Consolidated Non-Financial Statement 2017 Pursuant to Italian Legislative Decree 254/2016

CSR REPORT 2017

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Contents

Letter to Stakeholders

Our company enjoyed an excellent year in 2017, in terms of both traffic volumes - up by 9.0% for passengers and by 7.1% for cargo (compared to the Italian national averages of +6.4% and +9.2% respectively) - and of operating results, with an increase in EBITDA from Euro 239.8 million to Euro 264.0 million (net of non-recurring revenues and costs).

The results for the year are also significant as marking a fundamental shift, the effects of which will persist for some time: the end of a long period of difficulty that began in 2008 with the de-hubbing by Alitalia and the dawn of a new era in which the Milan airport system and its management company can legitimately aim to compete with Europe's foremost airports, in keeping with the renewed ambitions of the local community and its metropolitan center.

Malpensa began a new chapter in its history in 2017, ending its traditional dualistic relationship with Linate and returning to its originally intended role as a crucial component of northern Italy's infrastructure serving both short and long-haul passengers and cargo routes. Malpensa reported for 2017 passenger number growth of 14.1%, a gain of more than twice the Italian national average and outperforming the European average by 7.9 percentage points, finally approaching the previous high reached in 2007 and 27% above the low of 2009.

The process took a decade to complete and was not an easy one.

It was supported by efforts to promote Milan from 2015 and was also made possible by SEA's commitment to revamping its infrastructure - beginning with the radical restyling of Terminal 1 - by boosting operating efficiency and by cultivating relationships with new carriers and routes.

Today Malpensa is well positioned to lay claim to being one of Europe's foremost "point-to-point" intercontinental airports. Its competitive strengths include the number of airlines serving it, the lower level of concentration of these airlines than at most competing airports (the main airline carries approximately one-third of its passengers), its extensive catalogue of routes and destinations and its significant potential for additional development before reaching the levels of saturation typical of many other large and mid-size European airports, which not infrequently prove highly constraining for growth.

Malpensa is Europe's fifth-largest cargo airport and in 2017 it accounted for 52% of the total volume of goods handled by Italian airports.

As Malpensa grows, Linate is consolidating its traffic volumes (while posting a 1.4% decline in passengers tied to the transfer of several Continental routes to Malpensa). It remains essential to business traffic and continues to rank among the best-connected city airports in Europe located in a major metropolitan center.

SEA is committed to building on its current success in pursuit of sustainable, high-quality development.

The aspects of sustainability considered extend to all of the crucial dimensions of an airport's existence, starting with the fundamental value of security.

The company remains committed to refining its methods of measuring the actual and perceived quality of our infrastructure and the related services, while continuing to improve them. In 2017 progress was made on almost all indicators, but there is always room for further improvement.

Collaborative, concerted and motivated shareholders are also essential to sustainable growth. The company has set itself challenging organizational goals, based on investing in individual responsibility in view of trust, proactive collaboration and a result-oriented approach, which are expected to yield measurable results in terms of the quality of the overall performance and the sustainability of results over the medium term.

Within the framework of constant, transparent dialogue with trade unions, SEA remains committed to training (dedicating over 57,000 hours, equivalent to training for 33 people every day), improving working conditions and safeguarding company welfare. The many facets of this commitment include measures aimed at meeting old and new needs and initiatives that seek to set a better work-life balance.

As part of this same process, dialogue with local communities continues, in constant pursuit of the best possible balance between opportunities for airport growth - a valuable means of connecting communities and providing employment - and strict compliance with environmental restrictions.

The process of drafting and approving the Malpensa Master Plan is based on a transparent, participatory process that is destined to yield positive results.

The quality of growth is particularly focused on, as required by law, in this Non-Financial Statement dedicated to social, environmental and governance sustainability, alongside the Financial Statements.

SEA regards non-financial reporting as a challenge with deep roots in its business, in view of the need seen in recent years for an increasingly clear and measurable account of that intensive process of exchanges of value with our stakeholders that serves as a foundation for our resilience in the face of adversity, as well as for our aspirations to excellence.

The strategic key to interpreting this document has been clearly provided in the form of the arrangement of the topics discussed.

The topics discussed in this document have been classified by stakeholder (environment, personnel, passengers, suppliers, etc.), but have been rearranged into four sections, each of which represents a pillar of our business plan (management and development of infrastructure, traffic growth, development of the non-aviation business, and efficiency and productivity). It is our view that environmental, social and stakeholder relations issues are not an extraneous addition to the business process but the natural next step in this process, in which to invest to facilitate - or at least to avoid undermining or delaying - pursuit of the goals which we have set for ourselves.

Our policies, which describe how we approach our stakeholders' interests and the prerogatives they express in their relations with us, are not mere impromptu reflections, but rather organic components of a governance model in support of our sustainability strategy - described in a specific section of this document - designed to ensure consistency and depth for our fundamental vision.

We have provided a thorough account of our airports' competitive performance, in which we seek to combine a representation of the financial side of our business with a discussion of the actual quality of the aviation and non-aviation services provided, from the perspective of their users.

The gradual refinement of methods of estimating the direct and indirect socio-economic effects of our airports' operations for the benefit of the local community allows us to provide an extensive, effective account of our overall impact.

Our performance in environmental and social terms - reflecting the steps taken thus far to lend substance and concreteness to our commitment to assume responsibility for the consequences of our actions - emphatically includes the perspectives of our stakeholders.

In conclusion, the efforts made by SEA - even in difficult years - to protect and develop a harmonious airport system with the capacity for sustainable growth, capable of living up to the ambitious goals and potential of its community, bore fruit in 2017 - in terms of both operating results and traffic growth.

Now the challenge is to ensure excellence, to promote the development of the Milan metropolitan area and to provide Lombardy with increasingly efficient, accessible and well-connected airports, to help meet the challenges posed by globalization and boost the region's attractiveness and hospitality.

SEA has prepared itself for this challenge above all through the dedication of its workers, who deserve the company's gratitude for the results that have been achieved thus far and that will certainly continue into the future.

Pietro Modiano
Chairperson

Methodological note

Methodological note

The SEA Group (hereinafter also the "Group") has been publishing an annual Sustainability Report according to the GRI Guidelines since 2010.

Starting this year, the 2017 CSR Report (hereinafter the "Sustainability Report") represents the Group's first Consolidated Non-Financial Statement ("NFS"), concerning the Group's performance during the year ended December 31, 2017, in accordance with Legislative Decree 254/2016. Pursuant to Art. 5 of this Decree, it takes the form of a separate report that includes specific language indicating that it constitutes an NFS as per the regulatory requirements.

In contrast with previous years, the 2017 Sustainability Report 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), according to the core option. 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 as necessary to ensure an understanding of business activity, its performance, 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".

This document thus contains a description of the major policies applied by the undertaking, the management models and results achieved by the Group in 2017 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. Furthermore, the Group is assessing whether to integrate aspects relating to this topic in its supplier qualification process. As part of such efforts, the Group undertakes to include in its supplier register specific information and

assessments regarding management methods, on aspects such as equality of remuneration, non-discrimination, freedom of association and collective bargaining and child labor.

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 development and implementation of this activity may reasonably require a period of approximately 12 to 18 months.

The Boundary of qualitative information and quantitative data regarding social and environmental topics includes companies consolidated line-by-line in the Group's Consolidated Financial Statements. Any minor limitations of the above Boundary are appropriately disclosed within the document.

The financial reporting Boundary is the same as for the Group's[1] 2017 Consolidated Financial Statements.

On February 22, 2017, the Board of Directors of SEA SpA resolved to authorize the dissolution and liquidation of the Malpensa Construction Consortium.

In order to permit an assessment of performance over time, a comparison with the figures from the years 2016 and 2015 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 submitted for review and assessment by the Control and Risks Committee on March 22, 2018 and then approved by the Board of Directors on March 29, 2018.

This document 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 report 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 Corporate Social Responsibility 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 3 - Consolidation Scope and methods - 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

The SEA (Società Esercizi Aeroportuali) Group manages the Milan airport system based on a forty-year agreement signed in 2001 with ENAC, which renewed the previous concession of May 7, 1962. The parent company SEA SpA is a joint stock company, incorporated and registered in Italy.

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.

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, 2017: 2,837

HIGHLIGHTS 2017

Total revenues: Euro 726.0 million
EBITDA: Euro 243.0 million
Net profit: Euro 84.0 million
Passengers: 31.5 million
Aircraft movements: 271.2 thousand
Cargo: 588.5 thousand (tons)

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

In addition, the SEA Group, through the company SEA Energia, produces electric and thermal energy both to serve the requirements of its airports and for sale on the external market.

Mission

The mission of SEA is to create value for all parties directly involved in Group activities:

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.

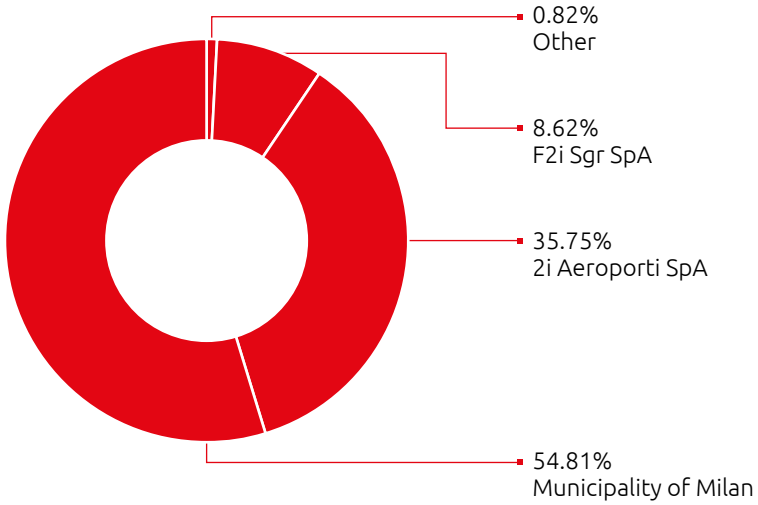
Share Capital Structure

On February 15, 2018, the shares held by the Province of Varese were purchased by 2i Aeroporti Spa. Accordingly, as at the date of approval of this report, public shareholders held a 54.9% interest and private shareholders a 45.1% interest.

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 9 entities/companies	
Municipality of Milan(*)	54.81%
Province of Varese	0.64%
Municipality of Busto Arsizio	0.06%
Other public shareholders	0.08%
Total	**55.59%**

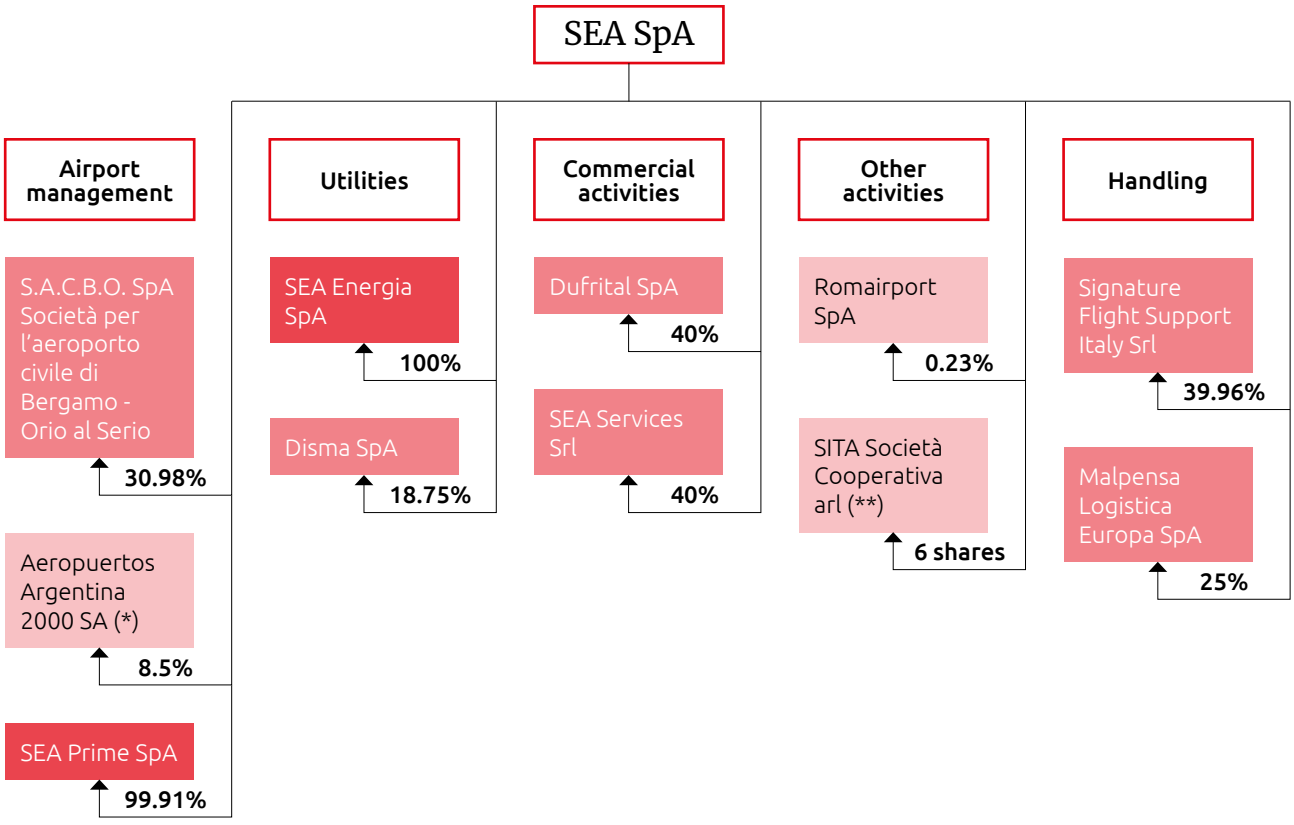
PRIVATE SHAREHOLDERS	
2i Aeroporti SpA	35.75%
F2i Sgr SpA (**)	8.62%
Other private shareholders	0.04%
Total	**44.41%**



(*) Holder of Class A shares
(**) On behalf of F2i - second Italian Fund for infrastructure

SEA Group structure and investments in other companies

DIRECT AND INDIRECT INVESTMENTS OF SEA SPA AT DECEMBER 31, 2017



(*) The investment of SEA in the share capital of Aeropuertos Argentina 2000 (hereafter AA2000) amounted to 8.5% following the conversion, by the Argentinian government, of the bonds issued in 2008 by AA2000 into shares. The transfer of the shares will only be completed with authorization by the ORSNA regulator (Organismo Regulador del Sistema Nacional de Aeropuertos).
At the date of the present document, ORSNA had not yet formalized the authorization of the sale of the investment in favor of Cedicor and, therefore, still holds 8.5% of the share capital of AA2000; therefore, the investment of 1 Euro was maintained in the 2017 financial statements.
(**) In February 2018, SEA SpA submitted a request for withdrawal from SITA SC.

The SEA Group included the following companies in liquidation at December 31, 2017:

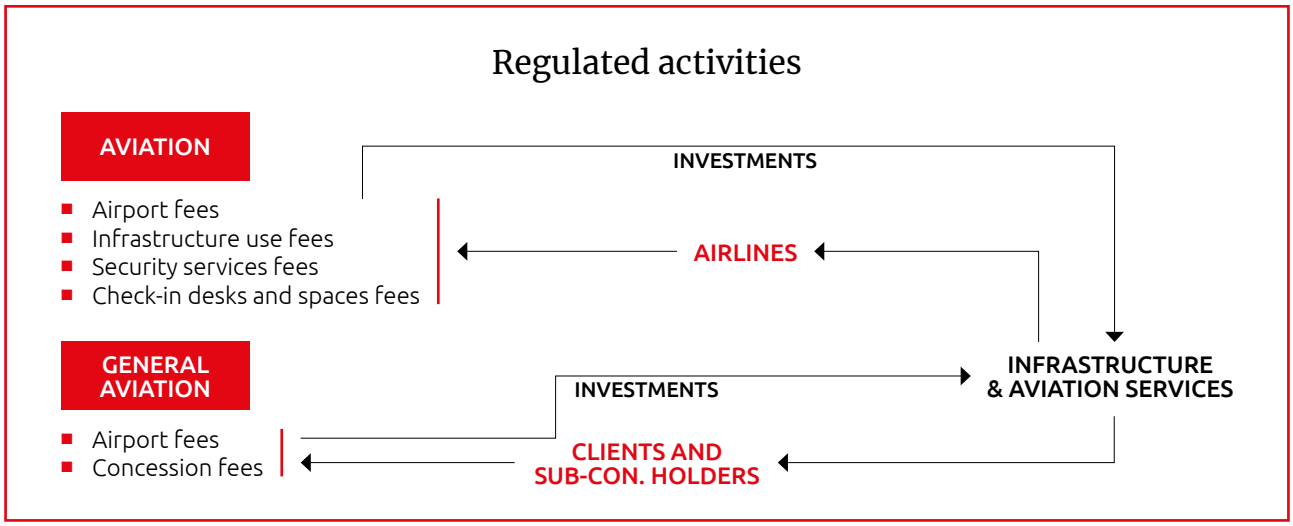
- Consorzio Milano Sistema in liquidation (10% SEA SpA).

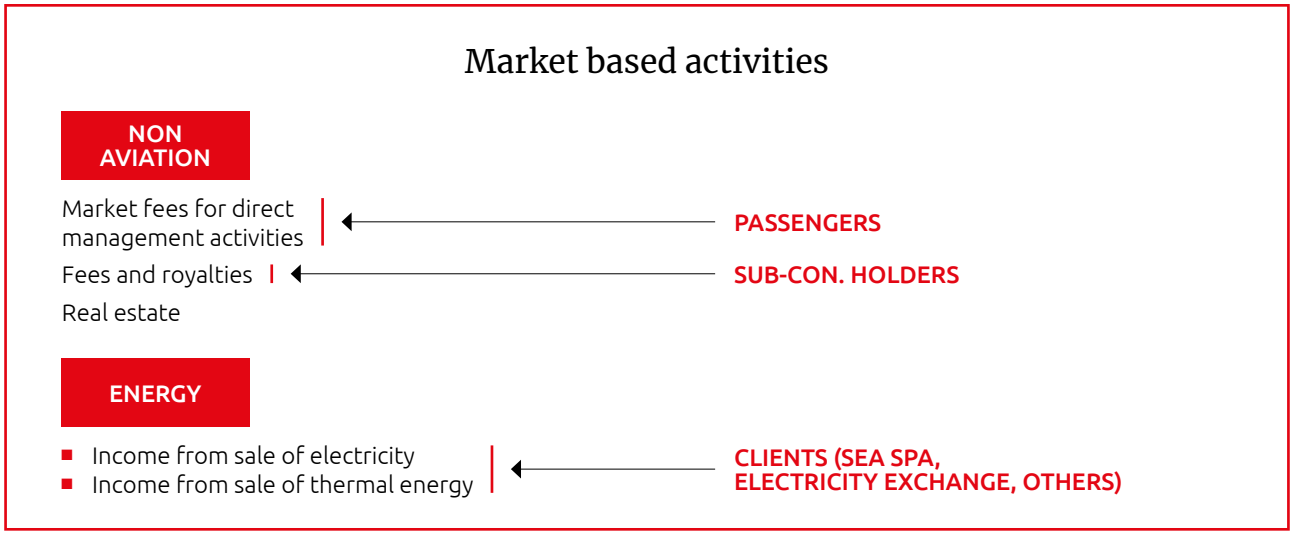
It should be noted that:

- on July 10, 2017, the Shareholders' Meeting approved the final liquidation financial statements and the SEA Handling's relative distribution plan, whose total shares were held by SEA SpA;
- the liquidation of Consorzio Malpensa Construction was concluded on October 31, 2017 with the presentation and approval of the liquidator's final statement of accounts and shareholders' distribution plan.

Business Model and lines

SEA BUSINESS MODEL





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

Commercial Aviation

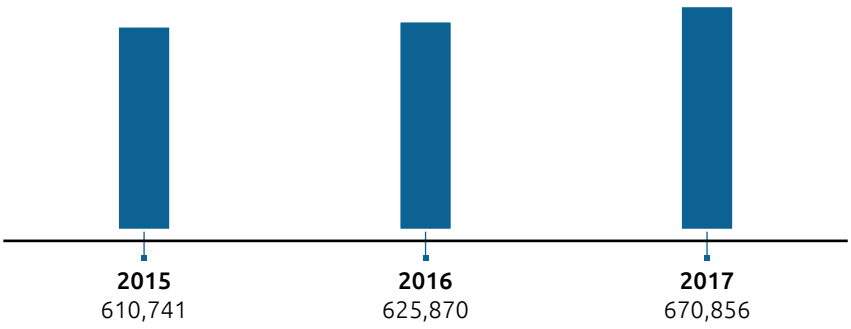
The Commercial Aviation business unit includes Aviation and Non-Aviation operations.

The Aviation Business Unit is involved in the management, development and maintenance of the infrastructure and plant comprising the airport and the services offered to customers and the aircraft take-off and landing activities, in addition to airport security services. The revenues generated by these lines of business are governed by a regulated fee system represented by:

- airport fees (aircraft, passengers and cargo);
- fees for the use of centralized infrastructure (for example loading bridges, BHS, centralized information systems);
- fees for security controls (concerning passengers and hand baggage and 100% of checked baggage);
- fees for the use of check-in desks and spaces by carriers and baggage handlers.

The security fees and payments are set by ministerial decrees; centralized infrastructure payments are subject to oversight by ENAC.

COMMERCIAL AVIATION BUSINESS OPERATING REVENUES (EURO THOUSANDS)



Source: SEA

Non-Aviation activities concern the provision of support to aviation activities and include a wide and differentiated offer - both directly provided and under sub-contract by third parties - of commercial services for passengers, operators and airport visitors, in addition to real estate activities. The revenues comprise market fees for the Non-Aviation activities carried out directly and royalties calculated as a percentage of revenues - with indication of a guaranteed minimum - in the case of activities carried out by third parties under contract.

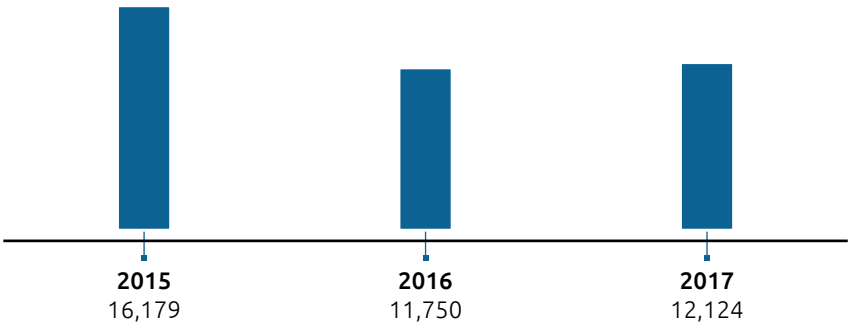
Specifically, this includes the following activities:

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

General Aviation

The General Aviation business includes the full range of services relating to business traffic at the western apron of Linate airport. The comparative figures from 2016 also include the results of the handling and general aviation business, consolidated line-by-line until March 31, 2016.

GENERAL AVIATION BUSINESS OPERATING REVENUES (EURO THOUSANDS)



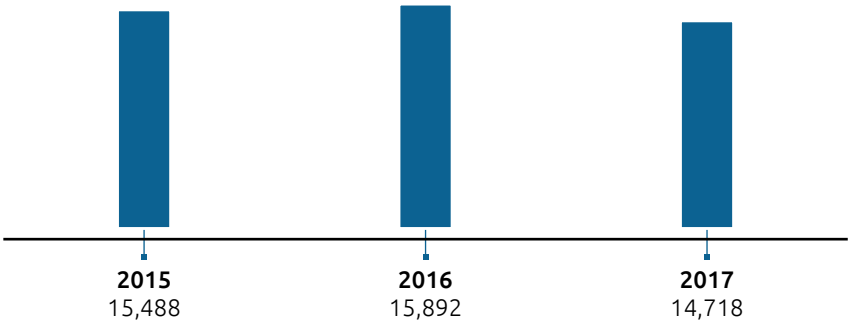
Source: SEA

Energy

The SEA Group guarantees energy (thermal and electric) self-sufficiency at both its airports through a system based on methane co-generation stations with low environmental impact, managed by the subsidiary SEA Energia. The Malpensa co-generation station has an annual estimated maximum production capacity of 613 GWh for electricity and 543 GWh for thermal energy. The Linate station has an annual estimated maximum production capacity of 210 GWh for electricity and 157 GWh for thermal energy.

The Linate station also supplies thermal energy to civilian users adjacent to the Linate airport area. Indeed, from the beginning of 2015, the power plant was connected to the a2a-owned Canavese plant, near to the Viale Forlanini road, in order to provide supplementary heat energy to the city of Milan.

ENERGY BUSINESS OPERATING REVENUES (EURO THOUSANDS)

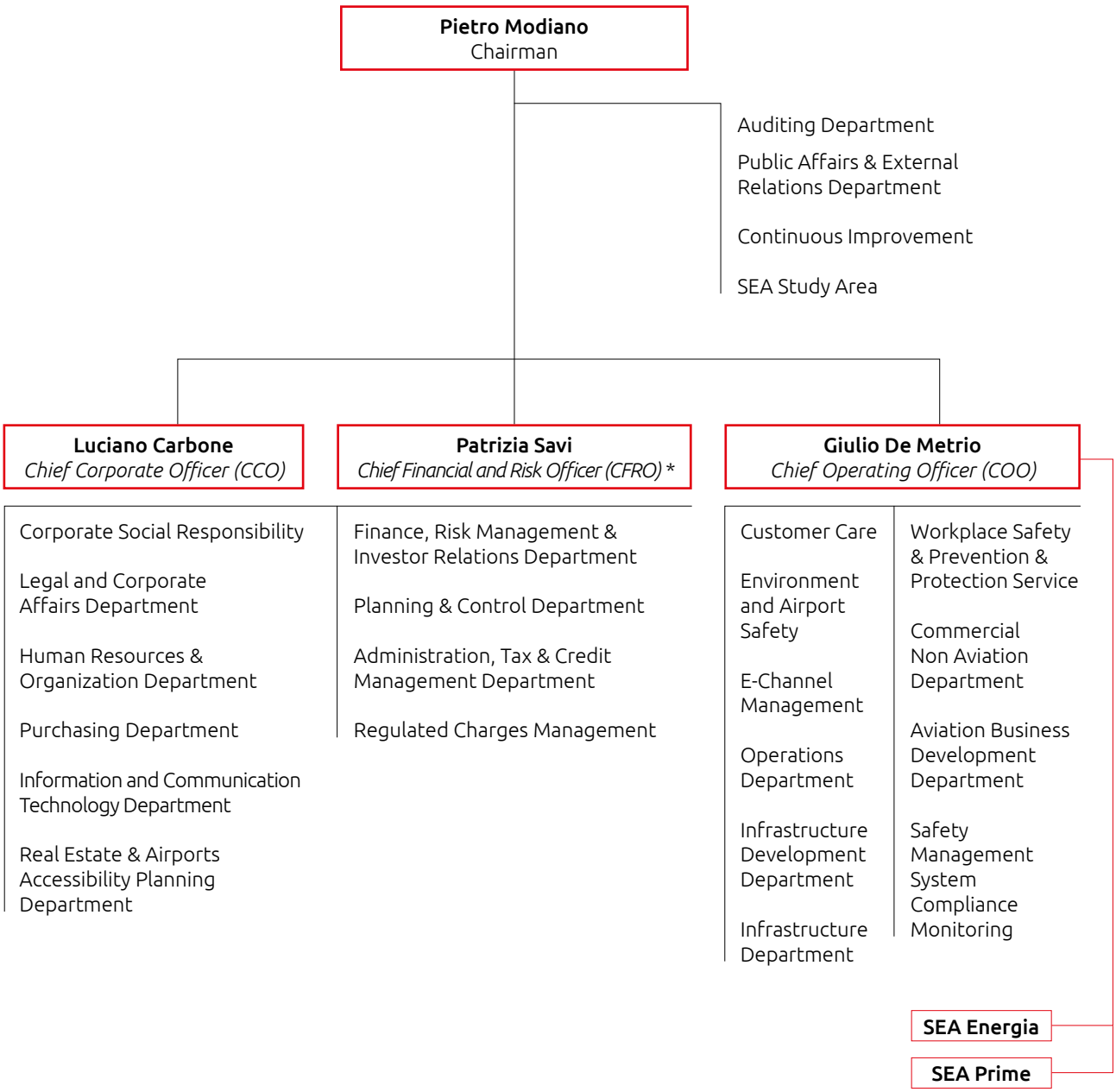


Source: SEA

Organizational structure

The SEA organization is structured into various departments and staff functions, each of which respectively subject to the control of the Chairman, the Chief Corporate Officer, the Chief Operating Officer and the Chief Financial and Risk Officer.

