production investments (plants, offices, warehouses), a survey was carried out on 123 (+16% on 2017) representatives of both

Italian and overseas companies based in the airport's immediate hinterland. The companies surveyed are mainly located in the area east of Malpensa (Asse del Sempione) and in the municipalities of Varese, Gallarate, Busto Arzizio, Legnano and Saronno, with an accumulative turnover of over Euro 9.8 billion (2016 data), representing approximately 30,000 work units.



ROLE OF MALPENSA IN THE CHOICE OF LOCATION/CONTINUED PRESENCE OF COMPANIES IN THE HINTERLAND

How would you rank the importance of having an intercontinental airport in the vicinity for the development of your business?

	None	Low	Average	High
No. responses	3	29	43	48
%	2.4%	23.6%	35.0%	39.0%

How would you rank the presence of Malpensa as a factor in your choice to locate or to continue your business in the region?

	1°	2°	3°	4°	5°
No. responses	32	59	22	7	3
%	26.0%	48.0%	17.9%	5.7%	2.4%

Source: Centre for Local Area and Sector Development - LIUC BS

As shown from the results of the survey, approximately 39% of the companies surveyed attributed a high degree of importance to the presence of an intercontinental airport in the vicinity for the development of their business.

Furthermore, 74.0% of the companies interviewed identified the presence of Malpensa as a primary or secondary factor conditioning their choice of location/continuation of their production units. These companies have an

accumulative turnover of Euro 7.8 billion (79.6% of the sample), providing 22,347 work units (slightly less than 75.0% of the work units in the sampled companies).

SOCIO-ECONOMIC IMPACT

Overall socio-economic impact of Malpensa

Putting together the results obtained from the estimates of the different types of impacts considered, it emerges that the overall socio-economic impact of Malpensa in 2018 - with variable degrees of intensity within a regional catchment area, which, based on the processes considered, stretches from the immediate hinterland, to Lombardy, to the entire north of Italy - corresponds Euro 41.5 billion of production value generated, and the creation of over 350,000 work units.

CUMULATIVE SOCIO-ECONOMIC IMPACT OF MALPENSA AIRPORT

Type of impact	Jobs effect	Value of production (Euro mil.)
Direct	20,540	5,022
Indirect	12,639	1,786
Spin-off	9,566	2,356
Catalytic	307,364	32,357
of which International trade	142,870	22,597
of which Tourism	109,390	7,367
of which Locating businesses	55,104	2,393
Total	350,109	41,521

Source: Centre for Local Area and Sector Development - LIUC BS

Direct socio-economic impact of Linate airport

In terms of direct impact, there are 328 economic activities present in Linate, delivering an estimated 11,500 work units. The main im-

portance of the direct impact concerns state entities, handling operators and carriers, but also SEA, which had a 10% impact on the overall data. In 2018, a significant contribution came from the maintenance sector due to the restructuring of the airport,

which transferred a large number of employees to a substantially more stable situation. The value of production is around Euro 2.4 billion.

DIRECT SOCIO-ECONOMIC IMPACT GENERATED BY LINATE AIRPORT

Year	No. Companies	Jobs Created	Value Of Production (Euro Mil.)	Passengers	Cargo (Ton.)	Transport Units	Jobs Created/ Millions Of Units
2015	296	9,347	1,349	9,638,763	12,434	9,763,103	957
2017	313	9,359	1,931	9,503,065	11,937	9,622,435	972
2018	328	11,547	2,436	9,187,120	10,827	9,295,390	1,242

Source: elaborated from SEA and ISTAT data by LIUC Business School's Centre for Local Area and Sector Development.

SOCIO-ECONOMIC IMPACT

Indirect and spin-off socio-economic impacts of Linate

Testament to the indirect impact of Linate airport (related to the supply chain external to the production units operating within the

airport) in 2018 are the more than 7,100 job openings, related to Euro 866 million of value of production generated.

DEVELOPMENT OF THE INDIRECT AND SPIN-OFF IMPACT OF LINATE AIRPORT

Year	Indirect Impact		Spin-Off Impact	
	Employment	Value Of Production (Euro Mil.)	Employment	Value Of Production (Euro Mil.)
2015	5,751	449.7	4,353	533.3
2017	5,759	686.8	4,359	906
2018	7,105	866.3	5,378	1,143

Source: elaborated from ISTAT data by LIUC Business School's Centre for Local Area and Sector Development.

The spin-off impact (linked to the aggregated increase in demand generated by employee salaries working inside the airport structures) represents, on the other hand, over 5,000 job openings and approximately Euro 1,140 million in production value. Also on this front the restructuring works of the terminal have had a significant effect.

Linate airport - Catalytic impact on tourism

The airport's catalytic impact on tourism was established, as for Malpensa, from a survey on a panel of passengers disembarking in Linate and related to their spend in the region, in terms of: transport, hotels, restaurants, retail, free time, leisure and entertainment. 3,200 outbound passengers from Linate, with at least one

overnight stay in Lombardy, were interviewed. The data was then linked to the reference base of approximately 2.3 million inbound tourists landing in Linate and who in 2018 had visited Lombardy. Economically, inbound tourism represents approximately Euro 1 million with the creation of 14,700 work units.

SOCIO-ECONOMIC IMPACT GENERATED BY TOURIST FLOWS THROUGH LINATE

Results of the airport tourist survey: amount of per capita spend by expense item

Individual expense totals	Transport	Accommodation	Catering	Shopping	Free time	Total
Linate total passenger spend (€)	40.9	142.3	94.6	135.0	47.3	460.1
Spend per night (€)	19.0	66.2	44.0	62.8	22.0	214.0

Results of the airport tourist survey: stay in the region

	Nights/region	No. interviews	Average stay
Linate	4,938,077	3,250	2.15

SOCIO-ECONOMIC IMPACT

Airport statistics

	Pax totals	Incomers	
Linate	9,187,120	2,296,780	50.20%

Reconstruction of total tourist spend

OFF SITE spend total	Transport spend	Accom. spend	Catering spend	Shopping spend	Free time spend	Tot. spend
Linate (€ thousand)	93,823	326,901	217,275	310,111	108,638	1,056,748

Reconstruction of total jobs related to tourism

	Transport	Accommodation	Catering	Shopping	Free time	Total
Produced per employee	139	89	50	53	150	
Jobs generated	675	3,489	4,128	5,671	724	14,688



SOCIO-ECONOMIC IMPACT

DEVELOPMENT OF LINATE'S CATALYTIC IMPACT ON TOURISM

	2015	2017	2018
Passengers	9,638,763	9,503,065	9,187,120
Incomers	1,108,715	1,713,817	2,296,780
Interviews	2,913	3,055	3,250
Nights spent in the region	n.a.	3,787,536	4,938,077
Average stay (days)	2.20	2.21	2.15
Spend per night (Euro)	234.1	220	214
Total spend per passenger (Euro)	515	486.2	460.1
Value of production (Euro mil.)	571	833.2	1,056.7
Jobs effect	5,669	11,805	14,688

Source: Centre for Local Area and Sector Development - LIUC BS

Overall socio-economic impact of Linate

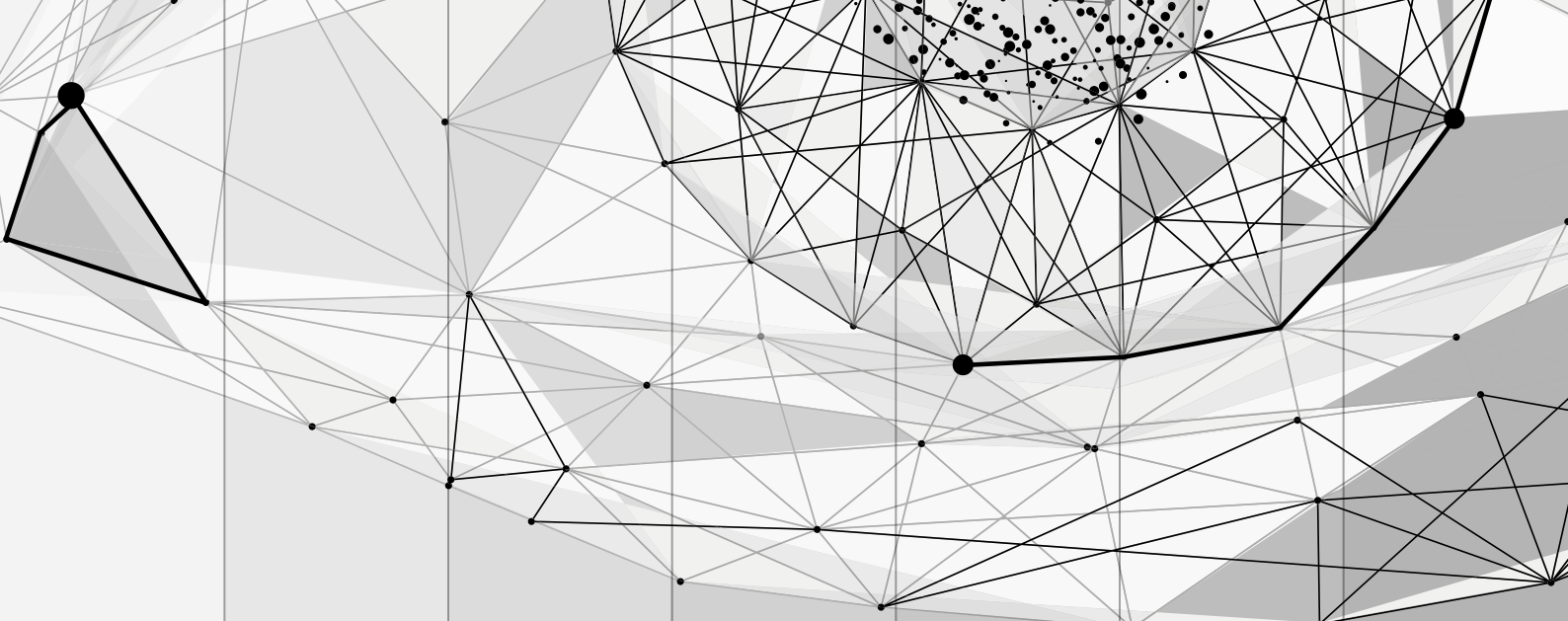
Putting together the results obtained from the estimates of the different types of impacts considered, it emerges that the overall socio-economic impact of Linate in 2018 - with variable degrees of

intensity within a regional catchment area, which, based on the processes considered, stretches from the immediate hinterland, to Lombardy - corresponds to Euro 5.5 billion of production value generated, and the creation of over 38,000 work units.

CUMULATIVE SOCIO-ECONOMIC IMPACT OF LINATE AIRPORT IN 2018

Type of impact	Jobs effect	Value of production (Euro mil.)
Direct	11,547	2,436.1
Indirect	7,105	866.4
Spin-off	5,378	1,143
Tourism catalytic	14,688	1,056.7
Total	38,718	5,502.2

Source: Centre for Local Area and Sector Development - LIUC BS



Impact of the management and development of the capital infrastructure

Impact of the management and development of the capital infrastructure

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 infrastructural operations within our airports.

The Master Plan is the long-term planning instrument for the upgrade and expansion of the airport infrastructures. Beginning with the airport development expectations (in terms of role, traffic, types of flights served, needs expressed by the region etc.), it identifies and describes the general situation, analysing the functional allocation of the various areas of the airport and identifies the main infrastructure which need 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 authorization process then involves an assessment of the planning elements expressed by the "Conference of Services", in which all the regional entities interested in the development of the airport participate.

The short/medium-term actions 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 characterizes this latter document.

Development of investments

In the 2016-2018 three-year period we carried out investments for a total value of Euro 233.7 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.

INVESTMENTS (EURO MILLIONS)

	2018	2017	2016	Total 2016-2018
Malpensa Terminal 1	7.8	10.3	9.5	27.6
Malpensa Terminal 2	2.3	1.6	4.6	8.5
Malpensa Cargo	4.8	5.6	12.9	23.3
Linate	7.4	8.5	1.5	17.4
Flight infrastructure	14.0	12.4	9.2	35.6
Various actions	20.7	28.5	14.2	63.4
Plant & Equipment	22.3	18.1	17.6	58.0
Total	79.2	85.0	69.5	233.7

Source: SEA

A description of some of the major investments carried out in the three-year period follows.

Investments in Malpensa airport

In 2018, work on the airport's airside infrastructures were mainly safety and operational maintenance/improvement works and included the upgrade of infrastructures and systems to the EAS regulatory standards (European Aviation Safety Agency).

The upgraded paving on runway 35R/17L involved the section between taxiways "CB" and "D"; similar paving upgrading works also concerned the taxiway "CH" and a stretch of the taxiway "C". An automatic lighting monitoring system was installed on taxiway L (the only part of the movement area usable under low visibility conditions not yet equipped with this control system) and various upgrading and adaptation interventions were carried out on Auxiliary Visual Aid (AVL) systems on taxiways C, D and DM. The micro-wave stop-bar sensors present on some of the taxiways directly connected to the runways were also upgraded and the primary power supply circuits of the stop-bars which control access to runway 35L were reconfigured. The water treatment and collection systems for southern area de-icing waste waters were completed. An upgrading and adaptation intervention was carried out on Stand 401. Signage at several taxiway intersections was modified to meet European Union Aviation Safety Agency (EASA) specifications. Stand visual approach systems and several apron lighting towers still without continuity power supply systems were equipped with them.

As regards Terminal 1, redesign works to increase the qualitative and functional standards of the zones opened to traffic in 1998 continued, particularly on the baggage collection area for Schengen flights. Again at Terminal 1, the number of security check turnstiles were increased, new locker rooms were created for security personnel, several commercial areas were renovated and work was undertaken for the replacement of the external facades of the "Schengen arrivals" wing, for the new bus shelter and for the upgrading of several building coverage areas.

At Terminal 2, work was carried out on the construction of two new gates in the former "group area", as well as various preparatory works for the planned considerable infrastructure and commercial development works for the departures building.

In the cargo area, the new "first line" (BetaTrans, WFS) freight warehouse was completed, new control gates were built, and work started on an additional car-

go warehouse (DHL MXP Hub).

Other measures implemented in 2018 include works relating to the construction of the new general aviation business area (i.e. new terminal, adaptation of access systems and parking lots, reorganization of a section of the aircraft parking area).

Investments in Linate airport

At Linate airport, significant interventions for the renewal and development of the airside infrastructure and passenger terminal are planned for summer 2019, necessitating the airport's closure for three months from July 27 to October 27. In 2018, the most significant interventions concerning airside infrastructures were: the resurfacing of taxiway N between the west apron and the intersection with taxiway M, the upgrading of Auxiliary Visual Aid (AVL) systems on taxiways K and N, and the installation of continuity power supply systems for AVL systems alongside the stands. In



the passenger terminals, renovation works on the Viale Forlanini facade, as well as the installation of new canopies in the departure zone and the restyling of the arrivals hall and the baggage collection areas with the creation of a new VIP lounge - the "Leonardo", were completed. Several works were carried out to adapt commercial areas, such as the relocation of the Poste Italiane post office, and the extension of the adjacent bar. Various preparatory works were started for the demolition and reconstruction of the terminals "F Wing" and for the adaptation of security controls in the baggage handling system planned for 2019. Other significant interventions implemented in 2018 and still ongoing are the redevelopment works for building no. 35, the realization of the new airport vehicle refuelling point, the renewal of fire detection systems and the upgrading of several refrigeration units.

Our development plans: the 2030 Malpensa Master Plan

Master Plan Project and Guidelines

The shift from a plan which saw Malpensa retuning to its role as a hub towards the development of an international point-to-point airport - primarily seen as something strategic and subsequently incorporated into the Business Plan - is the founding principle of the Master Plan Guidelines for 2030.

At the end of the plan's term (2030), Malpensa should register 245,000 movements according to the baseline scenario and 279,000 in a scenario with additional estimated growth. Annual passenger numbers should range between 28 to 32.5 million, whereas cargo

should be in excess of 1 million tons. Following the forecasts in terms of traffic, we decided to check the airport's threshold capacity, particularly relating to flight infrastructures (runways, link roads, aprons), the most critical areas in terms of flows. This study was carried out in collaboration with the ENAV (National Air-Traffic Control Agency). The cross-referenced and analysed capacity projections and studies, led to a base assumption on which to establish our guidelines. Despite all the flexibility required when forecasting activities over the long-term, we believe it is reasonable to project that the current two runway layout, improved through a series of selective works, would be able to sustain volume growth up to 2030. In order to tackle the increase in cargo volumes, diversification in the types of goods (cargo, courier), as well as the increase in operator numbers, the guidelines



require several steps to expand and improve the Cargo City services, further to those services offered currently as well as those planned imminently (new aircraft parking stands and new first line warehouses). Some of the new structures could be developed within the existing airport structure. Further developments, on the other hand, would involve expanding the airport by about 60 to 90 hectares immediately south of the current Cargo City to relocate the new first line warehouses and related aircraft stands, support buildings, and road links.

The first edition of the new Master Plan Project (with assessments focused on the planned cargo area development to the south of the current site) was submitted to the Italian National Civil Aviation Authority (ENAC) in April 2017.

Having reviewed the documentation, in August 2017, ENAC requested SEA to prepare a more detailed study analysing all airport subsystems, and further investigating certain issues in greater depth.

The new edition of the Master Plan's technical project was completed in September 2018. This last document has not yet been formally transmitted to ENAC, as further investigations are underway before proceeding with formal activation of the approval process. In the meantime, activities regarding the preparation of the new Environmental Impact Study continued.

Stakeholder engagement

In the redrafting of the Malpensa Master Plan we launched a co-gent public consultation plan to involve the main stakeholders.

The goal we set ourselves was to adopt structured dialogues with the actors in the region to understand how we could complement and not conflict with their demands for developing airport traffic.

The approach we adopted was based on 4 methodological parameters, deemed essential for an effective and constructive interaction:

- maximum transparency, clarity and information about the project;
- SEA's proactivity in implementing the dialogue and the discussion processes;
- a highly inclusive process with the various interested stakeholders;
- major separation between the dialogue/discussion process on the preliminary content of the Master Plan and donations in the region by SEA.

Stakeholders' involvement to date focused on the 2030 Master Plan Guidelines issued by SEA in autumn 2015. Discussions took place between the end of 2015 and April 2017 and were based on design hypotheses, but not on the final technical project. This decision was based on the intention to anticipate the latest regulatory provisions and to apply best international experience within an airport context.

We anticipated two regulatory provisions in particular:

- Directive 2014/52/EU regarding environmental impact assessments (transposal obligation into Member State legislation by May 2017) which implies early-stage public participation in the project's decision-making process, online access to information, consul-

tations with the target audience of not less than 30 days, and careful consideration of their relevance to health impacts.

- Directive 2014/24/EU regarding public work tenders (Transposed under Legislative Decree number 50/2016 "Code of Tenders") which requires a "Public Debate" for major infrastructural works impacting the environment and region.

PRINCIPAL STAKEHOLDER ENGAGEMENT ACTIVITIES CARRIED OUT ON THE MASTER PLAN GUIDELINES

	Channel	Instrument	Activity
Disclosure	Digital	Guidelines Booklet	Uploaded to the platform
	Analogue	Guidelines Booklet	Paper distribution
	Digital	Illustrated technical presentations in the workshops	Uploaded to the platform
	Digital	Public meeting video	Uploaded to the platform
Dialogue	Digital	Creation of an "open" Platform accessible by registration	Document repository
	Digital	Creation of a Guidelines Booklet in a digital version with comments allowed	Creation of a dedicated section on the platform
	Digital	Video of the technical workshop with comments allowed	Uploaded to the platform
Meeting	Analogue	Scheduled technical Workshops	Opening (09-11-2015) Technical analysis of airside traffic and works (10-12-2015) Opening (09-11-2015) Technical analysis of airside traffic and works (10-12-2015) Socio-economic impact of the airport (07-04-2016) Environmental studies methodology (12-05-2016) In-depth study of water impacts (02-12-2-16) Closing (20-04-2017)
	Analogue	Public meetings in the Municipalities	Meeting at Lonate Pozzolo Meeting at Ferno Meeting at Arsago Seprio Meeting at Golasecca Meeting at Somma Lombardo
	Analogue	Technical closed-door meetings	Sesto Calende Coordination Committee COR2: (Municipalities of Azzate, Daverio, Cazzago Brabbia, Inarzo, Mornago, Sumirago, Vergiate) North Milan Industrial Associations Novara Industrial Associations Ticino Lombardo park

Source: SEA

Main points highlighted by the stakeholders in the preliminary discussions

We outline below several points of interest regarding the environment

that emerged from preliminary discussions with the stakeholders, and the related points of view stated by SEA.

The progress made on the topics

raised and the related initiatives we will undertake are subject to the outcomes of the environmental impact studies currently being drafted.

OBSERVATION CONTENT	SEA FEEDBACK
Health Impact Assessment (HIA) study investigations	This is an activity to be carried out contemporaneously with the ordinary management of airport operations. The activities planned for Malpensa will continue as current activities, and can be used, along with other instruments, by competent authorities to monitor the health conditions of the population in the territory surrounding the airport while traffic volumes progressively increase.
Verification of compliance with the D'Alema Decree	A report highlighting the actions carried out in compliance with the decree is being prepared.
Assessment for the limitation of cargo night flights	It is essential to assess this issue by involving competent management roles able to provide specific input for the development of the Master Plan.
Assessment of alternative solutions for the expansion of the cargo area	A feasibility study is being carried out into the implications of 6 alternative solutions, as well as into the 'zero', or 'do nothing', hypothesis.
Study into the impact of airport development on the water footprint	Development issues on which the new Master Plan is focused, including cargo warehouses, aircraft parking areas, roadways and parking, do not constitute elements that significantly affect water consumption. The new airport Master Plan will provide guidelines for saving and reusing water resources to apply in the definition phases of individual projects.
Acoustic emissions connected to the increase in traffic	For residents with greater exposure to noise pollution, soundproofing hypotheses are being studied in reference to the current regulatory framework. Particularly innovative solutions are also being examined, such as the NICNES project regarding receptors for the acoustic insulation of school buildings.
Analysis of acoustic and atmospheric emissions connected to vehicular traffic	This is an issue that will be assessed as part of the Environmental Impact Assessment (EIA). All the technical characteristics of the current and final configuration of the airport will be shared with the appointed experts in environmental analyses, with particular consideration given to the common reference between the Master Plan and the EIS in terms of traffic, aircraft type, airport procedures, etc.
Land consumption	In comparison to the approximately 430 ha of external area acquisition envisaged under the old plan, the current site expansion hypothesis would require considerably less (approximately 5% of the current area), sufficient to meet the expansion requirements of the cargo area alone, expected over the next 15 years.
Landscaping impact of the new planned works	Various landscaping and green-scaping hypotheses are being studied, including the potential requalification of the wooded areas adjacent to the new cargo area to the south.
Reduction of the grassland	Interventions are being studied with the aim of reconstituting the grasslands of Malpensa and Lonate.
Guarantee of water flow to the wetlands of the Ticino Park	A collaboration with the Ticino Park is being studied in relation to a project to control meteoric events of exceptional intensity, by the recycling and the transfer to wetlands south of the airport of excess meteoric water from the airport.
Planting	The planting of trees is being studied with great attention paid to airport safety issues (e.g. bird strikes).

Source: SEA

Land consumption

One of the key factors in the sustainable development of our airports (in particular Malpensa),

highlighted in the new materiality matrix, relates to land use efficiency, which translates into a commitment to assess and implement technological solutions and processes that allow an in-

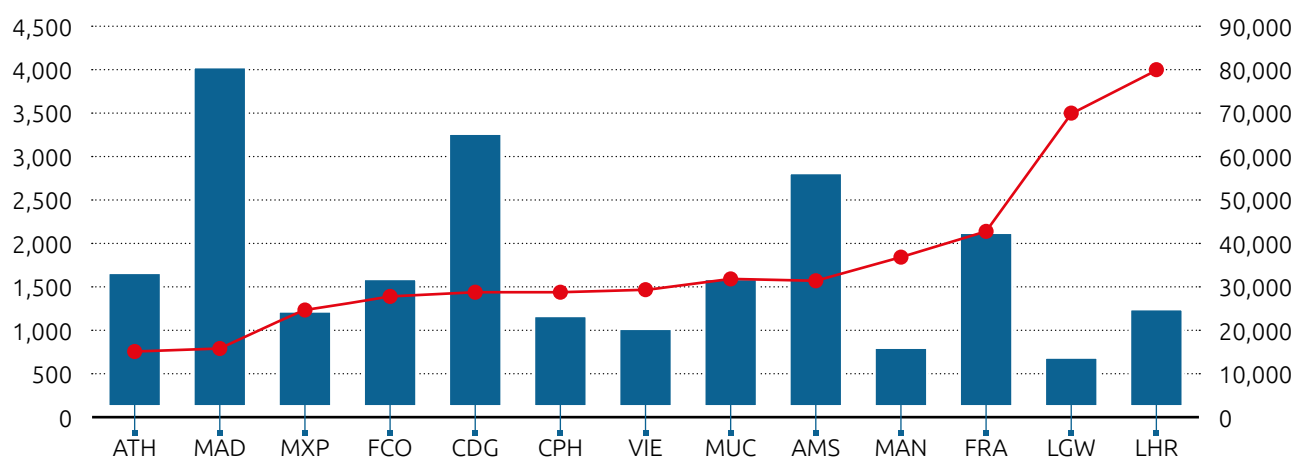
crease in the operational capacity of our airports without physically expanding the infrastructure outside of the currently occupied area.

LAND USE EFFICIENCY AT VARIOUS EUROPEAN AIRPORTS

AIRPORT	SUP (ha)	RUNWAYS	PAX	MOV	CARGO (tons)	WLU	WLU/SUP
MXP	1,220	2	24,716,236	189,910	558,220	30,298,436	24,835
CPH	1,180	3	30,259,335	258,673	356,343	33,822,765	28,663
MAN	800	2	28,355,109	192,328	114,132	29,496,429	36,871
LHR	1,227	2	80,126,856	475,624	1,685,137	96,978,226	79,037
FRA	2,100	4	69,510,269	500,886	2,086,593	90,376,199	43,036
MUC	1,575	2	46,253,523	392,238	351,547	49,768,993	31,599
CDG	3,238	4	72,226,878	480,940	1,984,797	92,074,848	28,436
VIE	1,000	2	27,037,187	239,275	215,920	29,196,387	29,196
AMS	2,787	6	71,053,147	499,449	1,708,131	88,134,457	31,623
ATH	1,650	2	24,133,438	198,269	84,654	24,979,978	15,139
LGW	674	1	46,076,363	282,493	112,677	47,203,133	70,034
FCO	1,588	4	42,991,056	304,969	199,622	44,987,276	28,329
MAD	4,000	4	57,861,414	394,373	518,858	63,049,994	15,762

Source: SEA on ACI Europe, Airport Traffic Report December, Q4, H2 & Full Year 2018 data (traffic indicators) and data extrapolated from analysed airport manager websites (overground)

LAND USE EFFICIENCY



Source: SEA on ACI Europe, Airport Traffic Report December, Q4, H2 & Full Year 2018 data (traffic indicators) and data extrapolated from analysed airport manager websites (overground)

—●— WLU/SUP ■ Sup (ha)

In comparison with various other major European airports, Malpensa currently has one of the lowest land use efficiencies (in terms of hectares per reference year movements), along with Athens and Madrid. One of the reasons is certainly the infrastructure's underuse. Indeed, current operational capacities, on the same occupied grounds, have the potential to grow by up to 50% more, as highlighted by the Master Plan Guidelines. Another aspect is evidenced by UK airports, which combine capacity saturation with an optimized design and layout of occupied areas.

In any case, such reflections highlight the importance of careful planning for the growth of our airport's capacity in terms of land use.

Our development plans: the 2030 Linate Master Plan

Main project contents

The Linate Master Plan 2030 is based on SEA's strategy, over recent years, to consolidate the Linate Airport as a city airport, gradually modernizing its facilities and adapting areas for new airport activity services, both inside and outside of the airport grounds.

Thus, the Master Plan aims to further open the airport up to the city. Indeed, the reconfiguration of the intermodal node, as part of the subway works, represents an opportunity to enhance the continuity of the city's public spaces with a sequence of squares (e.g. of the M4 subway, of the terminal's ground floor and of the Idroscalo water park dock) from

the Grande Forlanini park to the Idroscalo park, connecting the airport and metropolitan subway line M4. In line with this strategic vision is the redevelopment of the east side of the airport facing the Idroscalo park, the so-called 'waterfront', which, in addition to creating new spaces for activities directly connected and complementary to the airport, has the potential to promote important synergies with the other planned territorial transformations. Under the current reference framework and future development prospects, significant increases in traffic levels served by the airport are not expected. This is due to current regulatory limitations (maximum 18 runway movements per hour) and the airport's configuration in a geographical area where significant infrastructural developments are limited. The future development of the airport aims, above all, to gradually improve qualitative aspects, including, for example:

- improvements in the safety, efficiency and reliability of operations through the development of innovative technologies;
- greater comfort and a wider range of services offered to airport users;
- improved integration with the surrounding territory, also promoted by the improvement of access systems (e.g. the new metro line);
- improvements in environmental protection and energy saving.

In October 2018, a positive opinion was expressed by the Ministry of the Environment Technical Commission appointed to assess the Master Plan. The Ministry of Cultural Heritage is also reaching a conclusion, and the approval decree is therefore expected in 2019. The Ministerial Conference

of Services is therefore also expected to make a decision in 2019, the positive outcome of which will enable ENAC to issue the final approval of the Master Plan.

Socio-environmental project implications

Over time, the individual components of Linate Airport have developed heterogeneously and not always under a fully coordinated vision. This means that certain infrastructures, systems and facilities, in the passenger terminal and in various operational areas of the airport, have been rendered obsolete and no longer meet operational needs, due to the fact they are subject to continuous functional, technical and environmental developments in relation to the territory and passenger expectations, among other aspects.

The Master Plan thus proposes to respond to such critical issues through:

- **Works aimed at further improving safety**

The expansion of the air-side apron will improve functionality in the movement of aircraft, vehicles and personnel. The realization of the new fuel depot area, connected to the aircraft parking areas by pipeline, aims to reduce risks and environmental impacts by decreasing truck transports. The realization of new passenger boarding bridges and the renovation of apron paving is essential in order to ensure flight operations safety.

- **Works aimed at increasing the comfort and quality of services offered to users**

Alignment of the quality offered by Linate Airport to high

international standards can be achieved, for example, by improving pre-boarding areas near to gates with seats, installing new control stations and increasing the number of contact boarding bridges, which also significantly improve safety aspects and environmental impacts, due to a reduction in shuttle buses. Such interventions envisage a reconfiguration of the external envelope of the terminal, improving the overall energy efficiency of the terminal and significantly reducing maintenance costs.

■ **Interventions aimed at renovating building structures and at technological innovation**

The realization of new building structures and the renewal of facilities will bring about greater energy efficiency and a reduction in maintenance costs.

■ **Interventions aimed at energy saving and environmental protection**

With the proposed interventions of the Master Plan also aim to achieve greater environmental sustainability, by reducing airport vehicle movements and related emissions and by the use of high performance and low emissivity finishing materials.

Following the issuance of the Environmental Impact Assessment (EIA) Decree by the Ministry of the Environment, the actions stated in the Environmental Impact Assessment Technical Commission Opinion will be implemented, including, in particular, the positioning of one or more air monitoring units in agreement with control bodies (e.g. Regional Agency for the Protection of the Environment - ARPA).

■ **Interventions to support airport operations and territorial services**

Linate currently has a closed configuration essentially dedicated to the exclusive supply of services directly related to air transport. The emerging trend at an international level is, however, oriented towards a greater openness to the surrounding territory and a diversification of services on offer within the airport grounds. The adaptation, renewal and upgrading of Linate Airport under a new Master Plan is therefore strategic in ensuring adequate air transport services in Milan, implementing a new economic growth plan and responding to the needs of a highly dynamic catchment area, which is one of the richest in Italy. Accordingly, regeneration and development proposals under a new Master Plan represent a significant opportunity to provide the airport with new facilities for operators and airport personnel, and to produce services capable of generating new goods and passenger traffic, as well as wealth for the territory.

The environmental externalities of our airports

CO₂ Emissions

For many years we have been committed to a series of actions for the control and reduction of direct and indirect emissions of CO₂ at the airport and deriving from airport management activities.

Carbon dioxide emissions are subdivided as follows:

Scope 1 - Direct emissions associated with sources owned or controlled by the group's companies,

such as fuels used for heating and operational means necessary for airport activities.

Scope 2 - Indirect emissions associated with the generation of electricity or thermal energy acquired and consumed by the group's companies.

Scope 3 - Other indirect emissions deriving from the activities of the group's companies but produced by sources not belonging or not controlled by the companies themselves, such as personnel work trips and home-work travel.

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: 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 - creation of an emission reduction plan (scope 1 and 2);
- Optimization – calculation of the emissions produced by the airport stakeholders and their involvement in the reduction plans (scope 3);
- Neutrality - the achievement of Carbon Neutrality in terms of emissions under the direct control of the airport operator (Scopes 1 and 2), with the purchase of offsets.

In 2018, SEA confirmed its European leadership positioning for both Linate and Malpensa airports within the "3+ neutrality" grouping, together with 40 other airports, of which 4 are Italian (Naples, Rome, Treviso and Venice), representing 24.2% of European traffic.

The trend in Scope 1 emissions in 2018 is substantially in line with previous years. However, a significant increase in Scope 2 emissions compared with those of 2017 are to be noted regarding Linate Airport, attributable to the downtime of the SEA Energia co-generation plant during February 2018. The production of energy was suspended for safety reasons due to a malfunction in the engine room automatic fire extinguishing system, requiring therefore the purchase of a significant quantity of electricity from the grid.

The reporting standard used (GRI sustainability reporting standards 2016) establishes two different calculation methods for Scope 2 emissions: "Location-based" and "Market-based".

The "Location-based" method requires the use of average national emission factors related to the specific energy mix used to produce electricity (the coefficient of the emission used for Italy is 321.3 gCO₂/kWh, Source: Atmospheric emission factors of CO₂ and other greenhouse gases in the electricity sector, ISPRA 280/2018). The market-based approach uses emission factors based on the contractual agreement for the provision of electricity. Given the absence of specific electricity agreements between the companies of the Group and the suppliers (e.g. a Guarantee of origin purchase), for this cal-

ulation an emission factor related to the national "residual mix" was used, which for Italy is 476.53 gCO₂/kWh – Source: European Residual Mixes 2017, AIB).

CO₂ EMISSIONS OF THE SEA GROUP (TONS)

	2018		2017		2016	
	Malpensa	Linate	Malpensa	Linate	Malpensa	Linate
Scope 1 ⁽¹⁾	121,816	60,809	128,878	66,566	121,608	62,963
Scope 2 Location-based	90	172	142	66	322	89
Scope 2 Market-based	133	255	163	76	369	101
Scope 3	2,149	809	2,298	854	2,369	876

⁽¹⁾ It should be noted that Scope 1 emissions in 2018 include CO₂ emissions from the consumption of methane in Malpensa Terminal 2's canteen. 2016 data does not include SEA Prime.

Note: The "Table of national standard parameters: coefficients used for the inventory of CO₂ emissions in the UNFCCC national inventory" (average values for years 2015-2017) emission factors were used for Scope 1 emissions of 2018. This data can be used for the calculation of emissions from January 1, 2018 to December 31, 2018 for natural gas and heating oil and, in line with previous years, the emission factors of the "GHG Protocol: Transport Tool V2_6" for transport diesel and petrol, while urea emissions have been calculated specifically. Also in line with previous years, the emission factors of the "GHG Protocol: Transport Tool, V2_6" were used for Scope 3 emissions. For 2018 however, the source of the emission factor used for electricity was changed [321.3 gCO₂/kWh. Source: Atmospheric emission factors of CO₂ and other greenhouse gases in the electricity sector, ISPRA 280/2018] compared to that used for years 2017 and 2016 [406.309 g CO₂/kWh. Source: Emission factor for grid electricity @ Airport Carbon Accreditation Guidance Document. Issue 9 v2: August 2015]. For data comparability, it should be noted that, using the ISPRA coefficient, Scope 2 emissions are equal to 113 tons of CO₂ for Malpensa and 52 tons of CO₂ for Linate) in 2017, and 255 tons of CO₂ at Malpensa and 70 tons of CO₂ at Linate in 2016.

Source: SEA

CO₂ EMISSIONS OF SEA GROUP PER TRAFFIC UNIT (KG/TRAFFIC UNIT)

	2018			2017			2016		
	Malpensa	Linate	Total	Malpensa	Linate	Total	Malpensa	Linate	Total
Scope 1 *	4.04	6.54	4.63	4.64	6.92	5.22	4.93	6.45	5.36
Scope 2 Location-based	0.00	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Scope 3 Market-based	0.07	0.09	0.07	0.08	0.09	0.08	0.10	0.09	0.09
Scope 1 + Scope 2 Location-based *	4.04	6.56	4.64	4.64	6.92	5.23	4.94	6.46	5.37

*Note: per traffic unit means the number of passengers plus goods transported (where 1 pax is equivalent to 100 kg of goods).
2016 data does not include SEA Prime.

Source: SEA

Air quality in the Malpensa area

The atmospheric impact of airport activities relates to a series of main emission sources, including vehicular traffic inside and outside of the airport grounds, means used for loading, unloading and ground handling operations and aircraft movements and their Landing and Take-Off (LTO) cycles. Airport op-

erators are not directly involved and cannot control airline specific processes, such as the technological evolution of fleets, their emissions efficiency or the definition of flight routes and scenarios. Nor can they directly control the amount of external vehicular traffic that is closely correlated with the level of intermodality of the territorial context in which the airport is located. To ensure effective air quality control the Regional en-

vironmental protection agency of Lombardy (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

NO₂ Annual limit: 40 µg/m³ annual average	Ferno	Lonate Pozzolo	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	40.3	47.5	35.4	30.4	49.1	47.4
February	36.6	43.9	37.9	41.9	42.5	48.6
March	31.1	39.1	30.4	40.0	35.8	46.1
April	17.2	29.9	17.7	21.0	27.7	33.2
May	13.8	21.6	13.2	15.9	19.8	23.3
June	16.5	21.3	14.9	18.5	16.5	22.2
July	15.5	23.4	14.2	22.8	27.2	27.9
August	15.5	39.2	14.9	22.3	30.2	25.1
September	19.9	-	-	48.3	-	29.1
October	30.1	-	-	51.6	-	34.9
November	29.9	-	-	35.9	-	32.9
December	42.1	-	-	46.7	-	56.1

Source: Arpa Lombardia, 2018

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 soft 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 oxidization of the atmospheric nitrogen and, only to a small degree, by oxidization of the oxygen particles contained in the combustible utilized.

MONITORING OF THE AREAS SURROUNDING MALPENSA – AVERAGE PARTICLE (PM10) MONTHLY VALUES

PM10 Annual limit: 40 µg/m³ annual average	Ferno	Busto Arsizio	Gallarate	Varese
	µg/m ³	µg/m ³	µg/m ³	µg/m ³
January	40.0	36.1	41.7	32.9
February	37.3	34.3	37.6	37.1
March	28.0	26.9	29.6	30.5
April	22.5	22.3	22.3	23.0
May	15.3	13.2	13.5	17.7
June	15.6	15.7	14.7	16.2
July	16.6	16.7	15.2	16.6
August	16.3	14.7	18.5	14.4
September	22.3	21.7	-	21.4
October	24.0	24.1	-	25.9
November	27.8	24.9	-	22.3
December	44.2	41.3	-	37.3

Source: Arpa Lombardia, 2018

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).

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.

LINATE SURROUNDING AREA MONITORING – AVERAGE NITROGEN DIOXIDE (NO₂) MONTHLY VALUES

NO₂ Annual limit: 40 µg/m³ annual average	Limite Pioltello	Mi Città studi	Monza	Vimercate	Mi Parco Lambro	Mi Marche
	µg/m ³	µg/m ³	µg/m ³	µg/m ³	µg/m ³	µg/m ³
January	50.7	47.3	55.2	51.5	-	66.6
February	41.0	43.7	50.2	44.4	-	62.3
March	37.1	44.3	47.0	41.4	-	70.3
April	39.3	42.6	33.8	27.2	-	65.6
May	30.6	22.9	26.6	16.3	-	66.8
June	28.7	24.7	24.3	18.3	-	55.6
July	20.7	27.4	23.4	13.1	-	50.7
August	16.7	25.7	20.7	8.7	-	45.2
September	29.8	39.5	31.9	14.5	-	40.4
October	33.5	41.9	36.7	-	-	38.8
November	29.6	42.0	38.4	-	-	63.3
December	42.1	53.8	51.1	-	-	80.8

Source: Arpa Lombardia, 2018

MONITORING OF THE AREAS SURROUNDING LINATE – AVERAGE PARTICLE (PM10) MONTHLY VALUES

PM10 Annual limit: 40 µg/m³ annual average	Limite Pioltello	Mi Città studi	Monza	Vimercate
	µg/m ³	µg/m ³	µg/m ³	µg/m ³
January	49.9	45.3	48.3	-
February	38.8	34.6	40.0	-
March	33.9	31.5	36.0	-
April	29.4	27.3	27.4	-
May	20.4	20.1	20.4	-
June	18.8	20.3	21.0	-
July	20.4	18.5	22.2	-
August	19.6	17.8	16.8	-
September	29.4	28.9	29.4	-
October	40.2	40.8	39.2	-
November	32.4	28.7	32.0	-
December	54.5	50.6	57.9	-

Fonte: Arpa Lombardia, 2018

Noise emissions

Since 2001, we have guaranteed the monitoring of aeronautical noise origin at the airports of Linate and Malpensa, in compliance with current national legislation. The monitoring system is equipped with 22 permanent field stations (16 at Malpensa and 6 at Linate) and 4 mobile stations, the latter used for specific studies. We operate in collaboration and under the strict control of ARPA (Environmental Regional Protection Agency) in order to improve the monitoring actions and protect the areas which surround our airports. ARPA, based on the criteria defined by the Lombardy Region Guidelines, classified 4 of the 6 stations at Malpensa in the "Monitoring" category, 4 of the 6 at Linate and 10 of the current 16 at Malpensa. Italian Ministerial Decree of October 31, 1997 defined the index to be used for the measurement of airport noise as the Level of Assessment of Airport Noise, or 'Livello di Valutazione del Rumore Aeroportuale (LVA)'. Furthermore, it classified three zones around each airport by maximum thresholds of admitted noise, varying according to human settlement types:

- **ZONE A:** The LVA index is set from 60 to 65 dB(A). There are no limits on this category.
- **ZONE B:** The LVA index is set from 65 to 75 dB(A). The LVA index is set from 65 to 75 dB(A), for areas of agricultural, livestock breeding, industrial, commercial, office, tertiary and similar activities.
- **ZONE C:** The LVA index may exceed the value of 75 dB(A) produced exclusively by activities functionally connected to the airport infrastructure.

LINATE - LDEN EXPOSURE

db LDEN bracket	Population	Buildings
55-59	22,317	2,168
60-64	14,043	1,185
65-69	469	213
70-74	1	7
Over 75	0	1

LINATE - LNIGHT EXPOSURE

db LNIGHT bracket	Population	Buildings
50-54	15,916	1,380
55-59	483	250
60-64	1	7
65-69	0	0
Over 70	0	0

Source: SEA

Exposure to Linate airport noise emissions

In consideration of landing and take-off routes, the municipalities affected by aeronautical noise are: Milan, Peschiera Borromeo, Segrate, San Donato Milanese, San Giuliano Milanese, Pioltello, and, partially, Vimodrone.

The following data represents the 2016 update to Linate's noise mapping in relation to population and buildings within the various noise zones in terms of day-evening-night noise exposure (LDEN), measuring the overall nuisance over a 24-hour period, and of night-time noise exposure (LNIGHT).

Based on population exposure data for each of the neighbouring municipalities in relation to 60-65 dB and 60-75 dB airport noise assessment level (LVA) zoning, it emerges that the greater impact is on populations in the municipalities of Segrate, San Donato and San Giuliano.

Exposure to Malpensa airport noise emissions

The Malpensa airport grounds are located in the municipalities of Cardano al Campo, Casorate Sempione, Ferno, Lonate Pozzolo, Samarate, Somma Lombardo and Vizzola Ticino. However, considering landing and take-off routes, other municipalities in the provinces of Varese, Novara and Milan are also affected by aeronautic noise. The following data represents the 2016 update to Malpensa’s noise mapping in relation to population and buildings within the various noise zones in terms of day-evening-night noise exposure (LDEN), measuring the overall nuisance over a 24-hour period, and of night-time noise exposure (LNIGHT).

Based on population exposure data for each of the neighbouring municipalities in relation to 60-65 dB and 60-75 dB airport noise assessment level (LVA) zoning, it emerges that the greater impact is on populations in the municipalities of Somma Lombardo and Lonate Pozzolo.

The boundaries of each zone are identified by the Airport Commissions, according to Italian Ministerial Decree of October 31, 1997.

The Linate Commission approved zoning in 2009, while the Malpensa Commission is continuing works with the collaboration of all stakeholders. The solutions identified over recent years were

MALPENSA - LDEN EXPOSURE

db LDEN bracket	Population	Buildings
55-59	29,467	17,248
60-64	2,760	2,416
65-69	535	507
70-74	2	60
Over 75	0	0

MALPENSA - LNIGHT EXPOSURE

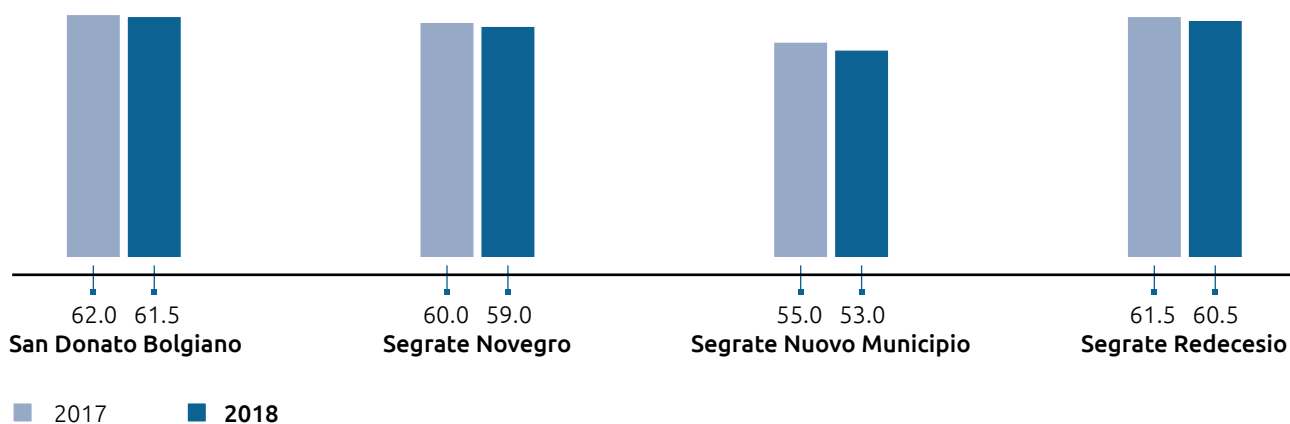
db LNIGHT bracket	Population	Buildings
50-54	13,219	7,947
55-59	756	955
60-64	104	235
65-69	0	20
Over 70	0	0

Source: SEA

consolidated, in 2017, in a shared reference scenario. The development of traffic naturally makes the work of the Commission a constant commitment over time to gradually identify the best possible ways to continue minimizing impacts on surrounding areas and populations. A trial, requested by neighbouring municipalities, is indeed currently underway to

determine a better distribution of aircraft departure radials.

LINATE - NOISE MONITORING LVA DB(A) (*)

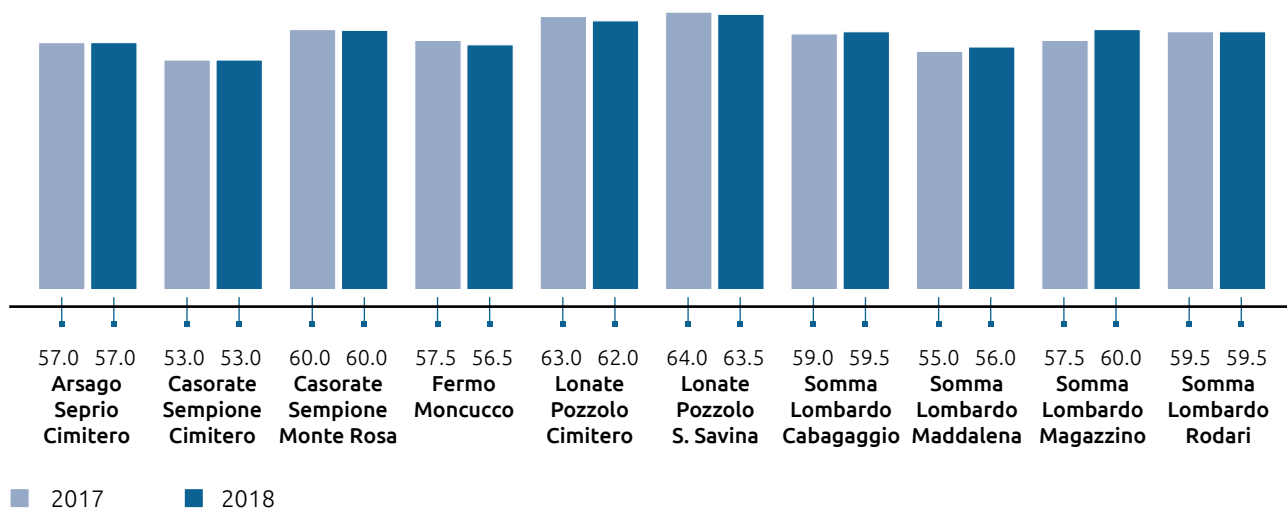


Source: SEA

Note: LVA - Airport Assessment 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 2018

(*) The data shown in the figures are awaiting validation by the Lombardy Regional Agency for the Protection of the Environment (ARPA), which controls the airport noise monitoring network according to national legislation.

MALPENSA - NOISE MONITORING LVA DB(A) (*)



Source: SEA

Note: LVA - Airport Assessment 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 2018.

It should be noted that in one of the three weeks used for the calculation of 2018's LVA index, work was carried out on runway 35R requiring a change in traffic management and a consequent divergence from the standard scenario.

(*) The data shown in the figures are awaiting validation by the Lombardy Regional Agency for the Protection of the Environment (ARPA), which controls the airport noise monitoring network according to national legislation.

The acoustic data detected by the monitoring stations is analysed with the aid of a special information system. By using the radar paths of individual flights, provided by the Italian National Flight Assistance Agency (ENAV), it is possible to distinguish aeronautical noise from the total noise detected. Detailed information on the noise emissions and operations of our airports may be consulted in a specific section of the website www.seamilano.eu.

Discharges and spills

The management of discharges

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 do-

mestic 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.

Waters discharged into the sewer system (sewage and treated first rain waters) are subjected to systematic quality controls. At both airports the quality of the sewage is within the limits established by environmental regulations, as indicated in the tables reporting the parameters monitored.



LINATE - SEWER DISCHARGE DATA

Parameter	Measurement unit	Average annual value			Parameter values Legs. Decree 152/06
		2018	2017	2016	
COD	mg/l	101.2	110	77.9	500
BOD5	mg/l	46.7	52	36.7	250
Total phosphorus	mg/l	2.7	2	2.1	10

Source: SEA

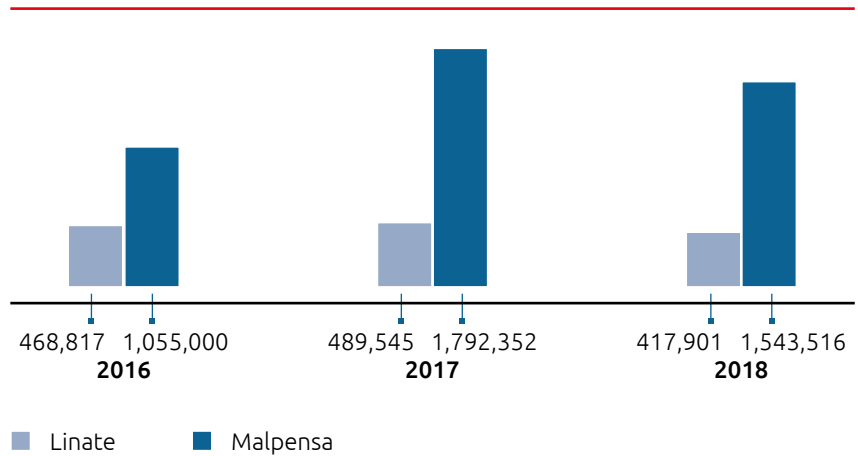
MALPENSA - SEWER DISCHARGE DATA

Parameter	Measurement unit	Average annual value			Parameter values Legs. Decree 152/06
		2018	2017	2016	
COD	mg/l	132	167.3	219.6	500
BOD5	mg/l	59	74	102.4	250
Total phosphorus	mg/l	3.7	2.9	3.3	10

Source: SEA

The following table reports the waste water disposed of through sewerage, with the remaining quantities disposed of.

WATER DISCHARGE INTO THE SEWER SYSTEM (M³)



Note: 2016 data does not include SEA Prime, and Linate data does not include values relating to the discharges of SEA Energia. The discharges were estimated as equal to the total withdrawals from wells, net of estimated losses from the water transport network.

Source: SEA

De-icing treatment, relating to the defrosting of aircraft during the winter and when required by the airlines, is carried out at dedicated stands, equipped with a system for the collection of any water discharge from the activities and is treated as special waste; in 2018, a new product was using for de-icing in order to adapt to international standards.

DE-ICING LIQUID DRAINED (TONS)

	2018	2017	2016
Malpensa	12.4	2.5	7
Linate	170.2	168.6	77

Source: SEA

At the beginning of the 2018 winter season, a new de-icing fluid management system was activated at Malpensa, providing for its treatment and final discharge into sewerage. The data shown thus refers to the disposal of unused residual liquids.

Meteorological water from the airports is collected in service water vessels (Linate) and in the underground 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 final deliveries, meteoric waters are subjected to periodic quality checks for the parameters shown in the following tables, with qualitative characteristics amply compliant with relevant environmental regulations.

LINATE – CHARACTERISTICS OF THE SURFACE WATER DISCHARGE

Parameter	Measurement unit	Average annual value			Parameter value Legislative Decree 152/06
		2018	2017	2016	
Chromium VI	mg/l	0.01	<0.01	0.01	0.2
Copper	mg/l	0.01	0.01	0.02	0.1
Lead	mg/l	0.01	0.01	0.01	0.2
Zinc	mg/l	0.17	0.09	0.23	0.5
Total hydrocarbons	mg/l	0.10	0.11	0.28	5.0

Source: SEA

MALPENSA – CHARACTERISTICS OF THE SOIL DISCHARGES

Parameter	Measurement unit	Average annual value			Parameter value Legislative Decree 152/06
		2018	2017	2016	
Ph	pH unit	7.3	7.4	7.4	8.0
COD	mg/l	10.4	15.0	10.2	100.0
BOD5	mg/l	10.0	11.0	10.0	20.0
Total suspended solids	mg/l	6.1	7.8	6.0	25.0
Total phosphorus	mg/l	0.1	0.1	0.1	2.0
Lead	mg/l	0.01	<0.01	0.01	0.1
Chromium VI	mg/l	0.01	<0.01	0.01	0.2
Copper	mg/l	0.01	0.01	0.01	0.1
Total hydrocarbons	mg/l	0.1	0.1	0.1	5.0
Zinc	mg/l	0.07	0.09	0.04	0.5
Total surfactants	mg/l	0.2	0.2	0.2	0.5

Source: SEA

Currently, water re-usage systems are not in place at the airports. Together with other major European operators, we are exploring many aspects related to Water Saving systems and the possible re-usage of meteorological water, in order to save aquifer drawn water and rationalize water consumption.

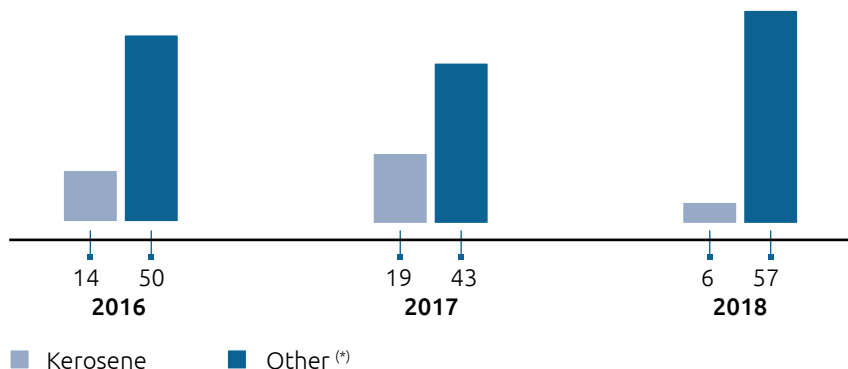
Spillage management

We commit 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 me-

teorological water drainage systems. A specific procedure applicable to the terminal movement areas is in place at the airports in compliance with environmental protection regulations.

MALPENSA - SIGNIFICANT SPILLS (NO.)

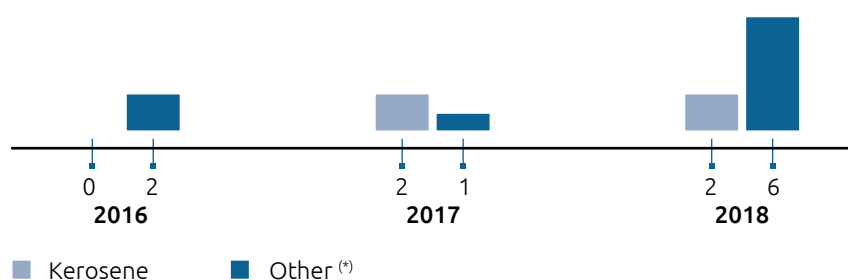


(*) Spillages of hydraulic oil from aircraft, of hydraulic oil from operating vehicles and spillages of gasoline from operating vehicles.

Source: SEA

In these conditions, our 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 in the affected area of spreading by the laying of a sufficient number of oil absorbent panels by the Fire Services.

LINATE - SIGNIFICANT SPILLS (NO.)



(*) Spillages of hydraulic oil from aircraft, of hydraulic oil from operating vehicles and spillages of gasoline from operating vehicles.

Source: SEA

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 our airports. The spillages taken into consideration were those considered significant, in particular those which involved areas equal to or greater than 20 m². The phenomenon's trend follows that of the previous two years. It is important to underline how such values are absolute values unrelated to the number of movements, making the phenomenon frequency almost insignificant. None of these events had any impact on airport safety.



Aviation Safety

At the Milan airports, an effective Safety Management System (SMS) is active and validated and controlled by the Italian Civil Aviation Authority (ENAC), in order to maintain the highest levels of aeronautical safety and service quality in terms of flight infrastructures, facilities, processes, operating procedures and the training of personnel. The discussion and analysis of issues which form the bedrock of the Safety Management System are considered 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 ensures wide ranging discussion and construct a debate on the major issues. In order to monitor the efficacy of the airport Safety Management system, we utilize a number of quantitative elements both at Linate and Malpensa. The indicators of the principal events encountered at SEA's airports do not highlight particular problem area in terms of the maintenance of adequate levels of aeronautical safety. The percentages of the three major indicators for the GSR (Ground Safety Report) received are reported below. The GSR in 2018 respectively numbered 844 for Malpensa (800 in 2017) and 566 for Linate (559 in 2017); the indicators of the principal events encountered at the SEA Group airports did not present particular problems in relation to the maintenance of adequate levels of aeronautical safety. In fact, continuous safety

performance improvements are indicated. Regarding non-precedence, it should be noted that no events had any repercussions in relation to airport management or passengers. However, specific technical working groups were established regarding the phenomenon. As far as Foreign Object Damage is concerned, almost all events concerned Foreign Object Debris, without any repercussions on aircraft or occupants.

Malpensa (%)	2018	2017	2016
Aircraft damage	2.5	1.8	2.4
FOD	3.2	3.4	2.3
Right of way violation	11.1	8.8	6.7

Linate (%)	2018	2017	2016
Aircraft damage	1.1	1.4	2.2
FOD	2.5	1.4	2.2
Right of way violation	7.1	5.9	7.3

Source: SEA

Wildlife Strikes: 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 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 Circu-

lar 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, we utilize 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 in form a database managed through the “Bird Strike Management System “software program. Compared to 2017, bird strike reports are falling at Linate, while at Malpensa the data remains stable for both indicators.



WILDLIFE STRIKING RISK INDICATORS

	Linate			Malpensa		
	2018	2017	2016	2018	2017	2016
Wildlife Strike ⁽¹⁾	1.3	1.8	3.2	1.08	0.9	0.5
Wildlife Strike ⁽²⁾	0.10	0.11	0.17	0.08	0.09	0.08

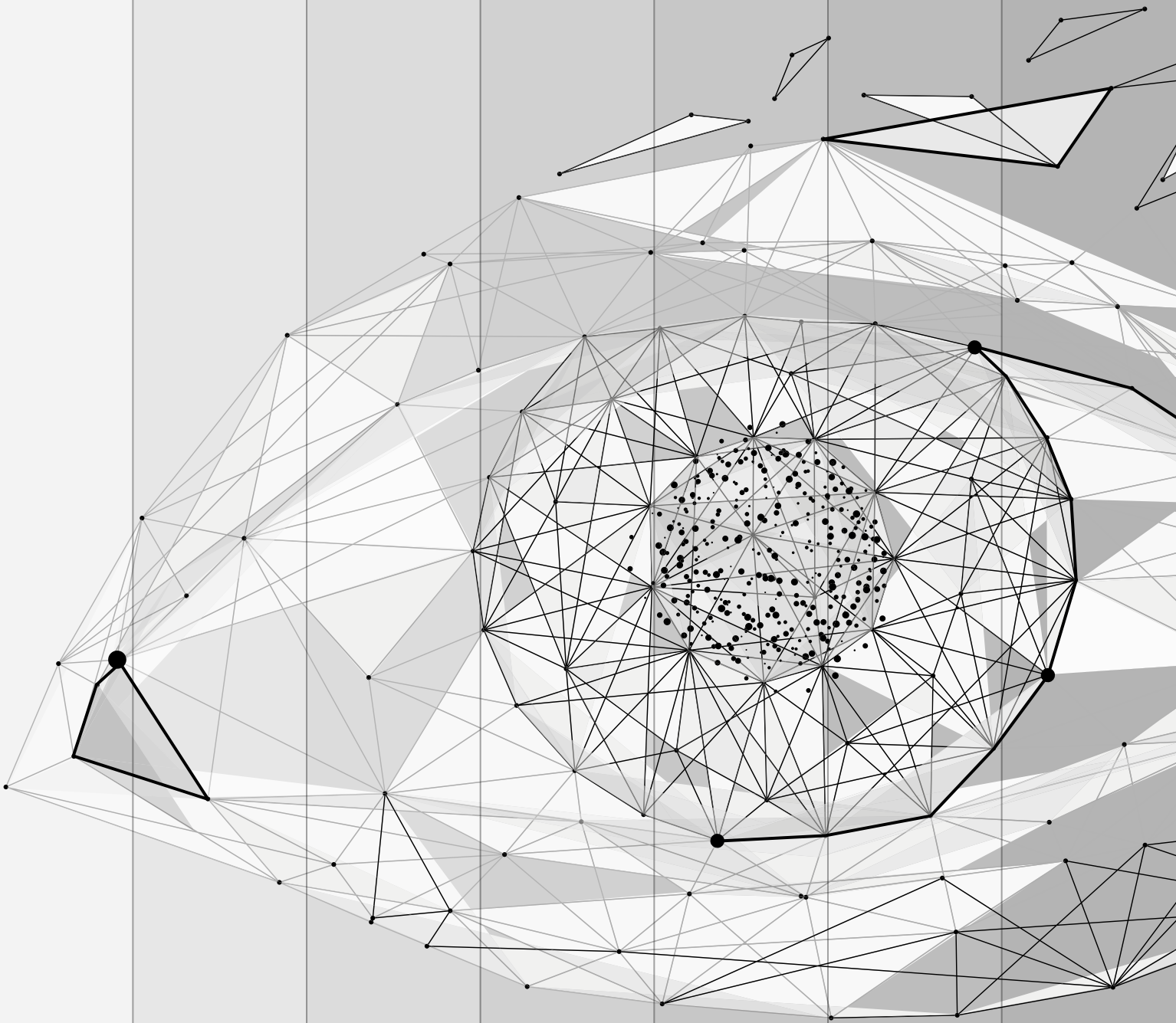
⁽¹⁾ Annual rate per 10,000 movements.

⁽²⁾ Risk indicator BRI2 calculated according to the new Circular APT-01B ENAC

Source: SEA

SEA continues to monitor and manage the phenomenon by systematically implementing prevention and mitigation actions, such as the increased use of dissuasive technology, the use of products after grass mowing for invertebrate population control and poultry and earthworm control cam-

paigns. 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.



Value generated by the Aviation Business

Value generated by the Aviation Business

Aviation customer profile

The reduced concentration of traffic quotas continues to be a characteristic factor of our airport system. In particular, Malpensa continues to be the airport with the most limited Available Seat Kilometres for the leading carrier among the main European airports (12.9%). Indeed, only 40.1% of the traffic offer is realized by the leading 5 airlines operating at the airport, compared with 58.8% in Geneva, 52.6% in Dusseldorf and 64.0% in Copenhagen (other European airports not classifiable as true hubs)¹⁴.

Principal passenger airlines operating at Malpensa

At Malpensa, at December 31, 2018, 123 airlines were present, 3% more than 2017. The presence of all the major international airline alliances was confirmed:

- Star Alliance at December 31, 2018 represented 16% of passenger traffic (as in 2017);
- Sky Team and One World at the end of 2018 accounted for 9% and 6% respectively (9% and 7% in 2017) of Malpensa's passenger traffic.

At December 31, 2018, Malpensa Airport connected to 203 domestic and international destinations, 1% more than in 2017 (201). The list of the 10 leading airlines in terms of the overall number of passengers highlights the leading position of easyJet, which represents 30.8% of Malpensa passenger traffic. The English company confirmed the role of Milan Terminal 2 as an important European base.

¹⁴ Source: ICCSAI Fact Book 2018 – % ASK share of the leading 5 carriers at the 20 largest European airports.

MALPENSA – TOP 10 PASSENGER AIRLINES (% TRAFFIC)

Carrier	2018	2017	2016
easyJet	30.8	32.5	35.0
Ryanair	8.5	6.7	3.4
Lufthansa	5.1	5.1	5.4
Air Italy	3.9	2.8	2.4
Emirates	3.8	4.2	4.4
Vueling Airlines	3.4	3.7	3.5
Neos	2.7	2.7	2.6
Turkish Airlines	2.0	1.9	2.1
Alitalia Group	1.8	1.7	3.7
Tap Air Portugal	1.8	1.5	1.6
Other airlines ^(*)	36.2	37.1	36.0

^(*) The traffic share of "Other carriers" for the years 2016 and 2017 changed due to a change in the top 10 carriers.
Source: SEA

Principal passenger airlines operating at Linate

At December 31, 2018, Linate airport hosted 17 airlines (18 in 2017) and connected with 47 airports, both domestic and inter-EU.

LINATE – TOP 10 PASSENGER AIRLINES (% TRAFFIC)

Carrier	2018	2017	2016
Alitalia Group	62.2	59.7	57.3
easyJet	7.9	7.3	6.7
British Airways	7.5	6.0	4.8
Iberia	4.4	2.4	2.3
Lufthansa	4.3	4.1	3.6
Air Italy	3.9	6.4	7.4
Brussels Airlines	2.0	1.8	1.4
Air France	1.9	2.4	4.5
Aer Lingus	1.1	1.1	1.0
KLM	1.0	1.6	4.0
Other airlines ^(*)	3.8	7.1	7.1

^(*) The traffic share of "Other carriers" for the years 2016 and 2017 changed due to a change in the top 10 carriers.
Source: SEA

Linate operations were significantly impacted by the Alitalia Group, which in 2018 represented 62.2% of traffic. The table highlights the 10 leading airlines operating from Linate in 2018 as a percentage of overall passenger numbers.

Principal Cargo airlines

19 "all cargo" airlines were operating out of Malpensa airport at December 31, 2018. The Malpensa cargo business is distributed among a large number of carriers; in 2018, 67% of the total cargo transported was shared by over 13 airlines. Among these was the leading international operator Cargolux, which maintained

its lead despite a 15.8% drop in transported tonnage compared with 2017. The highest growth was recorded by Saudi Arabian Airlines and Turkish Airlines (equal to equal to +27.5% and +22.3% on 2017 respectively). Overall, all cargo movements (freighters + couriers), the main driver of the cargo business, grew by 2.6% (+284 movements).

VALUE GENERATED BY THE AVIATION BUSINESS

MALPENSA – VOLUMES MOVED BY THE MAIN CARGO AIRLINES (TONS)

Carrier	2018	2017	2016
Cargolux Group	89,993	106,886	94,919
Air Bridge Cargo Airlines	57,462	53,527	49,527
Qatar Airways	45,027	44,094	38,817
Federal Express Corporation	33,865	34,649	33,188
European Air Transport	29,682	28,752	29,334
Silk Way Group	23,654	23,224	23,774
Saudi Arabian Airlines	20,722	16,248	10,522
Turkish Airlines	20,477	16,741	10,167
Asiana Airlines	14,087	13,786	11,545
Cathay Pacific Airways	11,852	10,593	8,490
Nippon Cargo Airlines	11,663	23,520	20,554
Korean Air	9,993	11,751	13,576
Southern Air	5,672	5,061	-
Others ^(*)	21,681	32,297	42,783
Total "all cargo" activities ^(**)	395,830	421,129	387,196
Total Malpensa cargo activities	558,218	576,539	536,682

^(*) The traffic share of "Other carriers" for the years 2016 and 2017 changed due to a change in the top 10 carriers.

^(**) The figure concerns volumes moved within "all cargo" activities only "

Source: SEA



VALUE GENERATED BY THE AVIATION BUSINESS

The following table lists the top 10 airlines operating out of Malpensa in 2018 in terms of percentage volumes of total cargo.