DEPARTMENTAL STRUCTURE AT 31-12-2017



** An Enterprise Risk Management (ERM) function reporting to the CFRO was established and the Finance, Risk Management and Investor Relations Department was renamed the Finance and Insurance Department with effect from January 9, 2018.*

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

Executive Committee
This develops the company strategic objectives and oversees the implementation of consequent actions, ensuring also the management of any disclosure and authorisational process established by the governance model.

Monthly Round Table
It analyses the key development and/or investment themes and projects for the main business strategies, while also ensuring that any risks and opportunities are reviewed from a strategic standpoint.

Group Sustainability Committee
It proposes the guidelines for development and the implementation and monitoring of sustainability policies to be integrated into the Group business model.

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

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

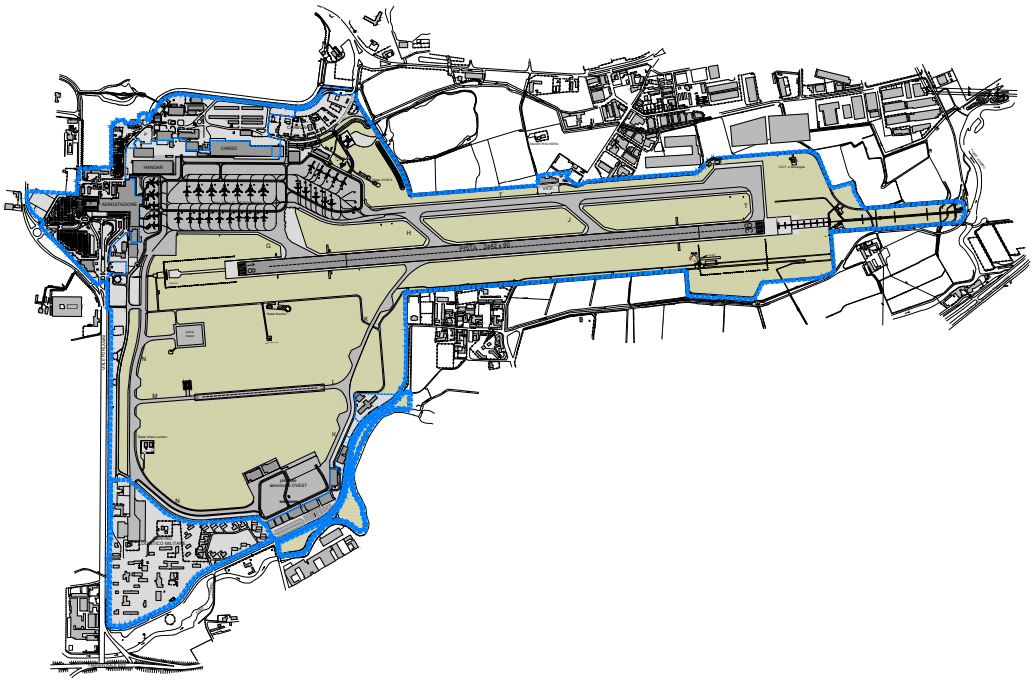
Safety Board
The Board analyses and evaluates the monthly safety performance of airport operations and directly or indirectly related issues/problem areas (also implications on insurance coverage), with the objective to decide upon actions for the resolution of problems identified and the introduction of initiatives for the effective prevention of risks.

Linate and Malpensa airports

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.

LINATE - PLAN OF AIRSIDE AIRPORT AREA



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 2017, Linate handled 5.4% of passengers, 7.6% of aircraft movements and 1.2% of cargo in Italy.

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 approx. 2,100 meters, a system of link roads of approx. 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 m^2 (of which approx. 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 activities (sales points and catering, car hire and banking services) and 7.5% to services provided by the airlines (check-in counters and ticket counters).

The cargo area utilizes a cargo warehouse of approx. 16,800 m^2, with a capacity to handle 80-100,000 tons per year.

LINATE AIRPORT TABLE

Traffic	FY 2017	Δ 17/16	Rank ITA
Passengers	9,503,065	-1.4%	5 °
Movements	96,467	-1.4%	3 °

Operating standards - 2017	
Departure punctuality (delays less than 15 minutes)	86.8%
Delivery of first bag within 18 minutes	93.9%
Number of misdirected bags / 1,000 passengers	1.8

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	3,736
No. parking spaces reserved for airport operators	1,850
No. taxi spaces	169

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

[(2)] *Source: Assaeroporti (www.assaeroporti.it).*

Malpensa Airport

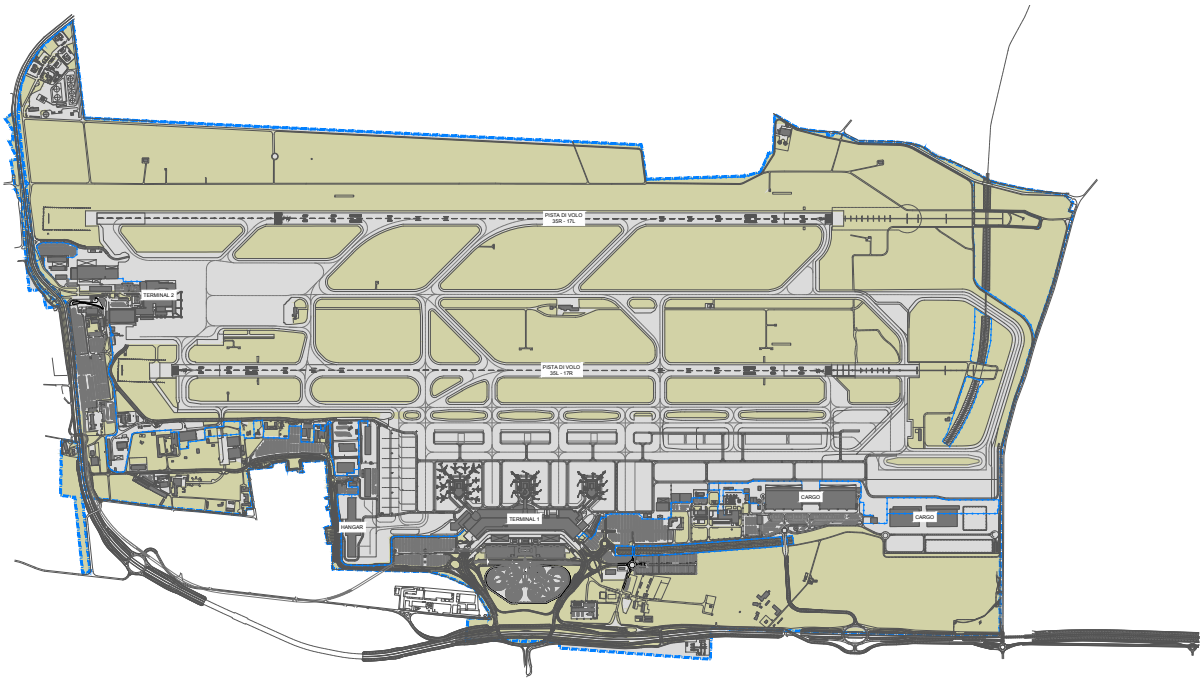
Malpensa airport is located on the Lombardy plateau in the South-West of Varese province, 48 KM from Milan, with rail connections to the city and a road system, including a motorway, which connects the airport with the major regions of Northern Italy and Switzerland.

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.

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

MALPENSA - PLAN OF AIRSIDE AIRPORT AREA



Malpensa managed 11.5% of overall movements, 12.6% of passenger traffic and 51.5% of cargo transported in Italy in 2017[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 approx. 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.

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

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.

Approx. 8.5% of the surface area open to the public is dedicated to commercial activities (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.

Approx. 12.2% of the surface area open to the public is dedicated to commercial activities.

Malpensa Cargo utilizes warehouses with a surface area of 50,000 m^2 and has a capacity of between 700,000 and 750,000 tons of cargo annually.

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

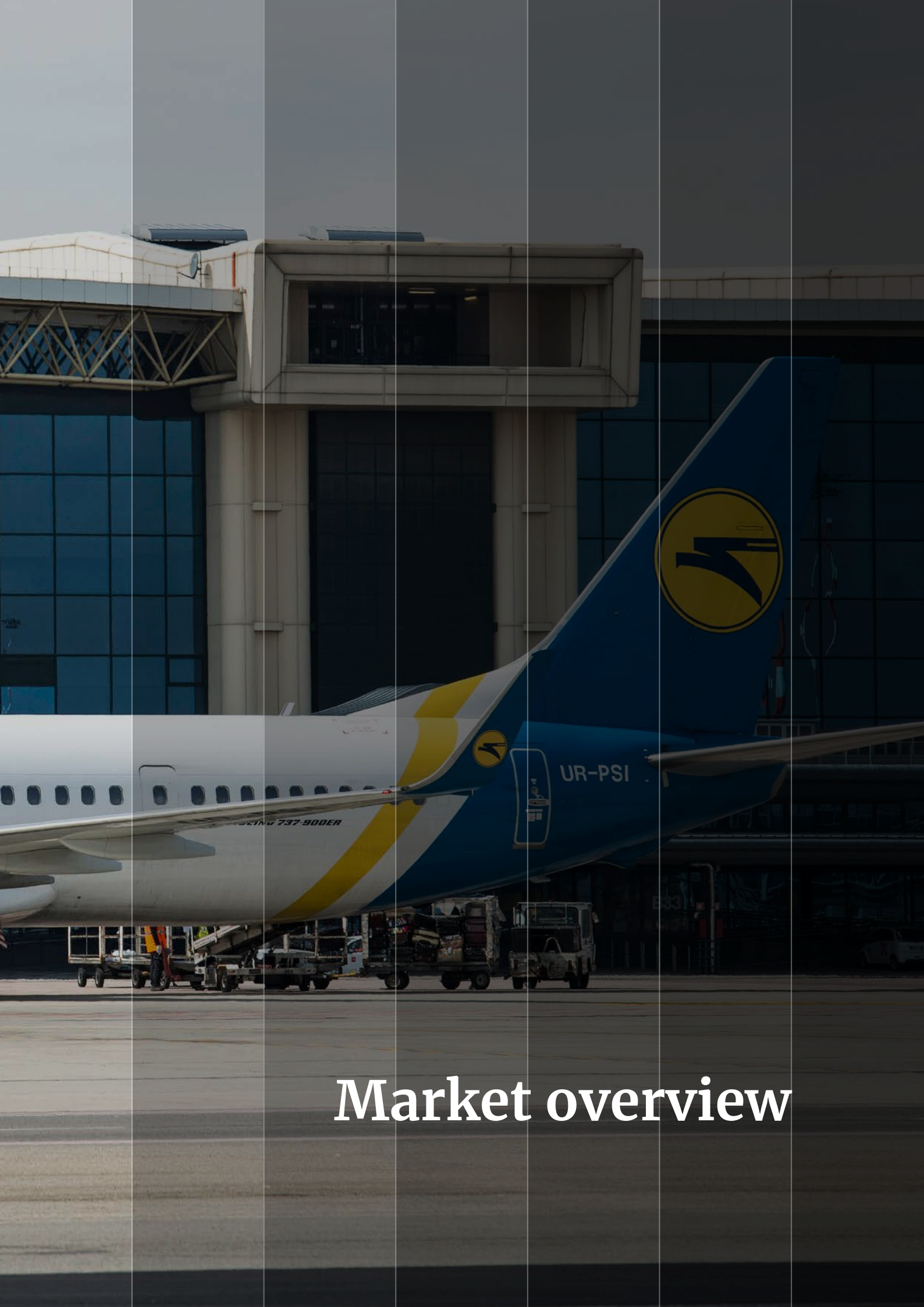
MALPENSA AIRPORT FIGURES

Traffic	FY 2017	Δ 17/16	Rank ITA
Passengers	22,037,241	14.1%	2nd
Cargo (tons/year)	576,539	7.4%	1st
Movements	174,754	7.4%	2nd

Operating standards 2017	
Arriving punctuality	82.0%
Delivery of first bag within 27 minutes	
Malpensa T1	95.2%
Malpensa T2	97.6%
Number of misdirected bags / 1,000 passengers	1.5

Infrastructural characteristics	
Surface area	1,220 bags/hour
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 1	10,650 bags/hour
Baggage Handling System Malpensa 2	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	6,879
Malpensa T2	2,700
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 in 2017[4]

The global passenger traffic performance in 2017, on a sample of 1,056 airports, indicated growth of 6.4% compared to 2016.

The market is growing in all areas: Europe registered the highest increase in percentage terms (+8.5%), followed by Asia (+7.8%), Africa (+5.9%) - recovering from last year, the Middle East (+4.7%), Central/South America (+4.3%) and North America (+3.5%).

The world rankings classify Atlanta in North America, an area that handles 1.7 billion passengers, as the top airport for passenger traffic served (104 million, including 92 million linked to domestic traffic). In second place is Beijing (96 million passengers, including 74 million for domestic destinations) in Asia, an area that carries 1.9 billion passengers.

In third place is Dubai (88 million passengers), which represents the Middle East's main hub with a 36% market share on a total of 242 million passengers.

On a sample of 711 airports worldwide, cargo traffic increased by 7.9% on 2016, with 100.9 million tons handled. Cargo business also performed well in each region analyzed.

Traffic at European airports in 2017[5]

Overall growth in passenger traffic for European airports associated with ACI Europe was 6.2% when compared to 2016, with 1.1 billion passengers served.

The main hubs, representing 36% of total passenger traffic in associated airports, grew 4.8% on last year. Increases were most notable in Amsterdam (+7.7%), Zurich (+6.3%), Frankfurt (+6.1%) and Madrid (+5.9%). Malpensa, with a growth of 14.2% over the previous year, stands out among the airports that handle 'point-to-point' traffic, followed by Brussels (+13.6%), Manchester (+8.6%), Barcelona (+7.1%) and Dublin (+6.0%). Copenhagen was stable compared with the previous year, whereas Berlin posted a decline (-3.7%).

Cargo traffic increased 7.2%, with a total of 11.9 million tons handled. Among the top five European airports in terms of cargo volumes, Frankfurt is first with over 2.1 million tons, followed by Paris Charles de Gaulle with 2.0 million tons, Amsterdam with 1.8 million and London Heathrow with 1.7 million.

Malpensa airport ranks fifth in terms of cargo volumes handled (576.5 thousand tons) and in the top five, it ranks as second airport in terms of percentage growth (+7.4%) after London Heathrow (+10.2%).

Traffic at Italian airports in 2017[8]

Air traffic continued to rise at the 38 Assaeroporti member airports. In 2017 passengers (including general aviation traffic) totaled 175.4 million (+6.4%), up by 10.7 million on the previous year. This result is due to growth in international traffic to both EU (+8.5%) and non-EU (+7.9%) countries and the increase in domestic traffic (+3.0%).

1.6 million aircraft movements (+3.2%) and 1.1 million tons of cargo (+9.2%) were achieved.

Rome Fiumicino, followed by Milan Malpensa and Bergamo, are listed in descending order in the ranking of Italian airports in terms of passenger numbers.

The Rome airport system reported a slight decrease (-0.6% compared to 2016), with 46.9 million passengers served. The Lombardy airport system saw growth of 9.4% to reach 44 million passengers, equal to 25% of the national total: Milan Malpensa contributed with 22.2 million, Linate 9.5 million and Orio al Serio airport 12.3 million.

In the north-east, Venice and Tre-

viso carried 13.4 million passengers (8% of the national total) and in Central Italy, Pisa and Florence 7.9 million passengers (4% of the national total).

In Apulia, the airport system (Bari, Brindisi, Foggia and Taranto) served 7 million (4% of the national total), while Sicily (Catania, Comiso, Lampedusa, Palermo and Trapani) and Sardinia (Alghero, Cagliari and Olbia) served 16.9 million (10% of the national total) and 8.3 million (5% of the national total), respectively.

European air transport market development[9]

- Within the European market, passenger traffic posted its biggest gains of the past 13 years in 2017. In 2017 European airports enjoyed their best year since 2004, when air traffic was boosted by the addition of ten new EU members. This highlights the fact air transport demand continues to grow more rapidly than the economy at large and is not currently being affected by geopolitical risks.
- The above performance was on a par with the previous year, resulting in an increase in European passenger traffic of 20% in the last two years and of nearly 30% in the last five years. In addition to a growing economy and oil prices that remain low, this performance may also be attributed to shifting consumer tastes, digitalization and the increasing importance of millennials.
- The fact that in the last five years the number of European airports (excluding major airports) with over 25 million passengers has risen from 14 to 24 underlines the increasing competition between major point-to-point airports and hubs.
- The biggest traffic increases in 2017 were seen at airports located outside the EU and in its eastern and southern regions. The swiftest growth was reported by airports in the east and south of the EU, with double-digit growth recorded by airports in Latvia, Estonia, Poland, the Czech Republic, Slovakia, Hungary, Croatia, Slovenia, Romania, Bulgaria, Belgium, Cyprus, Malta and Portugal. Airports in Georgia, Ukraine, Moldova and Iceland reported 20% average growth in 2017. EU airports saw a 7.7% increase in passenger traffic, a further improvement on 2016.
- This considerable growth is placing considerable pressure on airport facilities and personnel, as an increasing number of airports approach their capacity limits. ACI Europe predicts that passenger traffic at European airports will double by 2040.
- Operating near capacity limits at so many European airports raises the risk of lower quality of service and delays, adverse environmental impacts, less competition between airlines and higher fares. According to figures by ACI Europe[10], passengers are already paying Euro 2.1 billion in higher airfares each year as a direct result of congestion.

[4] Source: ACI World (Pax Flash & Freight Flash)
[5] Source: ACI Europe Rapid Data Exchange Programme (42 associated airports), Passenger arrivals+departures+transits
[6] Airport hubs: Frankfurt, Amsterdam, Paris Charles de Gaulle, Zurich, Rome Fiumicino, Madrid and London Heathrow
[7] Excluded: Luxembourg, Cologne and Liege which generate higher volumes of cargo transport than Malpensa, since not included in ACI Europe's Rapid Data Exchange Programme
[8] Source: Assaeroporti, 2017
[9] Source: ACI Europe, Airport Traffic Report December, Q4, H2 & Full Year 2017
[10] ACI Europe Cocktail at the European Parliament, Welcome address by Michael Kerkloh - President ACI Europe, January 23, 2018

Our airports' competitive positioning

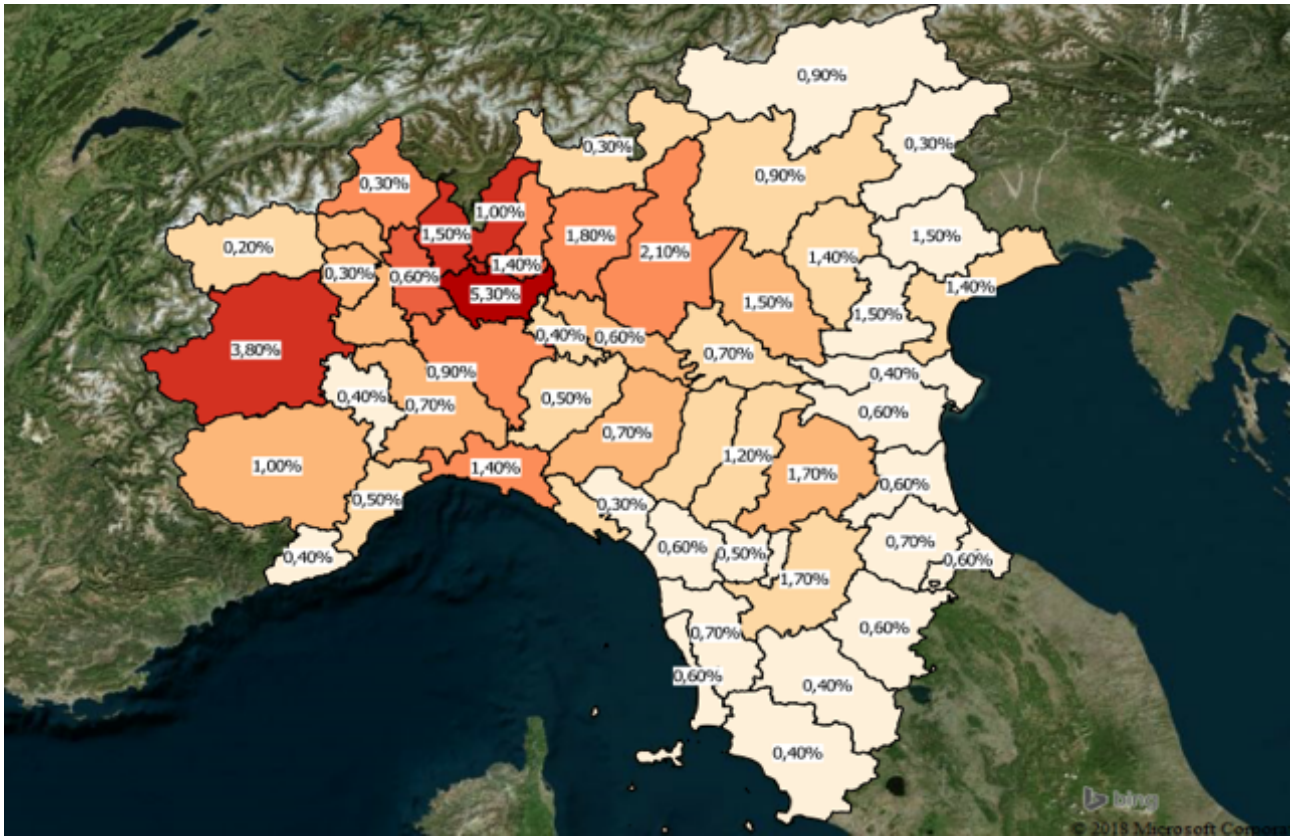
Catchment area

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 mode 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. 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.

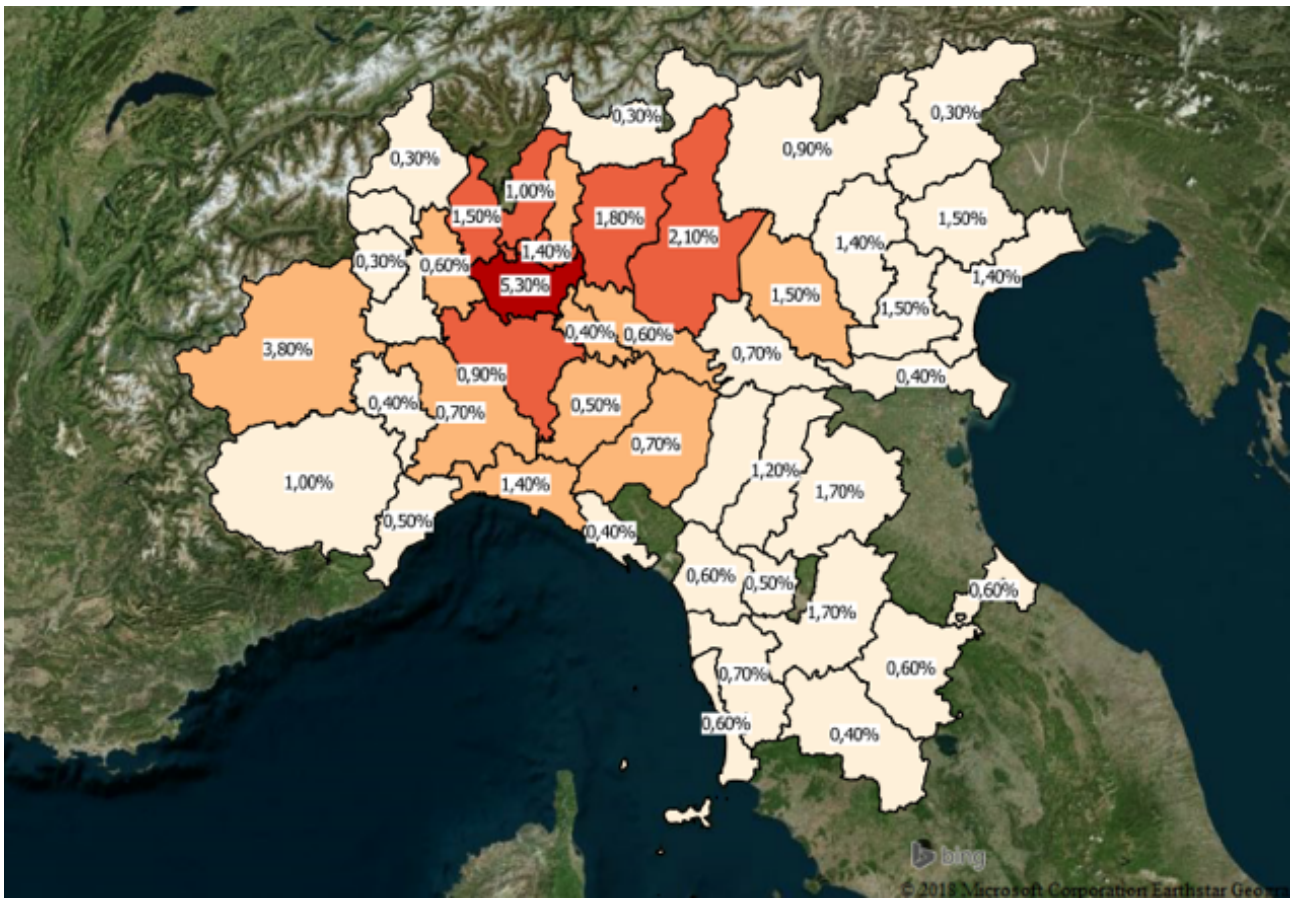
The ability to channel demand to Malpensa rather than to connecting flights routed through other European hubs is contingent on the accessibility of Malpensa airport - an area in which a fast, integrated and effective road system can make the difference.

MALPENSA AIRPORT'S CATCHMENT AREA



Source: Prepared by SEA using CLAS 2016 and ISTAT survey data

LINATE AIRPORT'S CATCHMENT AREA



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 (km²)	135,057	44.8
Population	27,591,204	45.5
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: SEA on ISTAT data

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

Lombardy is Italy's number-one region from both a demographic and economic standpoint. Its population of 9.9 million in 2011 accounted for 16.4% of the nationwide total and its GDP, which exceeded Euro 337 billion in the same year, represented 20% of the Italian total.

It is also Italy's number-one industrial region: in 2013 its industrial value added amounted to 26.7% of the Italian total, whereas from the standpoint of employment Lombardy accounted for 23.8% of those employed by Italian industry nationwide. Yet it also plays a key role in agriculture, making it number-two in terms of agricultural value added, at 10.4% of the Italian total.

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.

Lombardy's manufacturing exports are equivalent to approximately one-third of the national total for Italy and other major European countries (excluding Germany), whereas they are equal to or slightly less than those of nations such as Poland, the Czech Republic and Austria. If it were an independent nation, Lombardy would rank 11th in hypothetical rankings of the main European exporting nations.

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 Boundary 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 Boundary 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).

Economic performance of Milan and Lombardy[12]

In the past four years, Milan has grown by 6.2% - i.e., twice the Italian nationwide rate (+3.6%) - driven by services (+7.6%, accounting for 82% of value added) and a robust recovery of industry in the two-year period 2016-2017 (respectively, +4.0% and +3.4%).

Thanks to this performance, Milan's GDP is currently 3.2% above the pre-crisis level, whereas both Lombardy and the rest of Italy still remain below their pre-crisis levels (by -1.1% and -4.4%, respectively).

Manufacturing figures for 2017 indicate that the recovery continues for small companies based in Lombardy (+3.4% at the annual level), which are growing as fast as their large counterparts (+3.3%), whereas mid-size companies doing even better (+4.2%). Small companies have a way to go yet to return to pre-crisis levels (-11.9%), whereas mid-size companies are almost there (-1.1%) and their larger counterparts have

progressed well beyond this point (+8.2%).

In 2017 GDP grew by +1.8% in Lombardy and by +1.9% in Milan, compared to +1.5% in Italy. Over the last four years, Lombardy's GDP has risen by +5.1%.

In terms of manufacturing production, growth amounted to 3.7% in 2017, almost three times the level of 2016 (+1.3%), in line with Baden-Württemberg (+3.6%), above the Italian average (+3.1%), but below Catalonia, which continued its recovery at an even swifter pace (+4.2%). Lombardy narrowed the gap from its pre-crisis peak to -3.2%, whereas both Italy and Catalonia still have considerable ground to cover (-18.2% and -13.2%, respectively). Baden-Württemberg is 7 points above the 2008 level.