MALPENSA - % OF CARGO MOVED BY THE LEADING 10 CARGO AIRLINES

Carrier	2018	2017	2016
Cargolux Group	16.1	18.5	17.7
Qatar Airways	11.9	10.4	9.7
Air Bridge Cargo Airlines	10.3	9.3	9.2
Federal Express	6.1	6.0	6.2
European Air Transport	5.3	5.1	5.4
Emirates	4.8	5.0	5.5
Turkish Airlines	4.6	3.3	2.5
Silk Way West Airlines	4.2	4.0	4.4
Cathay Pacific Airways	3.8	3.5	3.3
Saudi Arabian Airlines	3.7	2.8	2.2
Other airlines	29.2	32.1	33.9

Source: SEA

Economic Performance of the Aviation Business

Aviation Business operating revenues (airport fees and tariffs for the management of centralized infrastructure and security services and tariffs for the use of regulated areas), reported in 2018 amounted to Euro 415.7 million (+5.5% on the previous year), comprising 58.3% of total Group revenues. The result derives from greater volumes of traffic recorded on the basis of new connections or increased frequencies on existing routes. The majority of Aviation revenues concerns income from fees and centralized infrastructure, which in 2018 comprised 86.0% of the total,

PORTION OF REVENUES FROM AVIATION ACTIVITIES

	2018	2017
Aviation operating revenues (Euro '000)	415,729	394,052
Aviation revenues (% of total revenues)	58.3	58.2
Other revenues (% of total revenues)	41.7	41.8

2017 figures were reclassified.
Source: SEA

followed by security service fees (10.7%) and those for the use of regulated spaces (3.3%).

Competitive performance of the Aviation Business

During 2018, commercial activities continued with the aim of increasing territory serving connectivity by acquiring new carriers and developing the activities of those already operating at the airport. The year saw the activation of 36 new services, the entry of 5 new carriers and 25 increased frequencies for approximately 280 new weekly flights, resulting in major growth.

TYPE OF REVENUES FROM AVIATION ACTIVITIES (EURO THOUSANDS)

	2018	2017	% of total Aviation Revenues
Fees and centralized infrastructure	357,438	335,516	86.0
Security controls	44,622	45,598	10.7
Use of regulated spaces	13,669	12,938	3.3
Total	415,729	394,052	100

Source: SEA

TRAFFIC EXPANSION ACTIONS AT MALPENSA (NO.)

	2018	2017	2016	TOTAL
New airlines	5	9	4	18
New services*	36	30	30	96
Increased frequencies by airlines already present on existing routes	25	23	12	60
Overall increase in weekly frequencies (new services + increased frequencies)	284	219	158	661

*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

Passenger traffic

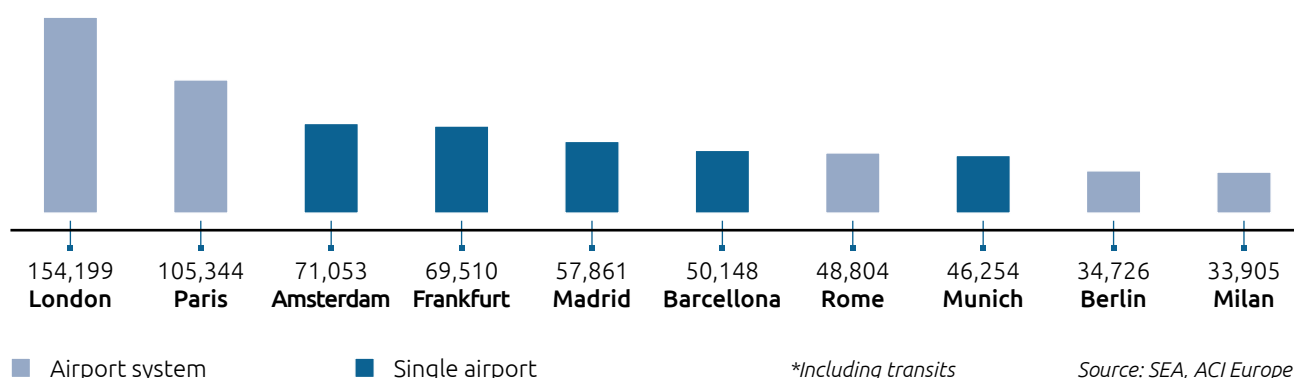
The Milan airports are among the main European airport systems, with over 34 million passengers transported in 2018. In particular, the Milanese system ranks 2nd in

Italy and 10th in Europe in terms of passenger traffic volumes.

During 2018, our airports achieved an increase of 2,208,549 passengers (+7.0%) and 12,676 movements (+4.7%) over 2017. Regarding Malpensa Airport, the increase

came in at 11.5% for passengers and 8.7% for aircraft movements. However, Linate Airport recorded a decrease in both passengers (-3.3%) and aircraft movements (-2.6%).

RANKING OF THE MAIN EUROPEAN AIRPORTS/AIRPORT SYSTEMS IN TERMS OF PASSENGER TRAFFIC VOLUMES - 2018 (1,000 PAX)*



AVIATION BUSINESS PERFORMANCE INDICATORS OF THE SEA AIRPORT SYSTEM

	Movements (No.)			Passengers (No.)			Cargo (tons)		
	2018	2017	% Cge.	2018	2017	% Cge.	2018	2017	% Cge.
Malpensa	189,910	174,754	8.7	24,561,735	22,037,241	11.5	558,218	576,539	-3.2
Linate	93,987	96,467	-2.6	9,187,120	9,503,065	-3.3	10,827	11,937	-9.3
Airport system	283,897	271,221	4.7	33,748,855	31,540,306	7.0	569,045	588,476	-3.3

Source: SEA

Malpensa

During 2018, SEA commercial aviation activities continued in Malpensa with the aim of increasing territory-serving air connectivity by acquiring new carriers and developing the activities of those already operating at the airport.

Malpensa performance was driven by the rise in traffic at Terminal 1 (+14.3%), which served 2.1 million additional passengers, and the growth recorded by easyJet in Terminal 2 (+5.6%), which reached 7.6 million passengers.

Connectivity grew by thirteen direct connections, of which eight European (Vilnius, Skopje, Faro, Lviv, Pula, Lefkada, Kaunas, and Debrecen) and five non-Europe-

an (Alexandria, Hurghada, Kuwait City, Yangon and Mumbai).

Growth at Malpensa was driven not only by Ryanair (+41% pax), easyJet and the location of Air Italy's operating base, but also, starting in May, by a "hub & spoke" connection model oriented additionally to the development of connecting flights. During the year, Air Italy activated five intercontinental connections (to New York, Miami, Bangkok, Delhi, and Mumbai) and five national connections (to Rome, Palermo, Naples, Catania, and Lamezia Terme), and announced four new long-haul destinations for the following summer (to San Francisco, Los Angeles, Toronto and Chicago).

Regarding main traffic routes, domestic destinations grew by 29.4% (due in particular to Ryanair and Air Italy), European ones by 7.9% and non-European ones by 9.3. %, with positive results for all major geographical areas, and, in particular, for Africa (+21.4%), North America (+18.8%) and Asia (+10.1%). Among new intercontinental destinations three weekly flights to Kuwait City, an absolute novelty for Malpensa, were added by the carrier Kuwait Airways. There were also increases in services already operating on both European and non-European routes. European carriers offering more flights included Air Europa, Vueling, Eurowings, Rossiya, Air Baltic, and Wizzair, while non-European carriers increasing

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their offer included Thai Airways, Qatar Airways, Ethiopian Airways, Oman Air and Air Canada, the latter extending its Toronto service,

for the first time, to the winter season.

NUMBER OF DAY TIME AND NIGHT TIME MOVEMENTS* (ARRIVING AND DEPARTING)

Movements	Passengers		Cargo		General Aviation		State Flights		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Daytime Arrivals	80,870	74,763	3,911	3,759	2,128	129	4	-	86,913	78,651
Daytime Departures	86,810	79,845	4,003	3,946	2,166	94	4	-	92,983	83,885
Night Time Arrivals	8,357	7,078	1,822	1,778	167	1,978	-	1	10,346	10,835
Night Time Departures	2,407	1,977	1,730	1,608	137	2,007	-	1	4,274	5,593
Total	178,444	163,663	11,466	11,091	4,598	4,208	8	2	194,516	178,964

*Night time movements concern those between the hours of 11 PM and 6 AM.

Source: SEA

The commercial policy entails constant dialogue with airlines, the pursuit of new development opportunities, with specific incentive agreements and marketing tools (e.g. 'welcome packages', communication initiatives, participation in international events), and participation in bilateral agreement

renewal negotiations with the aim of liberalizing traffic rights and fifth freedom rights.

A major agreement was signed in 2018 with the Sultanate of Oman enabling subsequently the increase of flight frequencies operated by Oman Air on the Muscat-Milan route.

Agreements with Colombia, Congo, Ghana, Kenya, Luxembourg, Senegal and South Africa were also updated and extended, while a bilateral aeronautical agreement was signed for the first time with the Comoro Islands, Mongolia and Mozambique.

Finally, EU negotiating activity continued, under the auspices of the European Commission, which is negotiating vertical agreements between Europe and ASEAN, Azerbaijan, Armenia, UAE, Qatar, Tunisia and Turkey.

The outcome of Brexit, which to date is unknown, will also be sig-

nificant in terms of traffic rights. While a broad agreement between the EU and UK ("soft Brexit") would not affect the use of traffic rights by both parties' airlines, with highly similar terms to the current ones, and presumably giving rise to an association agreement that is comparable to those defined by the EU with Norway and Switzerland, the continental market's scenario in the case of a "hard Brexit" could be somewhat different. In the latter event and subject to a freezing period of 12 months for mutual prerogatives, in the best-case scenario individual Member States could re-negotiate new bilateral agreements with the UK. These outcomes are not currently readily foreseeable and, in any case, are such as to create a period of considerable uncertainty in relation to airlines' investment choices and, more generally, the market development context.



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NUMBER OF ARRIVING AND DEPARTING PASSENGERS

	Domestic flights		International flights		Total	
	2018	2017	2018	2017	2018	2017
Arriving passengers	2,066,738	1,589,339	10,255,226	9,448,358	12,321,964	11,037,697
Departing passengers	2,026,483	1,574,885	10,213,288	9,424,659	12,239,771	10,999,544
Total passengers	4,093,221	3,164,224	20,468,514	18,873,017	24,561,735	22,037,241

NUMBER OF PASSENGERS BY ORIGIN AND DESTINATION, TRANSFER AND TRANSITS

	Origin and destination		Direct transits		Total	
	2018	2017	2018	2017	2018	2017
Domestic	4,093,221	3,164,224	18,280	10,038	4,111,501	3,174,262
International	14,210,513	13,083,413	37,962	43,115	14,248,475	13,126,528
Intercontinental	6,258,001	5,789,604	98,259	69,696	6,356,260	5,859,300
Total	24,561,735	22,037,241	154,501	122,849	24,716,236	22,160,090

Source: SEA

In 2018, a total of 6.3 million passengers travelled to intercontinental destinations, an increase of 8.1% over 2017.

PASSENGER TRAFFIC DESTINATIONS FROM TERMINAL 1 - 2018

Region	%
Europe	64.2
Middle East	13.2
North America	7.3
Far East	6.6
Africa	6.1
Central/South America	2.7

Source: SEA

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Linate

Linate traffic recorded a 3.3% decrease predominantly due to the cessation of operations by Air Berlin, following the company's bankruptcy in November 2017, the relocation to Malpensa of all Air Italy traffic, with the exception of the Olbia connection, and the

shift of KLM and Air France flights to Malpensa in April 2017. Air Italy sold its slots to British Airways and Iberia, which added daily flights to London and Madrid respectively, while simultaneously reducing their offer through Malpensa. Alitalia passenger traffic remained stable in comparison with 2017,

with a 4.3% increase in movements but a decrease in average passenger load factor (from 70% to 67%).

NUMBER OF ARRIVING AND DEPARTING PASSENGERS

	Domestic flights		International flights		Total	
	2018	2017	2018	2017	2018	2017
Arriving passengers	2,446,217	2,481,310	2,172,619	2,293,514	4,618,836	4,774,824
Departing passengers	2,395,111	2,446,378	2,173,173	2,281,863	4,568,284	4,728,241
Total passengers	4,841,328	4,927,688	4,345,792	4,575,377	9,187,120	9,503,065

NUMBER OF DAY TIME AND NIGHT TIME MOVEMENTS* (ARRIVING AND DEPARTING)

Movements	Passengers		Cargo		General Aviation		State Flights		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Daytime Arrivals	45,028	46,344	89	114	10,422	10,353	8	10	55,547	56,821
Daytime Departures	46,582	47,803	14	22	10,474	10,378	8	10	57,078	58,213
Night Time Arrivals	1,704	1,625	174	150	223	245	-	-	2,101	2,020
Night Time Departures	147	167	249	242	179	267	-	-	575	676
Total	93,461	95,939	526	528	21,298	21,243	16	20	115,301	117,730

*Night time movements concern those between the hours of 11 PM and 6 AM.

PASSENGERS BY ORIGIN AND DESTINATION, TRANSFER AND TRANSITS

	Origin and destination		Direct transits		Total	
	2018	2017	2018	2017	2018	2017
Domestic	4,841,328	4,927,688	220	221	4,841,548	4,927,909
International	4,345,792	4,575,377	1,048	763	4,346,840	4,576,140
Total	9,187,120	9,503,065	1,268	984	9,188,388	9,504,049

Source: SEA

Passenger flight punctuality

2018 data on punctuality collected from the airport members of the working group ACI Europe-EAPN (European Airport Punctuality Network) highlight a decline in performance at European level both for departures and arrivals compared to 2017. On average, the punctuality of departing flights in 2018 was 71.2% compared to 75.7% recorded in the previous year, with significant monthly fluctuations ranging from a maximum of 81% in January to a minimum of 59% in July. Arriving flights recorded average punctuality of 75.1%, slightly reducing on last year (78.6%), with monthly fluctuations similar to those for departing flights.

The first quarter of the year, characterized by a relatively mild climate, recorded the year's highest punctuality in each airport category. The third quarter, on the other hand, characterized by intensified summer traffic, record-

ed the year's lowest punctuality both on arrival and on departure. Among the most significant consequences of the general increase in traffic were airport capacity problems at many airports and difficulties experienced by European air traffic controllers in managing the overall capacity of the system, especially in the central European ACCs which, in addition to technical problems, also experienced issues generated by work stoppages. Furthermore, summer weather conditions (wind and strong storms) contributed to the deterioration of punctuality data, especially at the airports of Frankfurt and Barcelona. Negative impacts on flight regularity were also caused by several safety issues: a fire alarm at London Heathrow in July led to the evacuation of its control tower; on July 28, in Munich, a passenger evaded security checks, resulting in the closure of the airport for several hours; a drone incursion at Gatwick airport caused cancellations, delays and 3 days of inconvenience for passengers during the Christmas period, from December 19 to 21.

Average European departure delays increased in comparison to arrivals (downturn in punctuality), except for Malpensa, London Heathrow and London Gatwick, notwithstanding the difficulties in December.

With punctuality confirmed at around 75.5%, Malpensa ranks above the European average and is the best amongst the European airports of similar size (including Vienna and Athens) within its group (15 to 25 million passengers). In line with Rome Fiumicino's annual data, it is also far ahead in comparison to the main larger airport hubs such as Munich and Frankfurt.

Linate, with 83.7% of punctual departing flights, ranks as the leader in terms of punctuality across all the airports in this category, ahead of the other comparable Italian airports, in descending order, of Naples and Bologna.

EUROPEAN AIRPORT PUNCTUALITY NETWORK (EAPN) RANKING FOR DEPARTURES (% WITHIN 15 MIN.)

	2018	2017	2016
Malpensa	75.5	80.1	81.3
Linate	83.7	85.3	84.9
Average EAPN	71.2	75.7	77.9

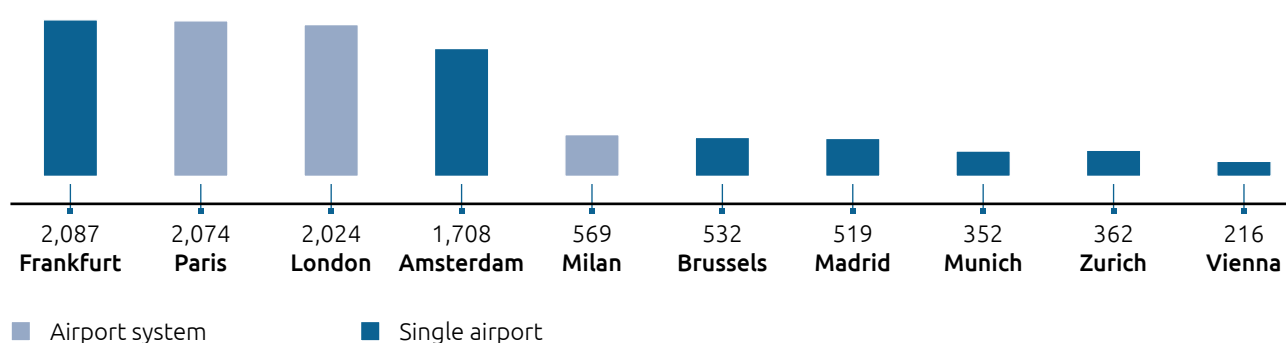
Source: SEA

Cargo traffic

The Milan airport system ranks 1st in Italy and 5th in Europe by freight traffic volumes. In 2018,

cargo traffic managed at Malpensa and Linate totalled 569,000 tonnes, decreasing by over 19,000 tons (-3.3% at system level and -3.2% at Malpensa).

RANKING OF THE MAIN EUROPEAN AIRPORTS / AIRPORT SYSTEMS BY VOLUMES OF GOODS - 2018 ('000 TONS)



Goods in transit are not considered.
Source: SEA, ACI Europe

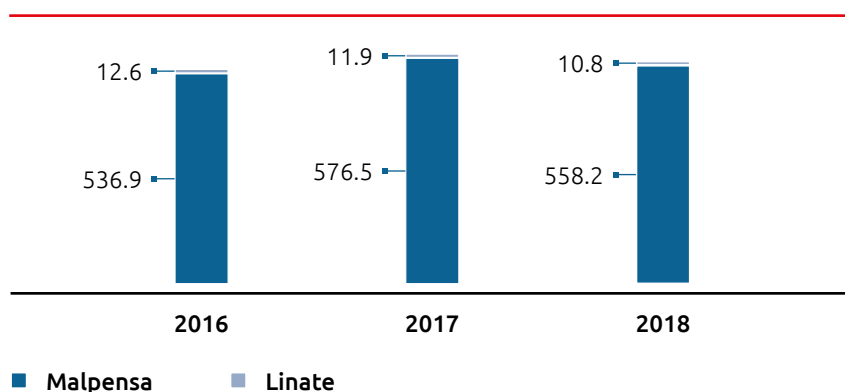
2018's cargo traffic reflected the general slowdown in the Italian market after the previous year's exceptional performance. Linate results (representing 1.9% of the airport system's freight traffic) were influenced by the negative results of the main player TNT (-6.2%), in addition to Alitalia (-12.2%) and Aer Lingus (-39.0%). At Malpensa, exports, accounting for 59.0% of the total traffic, recorded a decline of 4.8%. The decline in imports was more contained (-0.8%), remaining approximately stable with the previous year's volumes. Malpensa results were negatively affected by the suspension of Nippon Cargo's activity from mid-June to early October, due to internal safety procedures causing the grounding of the entire fleet, and by the reduction in Etihad Cargo's activity due to a reduction in its freighter fleet and the revision of network. The Cargolux group recorded a drop in transported

freight and frequencies to New York and China, though its results were positive overall due to the consolidation of yields in the last few months of last year. There are a growing number of other major cargo players continuing to invest in Malpensa: Qatar, Airbridge, Saudia Cargo, Cathay, Turkish. In the courier segment, DHL continued to show excellent growth, and started the construction of its new warehouse in September, expected to be operational by mid-2020. Meanwhile Fedex recorded negative results due for a labour dispute impacting operations in May and June. Positive results also came from freight on passengers' flights through Malpensa, which saw a growth of 4.5% due to wide body hold capacity increases by Qatar, Air Italy, Turkish Airlines and Thai Airways. The reduction in cargo traffic for Malpensa is exclusively due to the negative trend of the all-cargo carriers (-6.0%); by contrast,

airlines that use aircraft in mixed configuration posted growth of 4.5%. Reduced flights by Cargolux (-15.8%) and Etihad Airways, as the main carriers, which suspended flights in the first three months of 2018 and reduced the number of flights operated for the rest of the year (-86.8%), resulted in the reduction in cargo processed during 2018.

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CARGO TRAFFIC MANAGED BY THE MILAN AIRPORT SYSTEM (000'S TONS)



Source: SEA

For belly traffic (freight transported on passenger flights), the main carriers exhibiting growth are: Qatar Airways (+36.8%, with 5.8 thousand incremental tons), and Air Italy with new connections launched in 2018 moving 4.2 thousand tons, as the second carrier in terms of incremental freight quantities.

MALPENSA – ARRIVING AND DEPARTING CARGO ON ALL FLIGHTS (CARGO AND PASSENGER) (TONS)

	Cargo		Passengers		Total	
	2018	2017	2018	2017	2018	2017
Arriving	149,698	155,687	78,971	74,834	228,670	230,521
Departing	246,132	265,441	83,416	80,576	329,548	346,017
Total cargo	395,830	421,128	162,388	155,410	558,218	576,538

LINATE – ARRIVING AND DEPARTING CARGO ON ALL FLIGHTS (CARGO AND PASSENGER) (TONS)

	Cargo		Passengers		Total	
	2018	2017	2018	2017	2018	2017
Arriving	4,714	4,642	683	815	5,397	5,457
Departing	4,272	5,108	1,159	1,372	5,431	6,480
Total cargo	8,986	9,750	1,842	2,187	10,828	11,937

Source: SEA



MALPENSA - DISTRIBUTION OF CARGO TRAFFIC BY GEOGRAPHICAL AREA OF DESTINATION (% OF TOTAL GOODS VOLUME)

Region	2018	2017	2016
Middle East	32.0	29.5	28.8
Europe	26.7	25.3	25.5
Far East	24.8	27.9	27.2
North America	14.0	14.4	15.1
Africa	1.6	1.3	0.9
Central and South America	0.9	1.6	2.5

Source: SEA

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, contributing to the end result expected of those delivering and receiving, has led SEA to draw up values and quality objectives for the principle parameters concerning the handling of cargo processes at the airports.

Therefore, Malpensa airport decided to adopt a Cargo Services Charter, in order to:

- define performance and quality levels which satisfy the expectations of operators utilizing 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.

Connectivity

Worldwide and European connectivity index

According to the latest available data, in the ranking of the 30 best globally connected airports (selected from a network comprising 3,908 airports worldwide), in 2017 Malpensa again confirmed its 28th positioning reached two years earlier, with a connectivity index of 2.58 which remained unaltered compared to the previous year. As one of the most important airport structural parameters, the index illustrates, starting from a given airport, the average number of flights needed to reach all the other airports in the considered network (worldwide or European). At the European connectivity level (in reference to a sample of 480 continental airports), Malpensa places 25th, gaining 4 positions in the ranking compared to the previous year, with an index of 1.89. Linate also significantly improved its continental accessibility ranking, moving from 111th to 92nd place, with an index reaching 2015 levels (2.18), compared to 3.03 in 2016.

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

Connectivity and travel times

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 absolute comparison purposes, it is possible to reach 384 European airports in a day with an average connection time of 272 minutes from Amsterdam Airport (the best-connected European airport).

CONNECTIVITY INDICATORS AND TRAVEL TIMES OF THE MILAN AIRPORTS

	2017		2016		2015	
	MXP	LIN	MXP	LIN	MXP	LIN
No. European airports connected same day	380	371	387	383	390	387
Average connection time (minutes)	333	359	308	333	312	332

Source: ICCSAI Fact Book

In this ranking, Malpensa Airport is the best-connected Italian airport (22nd in the European ranking) with 380 airports reached same day and average connection times of 333 minutes.

Malpensa surpasses by one position in both national and European rankings the airport of Rome Fiumicino, which connects to 374 airports with an average time of 334 minutes.

Linate airport also reports good connectivity in terms of travel

times (fourth in the domestic ranking after Malpensa, Rome Fiumicino and Venice), connected with 371 airports daily, with an average time of 359 minutes.

Day trip

In addition to general European network connectivity, journey times are also of great importance, particularly for airports whose traffic consists predominantly of business customers.

This figure is particularly important for those airports principally

serving business customers.

Considering the set of destinations to which it is possible to make a round-trip flight within a day (i.e. a day trip), remaining at the destinations for at least 4 hours, the airports of Frankfurt, Munich, Amsterdam and Paris lead the rankings with an ability to offer day trips to an average of 150 destinations in a maximum time of around 660 minutes.

EUROPEAN NETWORK REACHABLE THROUGH A DAY TRIP FROM THE MILAN AIRPORTS

	2017		2016		2015	
	MXP	LIN	MXP	LIN	MXP	LIN
No. European airports connected same day	na	108	184	155	180	150
Average connection time (minutes)	na	737	741	740	744	732
European ranking position	na	15°	15°	13°	19°	12°

Fonte: ICCSAI Fact Book 2018

In the Milan airport system, Linate takes 15th place in the European ranking (down two from the previous year), with a network of 108 destinations and an average time of 737 minutes, while Malpensa lost its ranking from among the 20 European airports with the best performance.

Accessibility to European GDP

Malpensa is the only Italian airport positioned in the top 20 of the continental ranking based on the share of European GDP that can be reached in a limited time.

The connectivity of destinations according to the travel time is

more indicative of quality than connectivity measured exclusively in terms of the number of connections within the continental network.

Malpensa comes 9th in the European ranking (down one place), with 81.9% of European GDP

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reachable within 2 hours of travel and a further 17.1% in 2 to 4 hours.

Linate Airport is positioned immediately below Malpensa in the national ranking (28th in the European ranking), with 63.9% of

European GDP reachable within 2 hours and a further 31.7% in 2 to 4 hours.

% EUROPEAN GDP REACHABLE BASED ON FLYING TIME

	2017		2016		2015	
	MXP	LIN	MXP	LIN	MXP	LIN
% of EU GDP reachable within 2 hours	81.9	63.9	83.5	64.9	78.3	64.8
% of EU GDP reachable within 2-4 hours	17.1	31.7	15.6	30.6	20.9	30.8
European ranking position	9°	28°	8°	25°	11°	25°

Source: ICCSAI Fact Book 2018

Quality of aviation services provided to passengers¹⁵

The airport Services Charter is an instrument created to establish the service quality level which as an airport manager we guarantee to our passengers.

¹⁵ The data in parts of the table labelled 'Airports in figures' refer to 2017 (Source: 2018 Service Charter).

SERVICE REGULARITY INDICATORS

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
Overall punctuality of flights	% of punctual flights/total departing flights	2018 Target	80.0%	80.0%	85.0%
		2018 Result	76.9%	77.8%	86.0%
1st baggage return time from the aircraft block-on	Time in minutes calculated from the aircraft block-on to 1st baggage return in 90% of cases	2018 Target	22'40"	26'00"	16'40"
		2018 Result	22'35"	24'05"	17'00"
Last baggage return time from the aircraft block-on	Time in minutes calculated from the aircraft block-on to last baggage return in 90% of cases	2018 Target	35'40"	35'00"	23'40"
		2018 Result	35'50"	28'35"	22'50"
Boarding wait time for the 1st passenger	Block-on waiting time in 90% of cases	2018 Target	4'	3'	3'
		2018 Result	5'	3'	3'
Overall perception on regularity and punctuality of services received at airport	% of satisfied passengers	2018 Target	95.0%	95.0%	95.0%
		2018 Result	99.2%	97.4%	98.3%

Source: SEA, Doxa



Through the Service Charter, we communicate to passengers, together with airlines and companies providing services to them, our commitment to precise service level quality objectives.

The general performance in 2018 is in line with targets, despite inconveniences created in relation to Linate's terminal refurbishment and to the growth of passenger traffic at Malpensa.

The targets were defined and approved through the Airport

Operator Service Charter, which communicates and shares quality standard commitments with stakeholders: Italian Civil Aviation Authority (ENAC) and the Users Committee, representing both airlines and airport operators.

At Malpensa, departing flight punctuality for 2018 was 77.1%, with a 2.2% recovery of punctuality (difference between arrival punctuality and departure punctuality). The analysis by Terminals shows the following results: Terminal 1 closes the year with a

departing punctuality of 76.9% (+1.6% recovery) and Terminal 2 with a year-to-date value of 77.8% (+3.7% recovery). Linate airport closes 2018 with punctuality values at 86.0%, compared to punctuality for arrivals at 86.1%.

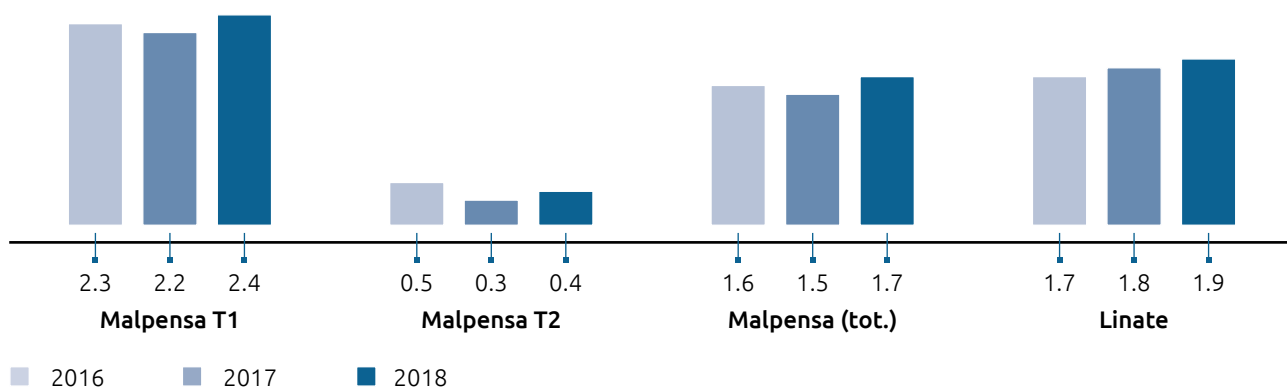
Performance in terms of baggage delivery times, to be met for 90% of cases, is ahead of the values set out in the Service Charter: in Terminal 1, delivery of the first bag within the standard timeframe was achieved for 93.1% of the flights, whereas the delivery of the last bag was achieved in 92.1% of cases.

At Terminal 2, the delivery of the first bag within the standard timeframe was achieved for 96.4% of flights, while the delivery of the last bag was achieved for 97.9% of flights.

The baggage return performance at Linate was in line with the standards set for 2018 with the first bag delivered within the standard timeframe for 93.8% of flights and the last bag delivered within the standard timeframe for 93.8% of flights.

Misdirected baggage was substantially in line with that of previous years.

NUMBER OF MISDIRECTED BAGS (PER 1,000 PASSENGERS)



Source: SEA

ASSISTANCE SERVICE INDICATORS

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
Perception of the ticket service	% of satisfied passengers	2018 Target	95.0%	95.0%	95.0%
		2018 Result	97.9%	100.0%	93.4%
Check-in waiting time	Waiting time in minutes in 90% of reported cases	2018 Target	20'	15'	10'
		2018 Result	16'21"	14'05"	7'35"
Perception of check-in waiting time	% of satisfied passengers	2018 Target	93.0%	93.0%	90.0%
		2018 Result	97.3%	96.5%	95.1%
Perception of passport control waiting time	Waiting time in minutes in 90% of reported cases	2018 Target	8'	7'	7'20"
		2018 Result	7'55"	6'07"	7'22"
Perception of passport control waiting time	% of satisfied passengers	2018 Target	95.0%	95.0%	95.0%
		2018 Result	97.0%	96.9%	96.3%

Source: SEA, Doxa

Misdirected baggage was substantially in line with that of previous years. Our commitment is to facilitate all of the check-in and boarding activities, while maintaining full compliance with the safety and control procedures. For these purposes, we make available also a Fast Track lane for passengers which, qualifying for such, wish to reduce to the minimum possible

their line waiting time.

Details of the two terminals' values are as follows: at Terminal 1, 7 mins 55 secs in relation to a limit of 8 mins 00 secs; at Terminal 2, 6 mins 07 secs in relation to a limit of 7 mins 00 secs; at Linate, 7 mins 22 secs in relation to a limit of 7 mins 20 secs. At the airports, passengers may utilize, in addition to the desks

normally managed by assistance personnel, self-check-in desks.

In order to cope with increased security measures, we have developed the infrastructural and human resources needed for these activities, while maintaining waiting times in line with the declared targets.



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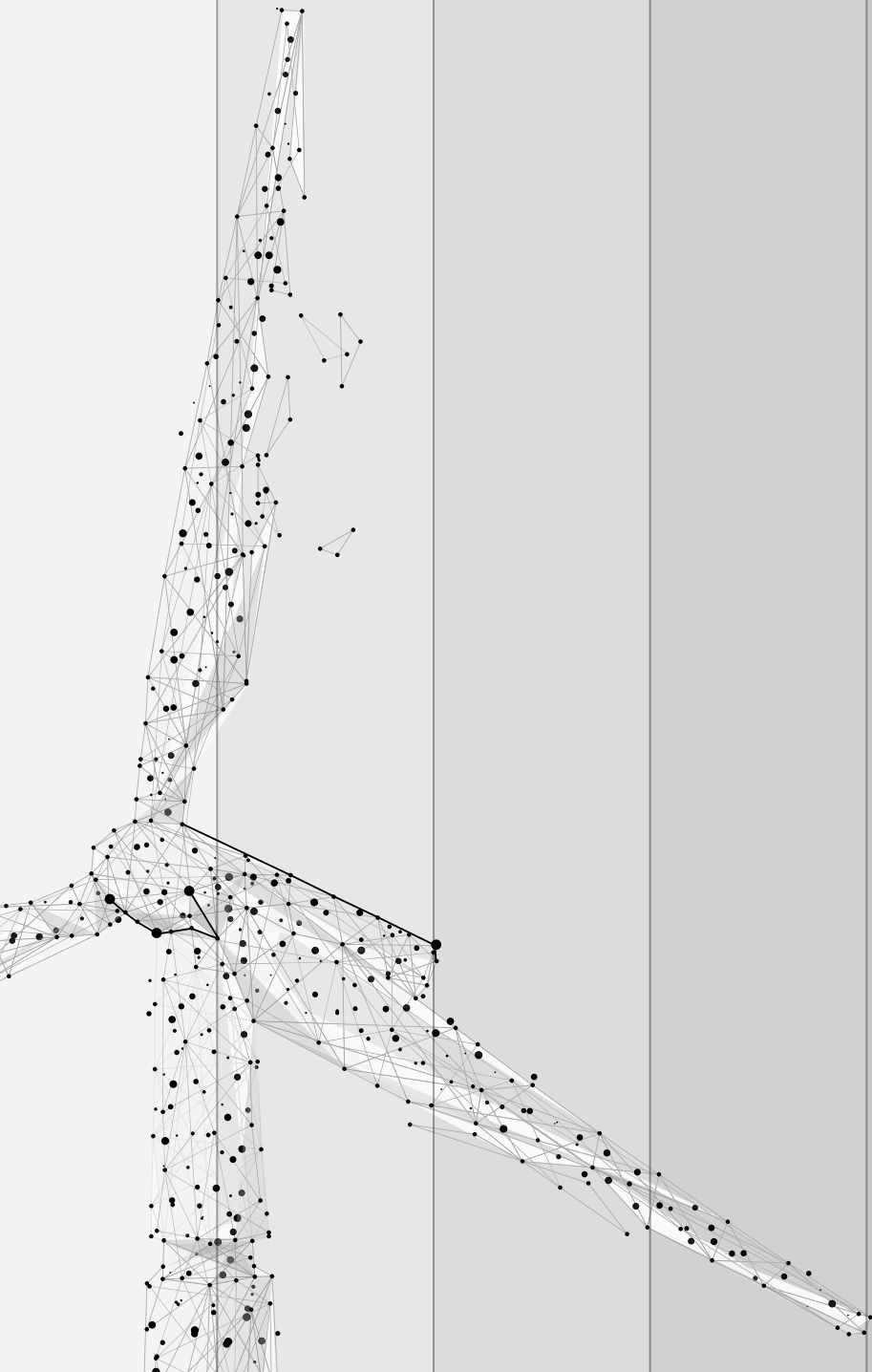
CUSTOMER INFORMATION SERVICE INDICATORS

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
Easy to use and updated website	% of satisfied passengers	2018 Target	90.0%	90.0%	90.0%
		2018 Result	94.8%	96.1%	87.8%
Perception of the efficacy of the operative information points	% of satisfied passengers	2018 Target	95.0%	95.0%	95.0%
		2018 Result	98.0%	95.3%	97.5%
Perception of the clarity, comprehensibility and effectiveness of internal signage	% of satisfied passengers	2018 Target	95.0%	92.0%	95.0%
		2018 Result	98.8%	98.3%	95.6%
Perception of the professionalism of staff (info point, security, etc.)	% of satisfied passengers	2018 Target	95.0%	95.0%	95.0%
		2018 Result	98.8%	98.7%	97.2%
Overall perception of the efficacy and accessibility of public information services (monitors, announcements, internal signage etc.)	% of satisfied passengers	2018 Target	95.0%	93.0%	95.5%
		2018 Result	99.2%	98.7%	98.7%

Airports in numbers	T1	T2	Linate
Operational information points (desks + virtual desk)	14	3	5
Number of information monitor blocks	210	67	45

Source: SEA, Doxa

Value generated by the Non-Aviation Business



Value generated by the Non-Aviation Business

Non-aviation customer profile

Retail plays a fundamental role in SEA's commercial strategy of partnership with brands for the enhancement of final consumer experiences. Within the Non-Aviation Commercial Department, the "Retail Operations Management" team provides ongoing support to commercial tenants regarding airport infrastructures, maintenance, the management of individual and common assets (e.g. site preparation activities, servicing, maintenance needs, access cards), and the monitoring and enhancement of performance indicators for the achievement of common goals. This is developed

through frequent contacts and a series of activities, including half-year brand meetings, weekly point-of-sale visits and day-to-day and headquarters-led trend analyses, as part of a structured business review system focused on main indicators, such as performance, customer flows and so on. A number of training and informative courses are also proposed on various topics of interest, for example, Chinese culture or visual merchandising, and in-depth assessments are provided, such as through mystery shopper surveys.

Public sales points

In 2018, our airports had 134 points of sale, corresponding to 16,208 sqm of commercial space (down 30 sqm), of which 12,811 sqm at Malpensa (10,686 at T1 and 2,125 at T2) and 3,397 sqm at Linate.

SALES POINTS AT THE MILAN AIRPORTS

	m ² 2018	m ² 2017	m ² 2016	Sales points 2018	Sales points 2017	Sales points 2016
Malpensa Terminal 1	10,686	10,717	10,829	77	73	72
Malpensa Terminal 2	2,125	2,125	2,191	18	18	18
Linate	3,397	3,396	3,584	39	40	39

Source: SEA

VALUE GENERATED BY THE NON-AVIATION BUSINESS

Food & Beverage

In 2018, our airports had 62 bars and restaurants, corresponding to an

area of approximately 12,387 sqm (up 322 sqm), of which 9,432 sqm at Malpensa (7,644 at T1 and 1,788 at T2) and 2,955 sqm at Linate.

FOOD & BEVERAGE OPERATIONS AT THE MILAN AIRPORTS

	m ² 2018	m ² 2017	m ² 2016	2018 Food & Beverage points	2017 Food & Beverage points	2016 Food & Beverage points
Malpensa Terminal 1 ^(*)	7,644	7,375	6,741	33	32	29
Malpensa Terminal 2	1,788	1,752	1,837	13	13	14
Linate ^(*)	2,955	2,938	2,938	16	18	18

^(*) VIP lounges and external areas are not included, except for the Taxi Bar and a food court in the Malpensa Terminal 1 cargo area.
Source: SEA

Economic Performance of the Non-Aviation Business

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

- retail activities (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;
- the management of advertising 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

	2018	2017
Non-Aviation operating revenues (thousands of Euro)	242,399	227,352
Non-Aviation revenues (% of total revenues)	34.0	33.6
Other revenues (% of total revenues)	66.0	66.4

The 2017 figures were reclassified.

Source: SEA

VALUE GENERATED BY THE NON-AVIATION BUSINESS

TYPE OF REVENUES FROM NON-AVIATION ACTIVITIES

	2018 (Euro thousands)	2017 (Euro thousands)	% of 2018 total Non-Aviation Revenues
Retail	97,753	95,429	40.3
Parking	68,119	64,259	28.1
Cargo	16,261	15,844	6.7
Advertising	11,529	10,500	4.8
Premium service	19,289	18,073	8.0
Real estate	8,988	2,459	3.7
Services and other revenues	20,460	20,788	8.4
Total	242,399	227,352	100

The 2017 figures were reclassified.
Source: SEA

TYPE OF RETAIL REVENUES

Retail service revenues	2018 (Euro thousands)	2017 (Euro thousands)	% of total Retail 2018
Shops	50,704	49,530	51.9
Food & beverage	21,702	20,060	22.2
Car Rental	17,192	16,385	17.6
Bank services	8,155	9,454	8.3
Total retail revenues	97,753	95,429	100

Fonte: SEA

The sales points within the passenger terminal offer both duty free products (therefore excluding VAT and other taxes), and duty paid products (therefore under normal conditions and excluding therefore the benefit of the above-mentioned exemption). The retail sector activities carried out at our 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;
- Malpensa Terminal 2 dedicated to low cost;
- Linate focused on a specialized high-end business offer.

Non-Aviation Business operating revenues reported in 2018 totalled Euro 242.4 million (+6.6% compared to the previous year) and represent approximately 34.0% of total Group revenues. The most significant Non-Aviation Business revenues came from retail activities (40.3% of total revenues), followed by parking activities (28.1%), with increases over 2017 of 2.4% and 6.0% respectively. In terms of retail revenues, shop revenues increased by 2.4% and food & beverage revenues increased by 8.2%, over the previous year.

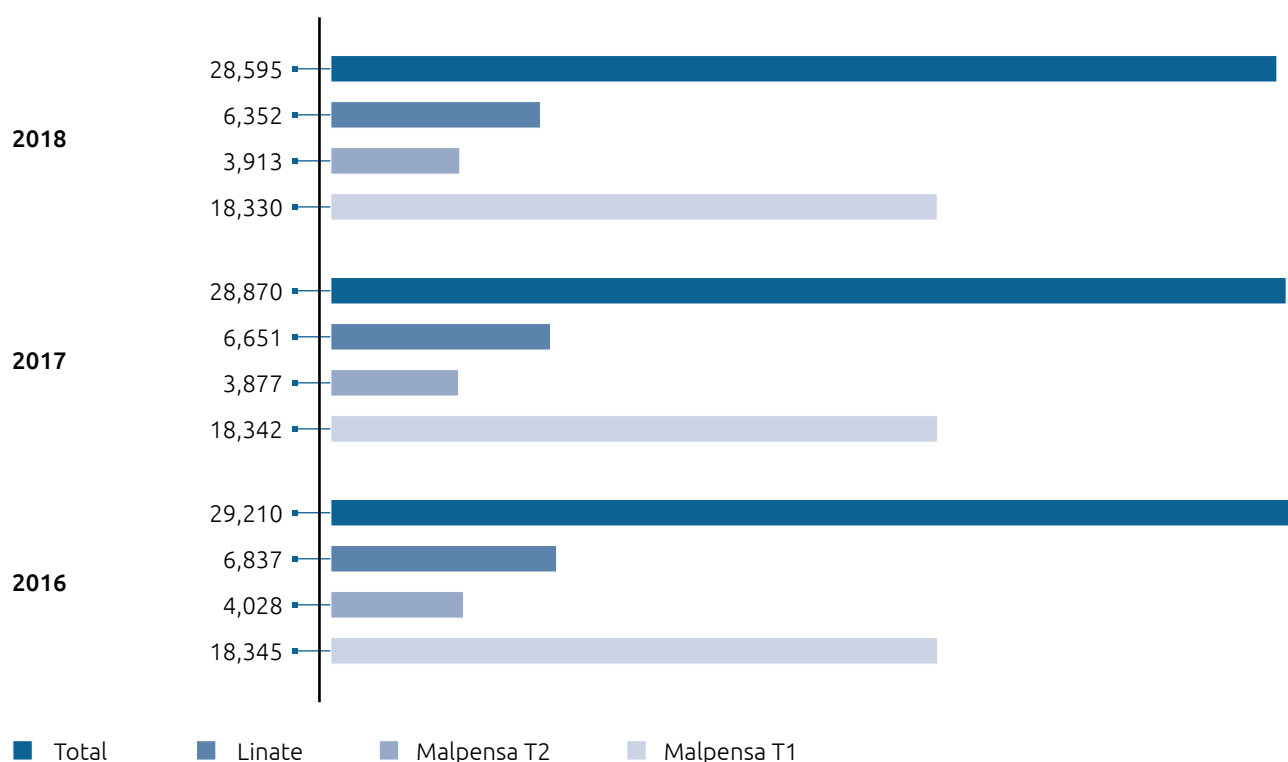
Retail

The most significant retail revenue segment was shop sales (51.9% of the total), followed by food & beverage (22.2%), car rental (17.6%) and finally bank services (8.3%).



VALUE GENERATED BY THE NON-AVIATION BUSINESS

COMMERCIAL AREAS OF THE MILAN AIRPORTS - SHOPS + FOOD & BEVERAGE (M²)



Note: 2018's value does not include VIP lounges
Source: SEA

RETAIL AREAS OF THE MILAN AIRPORTS BY MILLIONS OF PASSENGERS (M²/PASSENGERS)

	2018	2017	2016
Malpensa T1	1,079.2	1,234.1	1,461.9
Malpensa T2	516.4	540.4	595.5
Linate	691.4	689.4	709.5

Source: SEA

The development of airport terminal retail profiles, in order to better serve all segments of demand, forms the basis of SEA's Non-Aviation Strategy. A particular focus is placed on perfecting the re-design of Malpensa Terminal 1 in its vocation as an intercontinental airport, in order to maximize the exploitation of end-user spaces. The concept of "Squares" that segment the offering of specific products,

services and price positionings satisfies a target mix of customers differentiated by strong spending capacities and propensities for fast fashion. Making up the Piazza del Lusso (Luxury Square) are top luxury fashion brands, such as Hermes, Gucci and Bottega Veneta, high-end jewellery brands, such as Rolex, Rocca and Montblanc, and the luxurious Oldani café. The Piazza del Pop (Pop Square),

on the other hand, features Zara, Benetton, Moleskine and many other more affordable brands. The Piazza del Gusto (Taste Square) then offers a selection of food and beverage brands for all types of demand, from Starbucks, Wagamama, Mozzarella Bar and Pizza di Caio right through to the varied offerings of the Mychef food court. As for Malpensa Terminal 2, the proposal emphasizes the func-

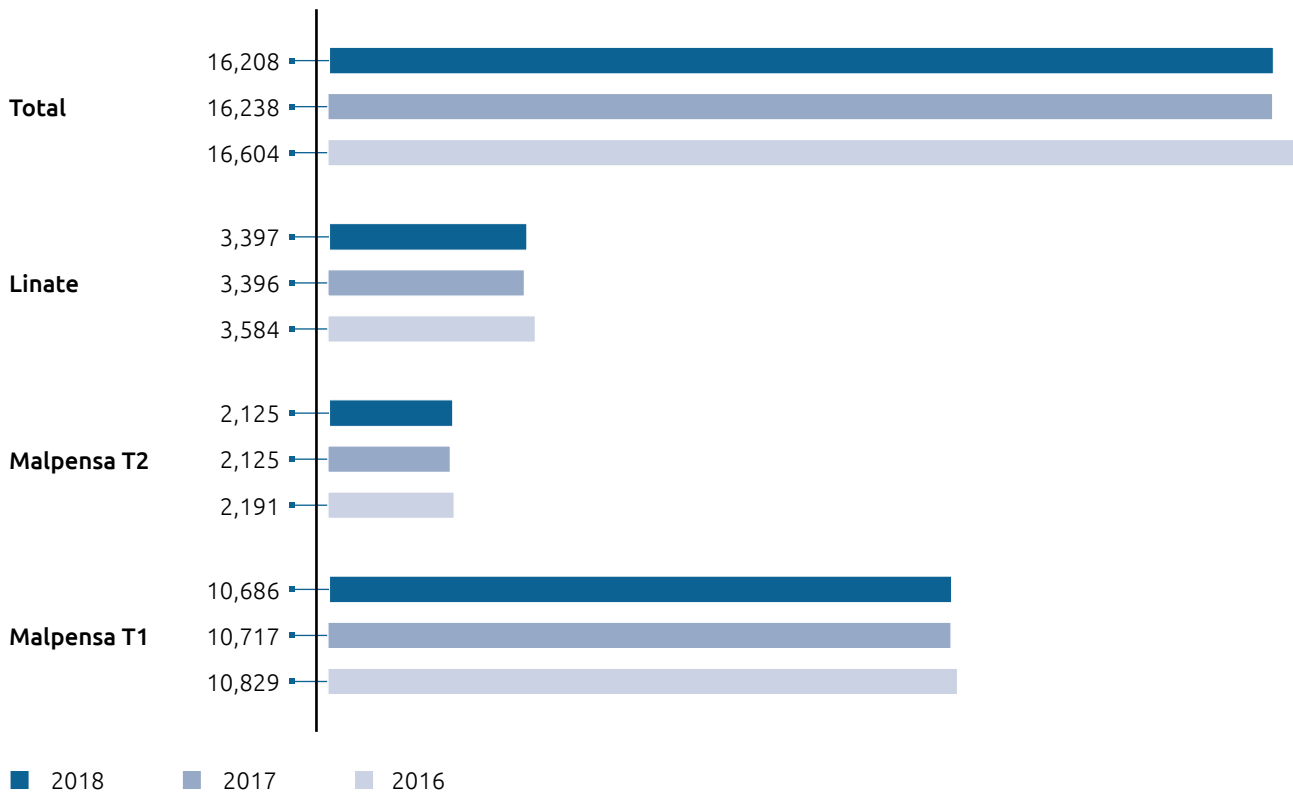
VALUE GENERATED BY THE NON-AVIATION BUSINESS

tional nature of the terminal, consistent with its aviation positioning, with a focus on the growth of the price sensitive demand. The

commercial choices relating to Milan Linate emphasize its nature as a city airport. Smart access to the city is anticipated and acted out

in the design of spaces through a strong experiential impact, particularly through the food and beverage segment.

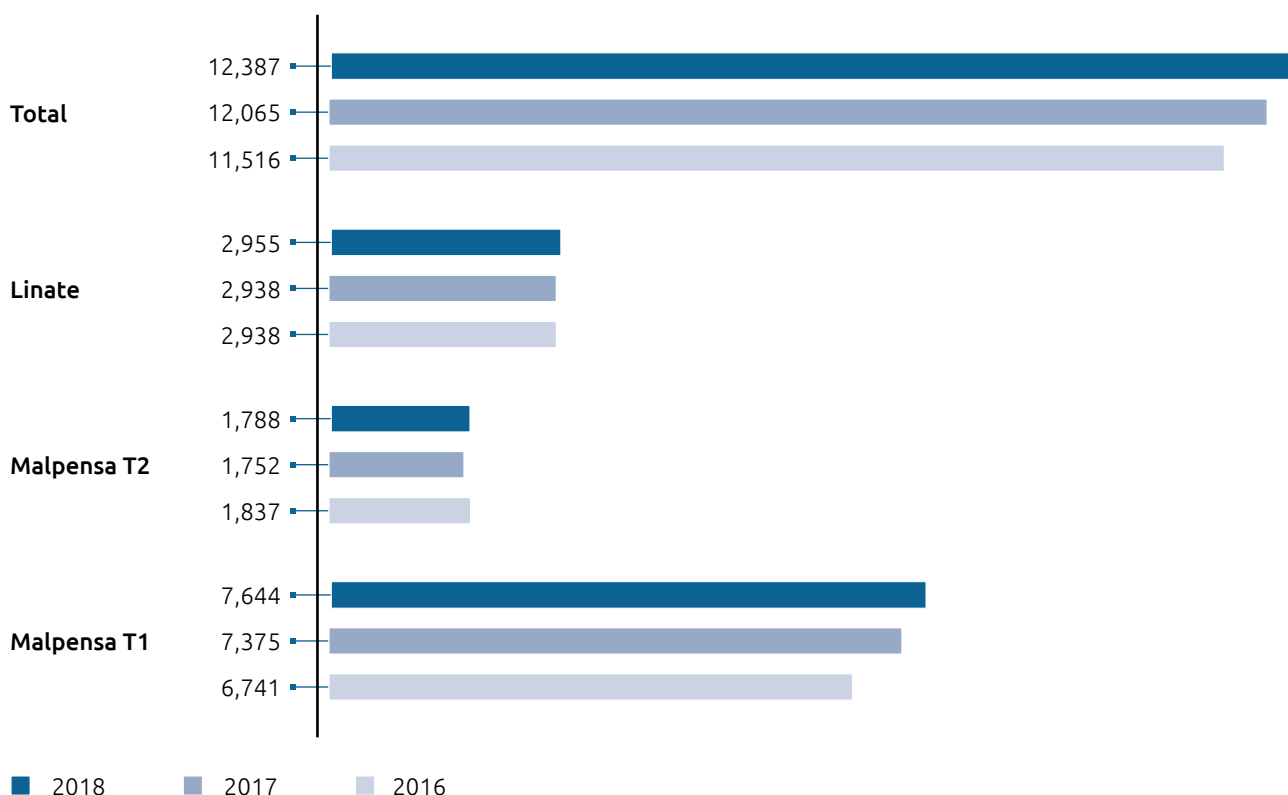
AREAS ALLOCATED TO PUBLIC SALE ACTIVITIES (M²)



Source: SEA



AREAS ALLOCATED TO FOOD & BEVERAGE (M²)



Note: Does not include the VIP lounges and external areas
Source: SEA

Parking

SEA directly manages the parking lots of its own airports, and it has been managing the Orio al Serio Airport parkings since 2014. The

ViaMilano Parking system offers 10 types of parking with a total of 20,000 spaces.

The growth of the parking business is the result of the synergy

between marketing and revenue management strategies, which allow for the dynamic management of charges and a guarantee of competitive online prices.

NUMBER OF PARKING SPACES

	2018	2017	2016
Malpensa T1	7,158	6,879	7,279
Malpensa T2	2,531	2,700	2,440
Linate	3,867	3,736	3,736
Total	13,556	13,315	13,455

Note: The figures refer only to the number of available spaces
Source: SEA

VALUE GENERATED BY THE NON-AVIATION BUSINESS

Particular attention was paid to communicating brand enhancements and to purchase conversion during seasonal peak periods.

This was implemented via communication tools and road signs near to the airports, as well as via direct communication to the evolved and dynamic target audience in Milan, in particular, but also in Lombardy and surrounding regions. Attention was also paid to the B2B market, with promotional activities addressed to the leisure world (tour operators) and the professional world (large companies), through participation in various sector events and trade fairs.

MALPENSA T1 – PARKING SERVICE PERFORMANCE INDICATORS

Year	Capacity (No. spaces)	Paying car transits (No.)	Average stay (days)
2018	7,158	1,045,940	3.4
2017	6,879	866,472	3.2
2016	7,279	675,811	3.3

*Note: The capacity figures refer to available spaces and utilizable during the year.
Source: SEA*

MALPENSA T2 – PARKING SERVICE PERFORMANCE INDICATORS

Year	Capacity (No. spaces)	Paying car transits (No.)	Average stay (days)
2018	2,531	231,282	2.7
2017	2,700	216,863	2.6
2016	2,440	210,458	2.5

*Note: The capacity figures refer to available spaces and utilizable during the year.
Source: SEA*

LINATE – PARKING SERVICE PERFORMANCE INDICATORS

Year	Capacity (No. spaces)	Paying car transits (No.)	Average stay (days)
2018	3,867	571,357	2.7
2017	3,736	596,550	2.6
2016	3,736	664,742	2.7

*Note: The capacity figures refer to available spaces and utilizable during the year.
Source: SEA*

E-Commerce

Our e-commerce service was launched in 2011. The e-commerce channel (viamilanoeshop.eu), dedicated to the sale of our own airport services, immediately distinguished our system from other European airports by its various features:

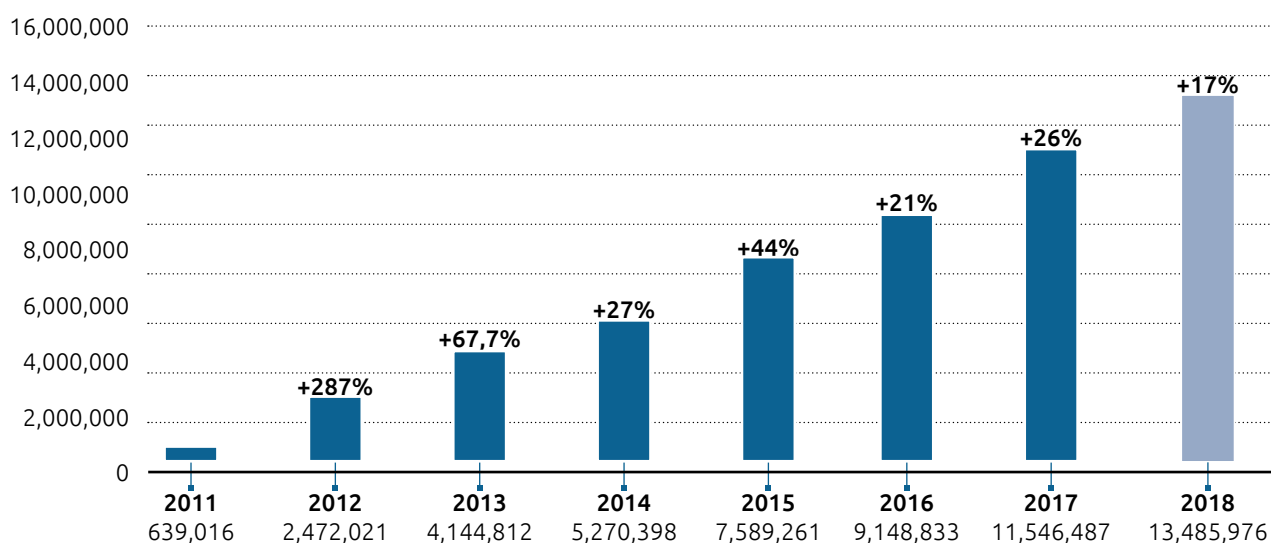
- the first European airport website to offer the true online purchase of services beyond simple reservations;
- one of Europe's broadest ranges of airport services offered through an e-commerce channel.
- parking (Linate, Malpensa and Bergamo airports)
- car valet
- VIP lounges
- fast track
- baggage wrapping
- Milan city pass

Products currently on sale on the e-commerce site include:

The turnover of our online services has grown steadily from 2011 right through to today, as shown clearly in the following chart.

VALUE GENERATED BY THE NON-AVIATION BUSINESS

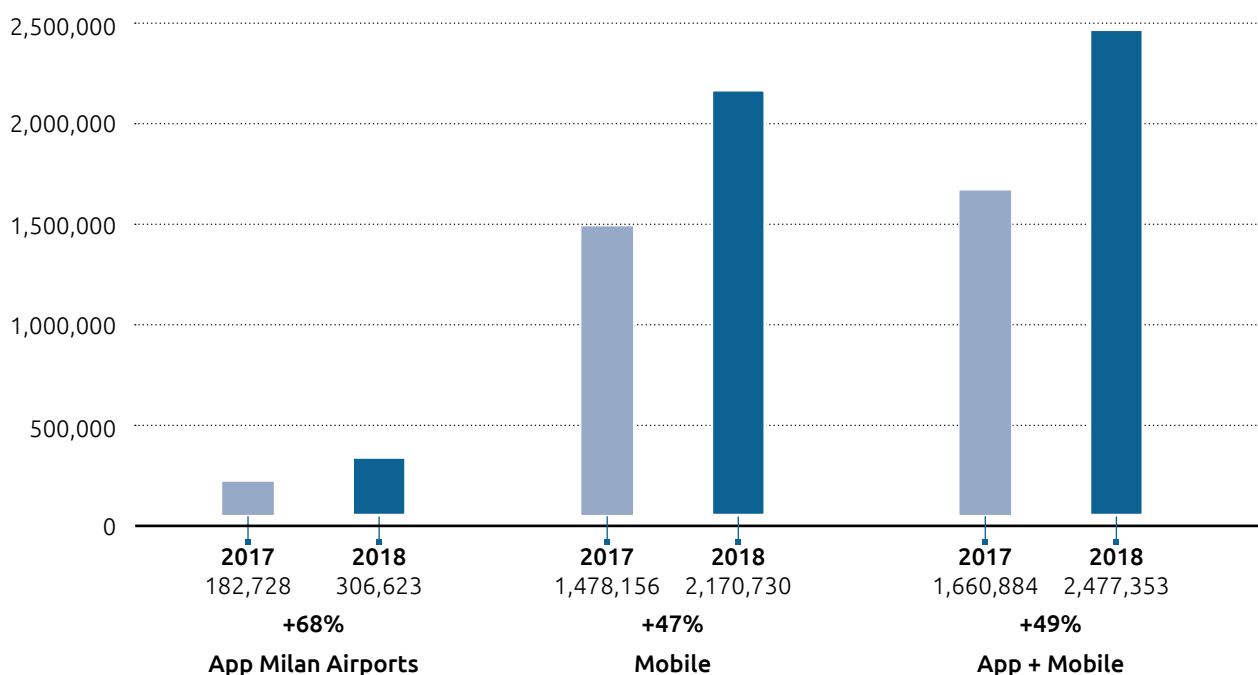
E-COMMERCE ANNUAL REVENUE TREND (EURO)



Source: SEA

Following the major technological trends, we focused our e-commerce strategy on encouraging purchases through apps, smartphones and tablets

APP + MOBILE E-COMMERCE REVENUES (EURO)



Source: SEA

With the aim of further simplifying the mobile shopping experience, SEA is working to introduce innovative one-click payment tools: Apple Pay, Amazon Pay.

In the coming years, the growth of SEA e-commerce will continue to be one of the main priorities of our digital strategy. The current e-commerce site, mainly focused on the sale of SEA services for departing passengers, will be further enriched with products and services for the travel needs of our passengers both on arrival and on departure. Through a single

platform, and a single transaction, the user will be able to purchase products and services covering all stages of his or her journey, from trip planning and time at the airport right up until arrival at the final destination.

This is an innovative airport sector business strategy that embraces the model adopted by several leading low-cost airlines (e.g. easyJet), which exploit their contact with customers purchasing flights to sell a range of other travel-related products and services.

Quality of Non-Aviation services provided to passengers¹⁶

Non-aviation services provided to passengers in 2018 also brought extremely positive results, achieving targets in almost all cases.

¹⁶ The data in parts of the table labelled 'Airports in figures' refer to 2017 (Source: 2018 Service Charter).

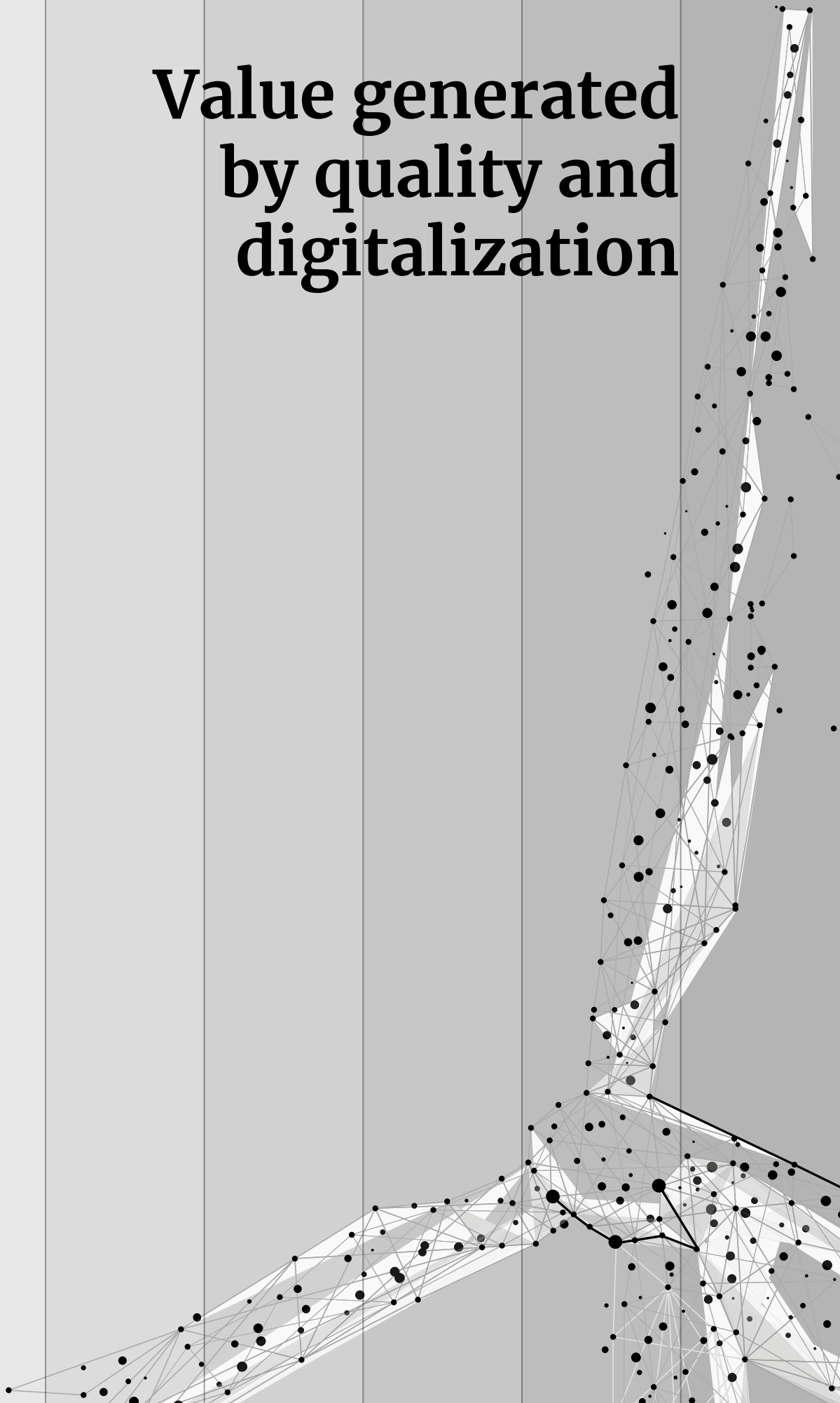
INDICATORS OF ADDITIONAL SERVICES

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
Compatibility of bar opening hours with airport opening hours	% of arriving/departing passenger flights compatible with the bar opening hours in the respective areas	2018 Target	100.0%	100.0%	100.0%
		2018 Result	100.0%	99.0%	99.0%
Perception of shop and newsstand availability, quality & prices	% of satisfied passengers	2018 Target	91.0%	91.0%	91.0%
		2018 Result	97.8%	96.4%	94.5%
Perception of the availability, quality and prices of bars and restaurants	% of satisfied passengers	2018 Target	78.0%	70.0%	71.0%
		2018 Result	94.6%	88.1%	89.8%
Perception of the availability of drink and snack distributors, where present	% of satisfied passengers	2018 Target	90.0%	90.0%	91.0%
		2018 Result	78.3%	88.3%	94.5%
Airports in numbers			T1	T2	Linate
Bag storage capacity (m ²)			130	Not available	107

Source: SEA, Doxa



Value generated by quality and digitalization



Value generated by quality and digitalization

Passenger profile

Passenger profiling is carried out at our airports via monthly surveys, based on specific sampling quotas for the three terminals (Linate, Malpensa T1, Malpensa T2). The total number of passengers

interviewed in 2018 amounted to 5,165. 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 waiting of data) verify destinations and the portions of passengers in transit, terminal by terminal and by quarter.

MAIN CHARACTERISTICS OF OUR AIRPORT PASSENGERS IN 2018

	Malpensa T1	Malpensa T2	Linate
Male	67%	65%	59%
Average age (years)	42	41	42
University culture	52%	49%	58%
Resident in Italy	69%	78%	75%
Principal reason for travel	Holiday/Tourism	Holiday/Tourism	Work/Business/Study
Average stay in the airport (minutes)	128	126	98

Source: Doxa

The principal findings from the 2018 data were as follows.

Linate

The frequency of trips for family or health reasons (+3% over 2017) and trips for vacation or tourism (+1%) increased to the detriment of trips for work, business or study reasons (-4%).

Passengers residing in Italy rose by 2% over the previous year, while frequent flyers fell by 3%.

Malpensa Terminal 1

In relation to the historical record, the share of passengers travelling for vacations or tourism decreased (-6%), as did trips for family or health reasons (-2%), while trips for work, business or study registered an increase (+8%).

Malpensa Terminal 2

Compared to 2017, the share of passengers traveling for work or business increased (+7%), to the

detriment of trips for family or health reasons (-4%) and tourism (-3%).

Quality of Non-Aviation services provided to passengers¹⁷

Non-aviation services provided to

passengers in 2018 also brought extremely positive results, achieving targets in almost all cases.

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.

TRAVEL SAFETY AND PERSONAL SECURITY INDICATORS

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
Overall perception of the passenger and hand luggage security service	% of satisfied passengers	2018 Target	94.0%	94.0%	95.0%
		2018 Result	98.6%	98.1%	96.1%
Overall perception of the personal and belongings safety level at the airport	% of satisfied passengers	2018 Target	94.0%	94.0%	95.0%
		2018 Result	99.3%	98.6%	97.9%

Airports in numbers	T1	T2	Linate
Internal security service	24h	24h	24h

Fonte: SEA, Doxa

Constant attention is focused on reducing line waiting times, without sacrificing the accuracy of controls. Monitoring is constant, in order to identify and choose any corrective actions.



¹⁷ The data in parts of the table labelled 'Airports in figures' refer to 2017 (Source: 2018 Service Charter).