In 2017 GDP increased across all sectors of Lombardy's manufacturing industry (with the exception of textiles), with above-average gains in iron and steel (+5.9%), leather goods and footwear (+5.8%), machinery (+4.7%), rubber and plastic (+4.4%), chemicals and pharmaceuticals (+4.2%) and non-metallic minerals (+4.2%). All provinces grew - particularly those of Milan and Lodi, which doubled their performances compared to 2016, and Monza, which grew at nearly three times the rate for the previous year.

Attractiveness of the Milan area[13]

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 a very positive international reputation.

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

Milan ranked third in the panel (with an overall score of 0.96 in the category) in terms of its ability to attract tourists: Munich (1.32) and Barcelona (1.29) vie for the top spot in the rankings, with Munich boasting more than twice the incoming tourist levels of the Milan metropolitan area and Barcelona offering a very high hotel room occupancy rate.

Milan fell below the panel average in terms of spending by international tourists (0.90), showing a lower level of tourist spending both on the average and per tourist, while performing well at the level of average receipt amount. It also ranked third (1.01) by quantity of entertainment facilities in which to engage in various typical leisure time pursuits - a category which was led by Barcelona (1.44), followed by Lyon (1.17) - but was number-one (2.03) in terms of spending by tourists on leisure time services. Milan is far ahead of all the other cities in shopping (1.59), in terms of the presence of retail businesses targeting both local customers, but also, and above all, those who view big cities as places where the variety on offer allows customers to make the best choices.

This assessment is borne out by Milan's position in the rankings of the most attractive European cities for the 250 global top retailers. 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.

Milan ranks second (1.54) after Barcelona (1.82), the city most successful at taking advantage of big sporting events. Lyon (0.69), Munich (0.68) and Stuttgart (0.27) lagged far behind, below the average. In 2014-2016, Milan was number-one in terms of the attraction of events of global interest, beating out Barcelona. International conventions and conferences are a major focal point, drawing visitors from around the world while also driving commercial development and innovation.

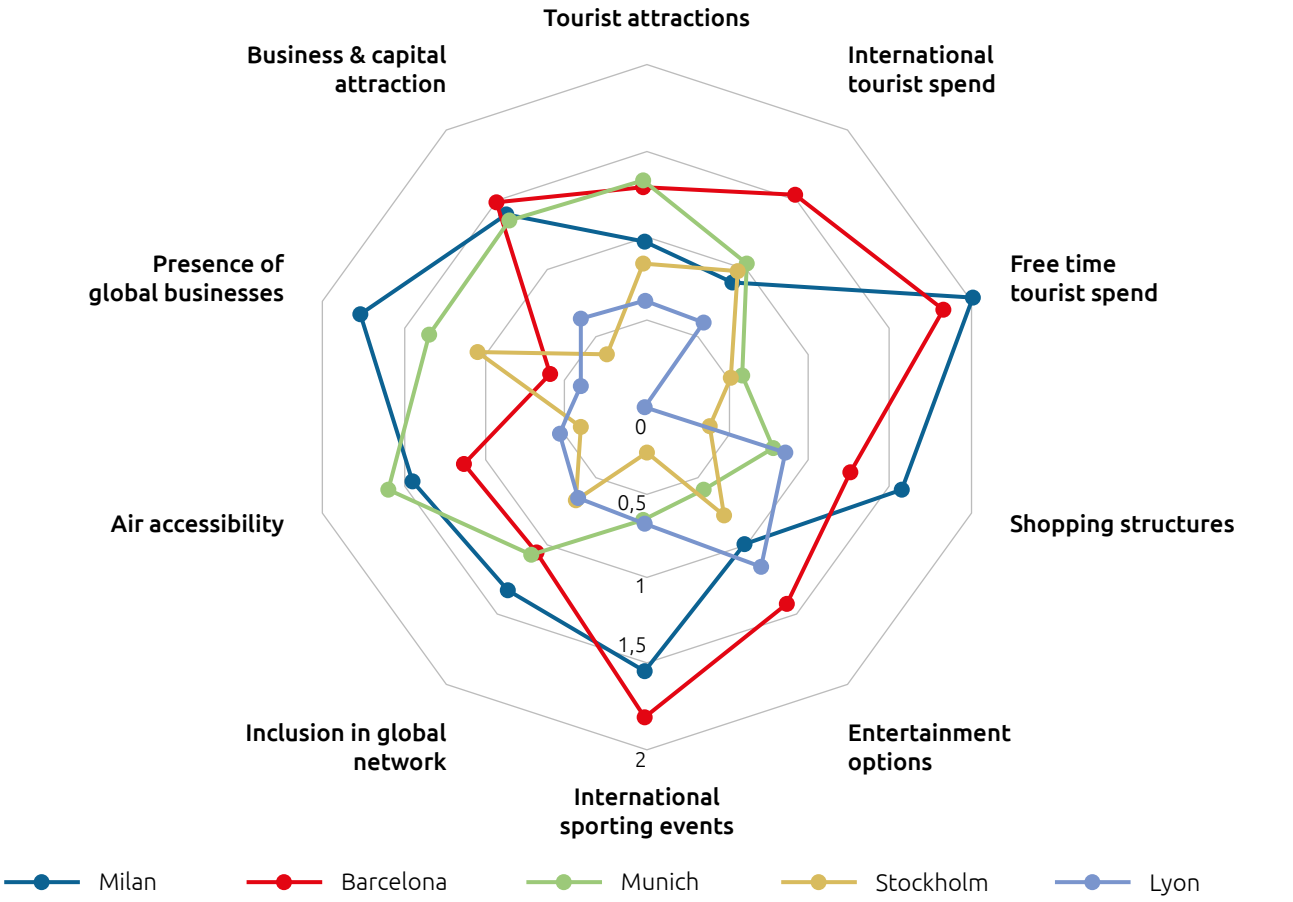
In this category, the comparison was drawn to the top European players in this sector, which differed from the standard territorial parameters considered in the analysis. When it came to conventions, Milan was number-two in Europe (1.11), second only to Frankfurt (1.15). They were followed by Paris (1.01) and then by Barcelona (0.73).

Milan ranked after the other cities in the benchmark in terms of international conferences (0.74, compared to 1.11 for Paris, 1.10 for Barcelona and 1.05 for London).

Milan's deep integration into the global network (garnering it an overall score of 1.34) compared to Munich (1.09), is further borne out by its leading position in the international rankings of cities and large number of diplomatic offices.

[11] Source: Confindustria Lombardia; Lombardia 2030
[12] Source: Assolombarda, Booklet on the Economy, March 25, 2018
[13] Source: Milan Monitoring Centre 2017

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



Source: Based on Milan Monitoring Centre data 2017

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: Milan (with an overall score of 1.43 in this category) placed second, following Munich (1.57), slightly ahead of Barcelona (1.11) and well above Stuttgart (0.38) and Lyon (0.50).

Milan's greatest strength is its business community, which has made it home to companies operating within the global network (1.73 compared to 1.32 for Munich), sharply ahead of the other cities. Significantly, it leads as base of operations for companies with turnover of over Euro 1 billion (90 companies), ahead of Munich (50), Barcelona (37) and Stuttgart (20).

Its ability to attract companies and capital in terms of local offices of foreign multinationals is a key factor. Milan (1.38) is well positioned above the benchmark average, even with Munich (1.34) and just behind Barcelona (1.46) 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 38.0% of all new international greenfield projects.

Capacity

The capacity of an airport, which in Italy is established by ENAC and 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 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.

Capacity of Linate airport

The Linate airport infrastructure is capable of managing a capacity of approx. 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 Sardinia, which guarantee flights 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.

Eurocontrol[14] predicts that there will be more than 30 congested European airports by 2035.

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.

United Kingdom, Turkey, Belgium, Netherlands and several Eastern European countries are likely to be more severely affected than others.

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

The lack of capacity at European airports is also cause for concern due to the scale of the negative externalities that will be borne by passengers.

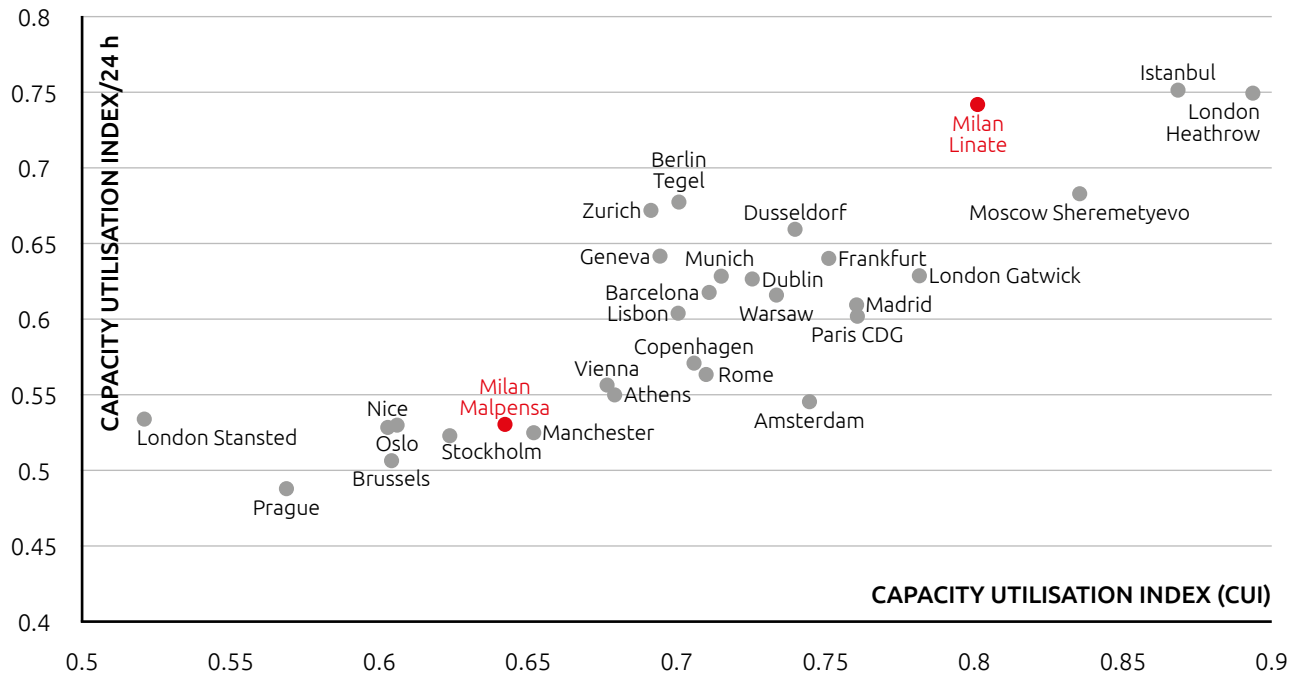
In a situation in which airport capacity demand exceeds supply - and in which airports have considerable market leverage over passenger traffic - prices will be used to balance demand and available capacity.

If an airport's prices are reflected efficiently in airport fees, the lack of slots will result 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.

POSITIONING AMONGST SELECTED EUROPEAN AIRPORTS BY CAPACITY UTILIZATION RATE



Source: SEO Amsterdam Economics, 2017

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.

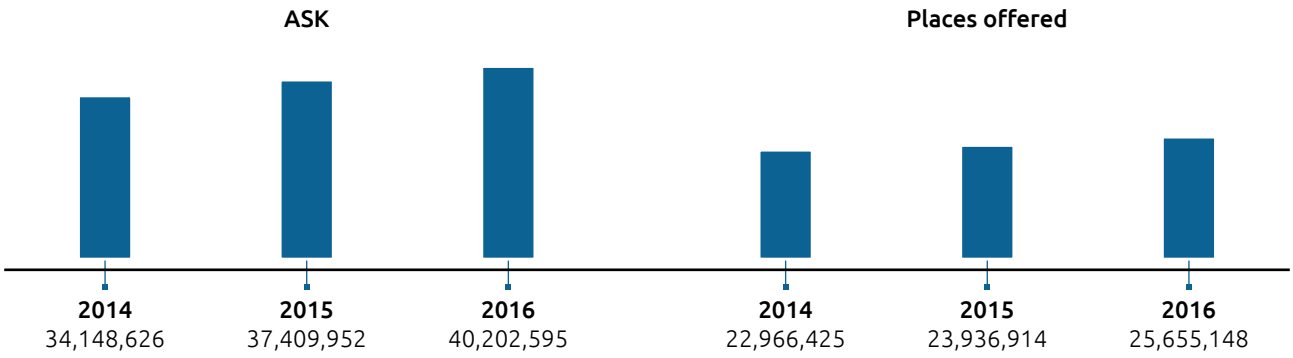
The matrix shows the positioning of 30 major European counterparts in terms of CUI and 24-hour CUI.

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.

Air transport supply

The Milan metropolitan area ranks ninth in Europe by total air transport offerings at 40.2 million ASKs (available seat kilometers) supplied each year.

AIR TRANSPORT SUPPLY IN THE MILAN METROPOLITAN AREA (2014-2016)



Source: ICCSAI Fact Book

ASKs correspond to the total seats available on each flight, multiplied by the number of kilometers 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 26.6 million seats.

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 73.4% of Malpensa's weighted offerings.

AIR TRANSPORT SUPPLY AT MALPENSA AIRPORT (2014-2016)

	2014	2015	2016
ASK	23,998,189	26,107,947	28,086,906
ASK inter-EU	6,622,044	6,449,673	7,463,899
ASK non-EU	17,376,145	19,658,273	20,623,007
ASK non-EU/ASK total	72.4%	75.3%	73.4%

Source: ICCSAI Fact Book

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

Analyzing 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 Malpensa airport is the European medium-large airport (second overall after Venice) 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

	2014	2015	2016
HH index on ASK	533	539	519
No. airlines	88	80	86
Entropy index on ASK	1.50	1.50	1.51
% ASKs of leading 5 airlines	41.7	42.0	40.7
% ASKs of leading airline	14.3	13.5	13

Source: ICCSAI Fact Book

DIRECT COMPETITION DEVELOPMENT AT MILAN LINATE

	2014	2015	2016
HH index on ASK	3,191	3,090	2,986
No. airlines	22	20	18
Entropy index on ASK	0.79	0.81	0.82
% ASKs of leading 5 airlines	77.9	76.3	76.7
% ASKs of leading airline	54.6	53.8	52.7

Source: ICCSAI Fact Book

Linate airport shows a higher traffic concentration level than Malpensa owing to the significant presence of Alitalia, which is responsible for approximately 53% of the total ASKs. In Italy, the airport where the largest share of ASKs held by a single carrier is Bergamo: approximately 80% of supply is attributable to Ryanair.

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

Therefore, low index values indicate situations in which the traffic offer of a particular airport is highly concentrated. Also according to this index, 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 neighboring destinations or on similar routes.

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.

INDIRECT COMPETITION AT MILAN MALPENSA

	2014	2015	2016
No. neighboring airports	3	3	3
No. routes in indirect competition	100	76	83
Competitor ASK /ASK in competition	1.43	1.52	1.41

Source: ICCSAI Fact Book

Within Europe, the London area contains a high number of active airports, therefore in indirect competition.

Nearly all departing European routes from Gatwick or Heathrow have indirect alternatives.

Indirect competition is significant also in the Lombardy region close to Milan. From Malpensa, over 93% of European destination routes are open to competition from other airports in the area such as Linate and Orio al Serio.

Malpensa airport placed third, after London Heathrow and Gatwick airports, 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.

Accessibility to current and future 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 local city or the "narrow" catchment area (within 60 minutes from the airport). In the case of 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 Astia), as well as Genoa, Emilia (from Piacenza to Bologna), Florence, Eastern Lombardy (Brescia) and western Veneto (Verona).

Modes of passenger ground transport to Milan 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 traveler 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 travelers are non-residents. 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.

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

	Airport system			Malpensa T1			Malpensa T2			Linate		
TRANSPORT MODE	**2017**	**2016**	**Δ**	**2017**	**2016**	**Δ**	**2017**	**2016**	**Δ**	**2017**	**2016**	**Δ**
Public road transport	20	24	-4	13	11	+2	16	20	-4	32	48	-16
Private road transport	68	64	+4	68	70	-2	69	67	+2	67	52	+13
Public rail transport	11	12	-1	18	18	=	14	13	+1	-	-	-
Other	1	-	+1	1	1	=	1	-	+1	1	-	+1
Sample	4,981	4,487		2,423	2,321		1,124	1,010		1,434	1,156	

Source: Prepared using Doxa data - 2017 SEA passenger profile

In 2017 the use of public transport options by passengers to reach our airports declined for both road (down four points systemwide, with a peak of -16 for Linate, whereas Malpensa Terminal 1 ran counter to the trend, showing an increase of two points) and rail (down one-point systemwide). Private road transport increased by four points systemwide, by 13 points for Linate and by two for Malpensa Terminal 2.

Current and future accessibility of Linate airport

Linate airport is currently accessible solely via road, from both the city center 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 develop and 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 center 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. Additional capacity would be released on the current road system, improving the level of service on the access routes to the city center in addition to access to the immediate and surrounding areas (particularly Linate).

DEVELOPMENTS ENVISAGED FOR ROAD ACCESSIBILITY FOR MILAN LINATE

ROAD SEGMENT	DESCRIPTION OF THE WORKS
SP14 Rivoltana & SP415 Paullese	Developments & upgrades.
SP160 & SP15b link road	Developments & upgrades.
San Bovio-Longhignana section	Development of SP15b & SP160.
Pedemontana Lombarda Motorway	Piedmont 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.

Source: Pwc, 2017

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.

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 approx. 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, 2017

Current and future accessibility of Malpensa airport

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

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.

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.

Source: PWC, 2017

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. This would entail 129 daily trips delivering, on an average hourly service over a 20-hour period, a train service every 18 to 19 minutes in both directions. The minimum journey time (29 minutes) is wholly adequate and competitive in terms of international standards (the center 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 6 million passengers per annum.

Road access to Malpensa was compared with a selection of comparable European airports: Eleftherios (Athens), Stansted (London), Arlanda (Stockholm), Gardermoen (Oslo), Franz Josef Strauss (Munich) and Leonardo da Vinci (Rome Fiumicino).

These airports are comparable in terms of:

- volume of passenger traffic
- distance between the airport and its reference city.

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

Surce: Pwc, 2017

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 & Somma Lombardo)	-	45'/55'
Eleftherios (Athens)	-	Suburban rail service - hourly Cost of 10 €	-	-	Bus (**X95S 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 € 11.4-12.5	-	-	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 Flybussekspressen** 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** train (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'

Source: Pwc, 2017

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 from a national planning point of view, where the Malpensa Airports in the National Plan are indicated as strategic intercontinental gateways.

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 travelers includes the whole of the north of Italy.

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.

Source: Pwc, 2017

Our Governance

Our 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.

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

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

The structure of powers and duties complete the Governance structure.

Board of Directors

The Board of Directors of SEA is composed of 7 executive and non-executive members. The Board of Directors in office at December 31, 2017 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 2017 was Euro 529 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 2017

	Board of Directors			Control and Risks Comm.	Remuner-ation and Appoint-ments Committee	Ethics Comm.	Indep.	Age group	
Office	**Members**	**Executive**	**Non-Exec.**	*	*	*		30-50	>50
Chairman	Modiano Pietro	X							X
Vice Chairman	Brunini Armando		X	X			X		X
Director	Bragantini Salvatore		X		X	X	X		X
Director	Castelli Michaela		X	X			X	X	
Director	Mion Stefano		X		X			X	
Director	Stefani Susanna		X		X		X		X
Director	Zucchelli Susanna		X	X			X		X

** Membership of the Board member on the Committee.*

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 and Risks 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 2017

Board of Directors	Control and Risks Committee	Remuneration and Appointments Committee	Ethics Committee
13	7	7	4

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 and Risks 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 2017

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 2017 the total remuneration of the Board of Statutory Auditors was Euro 290 thousand.

Systems of powers and duties

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

SEA Board of Directors, in fact, did not appoint a Chief Executive Officer but instead conferred powers on the Company's Chief Officers to manage - within determined limits - the Company's ordinary activities, implementing 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-delegates some of their own 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 that will enhance competencies, whilst at the same time allowing 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 and Risk Committee;
- staffing structures are embodied in the Chief Corporate Officer, along with the Purchasing Department and broken down according to the main corporate cost centers;
- business development competencies are centralized under the Chief Operating Officer.

These SEA Chief Officers "delegated" to manage their own relevant area regularly partake 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 Industrial 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 topics, also the reaching of objectives in terms of operating excellence and customer service level indicators.

Internal control system

SEA's internal control system comprises of regulations, procedures, and 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.

Particular attention is reserved in addition to the Organizational and Management Model as per Legislative Decree 231/2001 adopted.

Organization 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 the Decree of September 2017, and incorporates the principles adopted, in addition to the work carried out by SEA, to prevent offences under Legislative Decree 231/2001, as well as to avoid cases of administrative and penal criminal responsibility of natural persons under this Decree.

The Supervisory Board is allocated the role of overseeing the function and compliance with the Model, ensuring it is up to date. It is appointed by the Board of Directors and comprises 4 members (a Non-executive Director, two independent external members and the Auditing Manager).

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. It provides periodic information flows for the Board of Directors on the effectiveness, suitability and continuation of the Model.

With the aim of supervising the implementation of the Model a dedicated "whistle-blower" mechanism was set up for employees, the corporate boards and third parties to report - anonymously if necessary - illicit behaviors or scenarios to the Supervisory Board, even where there is simply a potential risk of carrying out illicit actions.

The components of the SEA's 231/2001 Model are:

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

SEA Supervisory Board met 9 times in 2017; minutes were drawn up for each meeting. SEA's Organization and Management Model includes offences relating to occupational health and safety, the environment, the violation of human rights and associated preventive measures taken by the company.

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 prevention protocols adopted by the company to prevent such offences.

Code of Conduct and Ethics Committee

The Code of Conduct - 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. 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 Labor 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 4 times in 2017 to discuss the dissemination and implementation status of the Code of Conduct and to examine reports received.

The dissemination and publication of the Organization and Management Model, pursuant to Legislative Decree 231/2001, and the Code of Conduct continued in 2017 through the following initiatives:

- the publication of the Model's General Section (XI Edition) on the company website;
- the publication of the Model's General Section (XI Edition) and Special Section (VIII 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 2017, information and training on Legislative Decree 231/2001 and the SEA Model was structured as follows[15]:

- continuation of training by e-learning for SEA employees, which 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 the 2015-2017 three-year period, SEA's training process, which began in 2014, involved 2,060 employees who work in both airports and belong to the categories of managers, white-collars and blue-collars (687 in 2015, 1,056 in 2016 and 317 in 2017);
- training on the Decree and on the Organization and Management Model by an internal member of the Supervisory Board for 5 newly-appointed SEA executives and for staff

[15] *Note: The training information presented here refers only to SEA.*

who cover roles that are considered sensitive for the Model's implementation;
- information on the Model and on Legislative Decree. 231/2001 in compulsory courses (issue/renewal of the Airport pass and training on occupational health and safety in compliance with Legislative Decree 81/08).

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;
- the Organization and Management Model pursuant to Legislative Decree 231/2001 that also includes corruption offences.

In the performance of their activities, SEA staff adheres to the principles of transparency, clarity, correctness, integrity and fairness.

In particular, behaviors and practices that may also only appear illegal or collusive, payments that may seem to be unlawful, attempts at bribery and favoritism, 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, behaviors 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 behavior 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 behavior and violation of the Law on corruption - on the criminal 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.

Anti-Corruption Management System

An analysis of company processes was carried out as part of the activities relating to the 231/01 Model in order to identify the risks linked to corruption. 34 audits were also carried out (19 of which at SEA SpA, 9 at the subsidiary SEA Prime and 6 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.

The certification process for the "Management System for the Prevention of Corruption" in accordance with UNI ISO 37001:2016 "Antibribery Management Systems" commenced in 2017. This is part of the integration and compendium of prevention tools already implemented under the Model of Legislative Decree 231/01, in line with the principle of "zero tolerance" toward corruption.

The implementation of a specific anti-corruption training activity is planned for all SEA executives in the first half of 2018 under SEA's "Management System for the Prevention of Corruption".

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 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).

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 2017, 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

Sustainable development governance

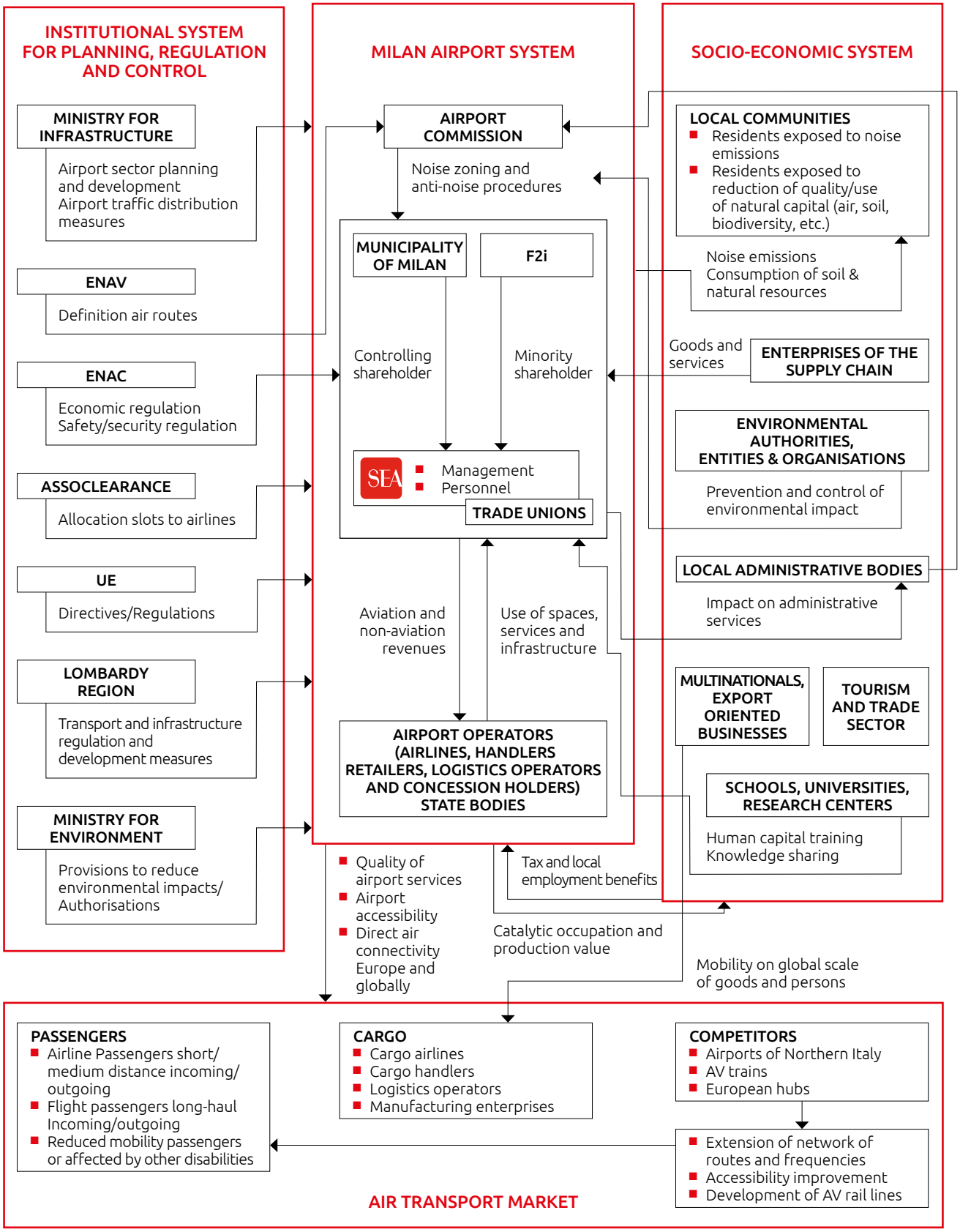
We pursue a strategy of creating value, protecting shareholders' return on capital, based on the following principles:

- 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;
- availability to discuss with stakeholders the definition and the implementation of our development plans, whilst seeking to create widespread benefits and minimizing negative externalities.

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.

MAP OF SEA GROUP LEVEL 1 STAKEHOLDERS



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

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

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.