COMFORT INDICATORS DURING TIME AT THE AIRPORT

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
Perception of the availability of luggage trolleys	% of satisfied passengers	2018 Target	92.0%	92.0%	90.0%
		2018 Result	97.6%	97.6%	97.5%
Perception of the efficiency of passenger transfer systems (escalators, elevators, people movers, etc.)	% of satisfied passengers	2018 Target	93.0%	93.0%	90.0%
		2018 Result	97.2%	97.2%	93.6%
Perception of the efficiency of air conditioning systems	% of satisfied passengers	2018 Target	95.0%	93.0%	93.0%
		2018 Result	98.6%	96.9%	94.1%
Perception of the overall comfort level of the terminal	% of satisfied passengers	2018 Target	95.0%	93.0%	92.0%
		2018 Result	99.1%	97.9%	94.8%

Airports in numbers	T1	T2	Linate
Available space (m ²)	146,500	30,000	33,600
Seats in waiting areas	5,249	874	1,268
Baggage trolleys (€)	2	2	2

Source: SEA, Doxa

The sense of comfort experienced by passengers at the airport is considered of great importance and overall the opinion expressed was of satisfaction for both airports.

CLEANING AND HYGIENIC CONDITIONS INDICATORS

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
Perception of the cleaning level and functionality of toilets	% of satisfied passengers	2018 Target	91.4%	86.0%	90.0%
		2018 Result	85.0%	84.0%	89.9%
Perception of the cleanliness level at the airport	% of satisfied passengers	2018 Target	95.0%	95.0%	90.0%
		2018 Result	98.8%	93.9%	94.0%

Airports in numbers	T1	T2	Linate
Total number of toilets	543	151	251
Total number of disabled toilets	47	14	17

Source: SEA, Doxa

VALUE GENERATED BY QUALITY AND DIGITALIZATION

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. Passenger satisfaction regarding the cleanliness and functionality of toilets is

lower than targets, while airport cleaning in general is satisfactory and in line with targets.

INDICATORS OF ADDITIONAL SERVICES

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
Perception of Wi-Fi connectivity inside the terminal	% of satisfied passengers	2018 Target	85.0%	85.0%	90.0%
		2018 Result	57.8%	51.7%	91.4%
Perception of the availability of mobile phone and laptop recharging stations in common areas, where present	% of satisfied passengers	2018 Target	85.0%	75.0%	83.0%
		2018 Result	67.9%	58.2%	10.0%
Perception of the adequacy of smoking rooms, where present	% of satisfied passengers	2018 Target	75.0%	70.0%	70.0%
		2018 Result	61.6%	45.2%	54.1%
Airports in numbers			T1	T2	Linate
Bag storage capacity (m ²)			130	Not available	107

Source: SEA, Doxa

INDICATORS OF MODAL INTEGRATION

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
Perception of the clarity, comprehensibility and effectiveness of external signage	% of satisfied passengers	2018 Target	93.0%	93.0%	91.0%
		2018 Result	98.2%	98.3%	96.2%
Perception of the adequacy of airport-city connections	% of satisfied passengers	2018 Target	93.0%	93.0%	91.0%
		2018 Result	97.4%	98.2%	94.5%

Source: SEA, Doxa

We are 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 Airport can be reached via Milan's Cadorna

na railway station using the 'Malpensa Express' train service, with travel times of around 29 minutes and a frequency of every 30 minutes or using the Trenitalia service (arriving in Gallarate and continuing by bus or taxi). Road accessibility

is guaranteed by the state road SS 336 (via the Busto Arsizio exit of the A8 motorway) and by the highway that connects to the A4 Turin to Milan motorway (via the Marcallo Mesero exit). Between the two Malpensa terminals, be-

sides the free shuttle service, a rail connection has just begun operation. Linate airport, very close to the city of Milan, is connected to the city center by a city bus and by shuttle with Central Station and Malpensa airport.

Customer Satisfaction

The surveys carried out in 2018 by Doxa (a leading market research institute) and concerning services at the airports of Malpensa and Linate highlight a very high satisfaction level of passengers. The new Customer Satisfaction rating system is based on the Customer Satisfaction Index (on a scale of 0 to 100).

The results are overall stable, in comparison with 2017, across the airport system, with a slight fall off at Malpensa Terminal 1 and a slight improvement at Linate. To complete the perceived quality monitoring system, a 24-hour passenger satisfaction surveying system was introduced in 2015 concerning various individual services. This system uses various faces that can be chosen on a totem (satisfied, indifferent, dissatisfied). Since December 2018, the number of totems has been further increased from 30 to 100 devices. The tool is simple yet effective because it allows the passenger to express an opinion immediately after using the service. The areas monitored are: security, sanitary services, commercial businesses and general maintenance areas. The monitoring provides daily and hourly results, allowing timely interventions, the improvement of quality standards and the prevention of medium to long-term deviations. A service-specific alert system also allows immediate intervention



DEVELOPMENT OF THE CUSTOMER SATISFACTION INDEX

	2018	2017	2016
Malpensa T1	74	75	75
Malpensa T2	72	72	72
Linate	69	68	70
System	72	72	73

Fonte: SEA, Doxa

in case of negative assessments concentrated in a short period of time.

Best in Italy - Service Champions 2018/2019

Our airports came top of consumer rankings, in terms of the quality of services offered, in the "Major Airports" category of the "2018-2019 Service Champions" survey con-

ducted by the Istituto Tedesco di Qualità e Finanza (German Quality and Finance Institute) in September 2018.

"MAJOR AIRPORTS" CATEGORY RANKING

Rank	Airport	SES Score
1	Milan Malpensa	87.2%
2	Milan Linate	85.9%
3	Bergamo Orio al Serio	84.0%
4	Bologna	81.9%
5	Venice	81.4%

Source: Istituto Tedesco di Qualità e Finanza, 2018-2019 Service Champions

The “Service Champions” survey is the largest in Italy concerning service levels offered by companies.

For the survey, the Istituto Tedesco di Qualità e Finanza, a leading European quality research and ratings agency, adopted a methodology developed by the Goethe University of Frankfurt. The fifth edition of the survey assessed satisfaction with the services of 900 companies in over a hundred different economic sectors. Through an online survey (CATI), a sample of 200,000 people, representing the Italian population in terms of age, sex and region, was asked whether, in the last three years, they had been customers of the companies under assessment. Customers who responded positively were then asked whether they had received good service from the companies. From the answers thus obtained, the percentage of customers assessing the service of each company as very good was calculated. The resulting index constitutes a Service Experience Score (SES).

Customer Relationship Management and Complaints Management

Since 2010, we have been using an innovative CRM platform developed to manage relations with our customers, who, as passengers, have different demands and expectations from other service users. In 2018, registered users

of the SEA CRM system reached 3,160,000 (up approximately 50% compared to 2017). This very encouraging trend was mainly attributable to the Wi-Fi system and e-commerce. Over 2,500,000 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.

Numerous channels are available for the reporting of complaints:

- website (www.seamilano.eu – “contacts” section);
- fax;
- form sent at the Info desk;
- letter.

We treat all complaints and issues reported on services offered with maximum attention and discretion and we commit to respond in the shortest time possible, and however within 28 days of receipt of the communication. In addition to quality surveys, as airport operator, we analyse all complaints (even if only less than one third refer directly to the services or scope of expertise of the group’s companies), in order to address all critical elements reported in the airport system. The Customer Relationship Management system facilitates both passengers in submitting complaints and our management of such complaints.

COMPLAINTS CLASSIFICATION BY ISSUE IN 2018 (%)

Type	%
Baggage and lost & found	27
Security controls	8
Check-in, boarding	10
Flight operations	6
Parking	12
Comfort	8
Information	2
Retail	4
Other	23

Source: SEA

The analysis of complaints received concerning passport control queues, due to regulatory compliance adjustments, led to the strengthening of our commitment to installing e-gates, which are now fully functional. A new bathroom format has been defined by a project combining the work of an inter-company team and the consultancy of an international design studio.

A company specialized in service design has been appointed to help improve the passenger "time to gate" experience in the airside area. The project activity, which also led to the creation of a "Passenger Lab" within Terminal 1, generated a series of insights, directions and concepts that can be developed in order to define a clearer identity for the airport. A 2019-2021 road map has also been outlined with three project development themes entitled "Effortless Fluidity", "Technologically Human" and "Hyper Milanese".

Digital Strategy for passengers

SEA's Online Strategy was launched in 2011. Since then activities have been focused on creating an effective and innovative digital ecosystem to revolutionize the digital presence of our airports. We have diversified our online presence with the support of four main pillars: websites, social networks, e-commerce and apps. These pillars represent our own media for promoting an awareness of our services and products, of the commercial offers of our aviation and non-aviation partners, and of the opportunities offered by the destination of Milan. The creation of an efficient e-commerce platform has made it possible to convert the reputation and



trust built up through other channels into direct purchases.

Social Networks

SEA can boast the most complete and numerically significant presence on social networks in the Italian airport sector, and one of the leading social network pres-

ences at an international level. Over the years, the Milan Airports have opened official pages on all the main social media: Facebook, Twitter, Google+, Youtube, Instagram. We also recently launched an official channel on WeChat, the most important platform for the Chinese market, with more than 1 billion active users.

WORLD RANKING OF AIRPORT FACEBOOK PAGES:

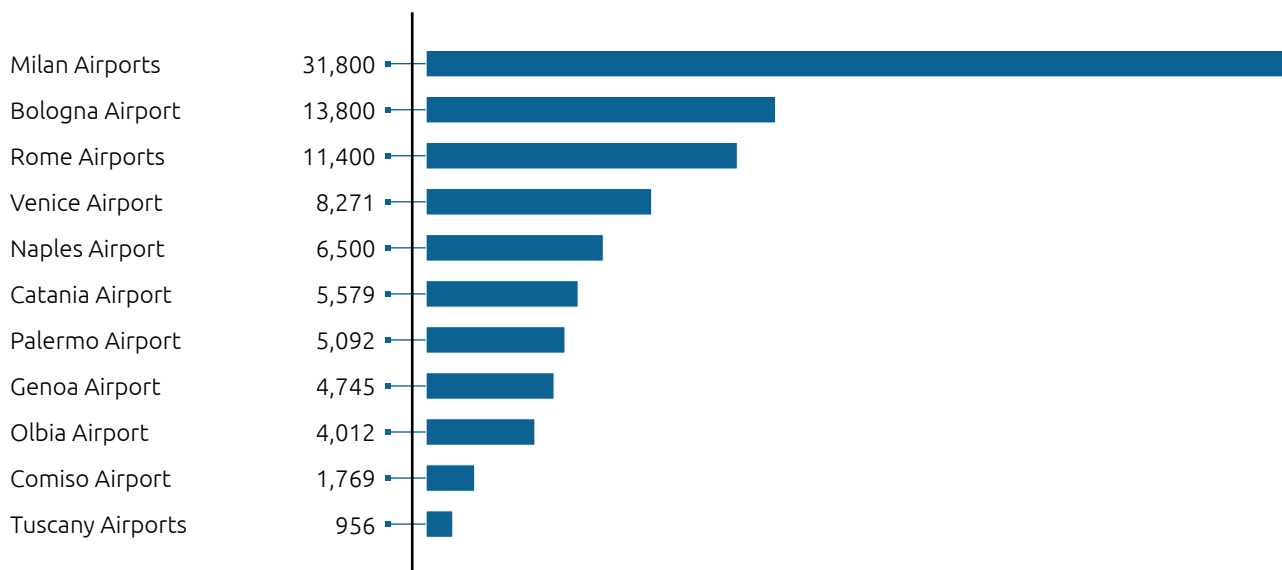
Airport	Total fans
Changi Airport - Singapore	3,784,492
Malaysia Airports - Malaysia	2,675,383
Dubai International - United Arab Emirates	2,375,109
Queen Ala International Airport - Jordan	911,890
RIOgaleao - Aeroporto Internacional Tom Jobim - Brazil	847,130
Delhi Airport - India	726,915
Incheon International Airport - South Korea	622,938
Milan Airports - Italy	596,070
LAX - United States	558,693
Amsterdam Airport Schiphol - Netherlands	501,566

Source: Social Bakers. <https://www.socialbakers.com/statistics/facebook/pages/total/place/airport/>

The Milan Airports Facebook page, set up in 2012, has approximately 596,000 fans (top-ranking airport in Europe and 8th in the world). Public posts on the page collect an average of 1,000,000 views each month and it is an essential platform to advertise the airport's initiatives and services, in addi-

tion to fostering engagement and building brand reputation. Third account in the world for interaction (after Amsterdam and Singapore): https://www.facebook.com/milanairports/insights/?referrer=page_insights_tab_button (Source: Facebook Insights).

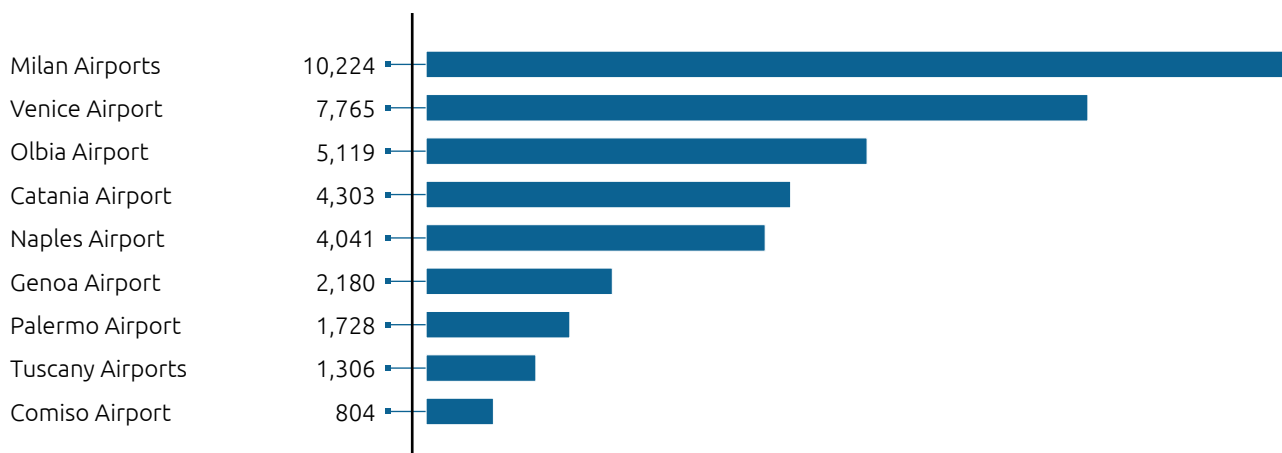
RANKING OF ITALIAN AIRPORTS PER NO. OF FOLLOWERS ON TWITTER



SEA was the first company in the Italian airport sector to set up a customer care channel via Twitter. The Twitter Milan Airports ac-

count has approximately 32,000 followers and is the top airport per number of followers in Italy.

RANKING OF ITALIAN AIRPORTS PER NO. OF FOLLOWERS ON INSTAGRAM



The Milan Airports on Instagram account is showing impressive growth on all the principal indicators (Likes, views and engagement) and is fast becoming the main communication channel.

ChatBot

The pursuit of constant innovation in communication tools for passengers has resulted in the Milan Airports being among the first in the World to launch its own ChatBot. ChatBot is a virtual assistant capable of conversing by simulating human interaction 24 hours a day, 7 days a week through the main instant messaging Facebook Messenger platform.

ChatBot makes it possible to talk naturally, discover restaurant and shop offers, check out the flight status and receive ongoing updates, query FAQs for information such as to whether it is possible to travel with animals, hand luggage type, transport of liquids or the needs of Passengers with Reduced Mobility and so much more.

It is also possible to check the reward points balance, the purchases history or to request a Loyalty ViaMilano Program reward.

Chatbot, which was launched on February 1, 2018, has achieved excellent results. As at December 31, 2018, **it had sent 633,803 messages to 41,655 unique users.**

The level of service satisfaction offered via Chatbot, placed on a **ranking of 4.4 out of a maximum of 5**, is testimony to the quality of responses it is capable of providing.

App

Milan Airports made their entry on the IOS and Android platforms at the end of 2012, launching the Linate and Malpensa Apps to assist passengers in finding their way through the Milanese airports. The Apps were upgraded in July 2016, giving rise to **Milan Airports**, a unique application which brings together all the useful information concerning the Linate and Malpensa airports.

The Milan Airports app is available for all Apple and Android devices in three languages, Italian, English and Chinese and enables passengers to access exclusive products and services:

- **Flight tracking:** real-time infor-

mation through push notifications for both departures and arrivals.

- **Immediate and exclusive assistance:** real-time chat service with Customer Care operators and a "call me back" service for being contacted by telephone and without incurring costs in case of need.
- **Shopping experience and paperless tickets:** the possibility to purchase the main airport services in a simple manner. Purchased tickets are automatically available in the app's personal area without the need for paper receipts.
- **Plan your trip:** with Milan Airports it is possible to plan the trip from and to the airport down to the smallest details, to choose the preferred means of transport and to receive related personalised information and notices which will help you reach the airport on time.
- **Shops & Food:** a complete and updated list of shops and restaurants in the Linate and Malpensa airports, complete with the offers available in the individual stores.
- **Useful information:** luggage rules, rules for passengers with reduced mobility, information on how to arrive and where to park, traffic updates including through webcams, information on the functioning of local public transport and the Milan railway, and the weather service.

MILAN AIRPORTS APP - 2018 AVERAGE MONTHLY USAGE

iOS + Android = an average of 23,400 unique users per month in 2018

Source Google Analytics

App download nel 2018

iOS
35,078 app sales units*

*Each individual app purchased on a device with iOS 8 or tvOS 9, or later versions.

Source iTunes Analytics

Android
58,520 installations*

*The number of times the app was installed on a device, including devices on which the app was previously uninstalled and then re-installed.

Source Google Play Store

Website

SEA network sites include 17 sites which can be grouped into 4 large macro-areas:

Airports	Brand & Services	E-commerce	Corporate
MilanoMalpensa-airport	FlyViamilano	ViaMilanoEshop	SeaMilano
MilanoLinate-airport	ViamilanoParking	ParkWing	Sea-energia
MilanoMalpensaCargo	ViaMilanoProgram	SeaParking	
MilanoLinate-Prime	Boutique.Milan airports	ClubSEA	
	Area10Minuti	White Label (ie Easyjet)	
	FamilyFriendlyAirport		

Since 2013, all SEA network sites were developed with **responsive technology** to pursue a **mobile first strategy**. This development made it possible for us to count on the following unique users and pages viewed:

SEA WEBSITE - UNIQUE USERS AND PAGES VIEWED

Traffic data - 2018 Monthly Average *Source: Source Google Analytics*

Malpensa Site: 1,951,719 pages viewed 302,321 unique users	Linate Site 542,800 pages viewed 95,102 unique users
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46% of Linate and Malpensa website visits are from **smartphones** and **8%** from **tablets**.

In detail:

53.3% Linate and 56.1% Malpensa website visits are from smart-phones

7.4% Linate and 7.3% Malpensa website visits are from tablets.

IOT Strategy and Indoor Navigation

One of the digital strategy's most significant and qualifying projects for the coming years is the digitalization of the physical space in our airport infrastructure, through the introduction of new technologies in the IoT area, capable of maximising interaction with our airports' passengers and operators.

A platform is to be implemented which will centrally manage the sensors installed in our airports (e.g. wi-fi, cameras and beacons) and provide the company with information collected for the development of high added-value vertical applications.

Big Data collected this way can be

utilised to develop applications in B2C, B2B and Operations such as: targeted advertising based on the user's position (Proximity Marketing), the creation of predictive models in the area of security and operations, indoor navigation, heat maps of real-time airport presences, etc.

SEA is planning on installing more than **2,000 beacons in Malpensa Terminal 1** for this project by H1 2019.

In 2018, we decided to develop our own indoor navigation system - until now entrusted to Google and Apple to guide passengers within our airports and with delays in its updating - by utilising our own beacon and wi-fi network (indoor positioning) to allow passengers to nav-

igate inside our airport terminals and benefit from the augmented reality of their smartphones.

We are therefore in the process of designing an app dedicated to *Indoor Positioning & Navigation* which will be capable of:

- locating the user in indoor areas with a level of precision of up to one metre;
- providing the user with an indoor navigation in Augmented Reality experience;
- accompanying the user in reaching the previously-selected PoI (*Point of Interest*);
- show the user information, coupons and commercial suggestions based on their position, in the form of proximity notifications.



**Management efficiency
and productivity**

Management efficiency and productivity

Organizational management

The fundamental driver in organizational management is the alignment of short-term and medium/long-term business plans.

Organisational management is therefore oriented to support SEA's development with new HR processes in the area of Organisational Innovation and generational transfer.

For the former area, we intensified the introduction of smart working processes, with the ongoing implementation of HR digital processes which also enabled the launch of Smart Working in the company.

This initiative, together with others targeting shift workers, has increased Work-Life Balance opportunities for all corporate staff. As regards generational transfer, we experimented with the development of young people in the company through a dedicated engagement and training project. A three-year recruitment programme for young people is underway which will actively trigger generational transfer.

People management policies

As established by the corporate Code of Conduct, relations with employees are in full compliance with legislation protecting workers and working conditions, guaranteeing the right to working conditions that fully respect the dignity of individuals. In this regard, we actively employ measures to prevent all conduct that may be discriminatory or damaging to individuals, safeguarding personnel from acts of physical and psychological abuse, sexual harassment, intimidation and hostile attitudes in work relations, both internally and externally.

We are also committed to opposing all forms of illicit work and require that employees and contractors report any behaviour or action in violation of the principles of legitimate employment, for the protection of themselves, their colleagues and the company.

We also promote actions aimed at supporting the growth and professional development of personnel, with particular attention to issues of gender, age and disability. On an organizational level, we consider the hierarchy framework as functional to the effectiveness and efficiency of the organization, and, consequently, to the pursuit of corporate objectives.

Accordingly, our managerial style

is founded on the development of mutual trust, on the transparency of intentions and on openness to dialogue, and opposes abuses of authority, bias and the pursuit of undue personal benefit through the leveraging of hierarchical position.

Our people

As at December 31, 2018, the total human resources of the group amounted to 2,796 employees (2,847 including temporary staff), down by 4 employees since the end of 2017 (-0.1%). Women represented 29% of employees, predominately concentrated in administrative and front-end roles, and distributed as follows: 4% Executives-managers, 23% white-collar, and less than 2% blue-collar. The predominance of men in manual roles is motivated by specific legislation on airport operations, which penalizes women over men.

SEA GROUP PERSONNEL BY ROLE CLASSIFICATION AND GENDER AS AT DECEMBER 31 (NO.)

	2018			2017			2016		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Executives	7	48	55	7	49	56	7	49	56
Managers	103	187	290	98	176	274	97	172	269
White-collar	641	1,157	1,798	644	1,167	1,811	666	1,157	1,823
Blue-collar	46	607	653	47	612	659	52	650	702
Total	797	1,999	2,796	796	2,004	2,800	822	2,028	2,850

Source: SEA

SEA GROUP PERSONNEL AND CONTRACTORS BY LOCATION AND GENDER AS AT DECEMBER 31 (NO.)

	2018			2017			2016		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Linate	360	809	1,169	357	816	1,173	356	826	1,182
Malpensa	445	1,233	1,678	444	1,220	1,664	466	1,218	1,684
Total	805	2,042	2,847	801	2,036	2,837	822	2,044	2,866

Source: SEA

Empowerment policies

Training

Training is one of the principal assets for professional growth in the SEA Group: specialised technical and managerial skills are an intangible asset fundamental for development.

Our heavily regulated sector also imposes a series of specific airport operator training obligations, which intensifies our commitment to the programming and provision of training courses, certifications, renewals and updates.

In 2018, training hours totalled 56,444, corresponding to 32.1 full time equivalent training hours. Through the 2 training centres of

Linate and Malpensa, SEA directly manages all airport-specific training (both mandatory and non-mandatory), with the help of external suppliers limited to specific assistance on skills that are not available internally.

Mandatory training (including training relating to work and airport safety) constituted approximately 64% of total training in 2018.

In addition to this significant undertaking, during 2018, SEA Group employees were provided with 20,715 hours of non-mandatory training. In particular, we highlight the training aimed at improving the management of the team role and the integration of teams for our staff dedicated to PRM activities - passengers with reduced mobility

(over 565 hours) and Airport Coordination (1,420 hours); the "switch to excellence" course for management (over 1,100 hours); the "SEA Insight" project for the promotion of digital innovation (over 1,630 hours); training interventions connected to the introduction of the smart working option among the work-life balance work initiatives, with the aim of pursuing a path of cultural change and of organisational innovation through a more efficient smart and digital working method (1,660 hours).

AVERAGE NUMBER OF PER CAPITA TRAINING HOURS BY GENDER & CATEGORY

	2018			2017			2016		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Executives	33.7	56.2	53.3	23.1	17.9	18.5	16.6	18.7	18.4
Managers	19.8	22.4	21.5	32.3	27.6	29.3	16.8	15.0	15.6
White-collar	4.6	5.1	4.9	8.5	7.9	8.2	6.1	5.1	5.5
Blue-collar	3.7	4.3	4.3	2.4	5.4	5.1	0.5	3.6	3.4
Total	6.7	7.7	7.4	11.4	9.1	9.7	7.1	5.8	6.2

Note: The data does not include mandatory training hours. The 2016 data refers only to SEA.

Source: SEA

A decrease in average training hours was recorded in 2018, compared to 2017. In contrast to non-mandatory training, mandatory training pro-capita is on the increase. Training hours for Executives increased, with a dedicated course of over 1,100 total hours in 2018 and which will end in early 2019.

Growth

Systematic performance assessment is still only limited to managerial grades; an increase in the number of incentivised Manager positions was registered in the year 2018, while skills assessment is widespread and addresses all SEA staff. In 2018, a project was initiated for the review of appraisal systems, particularly for shift

workers, in order to also introduce an integrated assessment of skills and performance for white-collar and blue-collar positions. The extension of appraisal processes to include Group subsidiaries is underway.

EMPLOYEES INVOLVED IN FORMALIZED PERFORMANCE EVALUATION PROCESSES BY GENDER AND CATEGORY (%)

	2018			2017			2016		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Executives	100%	100%	100%	100%	100%	100%	100%	100%	100%
Managers	35%	29%	31%	33%	27%	29%	27%	32%	29%

Note: Percentages refer to executives and managers involved in formalized assessment processes on the basis of the Group MBO process.

Source: SEA

Diversity

As indicated in previous years, the average income of men and women differed particularly in relation to overall income (annual income). The difference between men and women within the executive-manager category can be explained

by the reduced presence of women among senior management positions. The pay gap in the administrator-worker category is influenced by the predominant presence of shift workers (above all male) and, in particular, by the recognition of various indemnities

relating to the better remunerated unsocial shift hours carried out mostly by male personnel.

FEMALE/MALE SALARY AND REMUNERATION RATIO BY CATEGORY

	GAS 2018 ^(a)	Income 2018 ^(b)	GAS 2017 ^(a)	Income 2017 ^(b)	GAS 2016 ^(a)	Income 2016 ^(b)
Executives & Managers	83%	80%	82%	74%	81%	75%
White-collar	95%	90%	97%	89%	97%	90%
Blue-collar	83%	83%	83%	82%	83%	83%
Total	96%	91%	97%	89%	97%	90%

^(a) Ratio between average gross annual salary of women and men. Annual remuneration is considered to be the gross annual salary (GAS) paid to the employee on the basis of his/her specific duties or tasks.

^(b) Ratio of Average annual income between women and men Gross annual income (GAI) is considered to be the gross annual salary plus annually variable amounts, such as bonuses related to individual performance, company productivity, night work supplements, overtime, paid holidays, attendance allowances, etc.

The 2016 data refers to SEA.
Source: SEA

Safety

Our corporate policy 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 improvement of specific skills and training of 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, subcontractors, suppliers, customers) on the proposed organization 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 focused 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 2018, the Group renewed the certification regarding its Workplace Health and Safety Management System, issued by TÜV Italia - Accredited in line with the BS OHSAS 18001/2007 regulation, as established by Article 30 of Legislative Decree 81/08 for effective organisational models in line with Legislative Decree 231/2001. The SGSSL (Workplace Health and Safety Management System) was monitored by:

- internal audits, carried out by specifically trained and authorised company employees, resulting in follow-up interventions with the relevant Man-

agers of the audited areas; by virtue of the planning and execution of these activities, issues highlighted by the SEA auditors were resolved, some improvements identified and improvement actions implemented to reduce and control OSH risks as envisaged by applicable law;

- 5 days of audit by TÜV Italia; the activity concerned almost all business operating areas and was concluded with the Certificate's renewal which is valid for a three-year period.

The results of these activities determined that the System is correctly implemented and maintained and is functional in pursuing corporate objectives, highlighting the improvements obtained, including through the consideration demonstrated by all the departments involved.

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's Safety Representatives. In this regard, in addition to the annual safety meeting, involvement takes place upon significant changes to the workplace organization, 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.

Employee involvement was further promoted through a representative sample of workers and supervisors who were given a self-assessment questionnaire designed to "measure" the level of maturity and efficacy of the Workplace Health and Safety Monitoring System with regard to certain requirements imposed by the applicable regulations (e.g., awareness of the role of supervisors and workers, efficacy of training and reporting of near-misses), while also raising

awareness amongst workers of their obligations under Legislative Decree No. 81/08. Results highlighted a relatively high level of maturity and compliance with the reference law. The initiative will be extended further during the course of next year.

In accordance with the applicable regulation (Article 47 of Legislative Decree 81/2008 and the Inter-confederal 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	5	6	6 for production units with over 1,000 employees
SEA Prime	1		1 representative in companies or production units up to 200 workers
SEA Energia	1	1	1 representative in companies or production units up to 200 workers

Source: SEA

Safety activities held

Among the wide range of activities carried out in the year we highlight in particular:

- implementation of the risk assessment for workers who in 2018 began to participate to "Smart-Working" programmes pursuant to Legislative Decree

No. 81/17 and collaborated in preparing the related informational and training materials (safety documentation attached to the contract and a specific e-learning training course);

- updating of the mapping of electromagnetic fields generated by high-frequency sources (radars, cellular telephony repeaters,

etc.) on corporate airports. The data collected confirms full compliance with the warning limits indicated in the reference standards;

- conclusion of the survey which started in 2017 to detect the presence of radon gas in underground and basement work areas at Linate and Malpensa. The

MANAGEMENT EFFICIENCY AND PRODUCTIVITY

amounts confirmed expectations, with concentrations comfortably within regulatory limits;

- continuation of internal audits to verify the correct implementation of and compliance with Fire Prevention Standards in the spaces allocated to commercial retail operators (shops and depots) located inside the Linate and Malpensa terminals, already defined by SEA in its Fire Prevention Regulations, to which spe-

cific audits were also added and carried out in the common use areas present in the terminals, whose management is undertaken by SEA.

- implementation in the 2 corporate airports of 20 Emergency and Evacuation Plan drills, in addition to alarm and fire detection drills, involving the Emergency Management Staff (AGE) as well as employees from the various relevant buildings. Handlers,

CNA, Commercial Operators and State Entities, where present, participated in these drills. The drills received positive feedback both from an operational viewpoint and in terms of the measures introduced to date.

Accident indicators

GROUP ACCIDENT INDICATORS BY GENDER AND LOCATION

		Linate		Malpensa	
		Female	Male	Female	Male
Overall rate of accidents	2016	1.77	4.51	3.09	3.21
	2017	1.44	4.87	4.89	3.35
	2018	0.36	4.50	0.87	2.86
Commuting accident rate	2016	1.06	1.16	1.40	0.95
	2017	1.08	0.89	2.87	0.86
	2018	-	1.31	0.29	0.57
Occupational illness rate	2016	0.00	0.00	0.00	0.00
	2017	0.00	0.00	0.00	0.19
	2018	0.00	0.00	0.00	0.58
Overall gravity index	2016	21.48	119.81	46.98	63.36
	2017	56.27	95.41	158.17	67.44
	2018	3.14	95.12	16.79	56.28
Commuting gravity index	2016	9.76	41.17	10.74	24.22
	2017	33.99	18.98	75.01	26.40
	2018	0.00	39.98	11.35	22.71

Note: Accident indicators are calculated as follows:

- Total accident rate: no. accidents at work and commuting/hours worked*200,000
- Commuting accident rate: no. commuting accidents/hours worked*200,000
- Occupational illness rate: no. cases of occupational illness/hours worked*200,000
- Overall gravity index: no. days lost due to accidents at work and commuting/hours*200,000
- Commuting gravity index: no. days lost due to accidents commuting/working hours*200,000.

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 are considered, excluding that on which the accident took place. The figures relating to occupational illnesses relates to cases reported in the year and not to the number of professional illnesses effectively recognized by INAIL for the same period.

SEA Energia's hours worked and December 2018 workable hours, used for the calculation of indices, were estimated on the basis of the previous year's data.

2016 and 2017 data does not include information relating to the occupational illnesses and accidents of contractors.

Source: SEA

With regard to contractors, one workplace accident in the male category was registered at the Malpensa airport, and no occupational illnesses. The accident rate is equivalent to 3.44 for men, 0 for women and 3.25 for total contractors.

Overall, no fatalities were recorded with reference to all Group workers.

The analysis of employee accidents in 2018 highlights:

- a 20% decrease in workplace accidents and approximately 45% of on-commute accidents, compared to the previous year;
- of the workplace accidents, only approximately 45% of cases are directly linked to specific work activities (without highlighting any particular recurring or unresolved critical issues), whereas the remainder are related to general scenarios which have very little or nothing to do with the work carried out by the workers, and which are predominantly related to walking about (trips, slips, sprains, bumps, etc.).

"SEA PER TE": ACCESS TO SERVICES

Initiative	No. Beneficiaries		
	2018	2017	2016
Health Fund (general)	1,830	1,854	1,863
Gift Vouchers	1,033	1,089	1,080
Flexible hours	880	851	849
Study grants	659	647	721
Health Fund (check-up)	403	471	335
Medical visits	302	296	310
Summer centres	199	203	215
Home-work transport	190	183	181
Anti-flu injections	134	168	150
Future Lab: Push to Open - Learning to Study	79	80	142
Trips for the elderly	129	112	110
Social services (personal loans)	133	98	99
Part-time mother (annual average data)	10	16	17
Accident insurance	18	13	4
"Fragibility"	2,731	2,735	-

Note: The 2016 data refers only to SEA.

Source: SEA

Engagement policies

Welfare

The process of updating corporate welfare continued in 2018, alongside more consolidated welfare initiatives (home-work mobility, health and prevention, social services, etc.). The following table summarizes the access to company welfare services by employees (full-time and part-time) over the last three years. Contractors do not benefit from these services, while as from 2018, initiatives were extended to employees with fixed-term contracts.

Areas where the new needs are required are particularly focused on care and assistance to non-self-sufficient family members, the educational and professional orientation of children during their studies, and the promotion of rules for healthy nutrition and lifestyles. For the first area, the intent was to deliver a concrete and immediate response to the needs of caring for elderly or non-self-sufficient family members through the renewal of the "Fragilità" project. This is a tool that provides help to those who, in addition to their work, have to face the difficult and delicate task of supporting a family member who needs care. To complement this sensitivity towards people facing difficult family situations and/or are covering the role of caregiver, certain work-life balance initiatives were introduced, among which, the 'Solidarity Time Bank' initiative. In the second area, the development of the "Future Lab" project continued where services for the educational and professional orientation of colleagues' children can be found, spanning a time frame from elementary school right through to university graduation, and with the confirmation of all the initiatives already proposed in 2017 (Push to Open, Push to Open Junior, Intercultural overseas scholarships and Learn to study with SEA). In the third area, the "Word from the Nutritionist" project continued with new meetings and tests to promote well-being in people. In 2018, an online platform was finally activated for the use of a welfare bonus dedicated to all SEA employees. This innovative arrangement, with enhanced financial benefits, has provided colleagues with a range of available services which can also be used in the form of a voucher, among which, the repayment of educational and healthcare expenses for family members,

welfare vouchers for sports and culture, and vouchers for supermarket expenses, fuel, leisure and health.