SEA SUSTAINABILITY GOVERNANCE MODEL

FIRST LEVEL STRATEGIC FRAMEWORK	**WHO WE WANT TO BE** ■ Mission ■ Industrial Plan	**HOW WE WANT TO DO IT** ■ Ethical vision ■ Diamond of values ■ Materiality Matrix	Alongside the Mission and Strategic Planning, the Ethical Vision, Values and Materiality Matrix outline the managerial styles and the strategic CSR priorities related to the pursuit of the business objectives.
SECOND LEVEL POLICY MANAGEMENT	**HOW WE WORK** ■ Code of Conduct ■ Self-Governance Code of listed companies ■ Org. Model as per Leg. Dec. 231 ■ Certified management systems	**HOW WE MAKE DECISIONS** ■ Stakeholder Engagement Tools ■ Corporate Citizenship Policy ■ Stakeholder Relation Principles ■ Family Audit	Together with compliance instruments - both regulatory and voluntarily adopted management systems - decision-making patterns were introduced related to - and fed by - listening and structured involvement of internal and external stakeholder processes.
THIRD LEVEL PERFORMANCE MEASUREMENT	**VALUE GENERATED** Financial Statements	**QUALITY OF VALUE GENERATED** ■ Sustainability Report ■ Airport Economic Footprint	In addition to the Financial Report, measurement instruments were put in place regarding the quality of value generated (Sustainability Report) and the socio-economic impact on the region. These reports may progressively converge

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

The planning and decision-making governance in relation to sustainable development was assigned from 2012 to the Group Sustainability Committee, as part of the Steering Process, with the following objectives:

- to analyse the guidelines for development and the implementation and 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.

The Group Sustainability Committee, presided by the Chairman, conducts four-monthly meetings in which three Company Chiefs as well as the Directors of the departments within their scope partake.

In 2017 the Group Sustainability Committee held 2 meetings.

Strategy drivers

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

- Integrated Decision-making
- Stakeholder Engagement
- Reporting
- Corporate Citizenship.

Integrated Decision-making

We are working on a managerial mind-set that seeks to emphasize a capacity to contextualize business projects and to expand the array of the variable scenarios taken into account.

The goals we set are to succeed in correctly assessing the consequences and the impacts of corporate decision-making on the quality of our relations with our stakeholders in order to prevent/manage any of their potential negative reactions which would impact on costs, timeframes and the efficiency of the business projects.

With the project **Developing Sustainability Culture** (2012-2014), we created the prerequisites to define our Sustainability Vision and the related articulation of the business challenges. The project involved, amongst other things, interviews with management and stakeholders, focus groups and web discussions with SEA employees and workshops with top and middle management.

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 Industrial 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.

Listening and Stakeholder engagement

Periodically, we carry out sample surveys (between 80-20 interviews) with corporate stakeholders subdivided into categories, to assess their perception of the quality of the relationships with SEA, to assess SEA's management skills and the direct impact of its actions on them. In addition to this research, a Multi-Stakeholder Workshop was held, a think-tank to engage with the most representative corporate stakeholders on relevant projects and topics.

The involvement of our internal and external stakeholders was of particular importance in relation to Company projects such as developing our Ethics Code, the Social Challenge and the Family Audit.

Accountability

Accountability in relation to our strategies, our processes and our impact is not restricted to solely creating a Sustainability Report.

Our 6-year partnership with the CeRst-LIUC (Centre for territorial research at Cattaneo University) 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 define the economic role of our airports within the Lombardy and national context and on the other, to support optimal methods of engaging with the region.

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 six years were based on the knowledge that our role as a Company is not limited to the optimal manage-

ment 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-on 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 behaviors based on a self-driven and responsible implementation of a nucleus of shared ethical principles.

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: - 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.

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

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**.

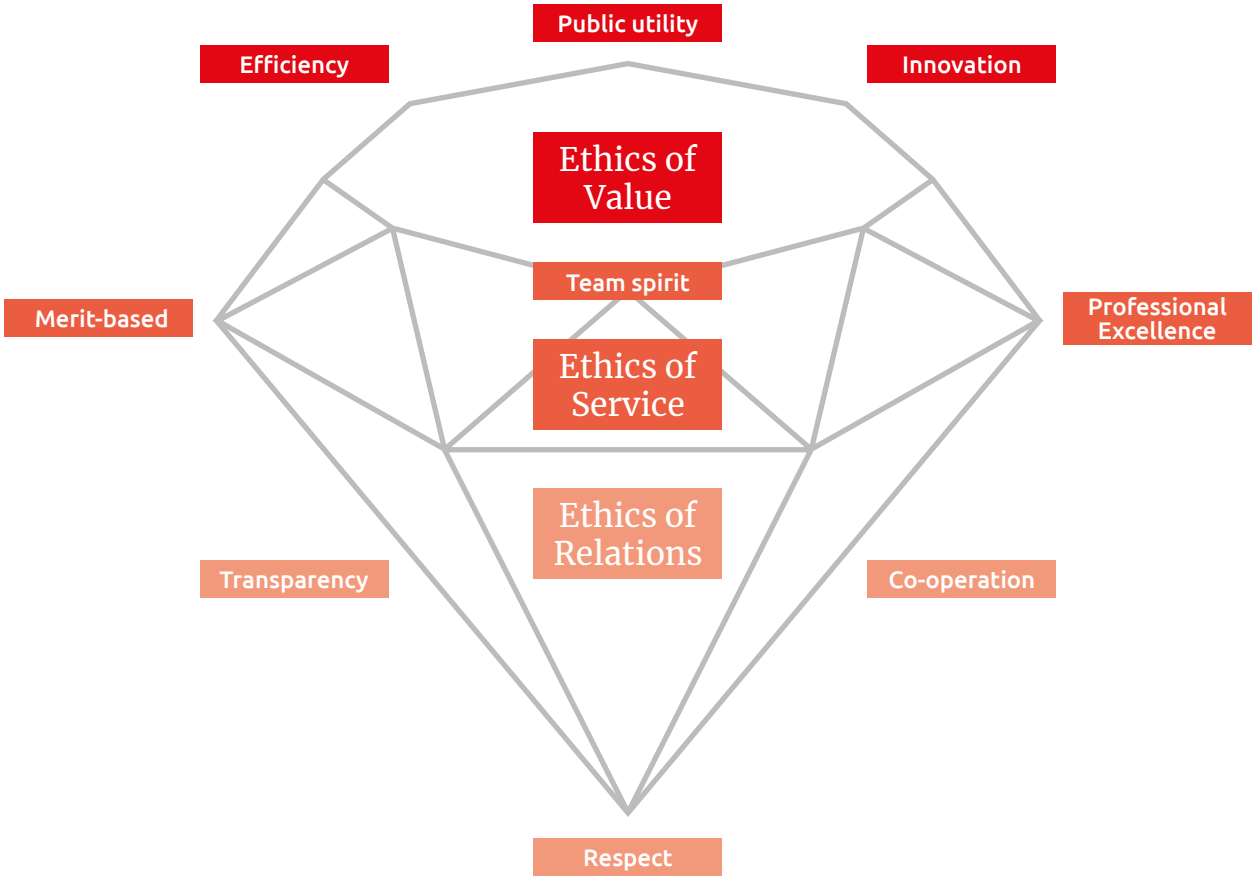
How was this achieved?

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 discussions 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



Decision-making and organizational values and processes

In 2017, the project "Ongoing Values", launched the year before, continued to promote the dissemination, exchange and sharing of the new Ethics Code.

The aim of the project was to launch an organizational and technological cultural change to develop collaborative systems in order to promote the dissemination, the exchange and the sharing of knowledge, to circulate ideas and to improve the sense of organizational or corporate belonging, stimulating proactive employee involvement in the Company's day-to-day business.

In 2017 the project was micro-analyzed 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 industrial 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 industrial 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.

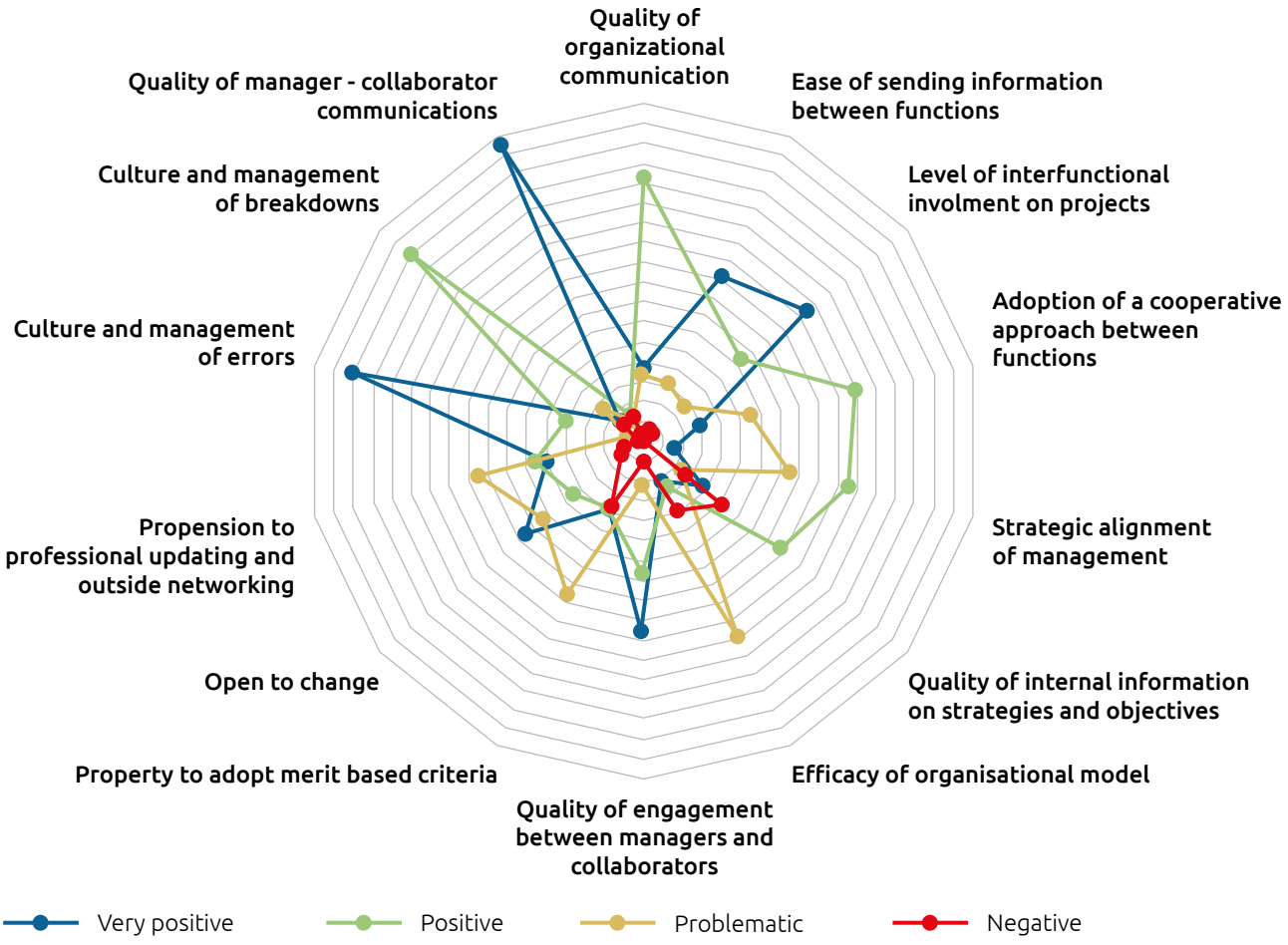
This diagnostic model facilitated organic and deep discussions on the connections between the Company's ethical vision, the Diamond of Values, the industrial plan and the risk model, identify-

ing several possible initiatives to sustain and relaunch SEA's strategic focus.

From the analysis, it emerged that SEA is a Company which engages in robust relationships and inter-dependencies with a broad system of actors, fundamental for the quality of its real and perceived performance. Even in terms of its very recent past, the Company is greatly aware that the development of the SEA business model also depends on the quality of the internal and external relationships it engages in when producing value and that these relationships can concretely sustain continuous improvement of efficiencies and Company performance.

In this respect, the SEA management team outlines the method to build and consolidate these relations, but it also outlines the inherent content of these relations and expresses the need for continuous support of a Vision that takes these into account, or which codifies and develops the role of the Company as the nerve center of the physical, financial and socio-political market in which it is embedded.

LEVEL OF ALIGNMENT BETWEEN VALUES AND ORGANIZATIONAL PROCESSES



Source: SEA

This vision, outlined above, accompanies and enhances the most concrete values of the Industrial 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.

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 impacts from a financial, social or environmental point of view?
- does it substantially influence stakeholder assessments or decisions relating to the Company?

Determining the material topics 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 and internal stakeholders, 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?

The starting point of our process is to identify the materiality matrix represented by the business challenges defining our vision in the medium term.

MEDIUM-TERM BUSINESS CHALLENGES

1. **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. **Increase of the value generated by the Aviation Business**
   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. **Expansion of the Non-Aviation Business**
   Further diversification and improvement of the commercial offering.
   Ongoing investment in improving the quality of services.
   Become the leading European airport operator in terms of digital innovations.

4. **Operational efficiency**
   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.

Identifying the issues characterizing the relationship with stakeholders was achieved in the period between 2012 and 2013, during which time we implemented numerous initiatives to listen to the "stakeholders' voice". Subsequently, the issues identified were measured by a survey conducted in 2013 involving over 111 participants, of which 80 were external stakeholders and 31 SEA Managers (14 Executives and 17 Managers). 45 issues overall, broken down into 4 categories of business challenges, were examined in the sample.

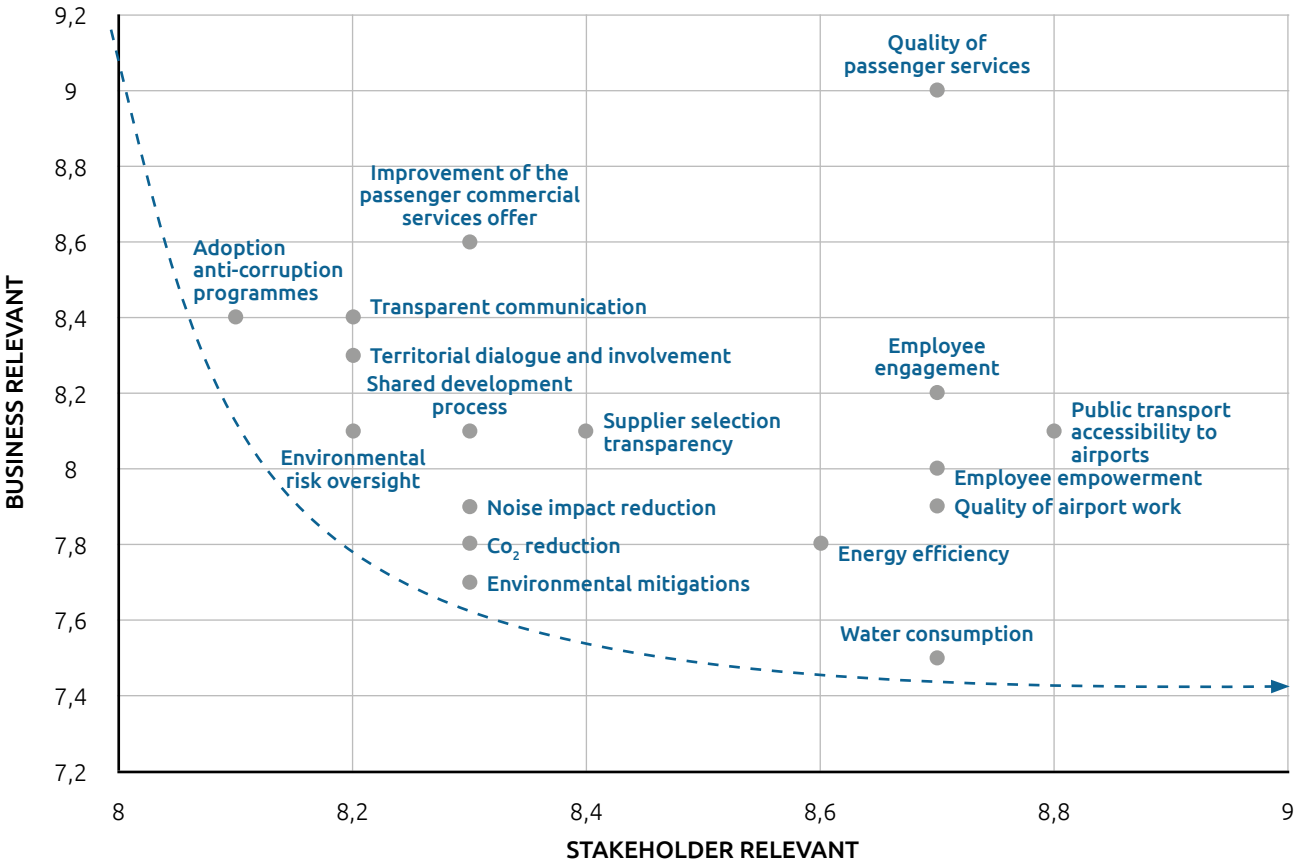
Both the stakeholders and SEA management evaluated all issues (scale 1-10) according to two dimensions:

- level of importance in relation to their expectations;
- usefulness/consistency in relation to SEA's business challenges.

A composite picture emerged, pinpointing 28 issues which subsequently involved an internal and final assessment (5 workshops with Managers across various company roles in 2014), taking into consideration: the current status of the Company and the underlying presence of external conditions of relevance in identifying priorities.

After this final stage, the final definition of the materiality matrix was achieved, identifying 17 primary issues, which became the basis of SEA's sustainability strategy.

MATERIALITY MATRIX



Issues of the materiality matrix

Quality of passenger services
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.

Increase quality/quantity of commercial offer
Continuous improvement in terms of the commercial offering provided to the public at the airports as a fundamental lever towards growing and developing the business, to fuel and strengthen the business, so that the passenger obtains an optimum overall customer experience.

Public transport accessibility to the airport
Commitment to consultation with national and local transport agencies to increase accessibility, especially rail accessibility to the airports, with the related reduction in the use of private vehicles.

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

Development process shared with stakeholders
The cultivation of a development process in consultation with relevant stakeholders (carriers, retailers, regulatory institutions, 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.

Territorial dialogue and involvement
Consultation with the surrounding local communities close to the airports with regard to decisions which affect them, pursuing greater transparency and promoting an informed and intelligent debate.

Transparency in the supplier selection processes
Consolidation of a clear and transparent selection procedure, ensuring equality of information and opportunities to access the offer, as well as conditions of correct and fair competition in the negotiation process.

Promotion of quality in the work of the airport chain
Promotion and dissemination of a sustainable industrial approach to all airport service providers and inspection authorities, monitoring the activities of the airport operators and encouraging engagement with the inspection authorities to ensure the minimum levels of quality and service and to safeguard employees.

Anti-corruption programmes
A commitment to prevent and impede any illicit actions in the conduct of Company business.
The prevention of corrupt activities is one of the main principles to which the SEA is wholly committed, given the strategic importance of the sector in which it operates and the relevance of the legal and social scope in which its business is anchored.

Environmental risks oversight
A constant level of monitoring and verification of the processes related to the energy, atmospheric emission, noise and water cycle topics, and in general the various phenomenon concerning interaction with the ecosystem.

CO_2 reduction
Commitment to a series of actions for the control and reduction of direct and indirect emissions of CO_2 at the airport and deriving from airport management activities.

Noise impact reduction
Constant and efficient monitoring of aircraft noise at the airports, collaborating with ARPA (the Regional Protection Environmental Agency) and under its close supervision improving both the monitoring work itself and protecting the areas surrounding the airports.

Mitigation of environmental impacts
To act in a proactive manner to reduce the direct and indirect environmental impacts on the territory, subjecting our choices to a careful assessment of the environmental impact and committing, through the various international research partnership programmes, to identifying and designing innovative solutions to reduce externalities.

Energy efficiency
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.

Water consumption
Constant oversight of water resource management due to the adoption of complete autonomy in water procurement, through chemical/physical and quantitative controls, in addition to consumption rationalization.

Employee 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, where career development is based on skills, the contribution to the Company and offering further scope for personal development; that the goal of continuously improving health, safety and well-being in the workplace is sustained; disseminating and consolidating a culture of safety, developing knowledge and an awareness of risks and promoting responsible behavior.

Employee engagement
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.

Allocation of materiality issues to the business challenges

1. **Development of the infrastructural capital**
   A shared development process

Territorial dialogue and involvement
Reduction of noise impact
Environmental protection
CO_2 emissions reduction
Overseeing environmental risks
Adopting an anti-corruption programme
Transparent communication

2. **Increase in the value generated by the Aviation Business**
   The quality of passenger services
   Public transport accessibility to the airports
   Quality of the work in the airport chain

3. **Expansion of the Non-Aviation Business**
   Improvement in the offer of commercial services to passengers

4. **Operational efficiencies**
   Employee empowerment
   Employee engagement
   Transparency of supplier selection
   Energy efficiency
   Water consumption

Update on the materiality matrix

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

How we manage the main key non-financial risks

The Risk Management Model

We pay great attention to the correct management of risks related to the conduct of our business. We have therefore adopted specific monitoring and mitigation processes and procedures aimed at guaranteeing airport safety and service quality, protecting tangible and intangible assets of interest to stakeholders and creating value over the long term. In 2016, in order to support existing measures, management decision-making processes and stakeholder assurance, we initiated an Enterprise Risk Management (ERM) project designed to build a model for the identification, classification, measurement, monitoring and homogeneous and transversal assessment of operational risks.

The related policy[16] was approved by the Board of Directors in 2017.

The Risk Model used by Management to carry out periodic assessments is based on 4 Risk Areas:

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

Within these areas there are some risk incidents 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 incident identified is assessed on the basis of a 5- 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 & Safety. In fact, within the scope of each certification process (ISO 14001, ISO 50001, OHSAS 18001 and ISO 37001 currently being finalized), 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.

[16] On September 21, 2017, the Board of Directors approved the Enterprise Risk Management Policy, which defined an ERM division, under the responsibility of the Chief Financial and Risk Officer, as a second level of risk management control to support corporate structures in the identification and management of business risks, through the development of tools, frameworks and methodologies, and to guarantee periodic reporting to middle and top management on the evolution of the risk profile.

Principal non-financial risk factors

The main risk factors linked to environmental, social and employee-related issues come under the risk category defined in the risk Model as "operational and business risks", in addition to Safety and Security risks, infrastructure investments and human resources, with a focus on the first area.

- A potential terrorist attack in one of our airports could have serious consequences for passengers and airport operators. We invest enormous effort in the management of this risk. Similar to all Italian airport managers, the safety procedures applied are based on the National Security Programme (PNS) measures. In order to ensure compliance with the provisions in the PNS, every airport operator draft, implements and keeps 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. In addition, we carry out periodic drills involving all the competent entities as well as providing ongoing support to the Security Forces in defending the airside-landside borders and the land side area.
- Through the Ground Safety Report and its related indicators, we constantly monitor 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, refer to the paragraph on "Aeronautic safety".
- 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. 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, we are committed to constantly ensuring our employees are trained in safety awareness and we conduct audits on commercial operators regarding fire prevention regulations.
- We invest significantly in occupational health and safety preventative procedures and we now submit our low accident IF (frequency) and IG (severity) indices. We have developed internal policies and procedures 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.
- In 2017, we submitted the new Malpensa airport Master Plan to ENAC (National Civil Aviation Authority). The planning tool is in the process of being approved by ENAC and following this, we will apply for approval from the Ministry of the Environment. The Master Plan envisages a 60 to 90-hectare expansion south from the current airport structure. As this plan involves part of the Ticino Park area with potential environmental and economic impacts on the surrounding municipalities, the Group has focused strongly on dialogue and consultation with the local communities in designing the project, currently in the approval stages.
- From the point of view of environmental impacts, the main risks from our Company's activities are noise pollution affecting the areas surrounding the airport structures, in addition to the impact from the potential increase in traffic related to airport activities. Other common sector-related 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. These risks are managed and constantly monitored by the Environmental Management System. For further information, refer to the paragraph on our environmental and energy policies.
- Potential extreme weather

events (cloud bursts, snow) could interrupt airport activities. Processes, systems and the structures previously set up enable us to manage these events.
- The ageing of the company workforce (the current average age is 48) 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). We constantly address this issue through the implementation of a variety of initiatives, aimed, on the one hand, at recruiting younger staff and on the other of developing and maintaining skills (including specific talent management initiatives), as well as developing and maintaining employee physical and psychological well-being (for example the "Fragile" initiative to support employees with elderly parents).
- The potential risks of corruption offences are managed through the adoption of the 231 Model. For further information, please see the "Internal control system" paragraph.
- In relation to the supply chain, 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 supplier may not be in a position to ensure the continuity of services instrumental to conducting our business. To mitigate this, we have paid greater attention in monitoring our suppliers through specific actions both during the supplier Registry selection phase, as well as during supplier operations where the Company business lines provide periodic feedback to the purchasing management team.
- Considering the nature and the geographic location of the activities that we carry out, as well as the preparatory controls for obtaining mandatory airport passes for anyone working in the airport, we have not identified any human rights breach risks regarding the supply chain.

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 behavior 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

Our clear commitment to combining 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 CO_2 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, at-

mospheric emission, noise and water cycle topics, 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
SEA	Airport Carbon Accreditation - Neutrality Level[1] ISO 14001[2] ISO 50001[3]	OHSAS 18001[4]	Dasa Register[5] UNI CEI EN 45011[6]	UNI EN ISO 9001:2008[7]
SEA Energia	EMAS[8] Registration 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 CO_2 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 managements of energy, which focuses attention 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.

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.

Over the years, we have strengthened our European presence, promoting project-based partnerships with key airport, 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.

It confirms the strong presence of SEA in the field of international research and innovation projects, mainly focusing on environmental and safety/security topics.

Below we briefly outline the projects, many of which are already fully operational, which are in final stages of completion.

In 2017, the two energy Projects CASCADE and DREAM, as well as the WATERNOMICS Project, focused on optimizing water cycles at Linate airport, all came to an end.

The project OCTAVE, now in its final stages (Objective Control for TAlker VErification), is focused on safety; the goal is to implement a reliable biometric testing system (TBAS = trusted biometric Authentication Service), working closely with FUB (Ugo Bordoni Foundation) (Rome), on a voice recognition system which allows access to non-monitored sensitive areas as well as to structures and online services. Furthermore, in 2017, we joined the following projects:

- TRANSFORMING TRANSPORT - Positive evaluation by the European Commission. In the first six months of 2017, the Madrid kick-off Meeting was held which included not only the EAS (European Aviation Safety) function - Certification and EU Project Management, but also the IT and Operation Departments.
- DS-08 PROPOSAL - SEA is in the process of joining the Consortium. Topics cover cyber security and the implications of safety and the environment.
- TALOS (with the Polytechnic University of Milan) is involved in safety/security topics of the future.
- THESEUS - an innovative risk-based model to minimize vulnerabilities as well as a new method for monitoring safety/security (also in conjunction with the Milan Polytechnic Foundation).

Further research was carried out concerning drafting new proposals for engaging with the region and the management of more eco-sustainable processes for handling and transporting goods.

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 corporate 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 donator, 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 200,000 in corporate citizenship. The majority of donations (over Euro 2.7 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 OVER THE LAST THREE YEARS (EURO)

	2017	2016	2015
Total donations	**896,550**	**782,800**	**820,242**
of which: Culture/Education	728,500	712,400	714,900
of which: La Scala Theatre Foundation Contribution	600,000	600,000	670,000
of which: Sporting events	90,000	10,000	27,000
of which: Social/Assistance	78,050	60,400	78,342
Corporate Citizenship projects	80,000	75,000	81,500
Total donations	**976,550**	**857,800**	**901,742**

Source: SEA

Among the most important Corporate Citizenship projects carried out in 2017, the Project- "Autism"- Travelling through the airport" is highlighted. This project, with the help and contribution of third-parties involved in the area of autism - saw the publication of a brochure and a series of "social stories" with photographs of places and detailed descriptions to assist individuals with autistic spectrum disabilities to engage more calmly with the airport transit experience.

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 we donate Euro 10,000 every year.