Supplementary Pension Fund

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.

PENSION FUND FIGURES

Pension Fund	2018*	2017	2016
Number of subscribers	4,979	5,001	5,045
Net pension assets (Euro millions)	219	204	189
Net fund yield	2.32%	2.24%	2.30%

() 2018 data relating to the number of subscribers are provisional pending the approval of the FONSEA financial statements.*

Source: SEA

The Pension Fund is set up as a non-recognized association with legal personality 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	
	Newly-recruited worker	Company
100% of Post-employment benefit matured ^(*)	1% on the table minimum, plus contingency indemnity and plus 12-month periodic increases. Any additional voluntary contribution is calculated at the % of the gross assessable tax base.	2.5% on the table minimum, plus contingency indemnity and plus 12-month periodic increases.

^(*) for newly-recruited staff

Parental leave

Our Welfare system 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. The use of parental leave in 2018 decreased both for men and, albeit to a lesser degree, for women. Data shows how parental leave is also regularly and extensively utilised by fathers who increasingly assist mothers in taking care of the children.

RIGHT AND USAGE OF VOLUNTARY LEAVE (NO.)

	2018		2017		2016	
	Female	Male	Female	Male	Female	Male
Right ⁽¹⁾	214	386	239	395	260	374
Use ⁽²⁾	91	180	105	208	108	204

⁽¹⁾Voluntary leave may be requested for each child in the first 12 years of life (until the end of their twelfth year). Employees with children less than or equal to 12 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

Work-life balance: Smart Working

A few years ago, we introduced various work-life balance initiatives within the organisation, with the aim of embarking on a path of cultural change and organisational innovation to make our way of working more efficient, smart and digital.

Also as a result of the publication of Law 81 of May 22, 2017 which regulates "Smart Working", we launched a smart working pilot project in October 2017 involving several corporate departments. The pilot project concerned administrative workers, with the aim of accelerating innovation in smart working processes and providing responses to the requirements of conciliation with person-



al needs and with those of family members.

The project group, representing various target groups (young/elderly people, heads/workers, men/women and caregivers) worked towards building project guidelines to identify the teams to be involved in the experimental phase and to define the internal communication method.

The first pilot group consisting of 204 smart workers started in April 2018 and, on signing individual agreements with the company, were able to make use of a maximum of 4 days of smart working per month on the authorisation of their direct manager.

At the end of 2018, the pilot project was extended to another 212 smart workers.

To date, therefore, over 50% of administrative employees are involved in this experiment and a third group of smart workers will be activated in 2019.

Prior to the experimentation phase, smart workers and their managers participated in training sessions which highlighted topics related to control, trust, responsibility, occupational safety and also a short technical training module on specific IT equipment for remote working.

The first experimental phase ini-

tially showed some signs of difficulty but, on the basis of the survey held and the listening focus groups organised, the scheme experience was substantially positive, generating overall satisfaction among all the target employees concerned.

The survey involved 204 smart workers from the pilot project's first phase and a number of their colleagues, in order to also acquire the point of view of those who remained in the office and interacted with the remote workers. Respondents numbered 236 (84% of redemption) on a universe of 282 persons.

SMART WORKING ACTIVATION IMPACT INDICATORS*

Monetary savings	71 €
Time savings	5.5 hours
Average untravelling distance	192 km

* Average monthly values pro-capita referable to 4 days/month of implementation

Source: SEA

Estimate of emissions and greenhouse gases linked to the activation of smart working

We estimated the positive environmental impact - in terms of the reduction of emissions (carbon monoxide, nitrogen oxides and PM10) and greenhouse gases (CO₂) – generated from the activation of smart working and resulting from the reduction in commuting of the smart workers involved.

The estimate was achieved on the basis of the following assumptions:

- the commuting trips of 204

smart workers were considered for the April-December period and an additional 212 only for the month of December;

- it was assumed that all employees considered used a car to commute;
- a daily distance equivalent to the distance between the residential commune and the airport, multiplied by two, was allocated to each smart worker. The shortest route from among possible routes was taken into consideration;
- based on the statistics of the average use of smart working days per worker, it was consid-

ered that 204 smart workers in the April-December period used 17.82 smart working days pro-capita in the 9 months, while 212 who started the trial in December used 1.98;

- emission factors were calculated at an average value, derived from literature and industry statistical analyses.

MANAGEMENT EFFICIENCY AND PRODUCTIVITY

REDUCTION IN EMISSIONS LINKED TO THE IMPLEMENTATION OF SMART WORKING

	97,541.40	Linate
Reduction in distances (Km)	59,056.80	Malpensa
	156,598.20	TOTAL
	15.907	Linate
Reduction in CO ₂ emissions (Tonnes)	9.631	Malpensa
	25.538	TOTAL
	76.60	Linate
Reduction in CO ₂ emissions (kg)	46.38	Malpensa
	122.98	TOTAL
	41.51	Linate
Reduction in NOx emissions (kg)	25.13	Malpensa
	66.65	TOTAL
	2.90	Linate
Reduction in PM10 emissions (kg)	1.75	Malpensa
	4.65	TOTAL

Conciliation: Family Audit

During 2016, the 'Family Audit' certification accreditation process was finalized. The Family Audit certification is a management tool adopted on a voluntary basis by organizations, including private companies and public and non-profit bodies, that has the purpose of certifying a continuous commitment to a favourable work-life balance. By adopting the Family Audit certification, the group intends to start a cycle of continuous improvement with the introduction of innovative organizational solutions, such as flexible work hours and smart working, and of a culture of work-life con-

ciliation. In 2016, the Family Audit application process involved the design phase, implemented through the establishment of 2 separate internal working groups.

The Family Audit Working Group, made up of 17 employees from all professional roles, carried out analysis and proposed actions to improve work, life and family conciliation, taking into consideration a variety of family types.

A three-year platform comprising 28 conciliation measures was drawn up during the 6 meetings of the Working Group. The Management Working Group, made up of

8 managers from various departments and roles, played a leading role in assessing the proposals received (the conditions and application of which will be further assessed during implementation), leading to the achievement of Basic Certification in February 2017.

In 2017, implementation of the first conciliation measures was initiated, the description and progress of which are reported upon in the following table.

MANAGEMENT EFFICIENCY AND PRODUCTIVITY

UPDATE TO THE FAMILY AUDIT PLAN CONCILIATION MEASURES INTRODUCED IN 2017

Measure	Description	Status	Means
Reduced Work Hours	Introduction of the possibility of using reduced work hours, for all staff, with prior authorization. For shift workers, reduced work hours are only possible at shift start and end.	Concluded	Introduced for all the workforce, as from February 1, 2018, the possibility of working reduced hours was availed of by 447 workers for a total of 2,695 hours. An increase in the hours used was registered in 2018 for a total of 29,920 hours against a total of 28,574.50 hours in 2017.
Study For Increased Interchangeability	Definition of a process aimed at improving the interchangeability of administrative staff and activation of a trial concerning at least two services in which there are personnel with particular work-family conciliation needs.	In Progress	The experimental Job Rotation initiative concluded in the first half of 2018. The three selected colleagues, one for each Management team, had occasion to prove themselves in one of the other roles in their own department. The level of appreciation for the initiative, both from the participants and the managers called upon to manage the resources, was high and the colleagues positively assessed the experimented relational aspects and the interdepartmental dynamics, expressing their wish for this organisational arrangement to be promoted throughout the company.
Study For Improved Commuting & Parking	Study of different systems to limit the time spent on commuting and parking at Malpensa through ecological and innovative systems.	Concluded	The service was activated in two phases: the first involved administrative staff, the second made the service available to shift workers and active every morning from 3.30am to 7.30am and evening from 8pm to 0.30am. In April 2018, light signalling was installed in both stops, indicating the operability of the shuttle service (green-active, red-non-operational). The constant use of this service which, therefore, was highly appreciated, was also registered in 2018.
Improved Remote Communication Among Personnel	Significant increase in the use of video-conferencing and conference calls, for training, internal meetings and simple communications between personnel, replacing telephone calls.	Concluded	As from May 2018, SEA Training was enhanced by an online training channel through the new FormAzione platform which complements the usual classroom training in our Training Center. The platform makes it possible to access one's own training plan and to view the assigned classroom and online courses. In 2018, online training for the course on Occupational Safety for Low-Risk Companies, Legislative Decree 81/08, was provided to all administrative employees and the course on "Health and Safety Protection in Smart Working" to 416 smart workers. Furthermore, remote communication has increased, by definition, from the take-up of the Smart Working arrangement.
Working Group Maintenance	A Working Group meeting at least once a year.	In Progress	

MANAGEMENT EFFICIENCY AND PRODUCTIVITY

Measure	Description	Status	Means
Improvement In The Visibility Of Seanet To Operating Personnel	As part of the restructuring of the portal, mandatory landing on SEAnet and the activation of systems inviting operating personnel to read and verify reading of company news.	Concluded	<p>The new arrangement provides direct landing in SEAnet with access to all connected activities. Since its implementation in March 2018, SEAnet has been constantly utilised and enriched with new features such as the possibility to customise it with notifications and tasks, choose "favourites" or select widgets based on working requirements and personal needs to enrich the personal Profile.</p> <p>The SEA FormAzione Portals and the Assistance Fund were introduced in May 2018, through which it is possible to digitally "converse" for the respective requirements.</p>
Introduction Of Inter-Company Internships For Employees' Children	Definition of agreements with other companies in the region to reserve traineeships for employees' children, aimed at facilitating work placements.	Concluded	<p>In 2017, SEA collected information aimed at assessing opportunities for collaborative relations with other business and industrial companies regarding inter-company internships. Some difficulty has been met in addressing the topic in practical terms.</p> <p>In order to facilitate access to the employment market, the "A bank in the airport" initiative was also implemented in 2018, with which SEA provided four secondary schools in the regions of Milan, Varese and Novara, indicated by colleagues whose children attend these schools, with the possibility of classmates also accessing an alternating school-work workshop on airport jobs (total 120 children), and 27 children were also given the possibility of a summer job session in our airports.</p>
Maximizing benefit of sustainability reporting certification	Raising of awareness of SEA initiatives within the local area to improve its integration.	In Progress	Published 2017 NFS.
Increase In The Number Of Laptops Available	Progressive transfer, regarding administrative staff, from desktop devices to laptop computers, especially concerning departments with potential for Smart Working.	In Progress	The allocation of laptop computers to administrative staff also steadily increased in 2018. The introduction and dissemination of the Smart Working arrangement provides for the distribution of laptops to administrative staff participating in the experiment, with 255 devices issued in 2018.
Optimization Of Access & Passwords	Definition of a policy allowing access to various internal company services using as few passwords as possible.	Concluded	In 2018, accessibility to SEAnet from an office PC, a home PC and from a smartphone with a single authentication and the integration of icons and e.Point functionality was completed. Direct access to e.Point from a PC workstation and from a smartphone is automatically re-directed to SEAnet with the e.Point buttons displayed on the first-level menu.
Activation Of A Free Wi-Fi Network For Employees	Activation of a free Wi-Fi network for staff to access the intranet and business applications via private devices.	Concluded	'SEANET Wi-Fi', the free Wi-Fi network for all employees has been available since July 2017.

Source: SEA

MANAGEMENT EFFICIENCY AND PRODUCTIVITY

In 2017, a further series of measures was launched, the implementation of which had been originally scheduled for 2018.

UPDATE TO THE FAMILY AUDIT PLAN CONCILIATION MEASURES SCHEDULED FOR 2018 AND INTRODUCED IN 2017

Measure	Description	Status	Means
Paternal Part-Time	Introduction of part time work for fathers, according to needs, with a reduction in work time up to the fifth year of life of the child.	Concluded	No requests were received in the year 2018 for the measure contained in the company agreement of 04/12/17.
2 Special Days Of Leave For New Fathers	Introduction of two days of leave offered by the company in addition to those required by law, for fathers on the birth of a child.	Concluded	Included in the trade union agreement of December 4, 2017. In 2018, people who made use of the fathers' leave (2 days + 2 additional days) numbered 23 for a total of 79 days, of which 17 employees only made use of 2 additional days of fathers' leave for a total of 34 days.
Activation Of Spaces For Remote Working/Coworking	Identification of remote work spaces for the use of administrative staff in the event that residence is closer to other SEA offices than those in which the employee has his/her official work station. These spaces are also open to other fellow administrative employees as coworking spaces.	Concluded	In 2017, two 'smart rooms' were set up, one at Linate and one at Malpensa T2, to allow colleagues to work at a different location from their official workplace and closer to home. In 2018, a reduction was registered in the use of smart rooms in parallel with the introduction of Smart Working.
Testing Smart Working	Progressive smart working experimentation for administrative staff.	In Progress	The Smart Working experiment was launched in 2018 and progressed in phases to eventually involve 416 people from among white-collar employees, managers and executives. It is envisaged that this arrangement will be extended to a further 200 administrative staff in the first half of 2019.

Source: SEA

FAMILY AUDIT PLAN CONCILIATION MEASURES SCHEDULED FOR THE 2018-2019 TWO-YEAR PERIOD

Measure	Description	Status	Means
Part Time Over 60	Introduction of a part-time measure dedicated to over 60s, of a voluntary nature and not involving additional expenses for the company	Concluded	Included in the trade union agreement of December 4, 2017, the possibility was introduced in 2018 for all full-time workers to opt to switch to part-time hours. 67 requests were received: 12 from Linate airport (9 shift workers - 3 administrative staff); 55 from Malpensa airport (44 shift workers - 11 administrative staff).

MANAGEMENT EFFICIENCY AND PRODUCTIVITY

Measure	Description	Status	Means
Corporate Policy Definition For Family Friendly Holiday Planning (Shift Workers)	Definition and dissemination of a corporate holiday policy favouring family quality time, with simultaneous leave, and families with children aged 6-14 with phased leave during school holidays, when requested by the parties concerned, and compatible with service requirements and applicable rotas.	Concluded	The "guaranteed holidays" initiative was activated as from August 2018, enabling the booking of 2 days of guaranteed leave, that is, approved automatically. Under this arrangement, 417 days of leave were provided to MXP employees and 130 days to LIN employees in the period August 16 - December 31, 2018. As regards the enjoyment of summer holidays by shift workers in the school holiday period, 1,090 shift workers with school-age children (lower and upper elementary and secondary schools) made use of a holiday period from 15/06/18 to 10/09/18.
Annual Meeting Planning For Shift-Work Services	Introduction of off-line and on-line internal communication tools between large numbers of colleagues and shift-workers of the same department, aimed exchanging information on specific themes, events, issues and solutions.	Concluded	The implementation of SEAnet fulfils institutional communication requirements for activities and corporate strategies. An increasingly marked digitalization of communication is under way. Off-line intervention of a systematic nature IS envisaged if significant re-organisations should occur or strategies or innovative organisational approaches are to be communicated. In these cases, in addition to training aspects, the reasons relating to the changes directly introduced by the Managers of the areas concerned are also communicated and shared.
Periodic Team Meetings For Non-Shift-Workers	Introduction of off-line and on-line internal communication tools between large numbers of colleagues and non-shift-workers of the same department, aimed exchanging information on specific themes, events, issues and solutions.	Concluded	The increasingly marked digitalization of communication almost completely fulfils the requirements of access to information concerning the activities and processes in place and those scheduled. Interdepartmental projects (MIND THE FUTURE and INSIGHT) are underway which enable and facilitate the exchange of ideas and opinions, including with top management. All administrative staff have an account which enables continuous access to communication on SEAnet, and the possibility of connecting by wi-fi dedicated to employees encourages and disseminates the real-time use of content in any corporate area.
Intervention Regarding Middle Management For The Dissemination Of A Work-Life Balance Culture	Organization of training events, initiatives and cultural awareness raising, addressed to 'community of leaders', on issues relating to a management of human resources better oriented to balancing work and private life	Concluded	In preparation to the introduction of the Smart Working project, which involved all the Management staff at various levels in the start-up phase, meetings were held for information and for the sharing of topics linked to the management of human resources from a work-life balance perspective. In reality, raising the awareness of the "community of leaders" was strengthened by active and shared participation with their collaborators in the Smart Working project and who, through "on the job" practice, contributed to the dissemination of a culture better-oriented to the issues of conciliation and work-life balance.

MANAGEMENT EFFICIENCY AND PRODUCTIVITY

Measure	Description	Status	Means
Identification Of Guidelines For In-Company Growth	More analytical definition and communication of career development policies, favouring the formation of correct expectations regarding the possibilities for growth of part-time personnel.	Concluded	With the broadly-appealing introduction of part-time working hours in 2018, a working hour arrangement that is accessible to all the workforce, such employment is implicitly considered not to be an impediment to any policy for in-company growth or financial rewards. Furthermore, SEA uses the Job Posting system for the management of occupational mobility, a process through which SEA notifies its permanent employees, blue-collar and white-collar workers, of any available "vacancies" by means of notices published on SEAnet, and through which the selection/appraisal process of candidates is managed.
Creation Of An Intranet Area With Faqs On Institutions And Opportunities	Identifying an area on SEAnet in which to insert useful information for staff regarding the use of institutions and company opportunities, the interpretation of certain information or regulations and basic forms	Concluded	Since its implementation in March 2018, SEAnet has been constantly utilised and enriched with new features and interfaces. The information section concerning welfare and conciliation services for SEA staff was also set up and completed with all the currently active items in the welfare page. Each section is divided into successive tree navigation structures and each page is complete with explanations, information, telephone contacts and links for additional information. Furthermore, since October 2018, the HR Services Centre of both airports can also be contacted through the WhatsApp instant messaging system for information requests or communications.

Source: SEA

Absenteeism

The total absenteeism rate for SEA Group employees in 2018 is more or less in line with 2017 (-0.02%).

With regard to gender, there was a slight decrease in the absenteeism rate for women (Linate from 4.43% in 2017 to 4.39% in 2018, Malpensa from 4.86% in 2017 to 4.67% in 2018), while for men, the rate decreased only at Malpensa from 3.78% in 2017 to 3.65% in 2018 (at Linate from 3.56% in 2017 up to 3.81% in 2018).

WORK ABSENCE RATE BY GENDER AND LOCATION

	2018	2017	2016
Linate	3.98%	3.82%	3.80%
Female	4.39%	4.43%	4.00%
Male	3.81%	3.56%	3.71%
Malpensa	3.91%	4.06%	3.74%
Female	4.67%	4.86%	4.15%
Male	3.65%	3.78%	3.59%
Other locations*	-	-	0.44%
Female	-	-	0.18%
Male	-	-	1.18%

*Note: The work absence rate is calculated as follows: no. of days of absence/workable days*100. Only employees are included. Only unscheduled absences are considered (e.g. due to sickness or accidents), while those that are scheduled (e.g. holidays, maternity leave) are excluded.*

Source: SEA



Management of environmental resources

Energy consumption

As part of SEA's Energy Management System and ISO 50001 certification, SEA Group's energy consumption management 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 infra-structural 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.

The main energy saving measures carried out in 2018 were:

- night-time switch off of unused

runways under noise reduction programming;

- introduction of low consumption lighting;
- optimization of the air conditioning units (reduction of the 'minimum external air flow rate' as a function of the presence of passengers, integration of inverters at thermal substations, optimization of AHUs and mixing chambers, optimization of microclimate);
- continuation of the computerization of energy consumption data and the integration of additional field sensors in order to subdivide and analyse consumption more precisely;
- almost complete elimination of decentralized production centres (boilers, refrigeration units, direct methane use) with consequent further improvements in terms of environmental impact;
- introduction of small electric cars for operators, in addition to the elimination of diesel vehicles in the aeronautical area;
- revamping of refrigeration units with the integration of new, more efficient units serving both the arrivals and departures buildings of Terminal 2;
- replacement of CDZ heat recovery units in Terminal 1.

We have at both airports co-generation/tri-generation stations in operation which generate on an ongoing basis energy savings benefiting our Group, the quality of the environment and the inhabitants of neighbouring areas. We offer 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. No renewable source energy production facilities are in use within the group.

SEA GROUP ENERGY CONSUMPTION

Unit	2018		2017		2016	
	Malpensa	Linate	Malpensa	Linate	Malpensa	Linate
Petrol (GJ)*	4,533	1,629	4,372	1,547	5,040	1,641
Heating oil (GJ)	2,366	-	2,401	-	1,963	-
Methane (GJ)**	2,136,687	1,068,258	2,265,734	1,170,658	2,141,443	1,111,063
Motor vehicle diesel fuel (GJ)*	24,369	11,381	23,596	12,221	21,030	9,610
Electricity acquired (GJ)	1,004	1,928	1,262	588	2,855	784
Refrigeration energy sold (GJ)	18,365	-	17,643	-	20,021	-
Thermal energy sold (GJ)	20,298	321,533	15,959	334,741	21,444	284,550
Electricity sold (GJ)	246,460	198,749	287,182	274,254	251,253	246,751
Total (GJ)	1,883,835	562,915	1,976,581	576,019	1,879,612	591,797

(*) 2016 data does not include SEA Prime.

(**) 2018 methane consumption of the Malpensa T2 canteen is also included.

NOTE: Translation coefficients utilised: Table of national standard parameters: coefficients used for the inventory of CO₂ emissions in the UNFCCC national inventory (average values for years 2015-2017). This data can be used for the calculation of emissions from January 1, 2018 to December 31, 2018 for natural gas, petrol, motor vehicle diesel fuel and heating oil. For electricity and thermal energy, the translation coefficient utilised is equivalent to 0.0036 GJ/kWh (Source: GRI Sustainability Reporting Guidelines, Version 3.1).

Source: SEA

ENERGY INTENSITY (GJ/UNIT OF TRAFFIC)

Internal energy consumption	Malpensa	Linate	Total
2016	0.08	0.06	0.07
2017	0.07	0.06	0.07
2018	0.06	0.06	0.06

Note: per traffic unit means the number of passengers plus goods transported (where 1 pax is equivalent to 100 kg of goods).

Note: 2016 data does not include SEA Prime.

Source: SEA

There was a significant increase in the amount of electricity purchased for the Linate airport, due to the out-of-service period of SEA Energia's co-generation station during February 2018. Energy production was suspended for safety reasons linked to a malfunction in the automatic fire extinguishing plant in "case of fire" in the motor areas, which therefore led to an increased need of electricity for the network.

Despite this, SEA's interventions

at both airports resulted in progressive energy savings 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). Despite the enlargement of Malpensa Terminal 1 with new infrastructural spaces of 49,600 m² in 2013, 18,500 m² in 2014 and 4,950 m² in 2015, for the operation of the third satellite and north building and the implementation of the new railway station at Terminal 2, SEA nevertheless

managed to achieve significant energy savings compared to 2009.

In 2018, consumption in both airports decreased by 4.1% compared to 2017, continuing the positive containment trend compared to 2009, the year in which SEA began energy saving policy interventions.

Water consumption

The management of water resources is an environmental issue to which we have dedicated expertise and attention, 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.

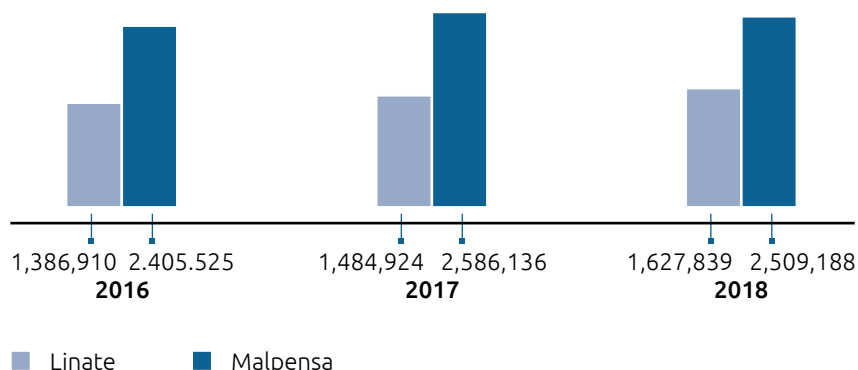
The principal water sources utilized are the aquifers, to which the 12 wells located at Malpensa and the 8 wells located at Linate are linked. For Malpensa, the aquifer has a depth of approximately 51 meters (water table measures carried out on the G and L wells), while for Linate the aquifer has a depth of approximately 5 meters.

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 rationalization activities, ensure the highest level of attention to this important common resource.

Increased water requirements registered at Linate pertain to higher low-value water consumption (superficial aquifer) used for the "cooling and conditioning" requirements of the airport infrastructure.

Worth highlighting: unfavourable thermal conditions, maintenance interventions to empty distribution pipelines and hydraulic tests effected in the year and, particularly interesting, a higher superficial aquifer water extraction temperature (water from dedicated wells) which necessitated additional water conditioning to overcome the lower thermal delta.

WATER CONSUMPTION (M³)



Note: 2016 data does not include SEA Prime.

Source: SEA

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 parameters analysed are significantly lower than the maximum levels permitted by law and highlight the good quality of the water distributed at both airports, both from a chemical and micro-biological viewpoint.

Waste management¹⁹

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:

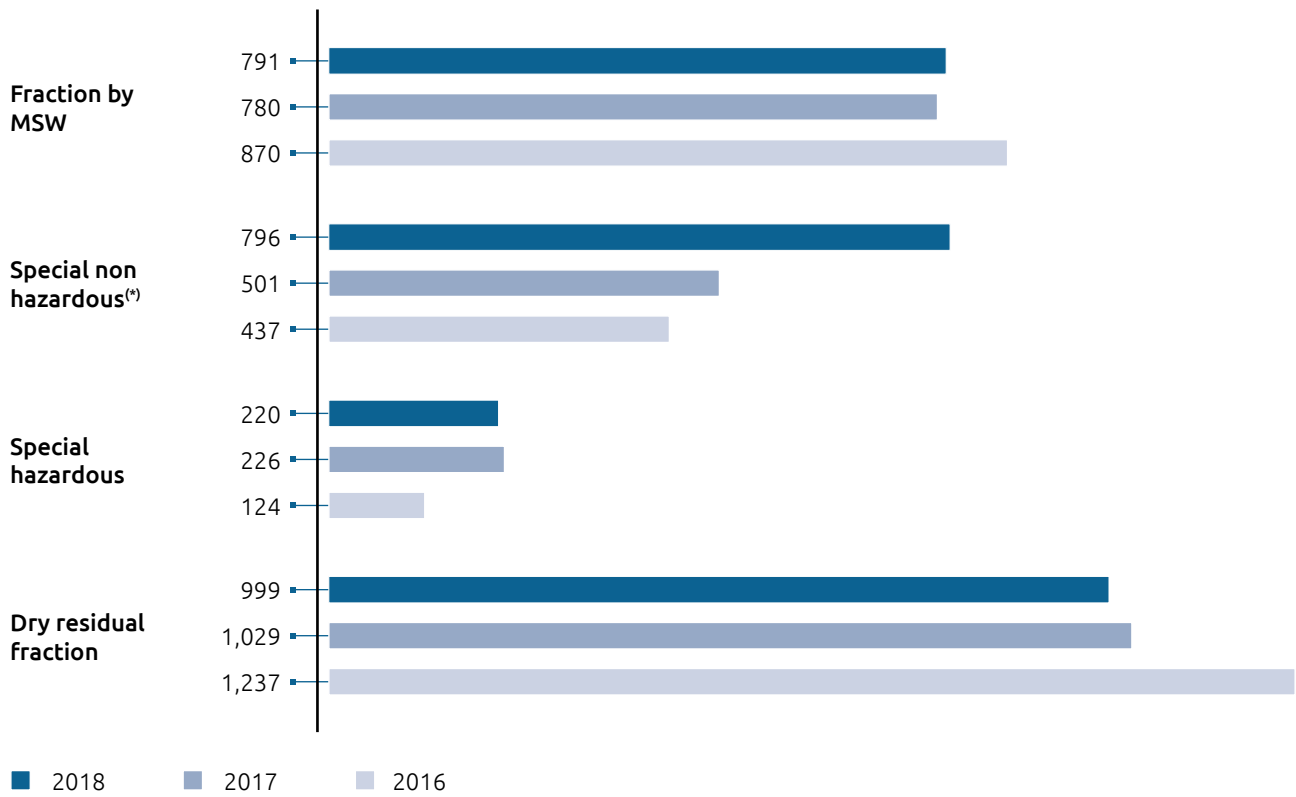
- Municipal solid waste and similar from cleaning and waste collection activities in air terminals, auxiliary buildings and aircraft. This waste is collected in dump-

sters 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.

- Hazardous special waste (waste oil, oily emulsions, oil and diesel filters, sanitary waste, etc.) and non-hazardous waste (ferrous scrap metal, expired drugs, alkaline batteries, etc.) from SEA maintenance activities.
- Waste from meals consumed by passengers on board aircraft; They are managed, and disposed of, directly by the catering companies and not handled by the airport manager.

¹⁹ 2016 data refers to SEA.

LINATE - WASTE PRODUCED BY TYPE (TONS)

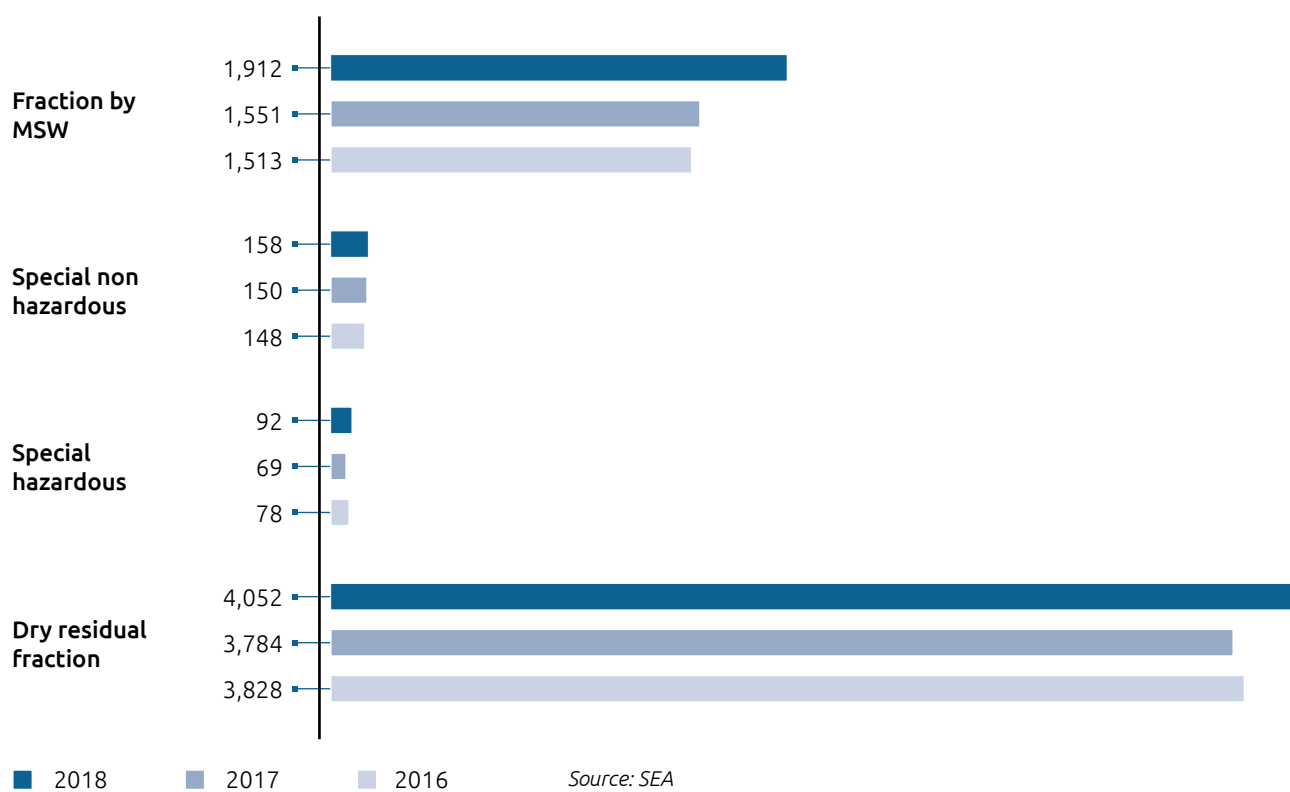


^(*) In 2018, the new procedure to manage aircraft waste waters was activated, leading to an increase in the production of non-hazardous special waste.

Source: SEA



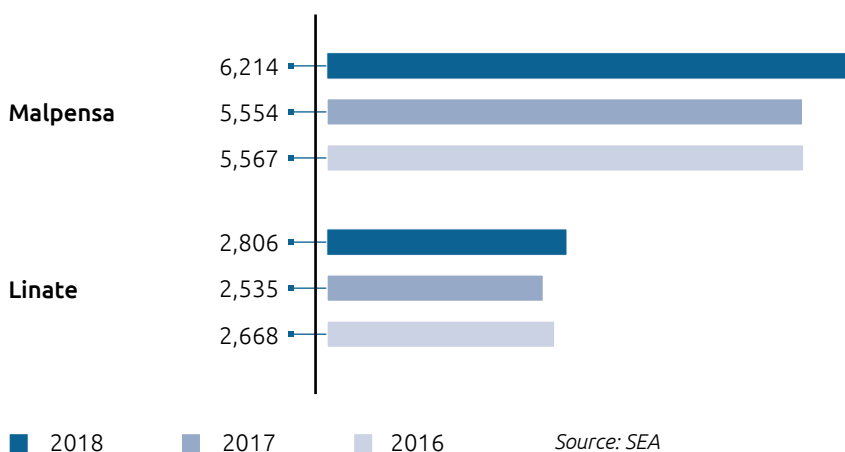
MALPENSA - WASTE PRODUCED BY TYPE (TONS)



The total production of waste, in 2018, was equal to 2,806 tons at Linate and 6,214 tons at Malpensa.

TOTAL WASTE PRODUCTION (TONS)

Again in 2018, SEA confirmed its commitment to the separated collection of municipal urban waste at the Linate and Malpensa airports. Currently, separated collection is implemented for: paper, cardboard, wood, glass, plastic, metal, toner, organic waste and batteries at the areas of the airport open to the public. Separate waste collection was equal to 62.9% at Linate and 34.6% at Malpensa, including the separate collection of special waste, registering a total increase of approximately 10% in both airports compared to 2017.



MANAGEMENT EFFICIENCY AND PRODUCTIVITY

% SEPARATED COLLECTION

	2018	2017	2016
Malpensa	34.6	31.7	31.2
Linate	62.9	57.4	53.6

Source: SEA

All special waste produced is separated by type, with specific contracts with companies authorized 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.

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 predominantly transferred, depending on its specific characteristics, to recovery plants. In case of waste with unsuitable properties (e.g. sewage purging), the waste is transferred to final disposal plants for collection, transport and disposal or recovery by specialized or authorized companies.



Supply chain management

Purchasing policy

We consider our suppliers an integral part of the sustainability process. Therefore, in choosing our partners, we also assess aspects relating to sustainability parameters through the Register qualification process, in addition to considering the ability of the companies to offer products or services that are qualitatively and financially valid, their economic and financial solidity and compliance with regulatory obligations in the execution of their activities (among others the correct payment of contributions to employees - DURC).