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 2,800 SEA employees who are invited annually to:

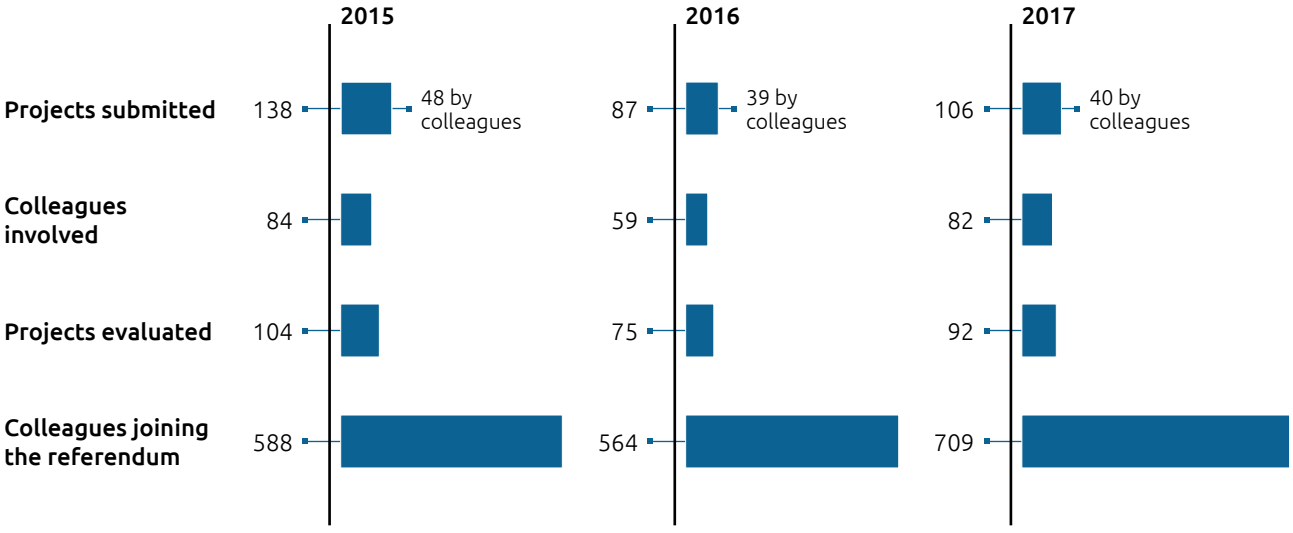
- identify non-profit organizations with operational headquarters in the Milan and Varese provinces;
- acquire - or define along with these entities - a social, environmental or cultural project;
- present the project to SEA, through which it undergoes an initial selection process by an Evaluation Committee;
- 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 Seanet 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 2017, the Evaluation Committee was comprised of 2 SEA representatives and 4 experts from the non-profit arena. In 2016, we launched a Special Reward - bringing our total contribution to Euro 70,000 - allocated to the best SEA employee-promoted project for an association where the employee was also a volunteer.

We thus decided to reward employees who had not simply "taken ownership" of an Association project, but who had supported the project of "their own" association.

THE SOCIAL CHALLENGE: FIGURES ON THE 3 INITIATIVES



Total amount in the last three years:	299 single projects submitted	243 single projects evaluated	145 single colleagues involved

Source: SEA

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 and are located in East Africa (Kenya, Uganda, Tanzania) and in India. 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.

Measuring the impact

When drafting its impact reports, foundations such as Opes try to determine which key indicators are measurable, important and transferable through their impact portfolio.

When it updated its scale of impacts, Opes decided to adopt the sustainable development targets of the United Nations as a reference. These targets were approved by all the Member States in January 2016 and provide a very useful analytical and inter-sector framework model (development, corporate, impact).

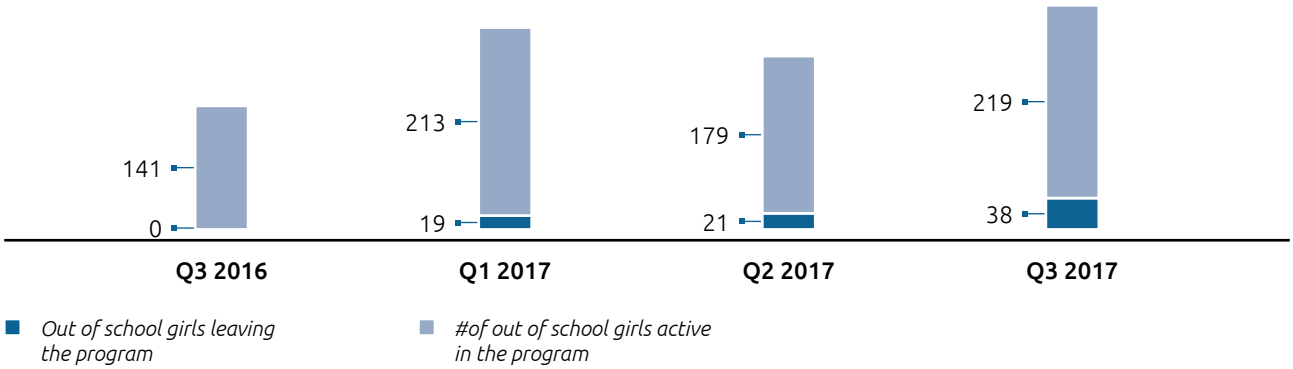
Below we show an analysis of the progress and impacts of the businesses, referencing the United Nations Sustainable Development targets (SDGs).

KADAFRICA Project

Opes investment date: June 2016
Investments amount: 100,000 $
SEA disbursement: Euro 40,000

KadAfrica, headquartered in Fort Portal (Uganda), is a social venture Company founded in 2011, which produces and sells passion fruit. The entrepreneurs who launched the business in 2011, set up a partnership with the local Caritas, which was planning a three-year programme to encourage young destitute young women who had left school to become involved in agriculture and micro-entrepreneurship. Thanks to this partnership, over 1,000 young women on an intermittent basis, and over 200 women in a more structured fashion, started working in the KadAfrica production subsidiary.

KADAFRICA - NO. OF VULNERABLE GIRLS IN THE PROGRAM



Source: Opes Foundation

In the initial phases, product supply was only guaranteed by a network of approximately hundred local female growers, (marginalized girls with backgrounds of abuse and deprivation) whom KadAfrica supported and continues to support through an agricultural training programme.

In 2016, KadAfrica redesigned its business model incorporating local farmers (OGs), - in addition to the local female growers (OSGs) - in the production and the sale of seeds as well as the direct management of an agricultural investment fund.

KadAfrica essentially operates in three business areas:

- to support girls who had left school in securing an income;
- to help small farmers to access markets by grouping and selling their products;
- to process passion fruit (delivering added-value to the agricultural yield) and to expand revenue opportunities.

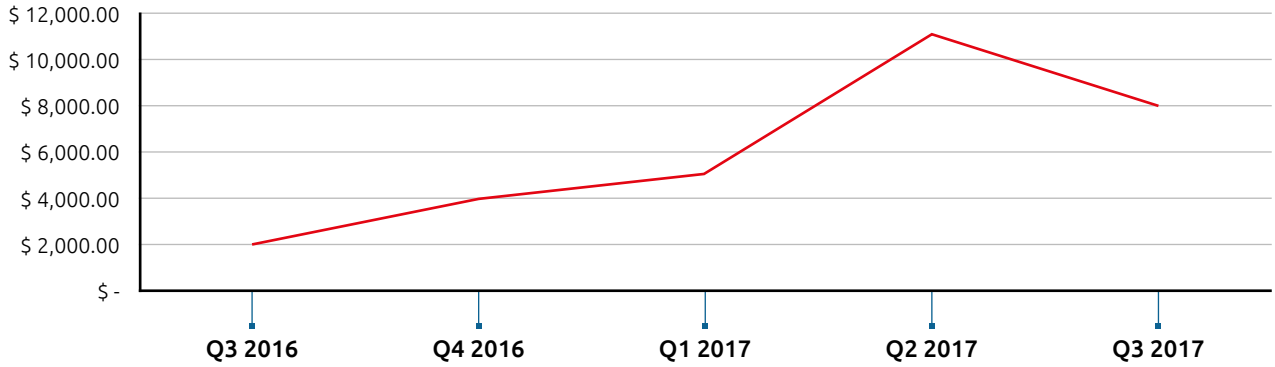
The social impact indicators used to assess the project reference the three SDG parameters: SDG1 (eradication of poverty), SDG5 (gender parity), SDG8 (dignified work and economic growth).

KADAFRICA - KEY SOCIAL IMPACT INDICATORS

Indicator	Metric
Increase of monthly income for the girls participating in the programme	$3 to $20
Number of girls to date earning income from farming	471
Percentage of KAD's employees who are women	62%

Source: Opes Foundation

KADAFRICA - TURNOVER DEVELOPMENT ($)



Source: Opes Foundation

To date, KadAfrica is only involved in fresh products, but in the future, when fully operational, there are plans to expand its business by building a fruit pulp processing plant; fruit pulp is in demand by the drinks industry.

The direct management of the girls' training programmes (previously managed in partnership with the local Caritas) resulted in various delays in terms of targets. This greatly impacted the implementation timeframes for other planned activities (local farmers' programme, the production and sale of seeds, the launch of a production process on proprietary land), which should have been launched at the same time to diversify revenue streams.

"The Water Shop Naivasha" Project
Opes Investment dates:
2015-2016
Investments amount: 110,000 $
SEA disbursement: Euro 40,000

The Water Shop Naivasha is a social venture Company which operates through the "PureFresh" brand and is based in Naivasha, Kenya (80,000 inhabitants, 90 km north west of Nairobi).

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

Water quality and scarcity are critical elements for the country: in Kenya almost 17 million people (43% of the population) do not have access to safe drinking water.

Most families are low income families with access only to contaminated water with serious health consequences. The Water Shop Company extracts water from a well, purifies it in a system using reverse osmosis and distributes it through a network of four shops in various locations throughout the city.

THE WATER SHOP NAIVASHA - KEY SOCIAL IMPACT INDICATORS

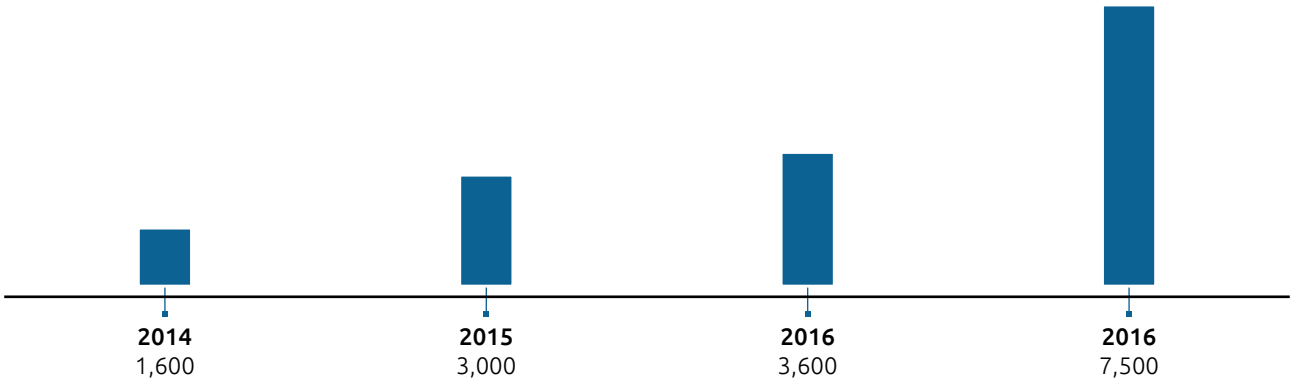
Indicator	Metric
Number of clients with access to affordable, filtered water	7,500 per week
Volumes of water sold in the last quarter (Q3 2017)	1,810,000 liters
Agents' Income Growth since Opes Investment	+63%

Indicator	2014	2017
Affordability of water as measured by average price per liter	7.7 KES	3.3 KES
Number of direct Employees and agents employed by Purefresh	12	56
Number Of Outlets	8	28

Source: Opes Foundation

The social impact indicators used to assess the project reference the three SDG parameters: SDG3 (health and wellbeing), SDG6 (clean water and sanitation), SDG8 (dignified work and economic growth).

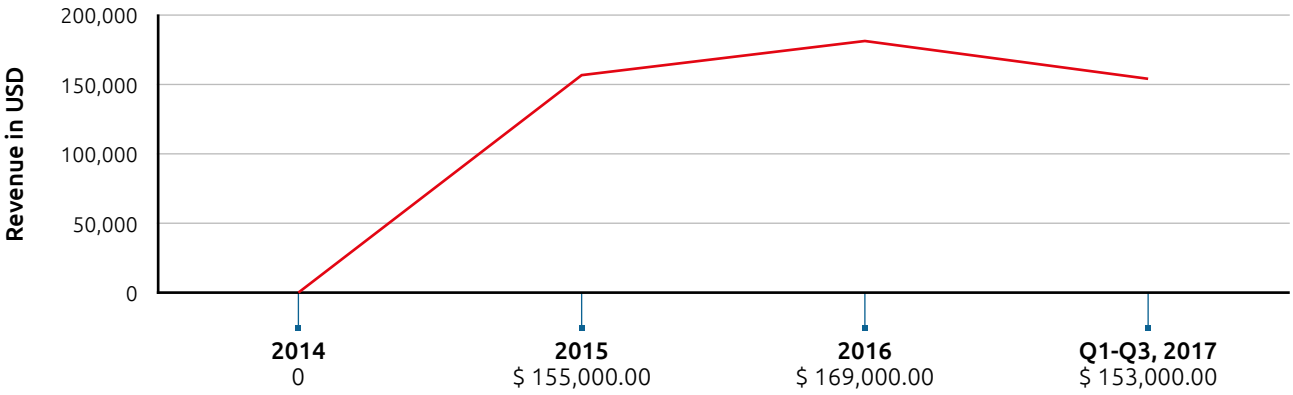
THE WATER SHOP NAIVASHA - GROWTH IN NUMBER OF FAMILIES SERVED PER WEEK



Source: Opes Foundation

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. In 2016, further investments by Opes, SEA and 2 other American investors helped scale up of one of the pilots: growing from 5 to 20 vending machines in Naivasha and Nakuru. The business model was modified to promote a franchising structure which is proving to be more efficient in reaching a greater number of people and is especially effective in lowering the price of water.

THE WATER SHOP NAIVASHA - TURNOVER DEVELOPMENT ($)



Source: Opes Foundation

PureFresh plans on expanding firstly to Naivasha, where, when fully operational it will have 25 vending machines (the target is to reach 15,000 families a week) and then it plans on expanding to the neighboring Nakuru, with a population of over 200,000, where it will set up another 40 vending machines. When fully operational, PureFresh plans to provide clean and cheap water to over 160,000 people per week.

Our socio-economic impact

Our socio-economic impact

The value generated and distributed to our stakeholders

In 2017 SEA generated a value of Euro 697.7 million, a 6.8% increase on the previous year.

84% of this value (Euro 589 million) was distributed to stakeholders in the form of payments and other forms of transfers (an increase of 6.6% on the previous year), growing from Euro 552.9 million to Euro 589.2 million. The largest sum, Euro 210.7 million, was allocated to human resources (35.8% of the overall value distributed compared to 33.1% in 2016), with Euro 184.3 million to suppliers (Euro 187.2 million in the previous year) representing 31.3% of the total value. Also of significance was the value distributed to capital providers (Euro 88.5 million equating to 15% of the distributed value, an increase on Euro 81.8 million in 2016).

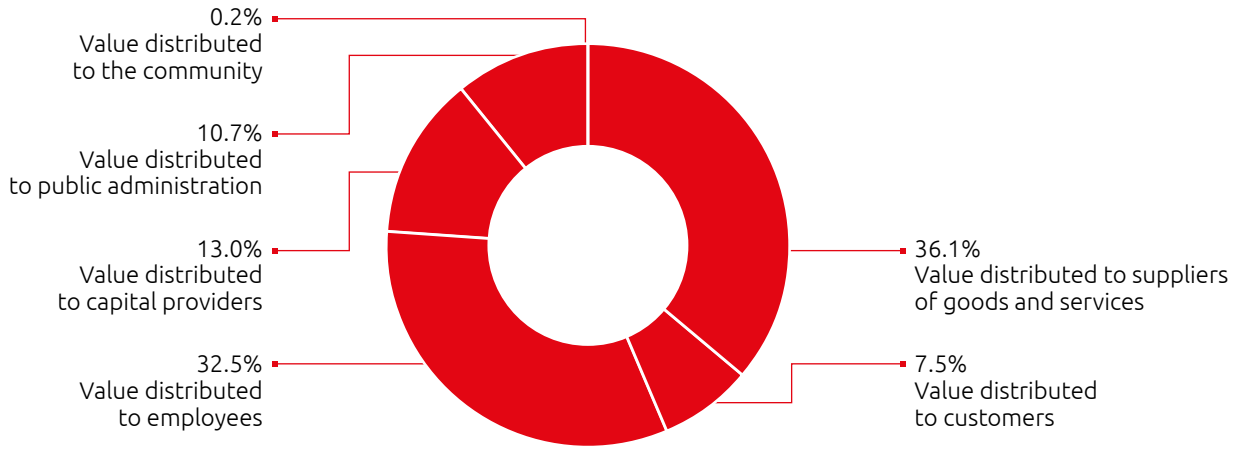
Public service payments - in the form of taxes and duties, amounted to Euro 51.2 million (8.7% of the distributed value). Finally, the value distributed to the Company and to the region amounted to 0.2% in 2017 and related to donations to service-sector entities and associations supporting cultural, humanitarian, scientific and sports projects.

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

		2017	2016	2015
Economic value directly generated		**697,698**	**653,512**	**642,408**
a) Revenues	Operating revenues	697,698	653,512	642,408
Economic value distributed		**589,186**	**552,948**	**545.002**
b) Reclassified operating costs	Reclassified consumable material costs and other operating costs	184,289	187,196	196,990
c) Commercial costs	Commercial costs	53,508	44,458	40,786
d) Employee salaries and benefits	Personnel costs	210,743	182,971	176,979
e) Payments to providers of capital	Dividends distributed in the year	70,300	62,817	50,916
e) Payments to providers of capital	Financial charges	18,167	18,940	19,929
f) Payments to the Public Administration	Current income taxes and tax charges	51,203	55,708	58,500
g) Investments in the community	Donations, sponsorship and communication	977	858	902
Economic value	Calculated as the difference between the economic value generated and the economic value distributed	**108,512**	**100,564**	**97,406**

Note: In order to guarantee uniformity in representing data, including data from 2015 and 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").

ECONOMIC VALUE DISTRIBUTED IN 2015

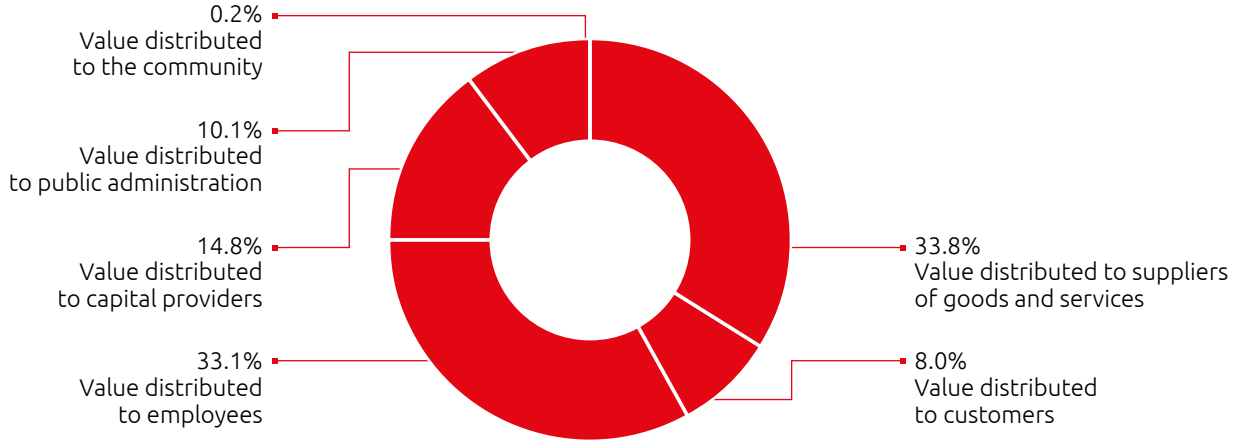


Source: SEA

Over the three years, both the value generated and that distributed to stakeholders increased significantly, respectively increasing by 8.6% and by 19.2% from 2015. Client stakeholders enjoyed the greatest increase in retained value over this three-year period (+31.2%), followed by providers of capital (+24.9%), human resources (+19.1%) and communities (+8.3%), whilst value flows to other stakeholders declined.

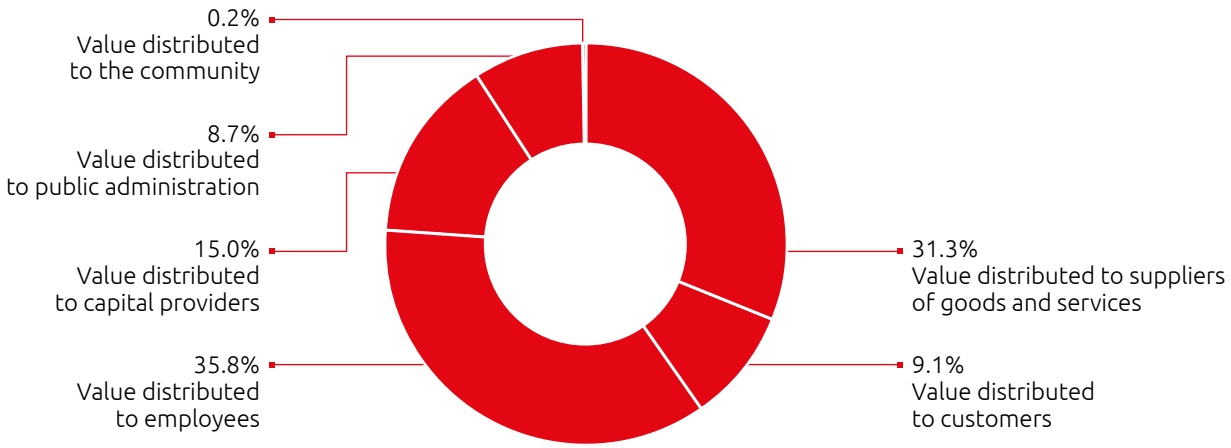
Finally, in the period in question, we underline the SEA Group's payments of taxes and duties to the public services amounting to over Euro 164 million.

ECONOMIC VALUE DISTRIBUTED IN 2016



Source: SEA

ECONOMIC VALUE DISTRIBUTED IN 2017



Source: SEA

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 ANALYZED

Indirect 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.). The data was compiled by starting with the list of companies who requested a badge to operate inside 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 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.

On the basis of the figures for the last five years and updated to 2017 - 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 more than Euro 39.5 billion, corresponding to a capacity to create over 325 thousand jobs. 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 2017 recorded the presence of 539 production activities, delivering slightly over 19,000 jobs.

DIRECT SOCIO-ECONOMIC IMPACT GENERATED BY MALPENSA AIRPORT

	No. Companies	Jobs created	Value of production (€ 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

Source: data by the CeRST-LIUC from SEA and ISTAT figures

In the last four years, the presence of companies inside the airport structures grew by 11.8%, with the corresponding job creation increasing by 14.4%, due to an overall 19.5% increase in airport traffic (passengers + cargo).

These performances indicate the current capacity of the airport to create jobs against the growth in traffic, which can be quantified as 687 jobs per million of transported units, reducing on previous years. According to a recent study commissioned by ACI Europe[17] (Airports Council International), 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 traffic produced by traditional carriers. In the four-year period, the value of production realized within Malpensa airport, totaling almost Euro 5 billion in 2017 (an increase of 56.8% on 2014), 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 three 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% of employees live in Lombardy, with over 6% residing in the neighboring province of Novara and almost 12% residing outside the region.

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

Source: SEA on CeRST-LIUC figures

In the Province of Varese, in which Malpensa airport is located, approx. half of employees were based (50.6%), while in the CUV municipalities slightly more than 20% of employment generated by the airport was located (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 2017 are the almost 12,000 job openings, related to Euro 1.7 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, over 9,000 job openings with a value of production worth Euro 2.3 billion.

[17] *Intervistas, Economic Impact of European Airports, 2015*

DEVELOPMENT OF MALPENSA'S INDIRECT AND SPIN-OFF EFFECT

	Indirect impact		Spin-off impact	
Year	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

Source: data by the CeRST-LIUC from ISTAT figures

The significant increase of production value and employment value recorded in 2017 from indirect and spin-off effects compared to previous years, is due to the updated productivity indicators for the Lombardy region rather than the input-output multipliers from the regionalization of the data used by Istat and is also due to the improvement of the overall economic climate (indirectly) and the dynamics of a significant increase in passenger numbers transiting the airport.

In general terms, the indirect effects 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).

The scale of the spin-off effects is, on the other hand, correlated to the salary scales of the jobs 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.

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 (circa 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 7% of Italian foreign trade and of this over 65% originates in the north of Italy, with increasing values over time.
These values are even greater if only exports are taken into account: 8.3% of Italian exports in value are shipped by air (8.7% in 2010), with 78.6% 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, (stabilizing around 6% over the last few years), 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 2017 increased from 13.4% to 14.6%.

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

	Imports + Exports			Exports		
Year	**Tot. Italy**	**Italy via air**	**N.Italy via air**	**Tot. Italy**	**Italy via air**	**N.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
CAGR	5.6%	5.2%	4.6%	7.3%	6.4%	8.7%
Portion 2010		7.0%*	68.3%**		8.7%*	69.1%**
Portion 2017		6.9%*	66.2%**		8.3%*	78.6%**

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

Source: data elaborated by the SEA-CeRST-LIUC from ISTAT figures- (last quarter 2017 estimated)

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

Year	Exports Italy	Export via Malpensa	Export 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%

Source: data elaborated by the SEA-CeRST-LIUC from ISTAT-Coeweb figures (last quarter 2017 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 European Union. The Middle East is included when we consider export values.

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

	Imports 2010	Imports 2017	Cge. %	Exports 2010	Exports 2017	Cge. %
EU 27	1,627,296	2,535,058	55.8	1,075,163	1,818,354	69.1
Europe non-EU	301,352	827,891	174.7	1,005,400	1,492,328	42.1
North Africa	43,273	45,294	4.7	463,493	306,168	-33.9
Sub-Saharan Africa	327,057	338,668	3.5	492,649	462,209	-6.2
North America	3,580,207	5,748,845	60.6	5,179,007	8,413,028	62.4
Central/south America	257,852	377,840	46.5	1,376,060	1,691,007	22.9
Middle east	207,069	211,363	2.1	2,176,413	2,877,959	32.2
Central Asia	652,819	721,754	10.6	906,166	1,010,496	11.5
East Asia	6,399,371	6,800,289	6.3	6,996,730	11,914,056	70.3
Oceania	71,242	106,848	50.0	676,293	897,073	32.6
World	13,468,749	17,640,921	31.0	20,359,115	30,906,295	51.8

Source: data elaborated by the CeRST-LIUC from ISTAT-Coeweb figures (last quarter 2017 estimated)

During the acute phase of the recession (2010) to today (2017), the total value of exports transiting through Malpensa has increased much more quickly (51.8%) than imports (+31.0%), an increase of over Euro 10 billion in absolute value.

The main markets in terms of cargo managed by Malpensa are the European Union (imports +55.8%, exports +69.1%), North America (imports +60.6%, exports +62.4%), the Middle East (exports +32.2%) and East Asia (exports +70.3%).

An analysis of main industry sector goods flows (altogether totaling 88.5% of the imports and 94.7% of the imports in terms of value handled by Malpensa) 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.

CHANGE IN IMPORT-EXPORT FLOWS THROUGH MALPENSA PER INDUSTRY SECTOR (EURO '000)

	Imports 2010	Imports 2017	Cge. %	Exports 2010	Exports 2017	Cge. %
Machinery	6,937,603	7,448,197	7.3	7,808,372	9,776,066	25.2
Fashion/clothes	1,965,067	1,630,326	-17.0	4,473,242	8,562,996	91.4
Chemicals/plastic	2,397,392	4,619,155	92.7	2,592,617	4,813,927	85.7
Furniture/furnishings	524,325	767,826	46.4	1,770,144	3,305,605	86.7
Transport vehicles	643,419	1,153,427	79.2	2,256,094	2,813,255	24.7
Total	12,467,806	15,618,931	25.3	18,900,469	29,271,849	54.9

Source: data elaborated by the CeRST-LIUC from ISTAT-Coeweb figures (last quarter 2017 estimated)

Compared to 2010, industrial sector export values transiting through Malpensa have doubled (+54.9%) compared to imports (+25.3%), resulting in a net improvement of the trade balance. Strong increases in imports in the chemical (+92.7%) and logistics (+79.2%) sectors and the near doubling of exports in the fashion/clothes (+91.4%), furniture/furnishings (+86.7%) and chemicals/plastic (+85.7%) sectors merit attention. Malpensa's role in terms of cargo becomes even more important if we focus on the growth of export value quotas over the period 2010-2017 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 22.5% and 23.1% respectively in 2017. The same rate of increase was registered for the chemical/plastics sector, with Italian exports using Cargo City in Malpensa for 10.6% of its export value, compared to 5.3% in 2010.

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

FASHION/CLOTHES	2010	2017
Total exports Italy	27,018	38,183
Total exports via Malpensa	3,237	8,563
Total exports via Malpensa/Total exports Italy	12.0%	22.5%
FURNITURE/FURNISHINGS		
Total exports Italy	10,684	14,305
Total exports via Malpensa	1,281	3,306
Total exports via Malpensa/Total exports Italy	12.0%	23.1%
MACHINERY		
Total exports Italy	68,885	90,942
Total exports via Malpensa	5,651	9,776
Total exports via Malpensa/Total exports Italy	8.2%	10.7%
CHEMICALS/PLASTIC		
Total exports Italy	35,387	45,249
Total exports via Malpensa	1,876	4,814
Total exports via Malpensa/Total exports Italy	5.3%	10.6%

Source: data elaborated by the CeRST-LIUC from ISTAT-Coeweb figures (last quarter 2017 estimated)

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 generates 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 NTTC*, 2012).

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

- In 2016 Malpensa airport delivered over 5 million tourists to the Lombardy region, of which 1.4 million from outside the European Union.
- Data on inbound tourism shows a 52% impact on total inbound passenger flows, with a 44% impact on intercontinental flows, in constant growth since 2010.
- After Europe, the areas contributing most passengers are Asia (10% of total inbound), the Middle East and North America (both circa 5%).
- Malpensa, in 2016, delivered 57% 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: In 2017, 3,700 international passengers leaving Malpensa Terminal 1 or 2 and spending at least one night in Lombardy, were interviewed.

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 (€)	90.9	300.6	193.4	356.5	93.2	1,034.5
Milan T2 total passenger spend (€)	88.4	267.8	179.4	306.8	96.2	938.6
Spend per night T1 (€)	39.0	129.0	83.4	153.0	40.0	444.0
Spend per night T2 (€)	34.0	103.0	69.0	118.0	37.0	361.0

Results of the airport tourist survey: stay in the region

	Nights/region	No. interview.	Average stay
Malpensa T1	9,183,115	3.123	2.33
Malpensa T2	5,459,602	579	2.60

Airport statistics

	Pax totals	Incomers
Malpensa T1	14,463,307	3,941,251
Malpensa T2	7,705,860	2,099,846

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)	358.141	1,184,622	762.199	1,405,017	367.325	4,077,303
Malpensa T2 (€ thousand)	185.626	562.339	376.713	644.233	202.005	1,970,916

Reconstruction of total jobs related to tourism

	transport	accommodation	catering	*shopping*	free time	total
produced per employee	139	89	50	53	150	
Jobs generated	3,921	19,541	22,962	38,959	3,788	89,171

Source: CeRST-LIUC

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 2017. 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 6 billion. Jobs created from inbound tourism linked to Malpensa represent in excess of 89,000 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 107 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 Arsizio, Legnano and Saronno, with an accumulative turnover of Euro 9 billion (2015 data), representing 28,000 jobs.

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	2	26	36	39
%	1.9	25.2	35	37.9

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	27	52	20	6	2
%	25.2	48.6	18.7	5.6	1.9

Source: CeRST-LIUC

As shown from the results of the survey, 38% 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, 73.8% 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 7.2 billion (79.2% of the sample), providing 20,651 jobs (73.3% of the jobs in the sampled companies).

CUMULATIVE SOCIO-ECONOMIC IMPACT OF MALPENSA AIRPORT

Type of impact	Jobs effect	Value of production (Euro mil.)
Direct	19,093	4,977
Indirect	11,748	1,770
Spin-off	8,892	2,335
Catalytic	255,528	26,103
of which International trade	11,3260	17,908
of which Tourism	89,171	6,048
of which Locating businesses	53,097	2,147
Total	**295,261**	**35,185**

Source: CeRST-LIUC

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 2017 - 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 to over Euro 35 billion of production value generated, and the creation of over 300,000 jobs.

Direct socio-economic impact of Linate airport

In terms of direct impact, there are slightly above 300 economic activities present in Linate, delivering an estimated 9,300 jobs. The main impact concerns state entities, handling operators and carriers, but also SEA, which had a 12% impact on the overall data. The value of production is around Euro 1.9 billion.

DIRECT SOCIO-ECONOMIC IMPACT GENERATED BY LINATE AIRPORT

	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

Source: data by the CeRST-LIUC from SEA and ISTAT figures

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 2017 are the almost 5,800 job openings, related to Euro 687 million of value of production generated. 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 4,000 job openings and Euro 900 million in production value. Also for Linate, the increase in the production value both on an indirect and spin-off level can be linked also to updated Istat parameters on work productivity and to the multipliers of the input-output tables.

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

	Indirect impact		Spin-off impact	
Year	**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

Source: data by the CeRST-LIUC from ISTAT figures

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. In 2017, 3,000 outbound passengers from Linate, with at least one overnight stay in Lombardy, were interviewed. The data was then linked to the reference base of 1.7 million inbound tourists landing in Linate and who in 2017 had visited Lombardy. Economically, inbound tourism represents approximately Euro 833 million with the creation of 11,800 jobs.

DEVELOPMENT OF LINATE'S CATALYTIC IMPACT ON TOURISM

	2015	**2017**
Passengers	9,638,763	9,503,065
Incomers	1,108,715	1,713,817
Interviews	2,913	3,055
Nights spent in the region	n.a.	3,787,536
Average stay (days)	2.20	2.21
Spend per night (€)	234.1	220
Total spend per passenger (€)	515	486.2
Value of production (Euro mil.)	571	833.2
Jobs effect	5,669	11,805

Source: CeRST-LIUC

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 2017 - 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 4.3 billion of production value generated, and the creation of over 31,000 jobs.

CUMULATIVE SOCIO-ECONOMIC IMPACT OF LINATE AIRPORT

Type of impact	Jobs effect	Value of production (Euro mil.)
Direct	9,359	1,931
Indirect	5,759	686.8
Spin-off	4,359	906
Tourism catalytic	11,805	833.2
Total	31,282	4,357

Source: CeRST-LIUC

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 programing 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, analyzing 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 topics. 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 2015-2017 three-year period we carried out investments for a total value of Euro 241.2 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)

	2017	2016	2015	Total 2015-2017
Malpensa Terminal 1	10.3	9.5	35.4	55.2
Malpensa Terminal 2	1.6	4.6	0.7	6.9
Malpensa Cargo	5.6	12.9	5.9	24.4
Linate	8.5	1.5	3.3	13.3
Flight infrastructure	12.4	9.2	4.6	26.2
Various actions	28.5	14.2	24.1	66.8
Plant & Equipment	18.1	17.6	12.7	48.4
Total	85.0	69.5	86.7	241.2

Source: SEA

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

Investments at Malpensa airport

In 2017 work on the airport's airside infrastructures were mainly safety and operational maintenance/improvement works and included the upgrade of the aircraft signaling system to the new EAS regulatory standards (European Aviation Safety Agency).

The upgraded paving on runway 35/17 involved part of the infrastructure between taxiways "F" and "DA". The "Calvert" approach lighting system for runway 35R was upgraded and upgrades were also carried out on the visual light aids for taxiways "WB" and "Z". The microwave stop-bar sensors present on some of the taxiways directly connected to the runways were also upgraded. Work is also underway to create water treatment and collection systems for southern area de-icing waste waters. Upgrades to the signaling system involved both repositioning and integrating "mandatory" markings, as per the new regulations, as well as the realization of new horizontal signage to show taxiing pilots their vicinity to the runways. This also involved the replacement of some vertical signage markings not fully compliant with the new regulatory provisions. Redesign works continued in Terminal 1 to match the qualitative and functional standards of the new north zone, and included the zones opened to traffic in 1998. Specifically, this involved the reconfiguration of the large retail areas in the Departure Area, the redesign of both the Arrivals Floor in satellite "B" and the distant gates for Schengen-zone flights in the north zone. Some of the pre-departure areas were expanded, and a new Lufthansa VIP lounge was created and included various work in the technical and service areas. Having completed the important operational expansion developments of the previous year, in 2017, maintenance and installation works on the new air-conditioning systems in the pre-embarkation tunnels were also carried out in Terminal 2. In the cargo area, of importance is the work on the new first-line cargo warehouses, including the completion of vehicular access systems towards the south zone and the realization of new customs areas. Other works in 2017 included the new Ansett pilot training center, the extension of the vehicle traffic control system at Terminal 1, alteration works on the operations in the east wing of the hangar, new entry carports at carpark P5, the recent restructuring of building 148, the various revamps of electrical substations, transformer stations 132/15 KV and of other airport systems.

Investments in Linate airport

At Linate, with regard to airside infrastructures we report:

- the creation of new de-icing areas (expanding operational capacity, but also ensuring that these systems are fully compliant with current regulatory standards);
- the upgrade of the aircraft parking stands in the south area of the main apron;
- a segment of taxiway "D" renamed as taxiway "Z" to ensure greater clarity of communications between taxiing pilots and the control towers;
- the change in some service traffic segments on the apron, to improve operational visibility and safety.

Also in Linate, the horizontal airside signage was changed to ensure its full compliance with EASA standards. The main work involved repositioning some of the "mandatory" markings and introducing a new type of horizontal signage so that taxiing pilots could clearly determine their vicinity to the runway. In the passenger

terminals, renovation works commenced and are continuing 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". Works on the installation of new boarding card turnstiles in the pre-security area for outbound passengers have been completed. Other work includes the upgrade and the renovation of buildings in the airport's west zone (business aviation area), taking into account the current operational requirements and the type of vehicular traffic present in this area. Traffic systems and carparks to the front of building 35 were also altered and new loading docks were installed to store ULD containers. Finally, work on re-locating the airside aircraft fuel distributor have commenced.

Our development plans: the 2030 Malpensa Master Plan

Master Plan 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 industrial plan - is the founding principle of the Master Plan Guidelines for 2030. At the end of the 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 carried out in collaboration with the ENAV, (National Air-Traffic Control Agency), cross-referenced and analyzed capacity projections and studies, leading us 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.

Stakeholder engagement

In the redrafting of the Malpensa Master Plan we launched a cogent 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, consultations 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.

The consultation process with the stakeholder panel consisted in a three-pronged approach:

DISCLOSURE
Some of information tools were made available both in paper and electronic format (guideline booklet, technical project documents, case analysis documents, socio-economic impacts and environmental assessment documents) to provide interested parties with all the elements needed to fully understand the project.

DIALOGUE
We launched a digital platform (http://masterplanmxp2030.seamilano.eu) whereby qualified stakeholders were able to acquire information and send us their opinions, proposals, analyses and assessments on the project guidelines.

MEETING
We organized a series of workshops solely for the representatives of all interested stakeholders. Following an invitation from the interested administrations, we also took part in public discussions organized by entities and organizations present within the airport.

PRINCIPAL STAKEHOLDER ENGAGEMENT ACTIVITIES CARRIED OUT ON THE MASTER PLAN GUIDELINES

	Channel	Instrument	Activity	Interactions
Disclosure	Digital	*Guidelines Booklet*	Uploaded to the platform	12 downloads
	Analogue	*Guidelines Booklet*	Paper distribution	500 copies
	Digital	Illustrated technical presentations in the workshops	Uploaded to the platform	19 files uploaded 17 downloads
	Digital	Public meeting video	Uploaded to the platform	5 files uploaded
Dialogue	Digital	Creation of an "open" Platform accessible by registration	Document repository	55 users registered 475 accesses
	Digital	Creation of a Guidelines Booklet in a digital version with comments allowed	Creation of a dedicated section on the platform	3 comments posted
	Digital	Video of the technical workshop with comments allowed	Uploaded to the platform	5 files uploaded
Meeting	Analogue	Scheduled technical Workshops	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)	50-80 participants per workshop
	Analogue	Public meetings in the Municipalities	Meeting at Lonate Pozzolo Meeting at Ferno Meeting at Arsago Seprio Meeting at Golasecca Meeting at Somma Lombardo	15-100 participants per workshop
	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

Socio-environmental project implications

Design elements subject to impact evaluations

Based on the contents of the Master Plan Guidelines, new design elements were introduced - relating to the current airport structure - which undoubtedly will require environmental impact studies:

- taxiway links to runways, aimed at improving runways and making them more efficient, as well further improving airport safety;
- development of Cargo City, involving changes to the current airport perimeter.

The environmental impact study concerns the environmental impact of air traffic and the subsequent environmental dynamics related to the current project status and future projections (2030).

Background to the intentions for the planned works

The design plans which determine works requiring EIA (Environmental Impact Assessments) are:

- Improved efficiency of aircraft ground movements, with improved safety and potentially greater airside system capacity.
- Increase in the support services for air transport activities.
- The upgrade and the extension of the cargo infrastructure to meet the increasing demand for transport in the region (all northern Italy), with the subsequent expansion of the airport by about 60 to 90 ha. (compared to 1,220 ha. of current airport infrastructure, an approximate 5% increase).

Environmental impact assessment: specialist studies and competencies

To carry out the specialist studies specifically on the environmental matrices, but not only for this purpose, a highly qualified team was put in place:

- The Department of Earth Sciences and the Environment - University of Padua and the Department of Civil and Environmental Engineering - the Milan Polytechnic for water, soil and subsoil issues.
- The Department of Biology - University of Pisa; the Department of Sciences and the Environment, University of Padua; The Museum of Zoology and Natural History, best known as La Specola - University of Florence, for flora, fauna and eco-systems.
- The Department of Environmental Sciences and of the Region, University of Milan Bicocca, for atmosphere, noise and electromagnetic fields and light pollution.

We also launched a specialist assessment on health implications, as well on the public health impacts, robustly following the regulatory framework established by the Lombardy region in this field. We also used the CNR (Institute for Materials Technology and Energetic Processes) to structure and outline this extremely complex topic and track the primary considerations of the general methodological approach.

Subsequently, we set up (still ongoing) a specialist unit including the Department of Clinical Sciences and the IRCCS Community Fondazione Ca' Grande of the University of Milan, which will liaise with the ATS (Health Service) and the Lombardy Region.

The working group will grow further once the EIS and the EIA Decrees have been obtained and will assess the option of setting up a permanent monitoring Observatory in the medium to long-term.

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 analyzes, with particular consideration given to the common reference between the Master Plan and the EIS in terms of traffic, aircraft type, airport procedures, etc.
Soil 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

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.

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.
- **Interventions to support airport operations and territori-**

al 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 adaption, 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.

Stakeholder engagement

The Environmental Impact Assessment (EIA) procedure began on February 27, 2017, and developed through continuous dialogue between SEA, the Italian Civil Aviation Authority ENAC, institutions and stakeholders, aimed at examining documentation, site conditions and further studies for assessment requirements.

LINATE MASTER PLAN 2030 PROCEDURE

Period	Type of documentation
2015 - 2016	Preparatory studies and analysis and preparation of airport Master Plan
2015 - 2016	Drafting of Environmental Impact Study documentation
August 2016	Presentation to ENAC of first version of SEA Master Plan
November 2016	Presentation to ENAC of final version of SEA Master Plan
January 1, 2017	Technical approval of Master Plan by ENAC
February 27, 2017	Presentation application for EIA procedure by ENAC
March 8, 2017	Communication of "viability" of application by General Management for Assessment and Environmental Ministry Authorisations
April 30, 2017	Deadline for presentation of Observations by Public, start of Avio technical phase
May 11, 2017	Presentation meeting of project proposers to regional entities and stakeholders
May 24, 2017	Technical inspection at locations by regional entities and stakeholders
September 27, 2017	Meeting and technical inspection at locations by Competent Authorities

Source: SEA

Regarding the collection of stakeholder observations, as part of the EIA procedure, a total of 8 observations were submitted, 5 from local authorities and 3 from private citizens. To all observations, SEA responded via a 'Preliminary Phase Clarifications' report, published on the SEA corporate website, in the section dedicated to the Master Plan.

STAKEHOLDER OBSERVATIONS ON THE MASTER PLAN, AS PART OF THE EIA PROCEDURE

STAKEHOLDER	NO. OBSERVATIONS	INTRODUCTION
Municipality of Pioltello	1	Extension of the phonometric survey to the territory of Pioltello.
		Clarification regarding the limits of the specialized study concerning soil, subsoil and hydrological aspects.
Municipality of Segrate	3	Request that the EIA procedure take into account the Segrate variant of the Master Plan.
		Integral allotting of land consumption within the airport grounds, with particular reference to multi-storey parking constructions.
		Expansion, within the territory of Segrate, of park surfaces as environmental compensation mechanisms.
		Use of parametric indices, such as the Biotope Area Factor (BAF), to measure and improve the biotope capacity of urbanized land.
		Contribution to the creation of ecological and cycle-pedestrian connections between the park systems surrounding the airport grounds.
		Seizing the opportunity of the Master Plan to restore compliance with Article 142 of Legislative Decree 42/2004 and provide for a retreat to the west of all structures facing the Idroscalo park.
		Seizing the opportunity of the Master Plan to position Linate as an eco-friendly airport, in particular by improving Airport Carbon Accreditation to achieve the objective of Carbon Neutrality and by providing for: the selection of airlines and aircraft using Linate on the basis of minimum noise and atmospheric pollution criteria; the installation of acoustic and atmospheric pollution monitoring stations in the Segrate neighborhoods of Novegro, Tregarezzo, Redecesio and San Felice; the elimination of the environmental impact of de-icing procedures; constant supervision by the Airport Commission; the application of sanctions for non-compliance with regulations in force.
		Creation of access to the MM4 subway terminus, through the creation of an entry point in the area of Novegro and of a new access road on the south-east side of the airport to allow access to local public transport, thus promoting the use of the air terminal and the M4 station by users from Peschiera Borromeo and from the provincial road SP 415 Paullese.
		Protection and conservation of the original aspects of the part of the air terminal designed by Aldo Rossi and of the 1930s' hangars.
Municipality of Peschiera Borromeo	1	Clarifications on the change in quantitative terms regarding the capacity of newly constructed storage reservoirs. Absence of a precise evaluation with regards to environmental impacts (CO_2 and noise) of vehicle traffic caused by this change.
Private citizens	3	Various contents.

Source: SEA

The environmental externalities of our airports

CO_2 Emissions

For many years we have been committed to a series of actions for the control and reduction of direct and indirect emissions of CO_2 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 CO_2 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 2017, SEA confirmed its European leadership positioning for both Linate and Malpensa airports within the 3+ neutrality grouping, together with 29 other airports, of which 2 Italian (Rome and Venice), representing 20% of European traffic.

The trend in Scope 1 emissions in 2017 is substantially in line with previous years. A significant decrease in Scope 2 emissions was brought about compared to 2016, in particular in relation to Malpensa Airport (-56%), due to a lower procurement of electricity during the year.

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 406,309 gCO_2/kWh, Source: Emission factor for grid electricity @ Airport Carbon Accreditation Guidance Document Issue 9 v2: August 2015). 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 calculation an emission factor related to the national "residual mix" was used, which for Italy is 465.11 gCO_2/kWh - Source: European Residual Mixes 2016, 2016).

CO_2 EMISSIONS OF THE SEA GROUP (TCO_2)

	2017		2016		2015	
	Malpensa	**Linate**	**Malpensa**	**Linate**	**Malpensa**	**Linate**
Scope 1[(1)]	128,878	66,566	121,608	62,963	117,675	58,580
Scope 2 Location-based	142	66	322	89	116	90
Scope 2 Market-based	163	76	369	101	133	103
Scope 3	2,298	854	2,369	876	2,343	889

[(1)] Note that, for the year 2017, natural gas and heating oil emissions factors have been updated [Sources: Table of national standard parameters: coefficients used for the inventory of CO_2 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, 2017 to December 31, 2017]. Electricity emission factor used: Emission factor for grid electricity @ Airport Carbon Accreditation Guidance Document. Issue 9 v2: August 2015].

2015 and 2016 data does not include SEA Prime.

Source: SEA

CO_2 EMISSIONS OF SEA GROUP PER TRAFFIC UNIT ($KGCO_2$/TRAFFIC UNIT)

	2017			2016			2015		
	Malpensa	**Linate**	**Total**	**Malpensa**	**Linate**	**Total**	**Malpensa**	**Linate**	**Total**
Scope 1 *	4.64	6.92	5.22	4.93	6.45	5.36	5.02	6.00	5.31
Scope 2 Location-based	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.01	0.01
Scope 3	0.08	0.09	0.08	0.10	0.09	0.09	0.10	0.09	0.10
Scope 1 + Scope 2 Location-based *	4.64	6.92	5.23	4.94	6.46	5.37	5.02	6.01	5.31

Note: per traffic unit means the number of passengers plus goods transported (where 1 pax is equivalent to 100 kg of goods).
**2015 and 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 operators 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 environmental 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 (NO_2) MONTHLY VALUES

NO_2 Annual limit: 40 µg/m³ annual average	**Ferno**	**Lonate**	**Somma Lombardo**	**Busto Arsizio**	**Gallarate**	**Varese**
	µg/m³	µg/m³	µg/m³	µg/m³	µg/m³	µg/m³
January	51.0	53.5	55.2	41.6	57.4	55.2
February	44.0	47.2	55.6	29.0	54.4	46.7
March	29.3	38.5	46.0	43.3	53.6	41.7
April	16.7	23.7	35.7	27.5	38.5	33.5
May	14.6	21.6	24.5	28.7	34.2	25.1
June	12.7	20.4	17.6	23.2	26.4	24.9
July	16.0	22.9	20.6	19.3	28.2	23.9
August	13.7	22.8	18.4	10.3	23.2	27.2
September	21.1	27.5	17.9	22.3	32.1	38.3
October	32.8	41.7	20.8	28.2	48.4	48.0
November	40.9	46.7	32.5	35.5	53.2	51.3
December	44.5	52.3	38.6	41.1	57.3	54.0

Source: Arpa Lombardia, 2017

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 (NOx) 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/m³	µg/m³	µg/m³	µg/m³
January	60.7	43.0	60.4	54.9
February	47.3	34.7	53.4	46.0
March	34.7	33.6	36.1	35.6
April	19.0	18.2	20.0	22.6
May	15.6	13.3	15.4	15.7
June	18.9	17.7	18.0	19.8
July	17.2	15.4	15.7	15.6
August	18.1	18.0	18.0	17.5
September	15.2	14.9	15.2	14.3
October	45.4	44.7	48.5	40.7
November	36.3	36.4	41.4	32.0
December	39.3	40.0	42.5	29.6

Source: Arpa Lombardia, 2017

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 (Limito-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 neighboring 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 (NO_2) MONTHLY VALUES

NO_2 Annual limit: 40 µg/m³ annual average	**Limito Pioltello**	**Mi Città studi**	**Monza**	**Vimercate**	**Mi Parco Lambro**	**Mi Marche**
	µg/m³	µg/m³	µg/m³	µg/m³	µg/m³	µg/m³
January	80.5	69.9	91.0	55.9	77.9	76.3
February	56.6	66.5	81.3	51.0	46.7	75.4
March	47.5	52.6	64.0	39.3	35.5	97.6
April	27.2	27.5	37.2	23.2	22.4	53.1
May	32.3	24.6	27.2	22.0	20.3	53.0
June	37.6	19.5	19.8	19.9	21.7	41.5
July	32.9	22.1	24.2	19.3	23.5	51.3
August	38.0	29.6	23.6	17.5	23.9	46.0
September	30.9	42.6	36.1	22.8	32.0	52.4
October	50.9	70.9	49.1	35.1	50.7	68.1
November	55.5	59.3	57.8	47.4	-	87.4
December	62.6	59.8	63.5	59.9	-	79.0

Source: Arpa Lombardia, 2017

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

PM10 Annual limit: 40 µg/m³ annual average	Limito Pioltello	Mi Città studi	Monza	Vimercate
	µg/m³	µg/m³	µg/m³	µg/m³
January	73.7	77.3	66.0	68.7
February	53.4	67.9	61.7	61.8
March	41.3	48.2	42.8	40.6
April	24.9	28.2	27.5	23.0
May	19.2	18.8	19.6	20.5
June	21.2	20.1	22.2	23.3
July	20.8	17.7	20.6	22.3
August	22.0	20.5	23.5	24.2
September	20.8	21.8	21.8	21.0
October	66.7	64.4	55.6	57.4
November	53.0	53.7	48.7	48.7
December	57.1	50.2	54.5	52.5

Source: Arpa Lombardia, 2017

Noise emissions

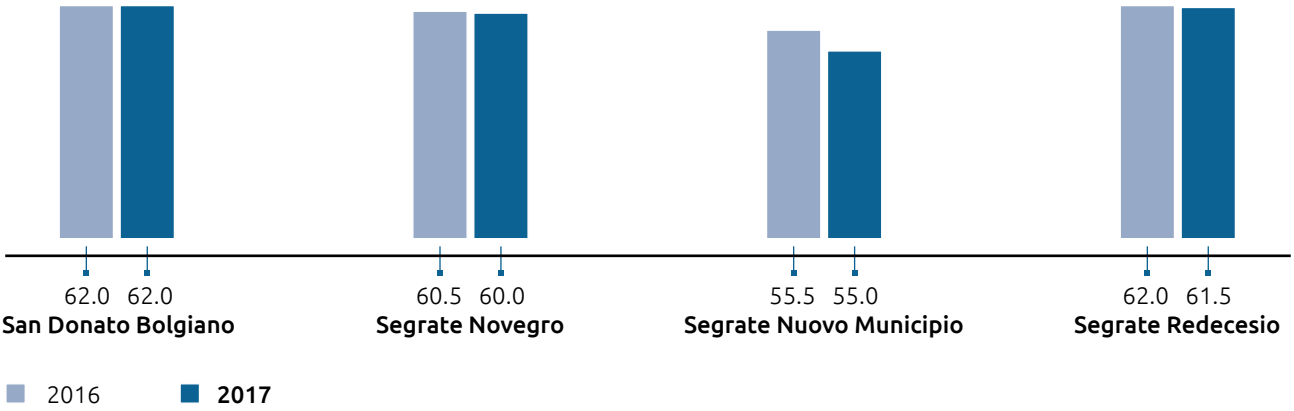
Since 2001, we have guaranteed the monitoring of aeronautical noise origin at the airports of Linate and Malpensa, in compliance with current national legislation. The monitoring system is equipped with 22 permanent field stations (16 at Malpensa and 6 at Linate) and 4 mobile stations, the latter used 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.

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 has yet to conclude the process. The acoustic data detected by the monitoring stations is analyzed 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.

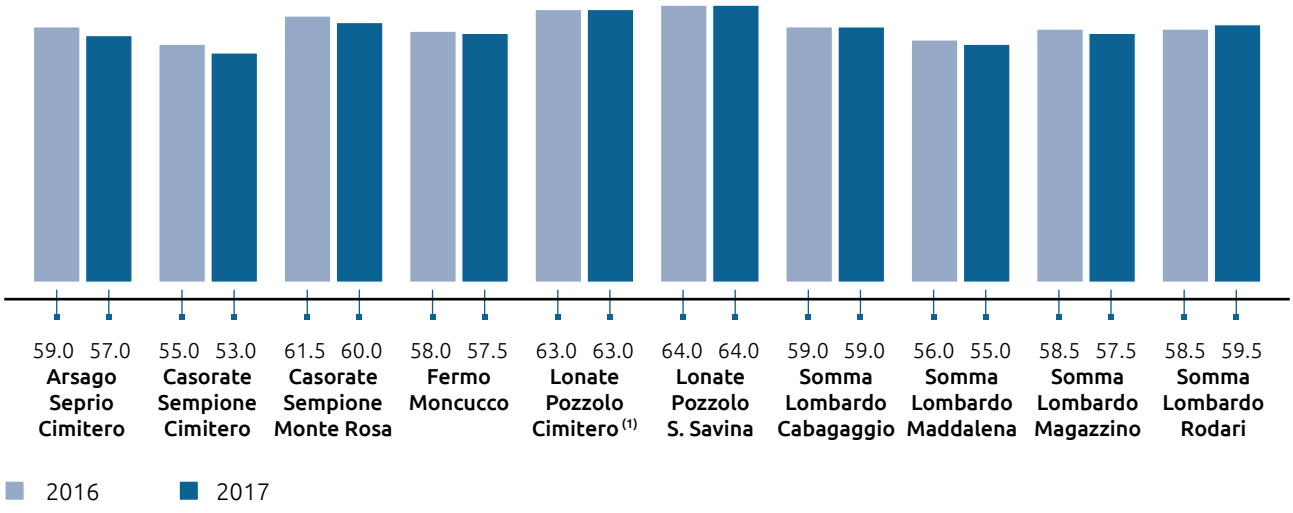
LINATE - NOISE MONITORING LVA DB (A) (*)



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 2017.