With a view to an increasingly high-quality supplier base, in 2018 the Suppliers Register, active since May 2011, was completely revised both in terms of process and the support information system. The new Register ensures a prompt updating of supplier information and a fully dematerialised and computerised process. To enable the SEA Group to benefit from a supply chain that also contributes towards

the achievement of sustainable development, new assessment parameters were introduced when revising the qualification process, such as the possession of a Sustainability Report and specific references to Human Rights (e.g. equal pay; no discrimination; freedom of association and collective-bargaining contracts; child labour) in the company Code of Conduct or in the Ethics Code, a copy of which is requested.

In 2018, a supplier requalification campaign was therefore launched on the basis of the following evaluation areas:

Environment

Environmental management system certifications of potential suppliers are evaluated (such as ISO 14001, the EMAS registration or ISO 50001) and the use of materials with low emissions or low energy consumption and the manner for selecting its suppliers in accordance with environmental characteristics.

Safety

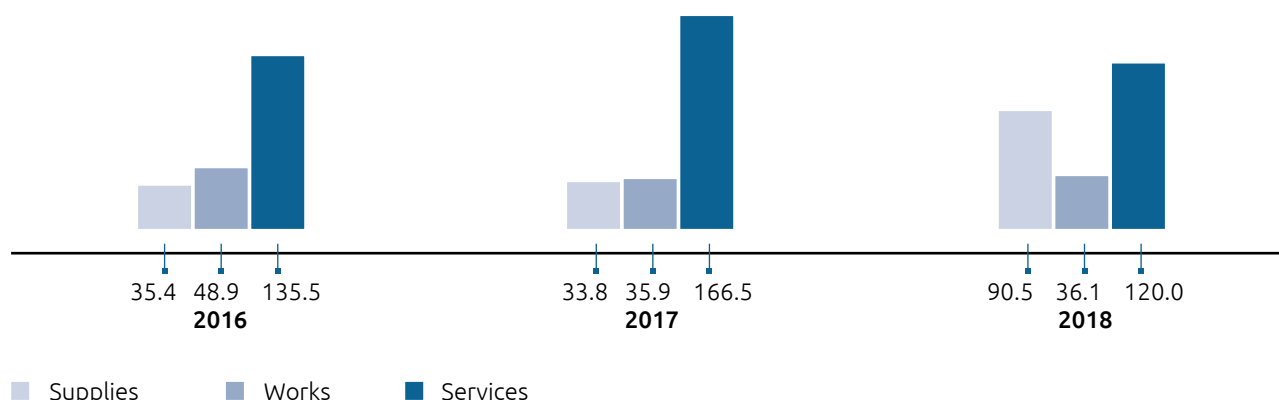
The level of attention and the management of safety profiles through the workplace health and safety management system (if

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, in addition to the number of accidents reported over the last three years.

Corporate Social Responsibility

Supplier evaluation is based on the availability of certifications (ISO 9001) and on company initiatives to develop a socially responsible approach to the planning and management of the business, described through their Sustainability Report. Particular attention is given to the presence of company policies for the respect of human rights. In addition, particular attention is placed on the profile level regarding the organizational model as per Legislative Decree 231/2001, in addition to the adoption of an internal Conduct Code/Ethics Code by the supplier.



ORDER VALUE 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

Classification of suppliers based on CSR criteria

In order to guarantee the effectiveness and efficiency of the process, but also to ensure transparency and equal treatment, procurement activities are substantially digitized and dematerialized.

A large part of the tender process is managed through the group's electronic trading platform, while the

process of qualifying and registering suppliers is completely dematerialized via its qualification portal. Through this portal, supplier candidates can manage all qualification stages online, from submission up until SEA's assessment and final registration in the qualified suppliers list. The portal also gathers all candidate information necessary for the subsequent execution of contracts. Supplier assessment, ahead of registration, is based on specific financial-technical elements by category. Via sampling, a follow-up

assessment of suppliers is made to evaluate activities carried out in case of suppliers awarded contracts. The supplier portal is used extensively for all group tenders, with the exception of tenders above European thresholds regarding SEA's core business. Above such thresholds, the process is duly regulated by European Community legislation. In 2018, there were 756 qualified suppliers, broken down by the CSR activity implemented in the respective corporate processes, according to the sustainability profiles reported in the table.

SUPPLIER SUSTAINABILITY PROFILES

Profile	Category		Under assessment		Total	
Adoption of Ethics Code	260	34%	14	38%	274	35%
Endorsement of international conventions	15	2%	1	3%	16	2%
Benefit of INAIL tax reduction in the last three years	174	23%	8	22%	182	23%
Sustainability Report	38	5%	1	3%	39	5%
Sustainability Report Certification	18	2%	0	0%	18	2%
EMAS Certification	5	1%	1	3%	6	1%
ISO 9001 certification	494	65%	19	51%	513	65%
ISO 14001 certification	205	27%	8	22%	213	27%
ISO 50001 certification	18	2%	1	3%	19	2%
Organisation Model pursuant to Legislative Decree 231/2001	169	22%	5	14%	174	22%
Appointment of Safety Officer for each contract/order	218	29%	10	27%	228	29%
References to Human Rights in the Code of Ethics	178	24%	7	19%	185	23%
Workplace Health and Safety Management System	318	42%	13	35%	331	42%

Source: SEA

Selection of suppliers

The method for the selection of suppliers awarded contracts is based on the following major categories:

- tender contracts for core activ-

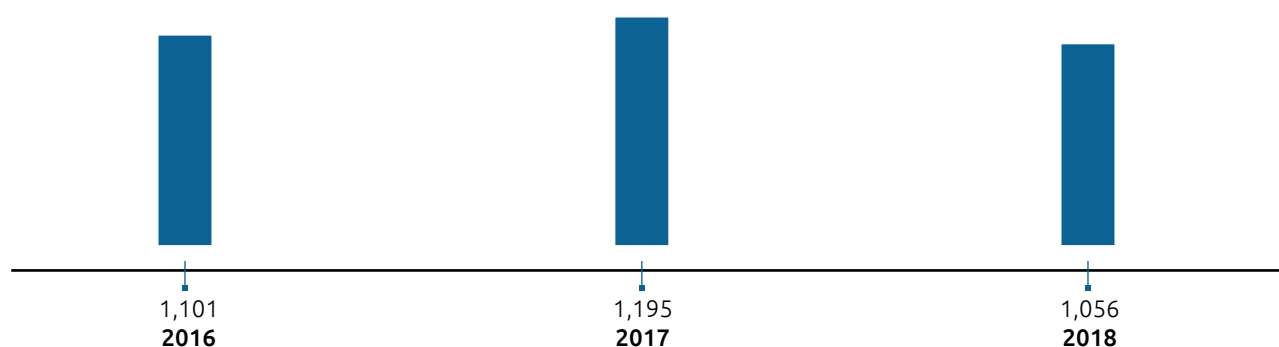
ities of values higher than EU thresholds, which are entrusted through a European public call for tenders, with tender publication or public notice of the qualification system;

- core activity contracts with values below EU thresholds or non-core

contracts of any values, which are governed by SEA's internal 'Procurement Procedure'.

Regarding public tenders, candidate selection is made using several subjective qualification criteria, as well as economic, financial, technical and

TOTAL NUMBER OF TENDERS AWARDED



Note: Tender winning companies are suppliers which achieved at least one of the requirements in the period (also on pre-existing orders). The data includes incentives granted to carriers.

Source: SEA

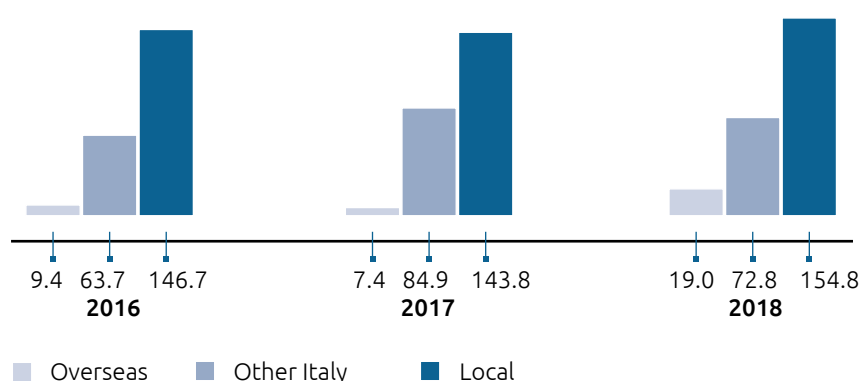
professional criteria, in compliance with the constraints set forth by Italian Legislative Decree No. 50/16, applicable to SEA in reference to special sectors, and in full compliance with the principles of the EU Treaty. In relation to the "core best offer" contracts, the internal procedure provides 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 specific contract to be awarded. Regarding non-core activity contracts, the procurement procedure provides for the invitation of at least three, five or seven suppliers, from those registered in the qualified supplier list, depending on contract value (<100,000, >100,000, >1,000,000 Euros), in compliance with the rotation principle and taking into account the abili-

ty of suppliers in meeting the specific contract requirements. Suppliers awarded with contracts, in addition to meeting various contractual qualitative and performance constraints, must satisfy SEA's 'Environmental and Energy Management System' procedure. In terms of the protection of employees in executing their contracts, the workplace safety laws are strictly enforced, with obligatory reporting of serious infractions and the application of sector labour contracts, including any supplementary contracts in force at the time or in the relevant locality where work is carried out. Compliance with regulatory contributions, ascertained during qualification, contract award and contract stipulation, are verified again during contract execution (via the so-called 'Consolidated Document of Contributory Regularity' - DURC.

Supplier spin-off value generated

In relation to the geographical origin of suppliers, SEA does not utilize 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.

ORDER VALUE BY GEOGRAPHICAL ORIGIN (MILLIONS OF EURO)

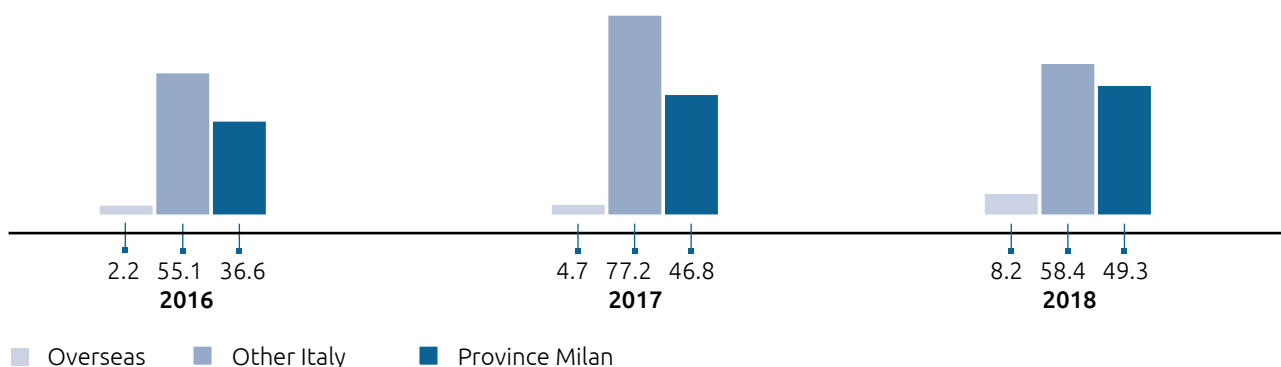


Note: Local concerns suppliers based in the provinces of Lombardy, Novara and Piacenza.

Source: SEA

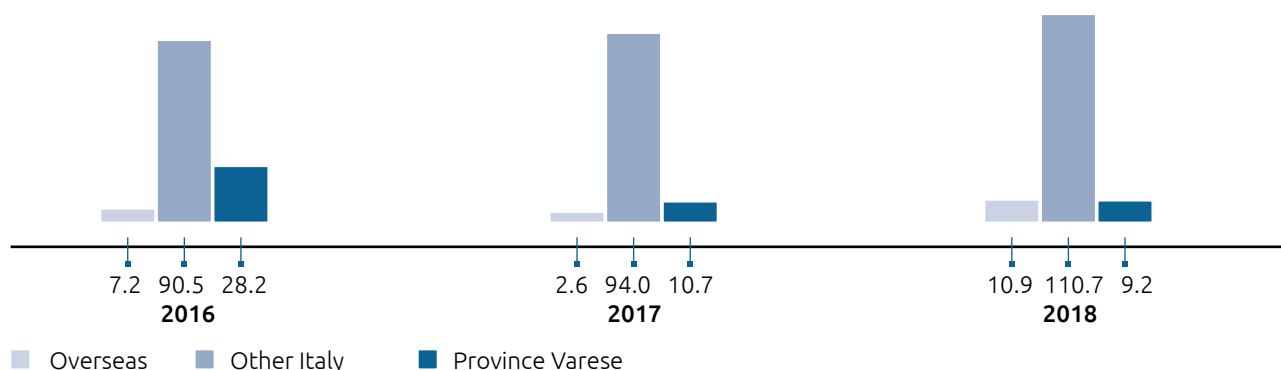
However, the economic impact generated on the areas surrounding SEA Group activities in terms of suppliers of goods and services in 2018 was 63% of the total value. At Linate Airport, the value of orders placed with suppliers located in the Province of Milan was 43% of the total, while at Malpensa Airport, the value of orders placed with suppliers in the Province of Varese was 7% of the total.

LINATE - ORDER VALUE BY REGION (MILLIONS OF EURO)



Fonte: SEA

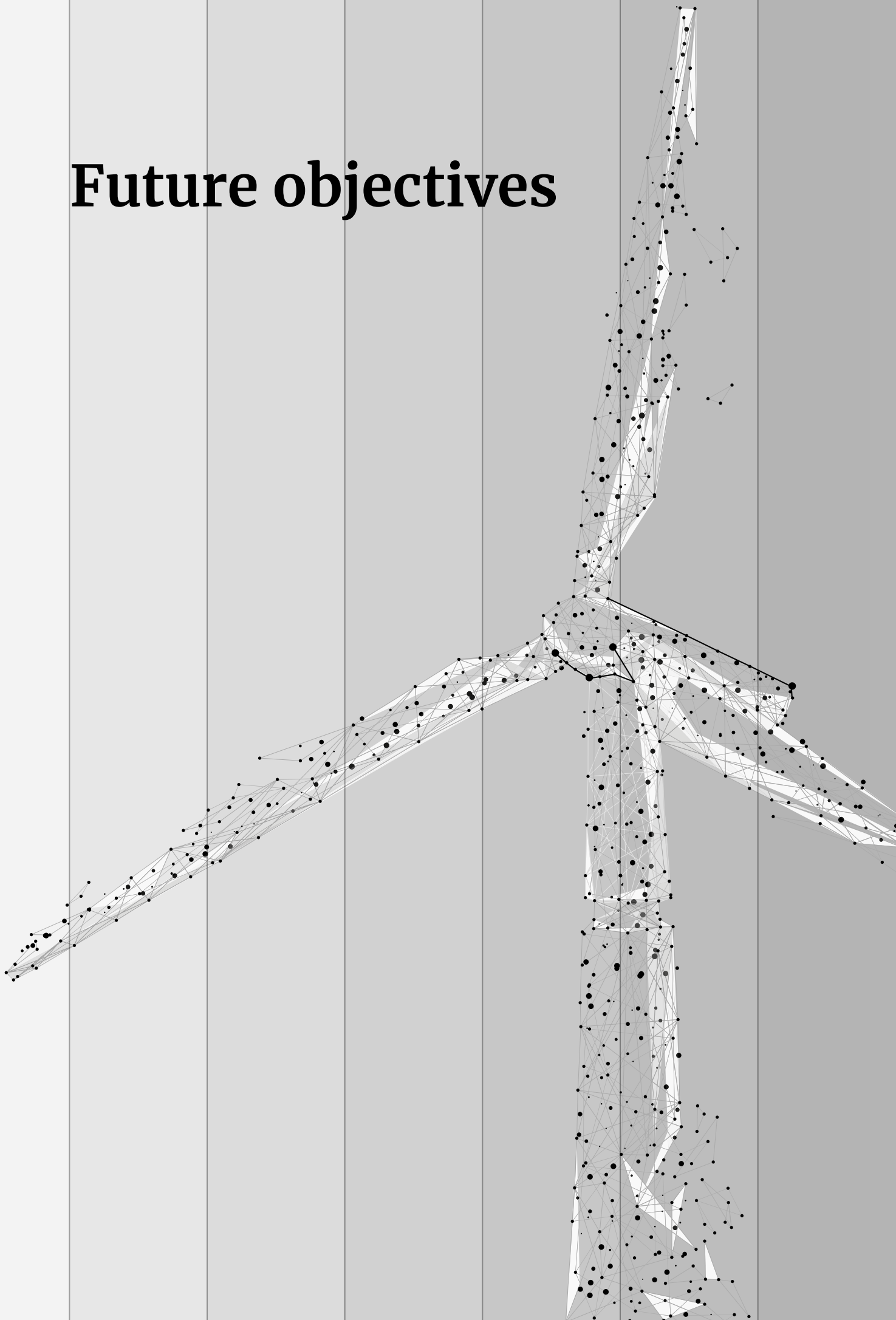
MALPENSA - ORDER VALUE BY REGION (MILLIONS OF EURO)



Note: Regarding SEA Energia 2016 orders, common to both Linate and Malpensa, amounts are divided between the two locations based on final supply balances. For current or future supplies, the division is made as per contract, when stipulated, or on the basis of historical data for similar supply, when variable. Regarding SEA Energia 2016 orders, common to both Linate and Malpensa, the allocation on the two airports was based on estimates.

Source: SEA

Future objectives



Future objectives

The sustainability objectives SEA intends to pursue in the short to medium term derive from three main sources:

- the evolution of sustainability strategy governance processes;
- the Regulatory Agreement - sub-period 2016 to 2020, signed with the Italian Civil Aviation Authority (ENAC) on November 26, 2015 for the area

concerning environmental objectives and services quality;

- sustainable competitive performance quality innovation and improvement programs promoted by individual company departments and shared with the Sustainability Committee.









This formulation is preparatory to the future definition of a comprehensive and integrated Sustaina-

bility Plan in corporate strategy. The following objectives were categorised in relation to their connection with:

- the business challenges included in the 2016-2021 Business Plan;
- the issues of the materiality matrix
- the Sustainable Development Goals

as shown in the table below.




ALIGNMENT BETWEEN BUSINESS CHALLENGES, MATERIALITY ISSUES, SDGS AND SUSTAINABILITY OBJECTIVES

Strategic business challenges	Material aspect	SDGs
QUALITY OF THE MANAGEMENT AND DEVELOPMENT OF THE CAPITAL INFRASTRUCTURE	<ul style="list-style-type: none"> ■ Eco-sustainable construction methods ■ Containment and correct utilisation of land consumption ■ CO₂ emissions reduction 	    
BUSINESS DEVELOPMENT AVIATION	<ul style="list-style-type: none"> ■ Environmental criteria for aviation charges ■ Quality of the customer experience in the terminals 	 
GROWTH NON-AVIATION BUSINESS	<ul style="list-style-type: none"> ■ Quality and innovation in the shopping experience 	

FUTURE OBJECTIVES


EFFICIENCY AND PRODUCTIVITY

- Employees dialogue/involvement
- Employees training/empowerment
- Energy efficiency measures

QUALITY AND DIGITALISATION OF PASSENGER SERVICES

- Quality of the customer experience in the terminals



Sustainability Governance ²⁰

²⁰ "Sustainability Governance" was added to the five areas drawn directly from the strategic plan.



BUILD RESILIENT INFRASTRUCTURE AND PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION

Material aspect	Objective description	Timeline	Status
Strategic orientation to the creation of long-term value	Define a periodic Sustainability Plan	2019-2020	in progress

Source: SEA

Quality of the management and development of capital infrastructure



MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE

Material aspect	Objective description	Timeline	Status
Containment of land consumption	<p>Protect and safeguard the natural heritage</p> <p>In order to strengthen constructive relations with the region and to confirm SEA's environmental sensitivity, the experimental project "Recovery, Redevelopment and Conservation of the Lonate moors" was launched. This intervention falls within the Lombard Park of the Ticino Valley aimed at the protection of flora at risk of extinction. The goal is to define the best management practice to be applied for the recovery, redevelopment and conservation of the habitat 4030 - Lande secche europee (moorland). The project, set out in three principal phases (preliminary and preparatory, implemental and monitoring), will concern 4 different zones, defined on the basis of the role played in the different project phases: zone A (165.4 hectares), zone B (2.7 hectares), zone C (27.9 hectares) and zone D (74.1 hectares).</p>	2022	in progress

FUTURE OBJECTIVES



ENSURE ACCESS TO ECONOMIC, RELIABLE, SUSTAINABLE AND MODERN ENERGY SYSTEMS FOR ALL BUILD RESILIENT INFRASTRUCTURE AND PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION

Material aspect	Objective description	Timeline	Status
Eco-sustainable construction methods	Sustainable infrastructures Construction of the new lot F in the Linate airport grounds in line with the classification "New constructions, important first-level restructuring, nearly zero energy buildings". The new building will be designed with a view to optimising the structures, starting from the walls and windows, and to save energy through the installation of a photovoltaic plant with installed capacity of approximately 66 kW _{pe} , to the installation of an automatic consumption regulation system.	2019-2020	Starting



ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

Material aspect	Objective description	Timeline	Status
Eco-sustainable construction methods	Reduction of waste, recycling and reuse Use of recovered and mixed materials having a maximum percentage of recycled material in the implementation of extraordinary maintenance operations on the Linate runway T. The on-site recycling of materials will bring about a twofold benefit. In addition to reuse, the region will benefit from a reduction in impacts deriving from waste disposal, such as the transit of trucks. Thanks to defined technical specifications, it will be possible to avoid 6,500 truck journeys.	2019-2020	Starting



ADOPT URGENT MEASURES TO COUNTERACT CLIMATE CHANGE AND ITS CONSEQUENCES

Material aspect	Objective description	Timeline	Status
CO ₂ emissions reduction	Carbon neutrality Maintaining the Airport Carbon Accreditation level 3+ (Neutrality), for both the Milano Linate and the Milano Malpensa airports.	2019	in progress
	Certified Management Systems Maintaining the ISO 14000 - Environmental Management System certification and renewal of the ISO 50001 - Energy Management System.	2019	in progress

Aviation Business Development



MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE

Material aspect	Objective description	Timeline	Status
Environmental criteria for aviation charges	Feasibility study for the development of a new tariff plan which also includes the Malpensa airport "noise" component among the variables.	2019	in progress



BUILD RESILIENT INFRASTRUCTURE AND PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION

Material aspect	Objective description	Timeline		Status	
		Linate	Malpensa	Linate	Malpensa
Quality of the customer experience in the terminals	Waiting time for baggage x-ray (minutes waiting in 90% of cases)	2019: 7'10" 2020: 7'00"	2019: 7'10" 2020: 7'00"		
	Airport operator delays (IATA Codes 19,58,85,87) (no. of delays/total pax. departing flights)	2019: 0.24% 2020: 0.22%	2019: 0.32% 2020: 0.30%		
	1st baggage return time from the aircraft block-on	2019: 16'30" 2020: 16'20"	2019: 22'30" 2020: 22'20"		
	Last baggage return time from the aircraft block-on	2019: 23'30" 2020: 23'20"	2019: 35'30" 2020: 35'20"	in progress	in progress
	Misdirected bags due to malfunctioning of the Baggage Handling System	2019: 0.25 2020: 0.24	2019: 0.36 2020: 0.32		
	Late flight departures due to goods handling (% delays of annual total)	-	2019: 0.091% 2020: 0.090%		
	Reliability of the baggage movement system	2019: 99.64% 2020: 99.65%	2019: 99.76% 2020: 99.77%		

Growth Non-Aviation Business



BUILD RESILIENT INFRASTRUCTURE AND PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION

Material aspect	Objective description	Timeline	Status
Quality and innovation in the shopping experience	<p>Transversal and multi-target offer</p> <p>In addition to shops, to maximise the capacity to innovate in the area of food, going down the path undertaken a few years ago of characterising the Food Court with increasingly innovative recipes which can satisfy the demand of all the reference targets (in particular, Asian and Middle-Eastern targets).</p>	TBD	TDB
	<p>Innovation in payment systems</p> <p>Innovation in the products and services offer to passengers is a fundamental aspect in the airport's commercial development strategy. After having implemented contactless payment systems and created awareness among all the commercial partners to adopt them, it is intended to integrate payment systems via app and social media (Alipay and wechat pay) for airport services and ensure their use by all the commercial operators present in the airport.</p>	2020	TDB
	<p>Innovation in passenger services</p> <p>Innovation in passenger services is a key aspect in the action plans undertaken to date. In particular, with the introduction of services such as shopping helpers, shop & collect and e-commerce services.</p>	2021	TDB



Quality and digitalization



BUILD RESILIENT INFRASTRUCTURE AND PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION

Material aspect	Objective description	Timeline	Status
Quality of the customer experience in the terminals	Innovation in the passenger service In order to provide a quality customer experience, the airport means to also extend the digital experience to passenger services, offering increasingly innovative services. In particular, as regards parking, the plan is for a car park whose use is fully integrated with the web and the apps: starting from the rationale and purchase method straight through to its use, it will be operable through one's own smartphone, without the presence of physical cash points and including entry and exit operations from the car park.	2020	in progress
	Indoor Navigation Through the installation of over 2,000 beacons in Malpensa Terminal 1, a platform is to be implemented which will centrally manage the sensors installed and provide the company with information collected for the development of applications to create security, operations and indoor navigation predictive models. Creation of a dedicated app which will be capable of locating the user, providing an indoor navigation in Augmented Reality experience and accompanying the user in reaching the previously-selected POI (Point of Interest).	2019	in progress



BUILD A RESILIENT INFRASTRUCTURE AND PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION

Material aspect	Objective description	Objective		Status	
		Linate	Malpensa	Linate	Malpensa
Quality of the customer experience in the terminals	Perception of the cleaning level and functionality of toilets (% of satisfied passengers)	2019: 90.80%	2019: 91.60%	in progress	in progress
		2020: 91.00%	2020: 91.80%		
	Reliability of the passenger transfer system	2019: 97.85%	2019: 97.85%		
		2020: 97.86%	2020: 97.86%		
	Perception of Passengers with Reduced Mobility (PRM) assistance (% of satisfied passengers)	2019: 91.00%	2019: 91.50%		
		2020: 92.00%	2020: 92.00%		
	Taking charge of properly booked PRMs on arrival	2019: 92.80%	2019: 86.00%		
		2020: 92.90%	2020: 86.20%		
	Perception of the effectiveness and accessibility of internal signage, information and communications at Terminal 1	2019: 98.90%	2019: 98.90%		
		2020: 99.00%	2020: 99.00%		
	Overall perception of the comfort level at Terminal 1 (% of satisfied passengers)	2019: 7.60%	2019: 7.80%		
		2020: 8.00%	2020: 8.00%		

Management efficiency and productivity



ENSURE ACCESS TO ECONOMIC, RELIABLE, SUSTAINABLE AND MODERN ENERGY SYSTEMS FOR ALL

Material aspect	Objective description	Timeline		Status	
		Malpensa	Linate	Malpensa	
Energy efficiency measures	Electricity savings (KWh_year/m ³)	2019: 44.0 2020: 43.8	2019: 40.4 2020: 40.2	in progress	in progress
	Thermal-refrigeration savings (KWh_year/m ³)	2019: 43.4 2020: 42.5	2019: 73.8 2020: 72.3		



ENSURE ACCESS TO ECONOMIC, RELIABLE, SUSTAINABLE AND MODERN ENERGY SYSTEMS FOR ALL ADOPT URGENT MEASURES TO COUNTERACT CLIMATE CHANGE AND ITS CONSEQUENCES

Material aspect	Objective description	Timeline	Status
Energy efficiency measures	Acquisition of Energy Efficiency Securities Replacement of the Malpensa cogeneration plant's current 25 MWe TGC turbine with a more efficient gas turbine, in order to obtain 10-year GSE energy efficiency certificates (high efficiency cogeneration white certificates).	2019	in progress
	Replacement of runway lights Replacement of Linate's T Runway lights, from 98.747W halogen signals to 18.776W LED signals.	2019	Starting
	Efficiency of machinery Replacement of 3 absorption refrigeration units (installed in 1998 at the Malpensa Station) with 3 two-stage absorption units having a COP higher than 1. This intervention will enable the partial renewal of the current machine stock avoiding costly maintenance processes, produce benefits in terms of savings in superheated water and methane gas and an increase in the production of electricity toward the network.	2019-2020	Starting
	Aggregate Virtual Mixed Units Participation in the UVAM (Aggregate Virtual Mixed Units) pilot project with Enel X making it possible for the Linate plant to participate in the dispatching market at advantageous economic conditions.	2019-2020	Starting

FUTURE OBJECTIVES



PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL.

Material aspect	Type of measure	Objective description	Timeline	Status
Employees dialogue/involvement Employee training/empowerment	Building a constant customer satisfaction system for services	Creation of an immediate customer satisfaction system to measure employees' level of satisfaction and to improve the offer over time	2019	in progress
	Redefinition of parameters for medical and healthcare agreements	Renegotiation of agreements in use in order to update procedures, fees and benefits	2019	in progress
	Increase of equipped nursing restrooms	Arrive at 100% restrooms equipped with changing tables and baby points (also for fathers)	2019	in progress
	Identification of an area for the collection and delivery of packages and services	Identification of an area for each corporate site where it will be possible to receive products and/or packages purchased over the internet, and to deliver and collect products or services (pressed shirts, boxes of vegetables, etc.)	2019	To be initiated
	Improvement of the assessment system	Review procedures for carrying out employee assessments, particularly the discussion mechanism and transmission of results	2019	in progress
	Feasibility study to verify how to broaden the definition of family by including "new families" in the description of company welfare beneficiaries	Extend measures in favour of family members to include non-dependent children or children of cohabitants, so as not to exclude less traditional families	2019	To be initiated

Report on objectives outlined in 2017 Sustainability Governance



BUILD RESILIENT INFRASTRUCTURE AND PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION

Objective description	Timeline	Status
Assignment to the Control and Risk Committee of powers to deal with issues relating to sustainability	2018-2019	Reached
Achievement of ISO 37001 certification - anti-corruption management system	2018	Reached
Deep review of the Materiality Matrix	2018	Reached

Source: SEA

Management efficiency and productivity



ENSURE ACCESS TO ECONOMIC, RELIABLE, SUSTAINABLE AND MODERN ENERGY SYSTEMS FOR ALL

Objective description	Objective		Status	
	Linate	Malpensa	Linate	Malpensa
Electricity savings (KWh_year/m ³)	2018: 44.2	2018: 40.6	Under assessment	Under assessment
Thermal-refrigeration savings (KWh_year/m ³)	2018: 44.3	2018: 75.3	Under assessment	Under assessment

Source: ENAC-SEA Regulatory Agreement



BUILD RESILIENT INFRASTRUCTURE AND PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION

Objective description	Objective		Status	
	Linate	Malpensa	Linate	Malpensa
Total annual water consumption savings (m ³ _year/WLU)	2018: 157.16	2018: 102.95	Under assessment	Under assessment
Inclusion in contracts, with contractors, subcontractors and suppliers, of a clause on compliance with the SEA's environmental policy and the criteria of the SEA Environmental Management System in cases of activities covered by the Planning Agreement (% of contracts with a clause/total contracts)	2018: 10.00%	2018: 10.00%	Under assessment	Under assessment

Source: ENAC-SEA Regulatory Agreement



FUTURE OBJECTIVES



PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL

Type of measure	Objective description	Timeline	Status
Part time over 60	Introduction of a part-time measure dedicated to over 60s, of a voluntary nature and not involving additional expenses for the company.	2018	Concluded
Corporate policy definition for family & couple friendly holiday planning (e.g. compatible with school calendar)	Definition and dissemination of a corporate holiday policy favouring family quality time, for example, by granting partners, spouses and cohabitants employed in SEA with simultaneous leave, and families with children aged 6-14 with phased leave during school holidays, when requested by the parties concerned, and compatible with service requirements and applicable rotas. Naturally, if requested by the person(s) concerned and where compatible with service requirements and applicable rotas	2018	Concluded
Annual meeting planning for shift-work services	Introduction of off-line and on-line internal communication tools between large numbers of colleagues and shift-workers of the same department, aimed exchanging information on specific themes, events, issues and solutions.	2018	Concluded
Periodic team meetings for non-shift-workers	Introduction of off-line and on-line internal communication tools between large numbers of colleagues and non-shift-workers of the same department, aimed exchanging information on specific themes, events, issues and solutions.	2018	Concluded
Intervention regarding middle management for the dissemination of a work-life balance culture	Organization of training events, initiatives and cultural awareness raising, addressed to 'community of leaders', on issues relating to a management of human resources better oriented to balancing work and private life.	2018	Concluded
Identification of Guidelines for growth in company	More analytical definition and communication of career development policies, favouring the formation of correct expectations regarding the possibilities for growth of part-time personnel.	2018	Concluded

Source: SEA

Aviation Business Development



BUILD RESILIENT INFRASTRUCTURE AND PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION

Indicator	Objective		Status	
	Linate	Malpensa	Linate	Malpensa
Waiting time for baggage x-ray (minutes waiting in 90% of cases)*	2018: 7'20"	2018: 7'30"	Under assessment	Under assessment
Airport operator delays (IATA Codes 19, 58, 85, 87) (no. of delays/total pax. departing flights)	2018: 0.26%	2018: 0.34%	Under assessment	Under assessment
1st baggage return time from the aircraft block-on (minutes of waiting in 90% of cases)	2018: 16'40"	2018: 22'40"	Under assessment	Under assessment
Last baggage return time from the aircraft block-on (minutes of waiting in 90% of cases)	2018: 23'40"	2018: 35'40"	Under assessment	Under assessment
Misdirected bags due to malfunctioning of the Baggage Handling System (No. misdirected baggage units/1000 departing passengers)	2018: 0.26	2018: 0.38	Under assessment	Under assessment
Late flight departures due to goods handling (IATA Codes 21,22,23,24,25,26,27,28,29,38) (% of delays on total annual)	-	2018: 0.093%	Under assessment	Under assessment
Reliability of the baggage movement system (% time of functioning / operational hours of the airport)*	2018: 99.63%	2018: 99.75%	Under assessment	Under assessment

* Indicators concerning both Terminal 1 and Terminal 2
Source: ENAC-SEA Regulatory Agreement



Quality and digitalization



BUILD RESILIENT INFRASTRUCTURE AND PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION

Indicator	Objective		Status	
	Linate	Malpensa	Linate	Malpensa
Perception of the cleaning level and functionality of toilets (% of satisfied passengers)	2018: 90.40%	2018: 91.40%	Under assessment	Under assessment
Reliability of the passenger transfer system (% functioning time in the opening hours of the airport)	2018: 97.84%	-	Under assessment	Under assessment
Perception of Passengers with Reduced Mobility (PRM) assistance (% of satisfied passengers)*	2018: 90.00%	2018: 91.00%	Under assessment	Under assessment
Taking charge of properly booked PRMs on arrival (% within 5 minutes of last passenger's disembarkation)	2018: 92.70%	2018: 85.80%	Under assessment	Under assessment
Perception of the effectiveness and accessibility of internal signage, information and communications at Terminal 1 (% of satisfied passengers)	2018: 98.70%	2018: 98.70%	Under assessment	Under assessment
Overall perception of the comfort level at Terminal 1 (% of satisfied passengers)	2018: 97.40%	2018: 97.50%	Under assessment	Under assessment

Source: ENAC-SEA Regulatory Agreement

Appendix: Other Sustainability performances



Appendix: Other Sustainability performances

Sustainable development governance

Public policy positions and participation

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 optimize 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 environment 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 Large Infrastructure Institute is a research center 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.