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 2017.

(1) In the period from February 1 to July 29, 2016, in the Lonate Pozzolo cemetery, works were carried out for the construction of a new columbarium block near to the monitoring station, which caused interference in the acoustic measurements.

(*) The data shown in the figures are awaiting validation by the Lombardia Regional Agency for the Protection of the Environment (ARPA), which controls the airport noise monitoring network according to national legislation.

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 domestic sewage from all buildings present at the airport is assured at Malpensa by the sewage network which delivers sewage to the San Antonio consortium filter system, while the Linate sewage network is linked to the Peschiera Borromeo filter system.

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 Legislative Decree 152/06
		2017	2016	2015	
COD	mg/l	110	77.9	47.7	500
BOD5	mg/l	52	36.7	23.1	250
Total phosphorus	mg/l	2	2.1	1.3	10

Source: SEA

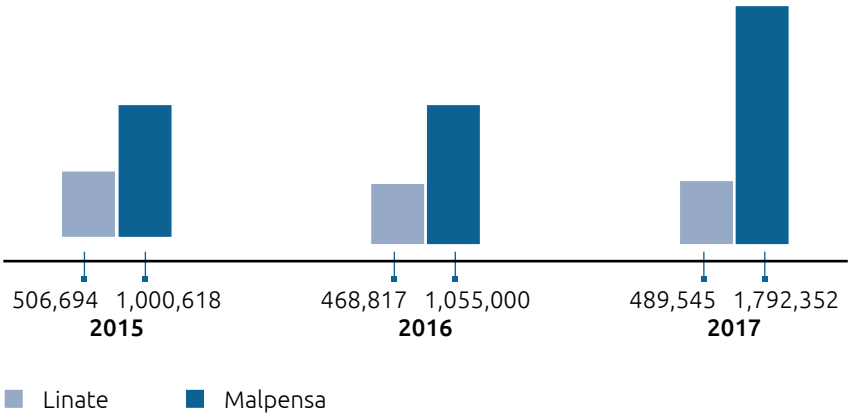
MALPENSA - SEWER DISCHARGE DATA

Parameter	Measurement unit	Average annual value			Parameter values Legislative Decree 152/06
		2017	2016	2015	
COD	mg/l	167.3	219.6	203.5	500
BOD5	mg/l	74	102.4	87.4	250
Total phosphorus	mg/l	2.9	3.3	3.5	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: 2015-2016 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.

DE-ICING LIQUID DRAINED (TONS)

	2017	2016	2015
Malpensa	2.5	7	0
Linate	168.6	77	91

Source: SEA

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
		2017	2016	2015	
Chromium VI	mg/l	<0.01	0.01	0.01	0.2
Copper	mg/l	0.01	0.02	0.02	0.1
Lead	mg/l	0.01	0.01	0.01	0.2
Zinc	mg/l	0.09	0.23	0.10	0.5
Total hydrocarbons	mg/l	0.11	0.28	0.29	5.0

Source: SEA

MALPENSA - CHARACTERISTICS OF THE SOIL DISCHARGES

Parameter	Measurement unit	Average annual value			Parameter value Legislative Decree 152/06
		2017	2016	2015	
Ph	pH unit	7.4	7.4	7.3	8.0
COD	mg/l	15.0	10.2	14.4	100.0
BOD5	mg/l	11.0	10.0	10.3	20.0
Total suspended solids	mg/l	7.8	6.0	6.4	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	0.09	0.04	0.05	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.

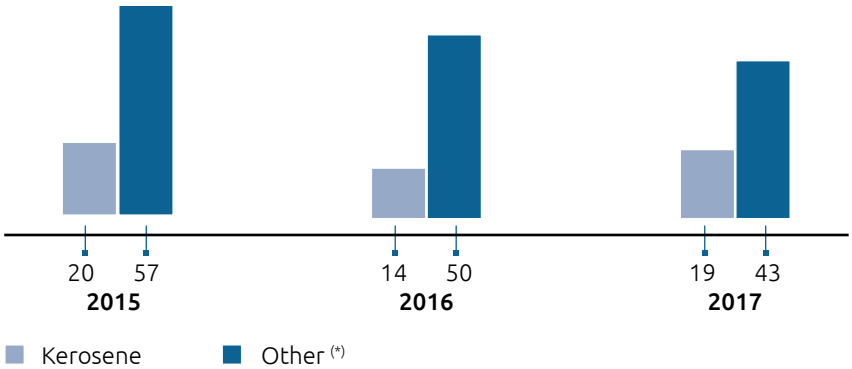
Together with other major European operators, we are exploring many aspects related to Water Saving systems and the possible re-usage of meteorological water, in order to save aquifer drawn water and rationalize water consumption.

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 placed to intercept fluids before they reach the meteorological water drainage systems.

A specific procedure applicable to the terminal movement areas is in place at the airports in compliance with environmental protection regulations.

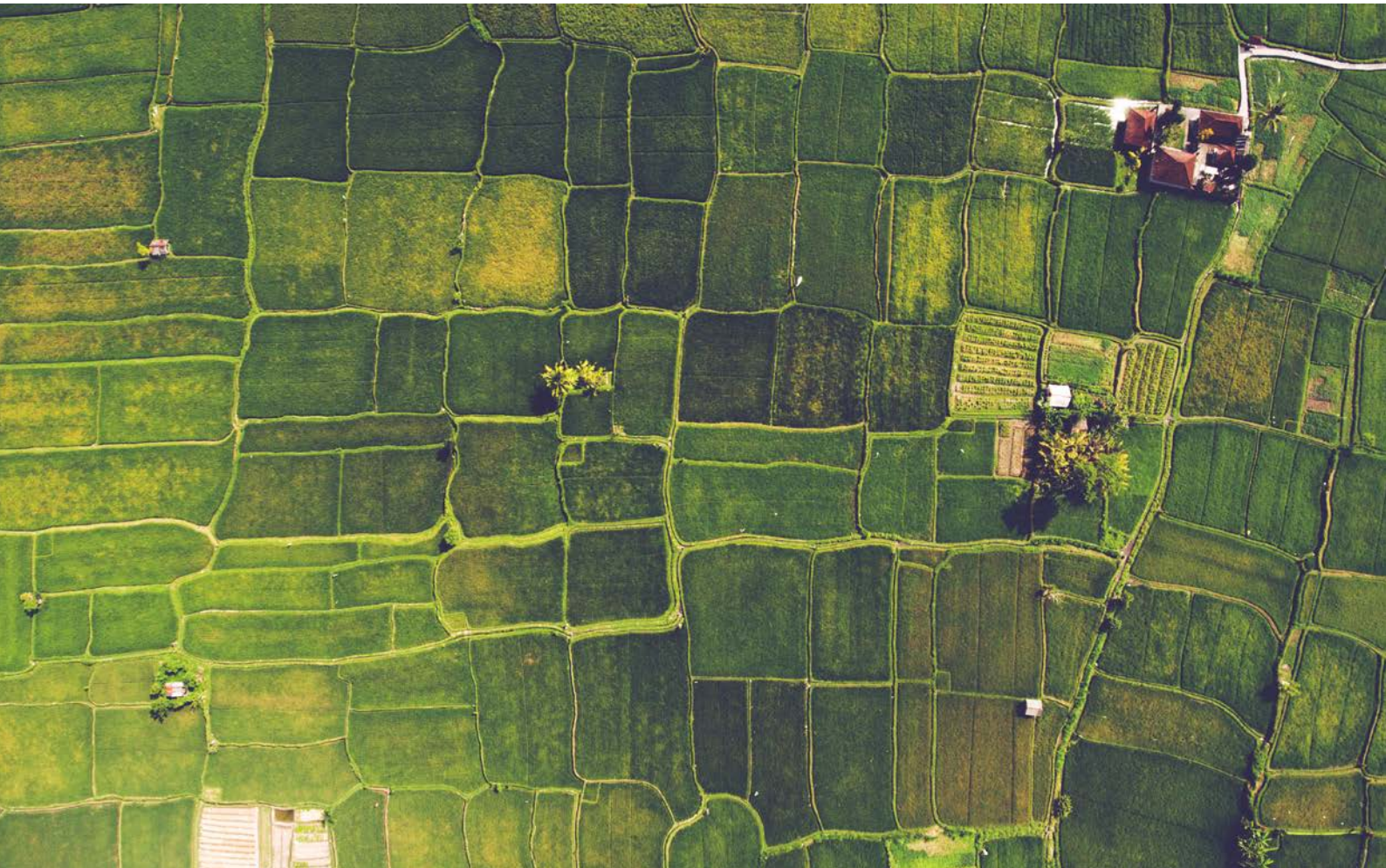
MALPENSA - SIGNIFICANT SPILLS (NO.)



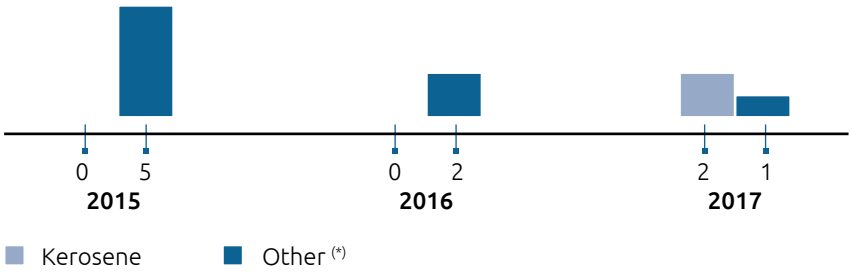
(*) Spillages of hydraulic oil from aircraft, of hydraulic oil from operating vehicles and spillages of gasoline from operating vehicles.

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 m^2.

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, SEA utilizes 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 aeronautic safety.

The percentages of the three major indicators for the GSR (Ground Safety Report) received are reported below. The GSR in 2017 respectively numbered 800 for Malpensa (749 in 2016) and 559 for Linate (6331 in 2016); 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 aeronautic 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. In any case, new barriers have been identified to reduce the number of events. As far as Foreign Object Damage is concerned, almost all events concerned Foreign Object Debris, without any repercussions on aircraft or occupants.

Malpensa (%)	**2017**	**2016**	**2015**
Aircraft damage	1.8	2.4	3.9
FOD	3.4	2.3	3.1
Right of way violation	8.8	6.7	8.7

Linate (%)	**2017**	**2016**	**2015**
Aircraft damage	1.4	2.2	2.3
FOD	1.4	2.2	1.3
Right of way violation	5.9	7.3	9.6

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 as the airport manager, in compliance with circular ENAC APT 16/2004 and certified by the agency. They are also periodically audited by the authority and by internal personnel.

The topics related to the specific issue of bird strikes are covered in Circular ENAC APT-01B "Directive on procedures to be adopted for the prevention of impact risks from winged animals at airports", in line with the ICAO Annex 14 provisions. Both the Plan and the Operating Procedure comply with the guidelines with the circular, guaranteeing ongoing monitoring and repelling of birds and fauna from the airports. Particular attention is given to the manoeuvre area with the use of modern equipment acquired on the international market. In support of this activity, 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 inform a database managed through the "Bird Strike Management System" software program.

Compared to 2016, bird strike reports are falling at Linate, while at Malpensa the data remains stable for both indicators.

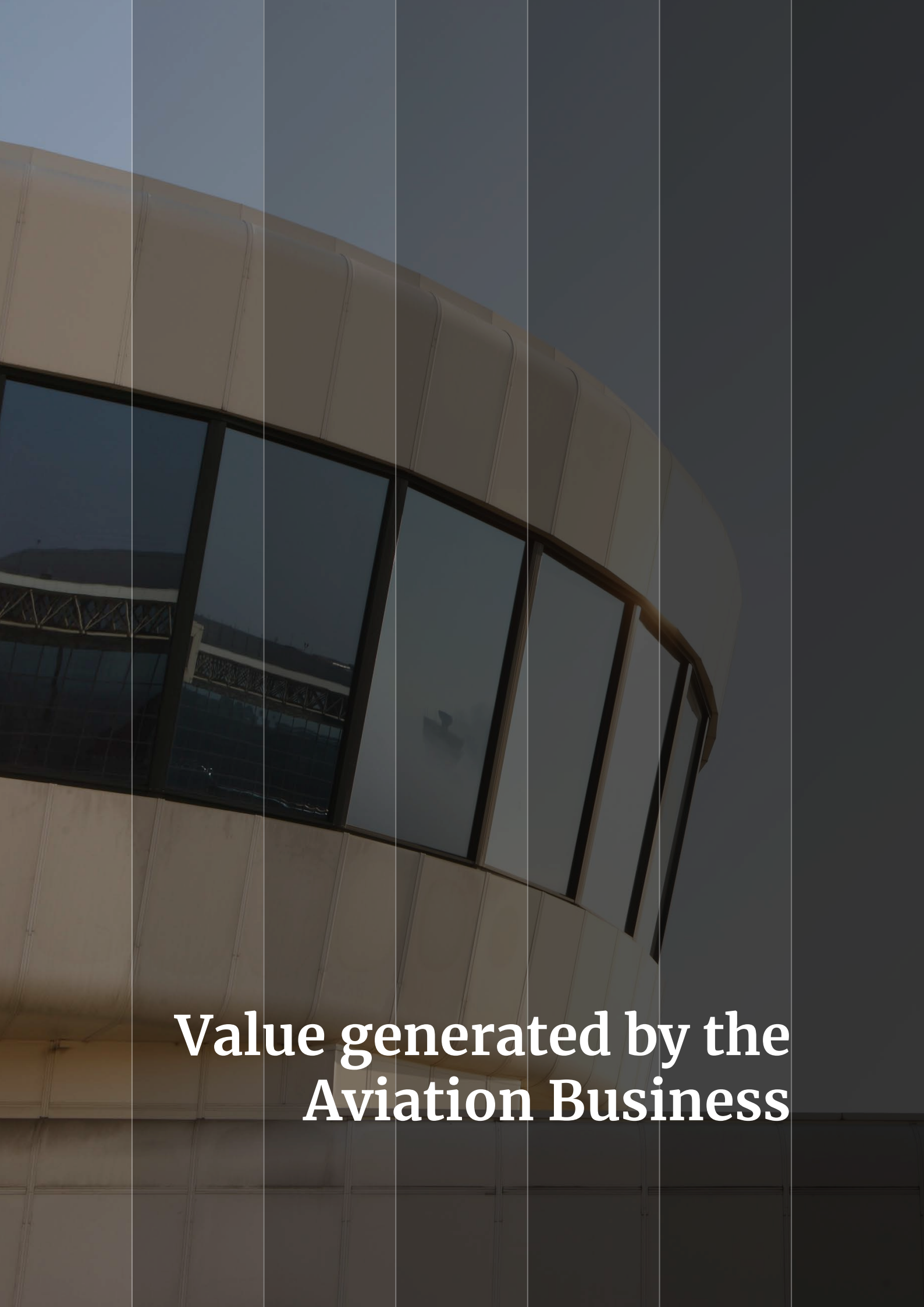
WILDLIFE STRIKING RISK INDICATORS

	Linate			Malpensa		
	2017	2016	2015	2017	2016	2015
Wildlife Strike [1]	1.8	3.2	3.1	0.9	0.5	2.2
Wildlife Strike [2]	0.11	0.17	0.22	0.09	0.08	0.14

[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 campaigns. At Malpensa, the differing surrounding natural environment, the behavior 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 Kilometers for the leading carrier among the main European airports (13.0%). Indeed, only 40.7% of the traffic offer is realized by the leading 5 airlines operating at the airport, compared with 49.4% in Manchester, 57.9% in Dusseldorf and 61.3% in Copenhagen (other hub-less European airports)[18].

Principal passenger airlines operating at Malpensa

At Malpensa, at December 31, 2017, 120 airlines were present, 9% more than 2016. The presence of all the major international airline alliances was confirmed:

- Star Alliance at December 31, 2017 represented 16% of passenger traffic (17% at December 31, 2016);
- Sky Team and One World at the end of 2017 accounted for 9% and 7% respectively (9% and 8% in 2016) of Malpensa's passenger traffic.

At December 31, 2017, Malpensa Airport connected to 201 domestic and international destinations, 8% more than in 2016 (187). The list of the 10 leading airlines in terms of the overall number of passengers highlights the leading position of easyJet, which represents 32.5% of Malpensa passenger traffic. The English company confirmed the role of Milan Terminal 2 as an important European base.

MALPENSA - TOP 10 PASSENGER AIRLINES (% TRAFFIC)

Carrier	2017	2016
easyJet	32.5	35.0
Ryanair	6.7	3.4
Lufthansa	5.1	5.4
Emirates	4.2	4.4
Vueling Airlines	3.7	3.5
Meridiana fly	2.8	2.4
Neos	2.7	2.6
Turkish Airlines	1.9	2.1
Alitalia	1.7	3.7
Aeroflot	1.7	-
Other airlines	36.9	35.9

Source: SEA

[18] Source: ICCSAI Fact Book 2017 - % ASK share of the leading 5 carriers at the 20 largest European airports

Principal passenger airlines operating at Linate

At December 31, 2017, Linate airport hosted 18 airlines (in line with the previous year) and connected with 49 airports, both domestic and inter-EU.

Linate operations were significantly impacted by the Alitalia Group, which in 2017 represented 59.7% of traffic. The table highlights the 10 leading airlines operating from Linate in 2017 as a percentage of overall passenger numbers.

LINATE - TOP 10 PASSENGER AIRLINES (% TRAFFIC)

Carrier	2017	2016
Alitalia Group	59.7	57.3
easyJet	7.3	6.7
Meridiana fly	6.4	7.4
British Airways	6.0	4.8
Lufthansa	4.1	3.6
Air Berlin	3.5	2.9
Air France	2.4	4.5
Iberia	2.4	2.3
Brussels Airlines	1.8	1.4
KLM	1.6	4.0
Other airlines	4.7	5.2

Source: SEA

Principal Cargo airlines

19 "all cargo" airlines were operating out of Malpensa airport at December 31, 2017.

The Malpensa cargo business is distributed among a large number of carriers; in 2017, 69% of the total cargo transported was shared by over 13 airlines. Among these, Cargolux - the leading sector operator - held a predominant position, while the highest growth (+64.7% on 2016) was reported by Turkish Airlines.

MALPENSA - VOLUMES MOVED BY THE MAIN CARGO AIRLINES (TONS)

CARRIER	2017	2016
Cargolux Group	106,886	94,919
Air Bridge Cargo Airlines	53,527	49,527
Qatar Airways	44,094	38,817
Federal Express Corporation	34,649	33,188
European Air Transport	28,752	29,334
Nippon Cargo Airlines	23,520	20,554
Silk Way Group	23,224	23,774
Turkish Airlines	16,741	10,167
Saudi Arabian Airlines	16,248	10,522
Etihad Airways	14,889	22,605
Asiana Airlines	13,786	11,545
Korean Air	11,751	13,576
Cathay Pacific Airways	10,593	8,490
Others	22,469	20,178
Total "All cargo" activities (*)	**421,129**	**387,196**
Total Malpensa cargo activities	**576,539**	**536,682**

(*) The figure concerns volumes moved within "all cargo" activities only

Source: SEA

The following table lists the top 10 airlines operating out of Malpensa in 2017 in terms of percentage volumes of total cargo.

Within the all cargo segment, the main courier carriers (Federal Express, DHL and Aerologic) handled 72 thousand tons of goods (+2.2%), representing about 17% of processed cargo.

MALPENSA - % OF CARGO MOVED BY THE LEADING 10 CARGO AIRLINES

Carrier	2017	2016
Cargolux Group	18.5	17.7
Qatar Airways	10.4	9.7
Air Bridge Cargo Airlines	9.3	9.2
Federal Express	6.0	6.2
European Air Transport	5.1	5.4
Emirates	5.0	5.5
Etihad Airways	4.1	5.6
Nippon Cargo Airlines	4.1	3.8
Silk Way West Airlines	4.0	4.4
Cathay Pacific Airways	3.5	3.3
Other airlines	30.0	29.2

Source: SEA

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 2017 amounted to 5,209.

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.

The principal findings from the 2017 data were as follows.

MAIN CHARACTERISTICS OF OUR AIRPORT PASSENGERS IN 2017

	Malpensa T1	Malpensa T2	Linate
Male	62%	65%	61%
Average age (years)	42	41	42
University culture	45%	41%	58%
Resident in Italy	65%	73%	73%
Principal reason for travel	53% Tourism	54% Tourism	54% Work
Average stay in the airport (minutes)	133	121	93

Source: CFI Group

Linate
The frequency of trips for work, business or study increased (+3% over 2016) to the detriment of trips for vacations or tourism (-2%) and for family or health reasons (-1%).

Passengers residing in Italy fell by 3% over the previous year, while passengers with high educational qualifications and frequent flyers increased by 10%.

Malpensa Terminal 1
In relation to the historical record, the share of passengers traveling for vacations or tourism and for work, business or study both decreased (-1%), while trips for family or health reasons increased (+2%).

Malpensa Terminal 2
Compared to 2016, the share of

passengers traveling for work or business and for family or health reasons both increased (+3% and +2% respectively), to the detriment of tourism (-5%).

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 2017 amounted to Euro 443.6 million (+8.5% on the previous year), comprising 61.1% 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 2017 comprised 86.8% of the total, followed by security service fees (10.3%) and those for the use of regulated spaces (2.9%).

PORTION OF REVENUES FROM AVIATION ACTIVITIES

	2017	2016	2015
Aviation management revenues (Euro '000)	443,593	408,970	395,877
Aviation revenues (% of total revenues)	61.1	58.4	57.0
Other revenues (% of total revenues)	38.9	41.6	43.0

Source: SEA

TYPE OF REVENUES FROM AVIATION ACTIVITIES (EURO THOUSANDS)

	2017	2016	% of total Aviation Revenues
Fees and centralized infrastructure	385,043	351,088	86.8
Use of regulated spaces	12,941	12,732	2.9
Security controls	45,609	45,150	10.3
Total	443,593	408,970	100

Source: SEA

Competitive performance of the Aviation Business

During 2017, 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 opening of 13 new destinations and the entry of 9 new carriers, resulting in major growth.

TRAFFIC EXPANSION ACTIONS AT MALPENSA (NO.)

	2017	2016	2015	Total 2015-2017
New airlines	9	4	7	20
New services*	30	30	24	84
Increased frequencies by airlines already present on existing routes	23	12	13	48
Overall increase in weekly frequencies (new services + increased frequencies)	219	158	112	489

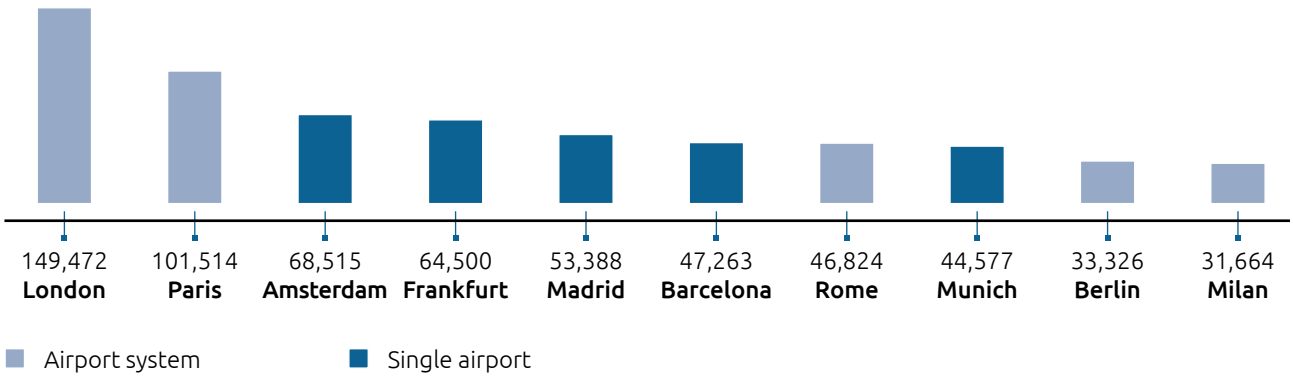
**New services concern the introduction of new destinations served by airlines already present, or new airlines which operate on routes already served, or new airlines serving new destinations.*

Source: SEA

Passenger traffic

The Milan airports are among the main European airport systems, with over 31 million passengers transported in 2017. In particular, the Milan airport system ranks 2nd in Italy and 10th in Europe in terms of passenger traffic volumes.

RANKING OF THE MAIN EUROPEAN AIRPORTS/AIRPORT SYSTEMS IN TERMS OF PASSENGER TRAFFIC VOLUMES - 2017 (1000 PAX)*



**Including transits Source: SEA, ACI Europe*

During 2017, our airports achieved an increase of 2,592,520 passengers (+9.0%) and 10,710 movements (+4.1%) over 2016. Regarding Malpensa Airport, the increase came in at 14.1% for passengers and 7.4% for aircraft movements. However, Linate Airport recorded a decrease in both passengers and movements of 1.4%.

AVIATION BUSINESS PERFORMANCE INDICATORS OF THE SEA AIRPORT SYSTEM

	Movements (No.)			Passengers (No.)			Cargo (tons)		
	2017	2016	% Change	2017	2016	% Change	2017	2016	% Change
Malpensa	174,754	162,683	7.4	22,037,241	19,311,565	14.1	576,539	536,862	7.4
Linate	96,467	97,828	-1.4	9,503,065	9,636,221	-1.4	11,937	12,553	-4.9
Airport system	271,221	260,511	4.1	31,540,306	28,947,786	9.0	588,476	549,415	7.1

Source: SEA

Malpensa

In 2017, our Malpensa aviation business policy, aimed at increasing territory-serving air connectivity, was focused on the acquisition of new carriers and the development of the activities of those already operating at the airports. Particular attention was paid to the development of Terminal 1 Schengen traffic, which recorded a 31.6% increase, due, in particular, to Ryanair and the transfer of Air France and KLM flights from Linate.

The result for the Non-Schengen area was also positive (+8.6%), with growth regarding Eastern Europe (+17.5%, in particular Russia, Albania, Bulgaria), North Africa (+21%) and Asia (+12.4%). Traffic fell only in relation to South America (-12.6%), due to Latam's capacity reduction to Brazil.

NUMBER OF DAY TIME AND NIGHT TIME MOVEMENTS* (ARRIVING AND DEPARTING)

Movements	Passengers		Cargo		General Aviation		State Flights		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Daytime Arrivals	74,763	69,843	3,759	3,705	129		-		-	
Daytime Departures	79,845	74,122	3,946	3,929	94		-		-	
Night time Arrivals	7,078	6,217	1,778	1,581	1,978		1		-	
Night Time Departures	1,977	1,924	1,608	1,362	2,007		1		-	
Total	**163,663**	**152,106**	**11,091**	**10,577**	**4,208**	**4,153**	**2**	**6**	**178,964**	**166,842**

**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 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. In 2017, negotiations were conducted with Russian aviation authorities, resulting in the signing of a new agreement that calls for greater frequency of service to Moscow and on other routes, the introduction of a multi-designation system and increased frequencies on trans-Siberian routes and more destinations. In particular, the bilateral agreement with Australia was revised to contemplate the previously un-envisaged option of carrying out all-cargo flights, as well as a partial liberalization of capacity that can be operated with code-share flights via third countries. Twelve new bilateral agreements were signed, through the International Civil Aviation Organization (ICAN), with the following countries:

- Argentina and Sri Lanka in terms of increased frequencies and destinations;
- Australia in terms of the capacity expansion of TCCs;
- Cameroon and Nigeria in terms of multi-designations and increased frequencies and destinations;
- Ethiopia in terms of increased cargo frequencies and fifth freedom rights;
- India in terms of increased points in domestic code sharing;
- Kenya in terms of the broadening of designations and domestic code sharing.

New agreements were also signed with Botswana, Gambia, Rwanda and Kazakhstan, with which no aeronautical relations had previously existed.