Environmental externalities relating to our airport activities

Financial implications for the activities related to climate change

SEA, for participation in the Airport Carbon Accreditation project and the reaching of "Neutrality", supports the following costs:

INVOLVEMENT COSTS IN THE ACA PROJECT AND PURCHASE OF OFFSETS (EURO)

	2018	2017	2016
ACA membership/certification	14,000	10,500	11,200
Off-sets purchases	22,123	15,524	16,230

Source: SEA

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. 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.

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. In addition, Forlanini Park, one of the major urban parks in Milan, and the Idroscalo lake adjoin the airport.

Malpensa 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 Semprio and Casorate Sempione.

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 summarized as follows:

- the presence of oak woods and high-quality heath, resulting from important natural formations and which represent ap-

proximately 45%;

- good quality pine forests, although with little coverage (0.6%);
- a significant presence of black locust and wild cherry trees, comprising approximately 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;
- common or sub-Atlantic oak or central European hornbeam woods (9160);
- old acidophilus oakwood of sandy plains with *Quercus robor* (9190);

and comprise natural habitats of EU interest.

The mitigation actions were established as:

- actions for the re-establishment of moorland (approximately 180 hectares);
- actions for the re-establishment of forest and grasslands (approximately 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.

Service quality provided to passengers

Passengers with Reduced Mobility (PRM)

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 centralized service remunerated under a tariff applied to all departing passengers.

The 2018 performances reported in the Service Charter follow.

APPENDIX: OTHER SUSTAINABILITY PERFORMANCES

INDICATORS OF ASSISTANCE SERVICE EFFICIENCY

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
Departing PRMs: waiting time to receive booked assistance from one of the designated points	Waiting time in minutes in 90% of cases	2018 Target	20'	20'	9'
		2018 Result	18'24"	14'45"	2'40"
Departing PRMs: waiting time to receive assistance from one of the designated airport points, once presence has been notified, with pre-booking	Waiting time in minutes in 90% of cases	2018 Target	25'	25'	14'
		2018 Result	20'00"	16'15"	2'25"
Arriving PRMs: waiting time on board for booked PRM disembarkation after disembarkation of the last passenger	Waiting time in minutes in 90% of cases	2018 Target	10'	10'	7'
		2018 Result	4'	6'	4'40"
Arriving PRMs: waiting time on board for non-booked PRM disembarkation after disembarkation of the last passenger	Waiting time in minutes in 90% of cases	2018 Target	15'	15'	14'
		2018 Result	7'	8'	4'40"

Source: SEA

PERSONAL SAFETY INDICATORS

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
Perception of the condition and functionality of means and equipment	% PRMs satisfied	2018 Target	90.0	90.0	90.0
		2018 Result	98.9	89.2	95.5
Perception of the adequacy of staff training	% PRMs satisfied	2018 Target	91.0	91.0	91.0
		2018 Result	99.4	93.1	98.2

Source: SEA, Doxa

APPENDIX: OTHER SUSTAINABILITY PERFORMANCES

AIRPORT INFORMATION INDICATORS

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
Accessibility: essential information notices accessible to persons with visual, auditory or motor disabilities over total essential information notices	% essential information notices accessible over total essential information notices	2018 Target	100.0	100.0	95.0
		2018 Result	100.0	100.0	100.0
Completeness: information notices and instructions regarding offered services available in an accessible format over total	% information notices and instructions regarding services in an accessible format over total information notices and instructions	2018 Target	100.0	100.0	95.0
		2018 Result	100.0	100.0	100.0
Perception of the effectiveness and accessibility of information, communications and internal airport signage	% PRMs satisfied	2018 Target	90.0	90.0	90.0
		2018 Result	97.7	93.8	95.3

Source: SEA, Doxa

PASSENGER COMMUNICATIONS INDICATORS

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
N. of answers provided in the established time with respect to total requests for information received	% answers provided within the established time over total requests	2018 Target	100.0	100.0	95.0
		2018 Result	100.0	100.0	100.0
Complaints received over total PRM traffic	% complaints received over total PRM traffic	2018 Target	0.05	0.05	0.05
		2018 Result	0.005	0.023	0.01

Fonte: SEA

COMFORT INDICATORS AT AIRPORT

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
Perception of the effectiveness of PRM assistance	% PRMs satisfied	2018 Target	91.0	91.0	90.0
		2018 Result	99.4	89.3	97.2
Perception of the accessibility and usability of airport infrastructures: parking, intercoms, dedicated spaces, toilets, etc.	% PRMs satisfied	2018 Target	90.0	90.0	90.0
		2018 Result	97.9	89.4	93.4
Perception of spaces dedicated to PRM parking (e.g. Sala Amica)	% PRMs satisfied	2018 Target	90.0	90.0	90.0
		2018 Result	99.3	72.6	92.7

Source: SEA, Doxa

RELATIONSHIP AND CONDUCT INDICATORS

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
Perception of the courtesy of staff (info point, security, special assistance staff)	% PRMs satisfied	2018 Target	90.0	90.0	91.0
		2018 Result	99.8	96.1	98.7
Perception of the professionalism of special assistance staff	% PRMs satisfied	2018 Target	90.0	90.0	91.0
		2018 Result	99.5	96.2	98.2

Source: SEA, Doxa

Certification of the assistance service

SEA's reduced mobility passenger airport assistance service is certified (TÜV IT 005 MS).

The service is certified through a Technical Regulatory Framework (Disciplinare Tecnico) established in line with standard UNI CEI EN 45011, and validated by a special Technical Committee, composed of the main associations for the protection of persons with disabilities (LEDHA and FAND) and the Malpensa and Linate Users Committee, representing the airlines and airport operators of Milanese airports. The Technical Regulatory Framework establishes service requirements and the mandatory provisions documented in applicable legislation.

In order to improve the usability of the Linate and Malpensa airports, SEA acquired the D-4001:2008 certification in 2010 from the Dasa-Rägister certification body, 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.

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 to the airline with which the flight has been booked.

Passengers with reduced mobility may find facilitated access at all airport services: car spaces close to the entry points, elevators with visual and sound devices and appropriate ramps; for blind or reduced site 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).

All the information relating to certifications and services dedicated to persons with reduced mobility are available on our websites www.milanolinat-airport.com and www.milanomalpensa-air-

port.com, in the "Special Assistance" section.

Airport Passenger Contingency Plan

The Malpensa and Linate SEA Contingency Plan has been active since 2011, in order to respond to needs at an airport in situations of operational disruption that generate delays or cancellations of flights, through assistance to passengers staying at the airport for prolonged periods, with targeted interventions, such as temporary accommodation and catering provisions, etc.

In 2018, the organizational structure demonstrated the capability to intervene in a regulatory emergency situation, when amendments to the Schengen Code regarding border controls were introduced in April, applying a new protocol of security checks to Schengen Area country citizens. The intensification of the document control process demanded the activation of Contingency Plan operatives, on days of greater traffic, in order to manage queues of passengers waiting at police checks, both on arrival and departure, and to facilitate their access to information.

The higher than expected increase

APPENDIX: OTHER SUSTAINABILITY PERFORMANCES

in traffic (especially in the summer season), also generated operational necessities requiring the intervention of Contingency Plan operatives in order to manage the influx of passengers to security channels at Terminal 1, addressing departing passengers separated from their carers.

Furthermore, during the events held in June (Linate Night Run) and in September (Armani Boarding Event), Contingency Plan volunteers carried out an indispensable welcoming service to ensure an orderly influx into Linate airport of all the airport population and all external guests.

Since 2015, SEA employees have been actively involved in the Airport Helper community, making themselves available to passengers to provide information when they are present at the Milanese airport terminals whether for professional or non-professional reasons. Indeed, both Contingency Plan and Airport Helper assistants are called, under the same objective, to assist airport passengers in critical situations by providing first-response information on the operational status of the airport, and, if necessary, distributing food and/or folding beds with blankets and pillows for a few hours stay at

the airport.

In agreement with the Human Resources and Organisation Department, the possibility is being evaluated of placing all Contingency and Airport Helper staff on rotation alongside shift worker positions in order to acquire greater knowledge in terms of "contingency in the field" operations.

Organizational management

Our people

SEA GROUP AND EXTERNAL STAFF BY GENDER AT DECEMBER 31 (NO.)

	2018			2017			2016		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Employees	797	1,999	2,796	796	2,004	2,800	822	2,028	2,850
Temporary workers	8	43	51	5	32	37	-	16	16
Total	805	2,042	2,847	801	2,036	2,837	822	2,044	2,866

Source: SEA



APPENDIX: OTHER SUSTAINABILITY PERFORMANCES

SEA GROUP EMPLOYEES BY CONTRACT TYPE, GENDER AND LOCATION AT DECEMBER 31 (NO.)

	2018			2017			2016		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Permanent	794	1,996	2,790	791	2,003	2,794	821	2,027	2,848
Linate	351	793	1,144	347	798	1,145	356	813	1,169
Malpensa	443	1,203	1,646	444	1,205	1,649	465	1,214	1,679
Temporary	3	3	6	5	1	6	1	1	2
Linate	3	1	4	5	1	6	-	1	1
Malpensa	-	2	2	-	-	-	1	-	1
Total	797	1,999	2,796	796	2,004	2,800	822	2,028	2,850

Source: SEA

SEA GROUP EMPLOYEES BY EMPLOYMENT CATEGORY AND GENDER AT DECEMBER 31 (NO.)

	2018			2017			2016		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Full-time	606	1,953	2,559	632	1,977	2,609	635	1,993	2,628
Part-time	191	46	237	164	27	191	187	35	222
Total	797	1,999	2,796	796	2,004	2,800	822	2,028	2,850

Note: 2016 data has been modified to include staff under temporary contracts.

Source: SEA

APPENDIX: OTHER SUSTAINABILITY PERFORMANCES

Contract type data indicates a marginal share of temporary contract workers, representing 0.2% of total workers at 31/12/2018, with part-time workers represent-

ing approximately 9%. Contractors also represented a marginal share at 31/12/2018, equal to at least 2% of the Group's total personnel. Malpensa is the most pop-

ulated airport where 59% of the population works.

SEA GROUP OUTGOING EMPLOYEES BY LOCATION, GENDER AND AGE GROUPING (NO.)

	2018									Total
	<30			30-50			>50			
	Female	Male	Total	Female	Male	Total	Female	Male	Total	
Linate	-	-	-	3	8	11	1	11	12	23
Malpensa	-	-	-	1	4	5	-	12	12	17
Total	-	-	-	4	12	16	1	23	24	40
Turnover	0.0%	0.0%	0.0%	0.9%	1.2%	1.1%	0.3%	2.3%	1.8%	1.4%

	2017									Total
	<30			30-50			>50			
	Female	Male	Total	Female	Male	Total	Female	Male	Total	
Linate	-	2	2	3	5	8	9	22	31	41
Malpensa	-	-	-	20	21	41	9	18	27	68
Total	-	2	2	23	26	49	18	40	58	109
Turnover	0.0%	33.3%	16.7%	4.6%	2.3%	3.0%	6.3%	4.5%	5.0%	3.9%

	2016									Total
	<30			30-50			>50			
	Female	Male	Total	Female	Male	Total	Female	Male	Total	
Linate	-	2	2	8	22	30	1	9	10	42
Malpensa	1	-	1	4	7	11	-	2	2	14
Other locations*	-	3	3	4	10	14	-	-	-	17
Total	1	5	6	16	39	55	1	11	12	73
Turnover	14.3%	71.4%	42.9%	2.8%	3.1%	3.0%	0.4%	1.4%	1.2%	2.6%

Note: intra-group transfers are not considered.

Source: SEA

APPENDIX: OTHER SUSTAINABILITY PERFORMANCES

Regarding contract terminations, 55% involved administrative staff and 49% was the result of the mobility plan and incentivized redundancy. The outgoing population

was 87% male, 60% of whom older than 50 years. Over 57% of the outgoing population was from Linate airport.

SEA GROUP INCOMING EMPLOYEES BY LOCATION, GENDER AND AGE GROUPING (NO.)

	2018									Total
	<30			30-50			>50			
	Female	Male	Total	Female	Male	Total	Female	Male	Total	
Linate	2	5	7	3	12	15	-	3	3	25
Malpensa	-	1	1	1	6	7	-	3	3	11
Total	2	6	8	4	18	22	-	6	6	36
Turnover	33.3%	60.0%	50.0%	0.9%	1.8%	1.5%	0.0%	0.6%	0.5%	1.3%

	2017									Total
	<30			30-50			>50			
	Female	Male	Total	Female	Male	Total	Female	Male	Total	
Linate	4	3	7	3	14	17	2	6	8	32
Malpensa	-	-	-	6	11	17	-	10	10	27
Total	4	3	7	9	25	34	2	16	18	59
Turnover	66.7%	50.0%	58.3%	1.8%	2.2%	2.1%	0.7%	1.8%	1.5%	2.1%

	2016									Total
	<30			30-50			>50			
	Female	Male	Total	Female	Male	Total	Female	Male	Total	
Linate	-	3	3	1	19	20	-	2	2	25
Malpensa	-	-	-	2	5	7	1	-	1	8
Other locations*	-	1	1	-	2	2	-	-	-	3
Total	-	4	4	3	26	29	1	2	3	36
Turnover	0.0%	57.1%	28.6%	0.5%	2.1%	1.6%	0.4%	0.3%	0.3%	1.3%

Note: intra-group transfers are not considered.

Source: SEA

APPENDIX: OTHER SUSTAINABILITY PERFORMANCES

The 36 hires, 50% administrative staff and 83% male, mainly concerned qualified new hires (89%), of which 31% are temporary contracts. 61% of new hires are concentrated in the age grouping between 30 and 50 years. 69% of hires were recruited for Linate airport.

SEA GROUP EMPLOYEES BY PROFESSIONAL LEVEL, GENDER AND AGE GROUPING AT DECEMBER 31 (NO.)

	2018									Total
	<30			30-50			>50			
	Female	Male	Total	Female	Male	Total	Female	Male	Total	
Executives	-	-	-	2	13	15	5	35	40	55
Managers	-	-	-	58	72	130	45	115	160	290
White-collar	6	6	12	370	577	947	265	574	839	1,798
Blue-collar	-	4	4	27	328	355	19	275	294	653
Total	6	10	16	457	990	1,447	334	999	1,333	2,796

	2017									Total
	<30			30-50			>50			
	Female	Male	Total	Female	Male	Total	Female	Male	Total	
Executives	-	-	-	2	15	17	5	34	39	56
Managers	-	-	-	56	76	132	42	100	142	274
White-collar	6	4	10	413	654	1,067	225	509	734	1,811
Blue-collar	-	2	2	32	370	402	15	240	255	659
Total	6	6	12	503	1,115	1,618	287	883	1,170	2,800

	2016									Total
	<30			30-50			>50			
	Female	Male	Total	Female	Male	Total	Female	Male	Total	
Executives	-	-	-	1	14	15	6	35	41	56
Managers	-	1	1	55	75	130	42	96	138	269
White-collar	7	4	11	468	714	1,182	191	439	630	1,823
Blue-collar	-	2	2	39	438	477	13	210	223	702
Total	7	7	14	563	1,241	1,804	252	780	1,032	2,850

Source: SEA

A percentage of just under 52% of the population is aged between 30 and 50 years, predominantly composed of white-collar and blue-collar workers; management is aged over 50 years. The airport with the oldest population on average is Linate.

Industrial Relations

The trade unionization rate in the group is in line with the previous year.

SEA GROUP TRADE UNION MEMBERSHIP

	Number of trade union memberships	Trade Union memberships	% trade union membership
31/12/2018	11	CGIL; CISL; CUB-TRASPORTI; FLAI; SIN.PA; U.G.L.; UIL; USB; ADL VARESE; LABOUR; SI COBAS	57%
31/12/2017	14	CGIL; CISL; COBAS COORD.P. VARESE; CUB-TRASPORTI; FLAI; SEL; SIN.PA; U.G.L.; UIL; USB; ADL VARESE; SGB; LABOUR; SI COBAS	59%
31/12/2016	13	CGIL; CISL; COBAS COORD.P. VARESE; CUB-TRASPORTI; FLAI; SEL; SIN.PA; U.G.L.; UIL; USB; ADL VARESE; SGB; LABOUR	59%

Principal agreements in 2018 with the Trade Union Organizations

In January 2018, within the scope of the direction taken under the Draft Framework Agreement signed with the Trade Unions on July 22, 2016 regarding restructuring initiatives to support SEA's Business Plan, an Agreement was signed which establishes a leaving incentive for a maximum of 235 employees, who, by August 2023, will have acquired pensionable status (early retirement or old age pension).

In May, voting was held for the re-election of the Unified Trade Union Representation (RSU), with the election of a new RSU with a three-year mandate (2018-2021). In the second half of 2018, Trade Union discussions concerned more specific departmental issues. In 2018 no specific trade union agreements concerning workplace health and safety were signed.

In relation to the minimum notice period for operational amendments, the time necessary for the adoption of such may signif-

	2018	2017	2016
Number of agreements signed with the Trade Unions	3	6	2

Source: SEA

icantly vary, according to the issue for which the amendment is necessary and the availability of the Trade Union Organizations – according to 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.



Management of environmental resources

Raw materials

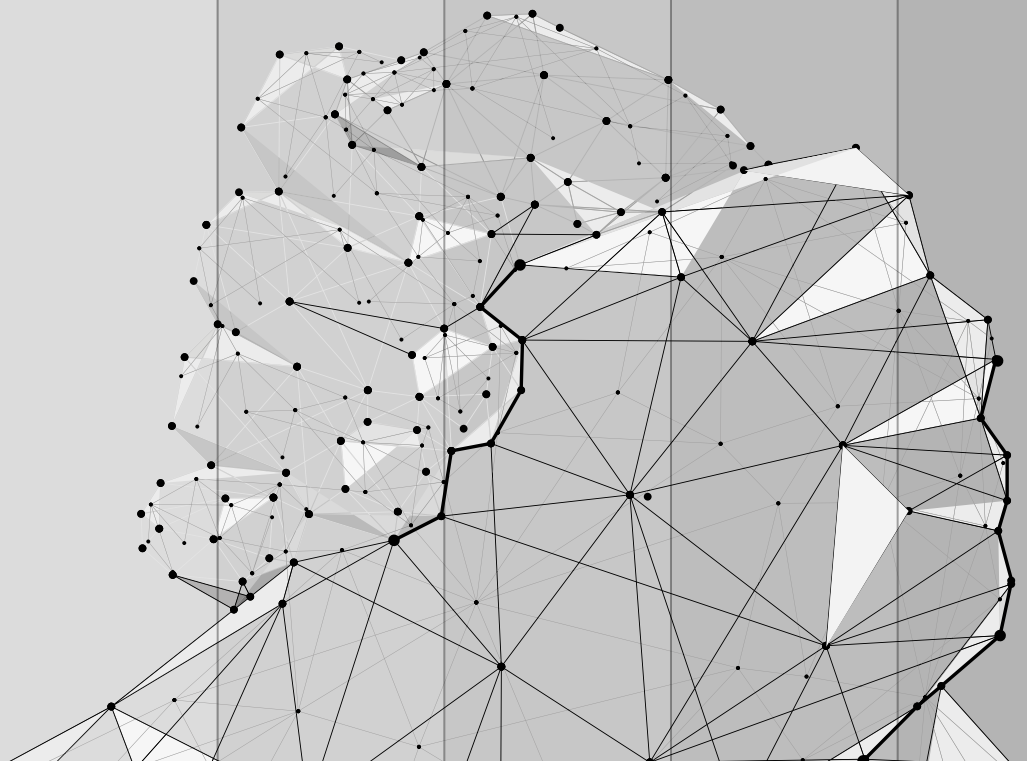
As SEA is a supplier of services, the principal raw materials consumed, in addition to electricity consumption (including the gasoline and petrol utilized for operations at the airport), are the liquids for the de-icing of aircraft during the winter season amid particular weather conditions.

Malpensa – Raw material consumption	2018	2017	2016
Kilfrost ABC3 TYPEII (Litres)	1,020,952	960,000	677,035
Solid de-icing material (Kg)	10,950	9,500	3,710
Liquid de-icing material (Kg)	414,800	627,470	79,270
Linate – Raw material consumption	2018	2017	2016
Kilfrost ABC3 TYPEII (Litres)	313,745	302,981	223,699
Solid de-icing material (Kg)	-	-	-
Liquid de-icing material (Kg)	256,161	45,919	36,200

Source: SEA



Analysis of scope of material topics and reconciliation with GRI Standards



Analysis of scope of material topics and reconciliation with GRI Standards

Material aspects	Boundary		GRI topic reconciliation
	Party impacted	Type of impact	
Periodic Sustainability Plan	Group	Direct impact	N/A
Increase in air connectivity	Group, Airport operators	Direct and indirect impact	Market presence
Quality of the customer experience in the terminals	Group, Airport operators	Direct impact	Business continuity and emergency management
			Service quality
			Reduced mobility passenger services offer
Promotion of sustainable accessibility to the airports	Group, Airport operators, Public Administration	Indirect impact	Ground travel connections
Strategic orientation to the creation of long-term value	Group	Direct impact	Economic performance
			Indirect economic impacts
CO ₂ emissions reduction	Group	Direct and indirect impact	Emissions
Occupational Health & Safety	Group	Direct impact	Occupational Health and Safety
Local area involvement on infrastructural projects	Group, Public Administration	Direct and indirect impact	Indirect economic impacts
			Local communities
Employees dialogue/ involvement	Employees	Direct impact	Employment
			Labor/management relations
			Diversity and equal opportunities
Quality and innovation in the shopping experience	Group, Airport operators	Direct and indirect impact	Service quality
Employees training/ empowerment	Employees	Direct impact	Training and education

ANALYSIS OF SCOPE OF MATERIAL TOPICS
AND RECONCILIATION WITH GRI STANDARDS

Material aspects	Boundary		GRI topic reconciliation
	Party impacted	Type of impact	
Eco-sustainable construction methods	Group	Direct and indirect impact	Procurement practices
			Supplier environmental assessment
			Supplier social assessment
Containment of land consumption	Group, Airport operators	Direct and indirect impact	Water
			Biodiversity
			Effluents and waste
Energy efficiency measures	Group	Direct impact	Energy
Containment of noise impact	Group	Direct impact	Noise
			Customer health and safety
Transparent communications to stakeholders	Group	Direct impact	N/A
Environmental criteria for aviation charges	Group, CNA	Direct and indirect impact	N/A
Corporate culture inspired by ethical values	Group	Direct impact	Anti-corruption



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GRI Content Index

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102-46	Defining report content and topic boundaries	5-6; 61-68
102-47	List of material topics	61-68; 226-227
102-48	Restatements of information	5-6
102-49	Changes in reporting	5-6
102-50	Reporting period	5-6
102-51	Date of most recent report	5-6
102-52	Reporting cycle	5-6
102-53	Contact point for questions regarding the report	5-6
102-54	Claims of reporting in accordance with the GRI Standards	5-6
102-55	GRI Content Index	229-238
102-56	External assurance	240-242

GRI CONTENT INDEX

TOPIC-SPECIFIC STANDARDS

GRI Standard	Disclosure	Pages No.
GRI 200: ECONOMIC PERFORMANCE INDICATORS		
Topic: Economic performance		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	61-68; 226-227
103-2	The management approach and its components	11-12
103-3	Evaluation of the management approach	11-12
GRI 201: Economic performance		
201-1	Direct economic value generated and distributed	88-90
201-3	Defined benefit plan obligations and other retirement plans	178-179
201-4	Financial assistance received from government	In 2018, Euro 1,422,000 in financing was received from the Public Administration, down from 2017 (Euro 3,829,000), due to the discontinuation of financing received by SEA in previous years from the Ministry for Infrastructure and Transport and from the European Commission, in relation to the construction of the Malpensa Terminal 2 railway station. The most significant grants in 2018 were received by SEA for the European projects and for personnel training and by SEA Prime for the adaptation of the river Lambro.
Topic: Market presence		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	61-68; 226-227
103-2	The management approach and its components	130-138
103-3	Evaluation of the management approach	130-138
GRI 202: Market presence		
AO1	Total number of passengers annually, broken down by passengers on international and domestic flights, and broken down by origin-and-destination and transfer passengers, including transit passengers	137-138

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TOPIC-SPECIFIC STANDARDS

GRI Standard	Disclosure	Pages No.
AO2	Total annual number of aircraft movements by day and by night, broken down by commercial passenger, commercial cargo, general aviation and state aviation flights	136-138
AO3	Total amount of cargo tonnage	140-141
Topic: Indirect economic impacts		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	61-68; 226-227
103-2	The management approach and its components	78-86; 90-103
103-3	Evaluation of the management approach	78-86; 90-103
GRI 203: Indirect economic impacts		
203-1	Infrastructure investments and services supported	78-86
203-2	Significant indirect economic impacts	90-103
Topic: Procurement practices		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	61-68; 226-227
103-2	The management approach and its components	193-196
103-3	Evaluation of the management approach	193-196
GRI 204: Procurement practices		
204-1	Proportion of spending on local suppliers	196
Topic: Anti-corruption		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	61-68; 226-227
103-2	The management approach and its components	46-49
103-3	Evaluation of the management approach	46-49
GRI 205: Anti-corruption		
205-3	Confirmed incidents of corruption and actions taken	48-49
GRI 300: ENVIRONMENTAL PERFORMANCE INDICATORS		
Topic: Energy		
GRI-103: Management approach		

GRI CONTENT INDEX

TOPIC-SPECIFIC STANDARDS

GRI Standard	Disclosure	Pages No.
103-1	Explanation of the material topic and its boundary	61-68; 226-227
103-2	The management approach and its components	72-73; 187-188
103-3	Evaluation of the management approach	187-188
GRI 302: Energy		
302-1	Energy consumption within the organization	188
302-3	Energy intensity	188
Topic: Water		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	61-68; 226-227
103-2	The management approach and its components	72-73; 189
103-3	Evaluation of the management approach	189
GRI 303: Water		
303-1	Water withdrawal by source	189
AO4	Quality of storm water by applicable regulatory standards	124
Topic: Biodiversity		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	61-68; 226-227
103-2	The management approach and its components	72-73; 212-213
103-3	Evaluation of the management approach	212-213
GRI 304: Biodiversity		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	212-213
304-2	Significant impacts of activities, products, and services on biodiversity	212-213
304-3	Habitats protected or restored	212-213
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	212-213
Topic: Emissions		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	61-68; 226-227
103-2	The management approach and its components	72-73; 113-115
103-3	Evaluation of the management approach	113-115

GRI CONTENT INDEX

TOPIC-SPECIFIC STANDARDS

GRI Standard	Disclosure	Pages No.
GRI 305: Emissions		
305-1	Direct (Scope 1) GHG emissions	114
305-2	Energy indirect (Scope 2) GHG emissions	114
305-3	Other indirect (Scope 3) GHG emissions	114 SEA Group Scope 3 emissions are related to Business Travel
305-4	GHG emissions intensity	115
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	115-118
AO5	Ambient air quality levels according to pollutant concentrations in micrograms per cubic meter (µg/m ³) or parts per million (ppm) by regulatory regime	115-118
Topic: Effluents and waste		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	61-68; 226-227
103-2	The management approach and its components	72-73; 122-125
103-3	Evaluation of the management approach	122-125
GRI 306: Effluents and waste		
306-1	Water discharge by quality and destination	123
306-3	Significant spills	125
AO6	Aircraft and pavement de-icing/anti-icing fluid used and treated by m ³ and/or metric tonnes	125; 223
Topic: Supplier environmental assessment		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	61-68; 226-227
103-2	The management approach and its components	193-196
103-3	Evaluation of the management approach	193-196
GRI 308: Supplier environmental assessment		
308-1	New suppliers were screened using environmental criteria	194
Topic: Noise		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	61-68; 226-227
103-2	The management approach and its components	72-73; 119-122

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TOPIC-SPECIFIC STANDARDS

GRI Standard	Disclosure	Pages No.
103-3	Evaluation of the management approach	119-122
A07: Noise		
A07	Number and percentage change of people residing in areas affected by noise	119-120
GRI 400: SOCIAL PERFORMANCE INDICATORS		
Topic: Employment		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	61-68; 226-227
103-2	The management approach and its components	171
103-3	Evaluation of the management approach	171
GRI 401: Employment		
401-1	New employee hires and employee turnover	219-220
401-2	Benefits provided to full-time employee that are not provided to temporary or part-time employees	177-178
Topic: Labor/Management Relations		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	61-68; 226-227
103-2	The management approach and its components	222
103-3	Evaluation of the management approach	222
GRI 402: Labor/Management Relations		
402-1	Minimum notice periods regarding operational changes	222
Topic: Occupational Health and Safety		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	61-68; 226-227
103-2	The management approach and its components	174-177
103-3	Evaluation of the management approach	174-177
GRI 403: Occupational Health and Safety		
403-1	Workers representation in formal joint management-worker health and safety committees	175
403-2	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	176; 186

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TOPIC-SPECIFIC STANDARDS

GRI Standard	Disclosure	Pages No.
403-4	Health and safety topics covered in formal agreements with trade unions	222
Topic: Training and education		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	61-68; 226-227
103-2	The management approach and its components	172-173
103-3	Evaluation of the management approach	172-173
GRI 404: Training and education		
404-1	Average hours of training per year per employee	173
404-2	Programs for upgrading employee skills and transition assistance programs	173
404-3	Percentage of employees receiving regular performance and career development reviews	173
Topic: Diversity and equal opportunity		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	61-68; 226-227
103-2	The management approach and its components	171; 173
103-3	Evaluation of the management approach	171; 173
GRI 405: Diversity and equal opportunity		
405-1	Diversity of governance bodies and employees	43; 171-172; 217-221
405-2	Ratio of basic salary and remuneration of women to men	174
Topic: Local communities		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	61-68; 226-227
103-2	The management approach and its components	78
103-3	Evaluation of the management approach	78
GRI 413: Local communities		
413-1	Operations with local community engagement, impact assessment and development programs	78-81
413-2	Operations with significant actual and potential negative impacts on local communities	90-103

GRI CONTENT INDEX

TOPIC-SPECIFIC STANDARDS

GRI Standard	Disclosure	Pages No.
AO8	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	During the year no cases of voluntary or involuntary displacements were reported.
Topic: Supplier social assessment		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	61-68; 226-227
103-2	The management approach and its components	193-196
103-3	Evaluation of the management approach	193-196
GRI 414: Supplier social assessment		
414-1	New suppliers were screened using social criteria	194
Topic: Customer Health and Safety		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	61-68; 226-227
103-2	The management approach and its components	119-122; 126-128
103-3	Evaluation of the management approach	119-122; 126-128
GRI 416: Customer Health and Safety		
416-1	Assessment of the health and safety impact of product and service categories	119-122; 126-128
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	During the reporting period, no cases of non-compliance were reported.
AO9	Total annual number of wildlife strikes per 10,000 aircraft movements	128
Topic: Business continuity and emergency management		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	61-68; 226-227
103-2	The management approach and its components	216-217
103-3	Evaluation of the management approach	216-217
Topic: Reduced mobility passenger services offer		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	61-68; 226-227
103-2	The management approach and its components	213-216
103-3	Evaluation of the management approach	213-216

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TOPIC-SPECIFIC STANDARDS

GRI Standard	Disclosure	Pages No.
Topic: Service quality		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	61-68; 226-227
103-2	The management approach and its components	144-147; 157; 161-164; 213-216
103-3	Evaluation of the management approach	144-147; 157; 161-164; 213-216
Topic: Ground travel connections		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	61-68; 226-227
103-2	The management approach and its components	34-40
103-3	Evaluation of the management approach	34-40
Topic: Periodic Sustainability Plan		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	61-68; 226-227
103-2	The management approach and its components	198-199
103-3	Evaluation of the management approach	198-199
Topic: Transparent communication to stakeholder		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	61-68; 226-227
103-2	The management approach and its components	55-57
103-3	Evaluation of the management approach	55-57
Topic: Environmental criteria for aviation charges		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	61-68; 226-227
103-2	The management approach and its components	66; 201
103-3	Evaluation of the management approach	66; 201



Independent Auditors' Report

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Deloitte & Touche S.p.A.
Via Tortona, 25
20144 Milano
Italia

Tel: +39 02 83322111
Fax: +39 02 83322112
www.deloitte.it

**INDEPENDENT AUDITOR'S REPORT
ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,
PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND
ART. 5 OF CONSOB REGULATION N. 20267 OF JANUARY 2018**

**To the Board of Directors of
Società per Azioni Esercizi Aeroportuali – SEA S.p.A.**

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Società per Azioni Esercizi Aeroportuali – SEA S.p.A. and its subsidiaries (hereinafter the "Group") as of December 31, 2018 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on February 28, 2019 (hereinafter "NFS").

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" (hereinafter "GRI Standards") established in 2016 by Global Reporting Initiative (GRI) which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.

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Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the *GRI Standards*. We conducted our work in accordance with the criteria established in the "*International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "*ISAE 3000 Revised*"), issued by the *International Auditing and Assurance Standards Board (IAASB)* for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with *ISAE 3000 Revised*, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

1. Analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art. 3 of the Decree and taking into account the adopted reporting standard.
2. Analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree.
3. Comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Group.
4. Understanding of the following matters:
 - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
 - policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
 - main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a) of this report.

5. Understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of Società per Azioni Esercizi Aeroportuali – SEA S.p.A. and with the employees of SEA Energia S.p.A. and SEA Prime S.p.A. and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.



In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company's and subsidiaries' level:
 - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- for the following companies, Società per Azioni Esercizi Aeroportuali – SEA S.p.A., SEA Energia S.p.A. and SEA Prime S.p.A, which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Group as of December 31, 2018 is not prepared, in all material aspects, in accordance with articles 3 and 4 of the Decree and the *GRI Standards*, established in 2016 by GRI.

Other Matters

With reference to the year ended December 31, 2016, the Group prepared the Sustainability Report, whose data were used for comparative purposes within the NFS. Deloitte & Touche S.p.A. voluntarily examined the Sustainability Report in accordance with ISAE 3000 and expressed an unmodified conclusion.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco Pessina
 Partner

Milan, Italy
 March 18, 2019

This report has been translated into the English language solely for the convenience of international readers.



The SEA Group's focus on environmental protection, through the adoption of targeted initiatives, has significantly reduced CO₂ emissions.

Milan Malpensa and Milan Linate once again confirmed their exceptional record at European level, achieving "Neutrality" under the Airport Carbon Accreditation Initiative.

SEA Group - Consolidated Non-Financial Statement 2018

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We thank the SEA Group people who contributed to useful data retrieval to define the chart accounts.

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For further information:

SEA S.p.A. - 20090 Aeroporto Milano Linate,
Sebastiano Renna - Corporate Social Responsibility Manager
e-mail: sebastiano.renna@seamilano.eu



MilanAirports