NUMBER OF ARRIVING AND DEPARTING PASSENGERS

	Domestic flights		International flights		Total	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Arriving passengers	1,589,339	1,350,356	9,448,358	8,324,302	11,037,697	9,674,658
Departing passengers	1,574,885	1,342,775	9,424,659	8,294,132	10,999,544	9,636,907
Total passengers	**3,164,224**	**2,693,131**	**18,873,017**	**16,618,434**	**22,037,241**	**19,311,565**

Source: SEA

The traffic structure of Malpensa has changed significantly since the Alitalia hub, when the transit percentage was around 30% (7 million passengers). The current traffic is almost entirely 'originating' traffic (99%), demonstrating that the airport has succeeded, through diversified carrier offerings and investments in the territory, in stimulating the demand of the catchment area in both outgoing and incoming terms, thus generating over 5 million incremental local passengers able to create greater added value. Regarding Malpensa Terminal 1, Ryanair has more than doubled traffic, with approximately 1.5 million passengers across 15 destinations. Six new destinations were introduced in the winter 2017 season, two of which domestic (Lamezia and Palermo) and four European (Alicante, Katowice, Liverpool and Valencia). easyJet continued to invest in Terminal 2, with an increase in seats offered of 2.8% and used of 6.2%, and the addition of four new destinations (Stockholm, Granada, Santiago de Compostela and Zadar).

NUMBER OF PASSENGERS BY ORIGIN AND DESTINATION, TRANSFER AND TRANSITS

	Origin and destination		Direct transits		Total	
	2017	2016	2017	2016	2017	2016
Domestic	3,164,224	2,693,131	10,038			
International	13,083,413	11,139,806	43,115			
Intercontinental	5,789,604	5,478,628	69,696			
Total	**22,037,241**	**19,311,565**	**122,849**	**100,144**	**22,160,090**	**19,411,709**

Source: SEA

Malpensa's growth was also due to:

- new Meridiana flights to Moscow Domodedovo and Russian carrier Utair's flights to Moscow Vnukovo, which complete connectivity to all the airports of the Russian capital;
- new Neos flights to Nanjing/Jinan and Meridiana flights to Shenzhen, operated with Chinese tour operators;
- Flybe flights to London Southend, which complete connectivity between Milan and the six London airports;
- new flights to Stockholm with SAS, Norwegian and easyJet connections, resulting from marketing activities carried out in collaboration with the airport;
- the new Egyptian airline, Air Cairo, which introduced two new weekly scheduled flights to Sharm El Sheikh and Marsa Alam.

Alitalia further reduced capacity from Malpensa with the cancellation of Malpensa to Fiumicino flights from February and Malpensa to Abu Dhabi flights from September, confirming only long-haul operations to New York and Tokyo. There were also several frequency increases of around 67 weekly flights on both European and non-European routes. In addition to easyJet and Vueling, increases were recorded for the following: Aeroflot (fifth additional daily frequency to Moscow Sheremetyevo), Air China (an incremental frequency to Beijing in winter), Ethiopian, Meridiana, Norwegian, BMI, Austrian, Wizzair, Air Algerie, Air Moldova, Belavia and Eurowings.

In 2017 a total of 5.8 million passengers travelled to intercontinental destinations, an increase of 5.7% on 2016.

PASSENGER TRAFFIC DESTINATIONS FROM TERMINAL 1 - 2017

Region	%
Europe	62.2
Middle East	14.8
North America	7.0
Far East	6.8
Africa	5.7
Central/South America	3.5

Source: SEA

Linate
Domestic traffic was substantially in line with 2016 (+0.6%); Alitalia recorded a 2.9% growth from the destinations of Cagliari, Bari, Palermo, Alghero and Pescara, making up for a fall in traffic from Reggio Calabria and Comiso, while European traffic reduced 3.4%, principally due to the transfer to Malpensa by Air France and KLM with the start of the summer season. The cessation of Air Berlin operations in November also influenced results.

NUMBER OF ARRIVING AND DEPARTING PASSENGERS

	Domestic flights		International flights		Total	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Arriving passengers	2,481,310	2,470,252	2,293,514	2,378,787	4,774,824	4,849,039
Departing passengers	2,446,378	2,428,154	2,281,863	2,359,028	4,728,241	4,787,182
Total passengers	**4,927,688**	**4,898,406**	**4,575,377**	**4,737,815**	**9,503,065**	**9,636,221**

Source: SEA

The Linate-Fiumicino shuttle service retained substantially the same traffic as the previous year, once again achieving around 1.2 million passengers (-0.4%).

NUMBER OF DAY TIME AND NIGHT TIME MOVEMENTS* (ARRIVING AND DEPARTING)

Movements	Passengers		Cargo		General Aviation		State Flights		Total	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Daytime Arrivals	46,344	46,982	114	100	10,353	10,108	10	2	56,821	57,192
Daytime Departures	47,803	48,490	22	30	10,378	10,133	10	2	58,213	58,655
Night time Arrivals	1,625	1,680	150	154	245	226		-	2,020	2,060
Night Time Departures	167	168	242	224	267	236		-	676	628
Total	**95,939**	**97,320**	**528**	**508**	**21,263**	**20,703**	**20**	**4**	**117,730**	**118,535**

**Night time movements concern those between the hours of 11 PM and 6 AM.*

Source: SEA

PASSENGERS BY ORIGIN AND DESTINATION, TRANSFER AND TRANSITS

	Origin and destination		Direct transits		Total	
	2017	2016	2017	2016	2017	2016
Domestic	4,927,688	4,898,406	221			
International	4,575,377	4,737,815	763			
Total	**9,503,065**	**9,636,221**	**984**	**2,275**	**9,504,049**	**9,638,496**

Source: SEA

Passenger flight punctuality

Data on punctuality 2017 collected from the members of the working group ACI Europe-EAPN (European Airport Punctuality Network) highlight a slight deterioration in punctuality both for departures and arrivals compared to 2016. On average, the punctuality of departing flights was 75.7% compared to 77.9% recorded in the previous year, with significant monthly fluctuations ranging from a maximum of 83% in March and November and a minimum of 66% in July. Arriving flights recorded average punctuality of 78.6%, slightly reducing on last year (80.6%), with fluctuations in the same months as those for departing flights. 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. Furthermore, summer weather conditions (wind and strong storms) contributed to the deterioration of punctuality data, especially at the airports of London Heathrow, Frankfurt, Barcelona, Palma de Mallorca and Nice. At European level, there were increasing delays in departures over arrivals, except at Malpensa, London Heathrow, London Gatwick and Oslo. Linate, with over 85% 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 of Bologna and Naples. With punctuality confirmed at around 80%, Malpensa ranks above the average European and is the best amongst the European airports of similar size within its group (15-to 25 million passengers) (including Vienna and Athens). It is also far ahead in comparison to the main larger airport hubs such as Rome Fiumicino, Munich and Frankfurt.

EUROPEAN AIRPORT PUNCTUALITY NETWORK (EAPN) RANKING FOR DEPARTURES (% WITHIN 15 MIN.)

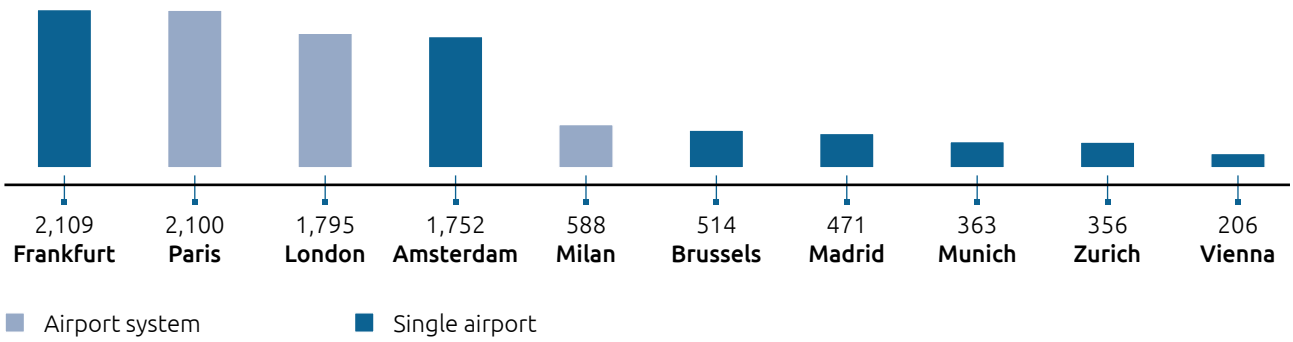
	2017	2016	2015
Malpensa	80.1	81.3	82.3
Linate	85.3	84.9	88.4
Average EAPN	75.7	77.9	79.5

Source: SEA

Cargo traffic

The Milan airport system ranks 1st in Italy and 5th in Europe by freight traffic volumes. In 2017, cargo traffic managed at Malpensa and Milan Linate totaled 588,000 tons, increasing over 39,000 tons (7.1% at system level and 7.4% at Malpensa).

RANKING OF THE MAIN EUROPEAN AIRPORTS / AIRPORT SYSTEMS BY VOLUMES OF GOODS - 2017 ('000 TONS)

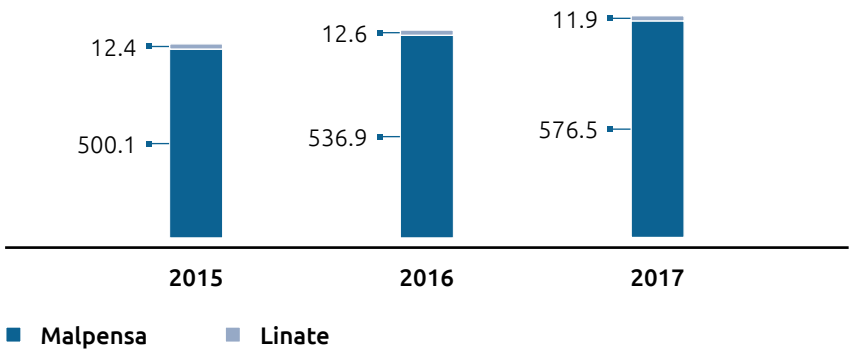


Goods in transit are not considered.
Source: SEA, ACI Europe

The positive trend has led to the achievement of a new historical record in terms of goods transported via Malpensa to the tune of nearly 577,000 tons. The consolidation of the capacity demand by freight forwarders led to an improvement in load factors and an increase in rates by the carriers, with a consequent positive impact on profitability.

The all-cargo segment grew by 8.8% overall, with excellent performances recorded by the main all-cargo carriers of Malpensa: Cargolux (+12.6%), Qatar (+13.6%), Airbridge Cargo (+8.1%) and Nippon Cargo (+14.4%). The results of Turkish Airlines (+64.7%) and Saudi Arabian (+54.4%) were particularly positive in increasing the capacity offering.

CARGO TRAFFIC MANAGED BY THE MILAN AIRPORT SYSTEM (000'S TONS)



Source: SEA

The goods transported on passenger flights also grew (+3.8%), with the following carriers recording the highest growth in absolute terms: Qatar (+19.6%), American Airlines (+31.4%), Oman Air (+20.2%), Air India (+55.4%) and Air China (+11%).

MALPENSA - ARRIVING AND DEPARTING CARGO ON ALL FLIGHTS (CARGO AND PASSENGER) (TONS)

	Cargo		Passengers		Total	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Arriving	155,687	141,199	74,834	69,685	230,521	210,884
Departing	265,441	245,994	80,576	79,984	346,017	325,978
Total cargo	**421,128**	**387,193**	**155,410**	**149,669**	**576,538**	**536,862**

Source: SEA

Three new carriers started operating from Malpensa: MNG Airlines, a Turkish carrier with two flights to Istanbul; Ethiopian Cargo, with a weekly flight to Addis Ababa, which represents the first direct connection to the African continent; and ASL France, which operates for Amazon with six weekly flights to East Midlands.

LINATE - ARRIVING AND DEPARTING CARGO ON ALL FLIGHTS (CARGO AND PASSENGER) (TONS)

	Cargo		Passengers		Total	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Arriving	4,642	4,817	815	943	5,457	5,761
Departing	5,108	5,324	1,372	1,468	6,480	6,792
Total cargo	**9,750**	**10,142**	**2,187**	**2,411**	**11,937**	**12,553**

Source: SEA

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

MALPENSA - DISTRIBUTION OF CARGO TRAFFIC BY GEOGRAPHICAL AREA OF DESTINATION (% OF TOTAL GOODS VOLUME)

Region	**2017**	**2016**	**2015**
Middle East	29.5	28.8	29.8
Far East	27.9	27.2	26.0
Europe	25.3	25.5	24.5
North America	14.4	15.1	15.8
Central and South America	1.6	2.5	2.9
Africa	1.3	0.9	1.0

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), Malpensa confirmed its 28th positioning, with a connectivity index of 2.58, an improvement over the previous year's 2.69. 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 29th, losing 5 positions in the ranking compared to the previous year, while maintaining the index unaltered at 1.90. Linate however occupies the 111th position in the ranking of continental accessibility, with an index of 3.03, down on the previous year (2.17).

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 391 European airports in a day with an average connection time of 249 minutes from Amsterdam Airport (the best connected European airport).

CONNECTIVITY INDICATORS AND TRAVEL TIMES OF THE MILAN AIRPORTS

	2016		2015		2014	
	MXP	LIN	MXP	LIN	MXP	LIN
No. European airports connected same day	387	383	390	387	403	400
Average connection time (minutes)	308	333	312	332	325	344

Source: ICCSAI Fact Book

In this ranking, Malpensa Airport is the best-connected Italian airport (22nd in the European ranking) with 387 airports reached same day and average connection times of 308 minutes.

Malpensa surpasses by one position in both national and European rankings the airport of Rome Fiumicino, which connects to 384 airports with an average time of 311 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 383 airports daily, with an average time of 333 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, Paris and Amsterdam lead the rankings with an ability to offer day trips to an average of 190 destinations in a maximum time of less than 700 minutes.

EUROPEAN NETWORK REACHABLE THROUGH A DAY TRIP FROM THE MILAN AIRPORTS

	2016		2015		2014	
	MXP	LIN	MXP	LIN	MXP	LIN
No. European airports connected same day	184	155	180	150	178	na
Average connection time (minutes)	741	740	744	732	744	na
European ranking position	15th	13th	19th	12th	20th	na

Source: ICCSAI Fact Book

In the Milan airport system, Linate takes 13th place in the European ranking (down one from the previous year), with a network of 155 destinations and an average time of 740 minutes. Malpensa takes 15th position (an improvement over previous years), with a network of 184 destinations connected in an average time of 741 minutes.

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 8th in the European ranking, with 83.5% of European GDP reachable within

2 hours of travel and a further 15.6% in 2 to 4 hours.

Linate Airport is positioned immediately below Malpensa in the national ranking (25th in the European ranking), with approximately 65% of European GDP reachable within 2 hours and a further 30.6% in 2 to 4 hours.

% EUROPEAN GDP REACHABLE BASED ON FLYING TIME

	2016		2015		2014	
	MXP	LIN	MXP	LIN	MXP	LIN
% of EU GDP reachable within 2 hours	83.5	64.9	78.3	64.8	80.4	52
% of EU GDP reachable within 2-4 hours	15.6	30.6	20.9	30.8	18.9	43.5
European ranking position	8°	25°	11°	25°	9°	40°

Source: ICCSAI Fact Book

Quality of aviation services provided to passengers[19]

The airport Services Charter is an instrument created to establish the service quality level which as an airport manager we guarantee to our passengers.

SERVICE REGULARITY INDICATORS

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
Overall punctuality of flights	% of punctual flights/total departing flights	**Target 2017**	80.0%	80.0%	85.0%
		2017 Result	81.8%	82.6%	86.8%
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	**Target 2017**	22'50''	26'00''	16'50''
		2017 Result	19'55''	23'20''	16'15''
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	**Target 2017**	35'50''	37'00''	23'50''
		2017 Result	32'55''	27'00''	22'05''
Boarding wait time for the 1st passenger	Block-on waiting time in 90% of cases	**Target 2017**	4'	3'	3'
		2017 Result	5'	3'	2'
Overall perception on regularity and punctuality of services received at airport	% of satisfied passengers	**Target 2017**	95.0%	95.0%	95.0%
		2017 Result	99.4%	98.4%	97.6%

Source: SEA, Doxa

[19] *The data in parts of the table labelled 'Airports in figures' refer to 2016 (Source: 2017 Service Charter).*

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 2017 was positive and in line with targets, despite inconveniences created in relation to Linate's first terminal refurbishment phase and to the positive but unexpected 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, including the Italian Civil Aviation Authority (ENAC) and the Users Committee, representing both airlines and airport operators.

At Malpensa, departing flight punctuality for 2017 was 82% with a recovery of punctuality (difference between arrival punctuality and departure punctuality) of 3.1%.

The analysis by Terminals also shows a similar trend: Terminal 1 reports departing punctuality of 81.8% (+2.9% recovery), with Terminal 2 indicating a year to date value of 82.6% (+3.6% recovery).

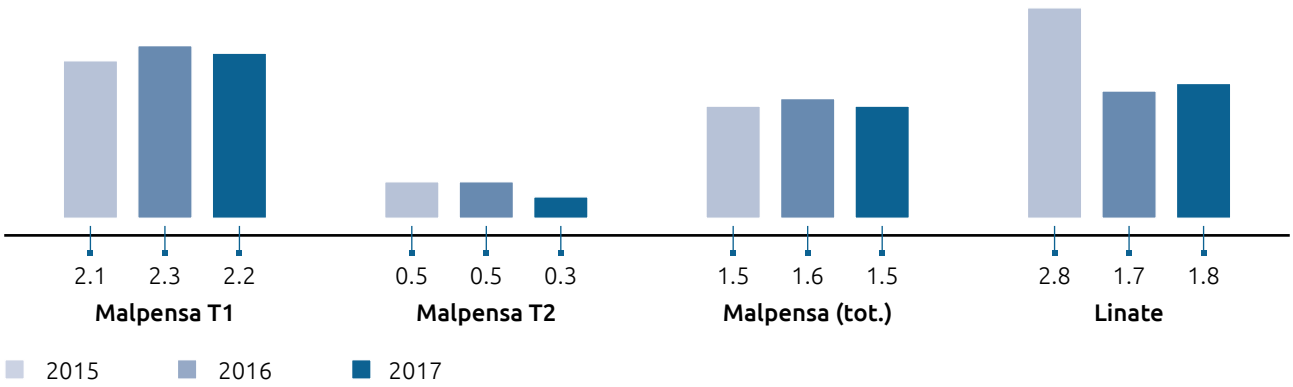
Linate closes 2017 with punctuality values for passenger flights at 86.8%, compared to punctuality for arrivals at 87%.

Baggage delivery times, again this year, were well above Service Charter targets for all terminals. At Terminal 1, first baggage returns were within 22.50 minutes for 95.2% of flights and last baggage returns were within 35.50 minutes for 94.4 % of flights.

At Terminal 2, the delivery of the first bag within 26 minutes was achieved for 97.6% of flights, while the delivery of the last bag within 37 minutes was achieved for 99.2% 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	**Target 2017**	95.0%	95.0%	95.0%
		2017 Result	93.4%	93.9%	94.7%
Check-in waiting time	Waiting time in minutes in 90% of reported cases	**Target 2017**	20'	15'	10'
		2017 Result	15'43"	15'51"	7'08"
Perception of check-in waiting time	% of satisfied passengers	**Target 2017**	93.0%	93.0%	95.0%
		2017 Result	96.5%	95.9%	91.8%
Perception of passport control waiting time	Waiting time in minutes in 90% of reported cases	**Target 2017**	7'	8'	7'30"
		2017 Result	8'19"	6'05"	7'11"
Perception of passport control waiting time	% of satisfied passengers	**Target 2017**	95.0%	95.0%	95.0%
		2017 Result	97.3%	98.0%	95.3%

Source: SEA, Doxa

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.

At Terminal 1, 8 mins 19 secs in relation to a limit of 7 mins 00 secs; at Terminal 2, 6 mins 05 secs in relation to a limit of 8 mins 00 secs; at Linate, 7 mins 11 secs in relation to a limit of 7 mins 30 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.

CUSTOMER INFORMATION SERVICE INDICATORS

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
Easy to use and updated website	% of satisfied passengers	**Target 2017**	90.0%	90.0%	90.0%
		2017 Result	93.2%	97.4%	91.2%
Perception of the efficacy of the operative information points	% of satisfied passengers	**Target 2017**	95.0%	95.0%	95.0%
		2017 Result	96.6%	97.8%	94.1%
Perception of the clarity, comprehensibility and effectiveness of internal signage	% of satisfied passengers	**Target 2017**	98.3%	92.0%	98.4%
		2017 Result	97.9%	96.6%	95.0%
Perception of the professionalism of staff (info point, security, etc.)	% of satisfied passengers	**Target 2017**	95.0%	95.0%	95.0%
		2017 Result	98.1%	97.6%	95.8%
Overall perception of the efficacy and accessibility of public information services (monitors, announcements, internal signage etc.)	% of satisfied passengers	**Target 2017**	98.5%	93.0%	98.5%
		2017 Result	99.0%	98.4%	97.9%

Airports in numbers	T1	T2	Linate
Operational information points (desks + virtual desk)	14	4	5
Number of information monitor blocks	210	66	46

Source: SEA, Doxa

2017 marked the final phase of service consolidation in terms of the reliability of the information services telepresence system, the Live Info Point.

The use of the service by passengers, however, generated an annual increase, albeit minimal, of 6% at Malpensa.

Comparing September 2015, the month in which the installation of all totems at the 2 airports was completed (16 in total, 10 at Malpensa Terminal 1, 3 at Malpensa Terminal 2 and 3 at Linate), with the same month of 2017, video conference calls increased 20%.

During the last 2 months of the year, an engaging advertising video was created with the aim of better expressing the features and usability of the service.

The video is broadcast continuously on the 46-inch vertical monitor of the totem and, with the dynamic image of an operator, together with textual prompts (e.g. "Looking for your gate?", "Do you need to check-in?", etc.), attracts passengers in search of help by way of a welcoming gesture. The first feedback received indicates a marked increase in the use of the system after the implementation of the new communication tool (>20% compared to the previous period).

Customer Satisfaction

The surveys carried out in 2017 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).

DEVELOPMENT OF THE CUSTOMER SATISFACTION INDEX

	2017	2016	2015
Malpensa T1	75	75	73
Malpensa T2	72	72	72
Linate	68	70	70
System	72	73	72

Source: SEA, Doxa

Results are stable compared to 2016 for both Malpensa terminals, but can be considered to follow a positive trend if the significant increase in airport traffic is taken into consideration. Linate, due in part to inconveniences related to the first phase of works on the airport facade, marked a 4% decline, a trend that, on the other hand, confirms the usefulness of the refurbishment investments planned for the coming years.

To supplement the perceived quality monitoring system, a 24-hour passenger satisfaction surveying system was introduced in 2015 concerning various individual services. This system uses varies faces that can be chosen on a totem (from a smiley face to a dissatisfied face, through 4 levels of satisfaction). The tool is simple yet effective because it allows the passenger to express an opinion immediately after using the service. There are currently 30 totems spread across the 3 Terminals, monitoring security areas, sanitary services, commercial businesses and general maintenance areas. A total of 2,215,000 face presses were recorded in 2017.

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 in case of negative assessments concentrated in a short period of time.

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 2017, registered users of the SEA CRM system reached 2,110,000 (up approximately 50% compared to 2016). This very encouraging trend was mainly attributable to the Wi-Fi system and e-commerce. Over 1,485,000 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 analyze 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 2017 (%)

Type	%
Baggage and lost & found	30
Security controls	12
Check-in, boarding	9
Flight operations	4
Parking	14
Comfort	10
Information	2
Retail	3
Other	16

Source: SEA

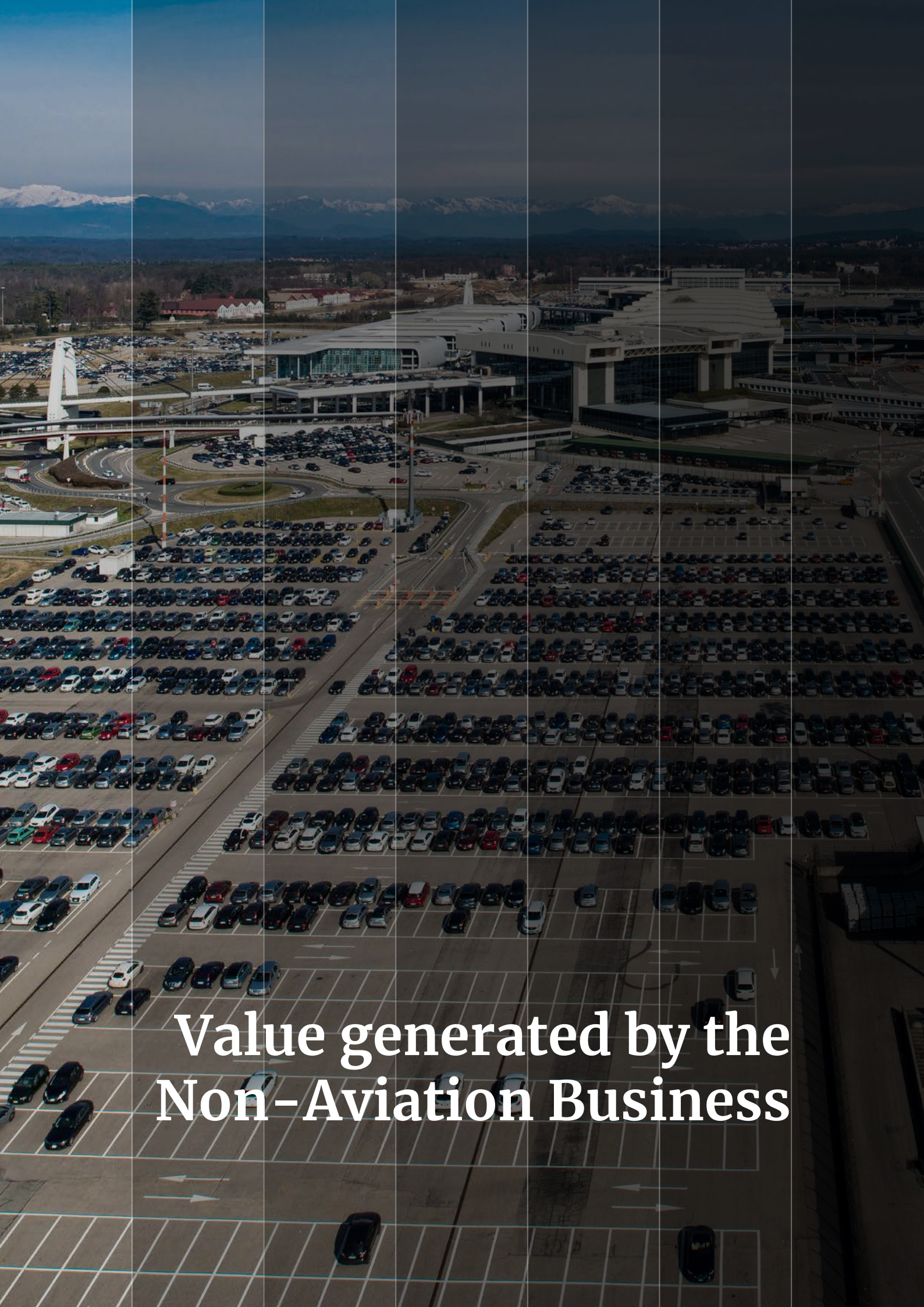
Customer Contact Center via telephone and social media

The call center service again in 2017 reported a double-digit (+20%) increase in calls, indicating in percentage terms a link with the general increase in traffic.

Specifically, requests increased for information on flights (33%) and on parking (26%); the remaining 40% is broken down between airport services and commercial, check-in and boarding information, Lost & Found and baggage.

From August, a daily transfer of calls was introduced to the outsourced call center company (the contract with the company Telesurvey covers also the management of overflow calls in cases of operative emergencies) for those concerning the lost and found service and connections to and from the airport (from 800 to more than 1000 calls a month), in order to recover the operating capacity of the call center staff.

In fact, the success of SEA's social media space saw development of the channels managed by our call center (currently Twitter, Facebook and the chat and recall service which may be activated by app), requiring the continued presence of a dedicated operator: the opening of a chat bot platform and the WhatsApp channel are currently in progress.



Value generated by the Non-Aviation Business

Value generated by the Non-Aviation Business

Non-aviation customer profile

The Non-Aviation commercial activities not managed directly are governed by specific contracts signed with third party operators, under which we confer the organization and management of activities from time to time considered appropriate, in addition to the use of the airport spaces necessary for the carrying out of operations.

The contracts have variable durations (on average 3 years) and do not provide for tacit renewal. SEA's remuneration under these contracts generally concerns:

- fixed annual fees for the use of spaces;
- variable fees (royalties) calculated on the basis of differing parameters according to the activity carried out (such as, for example purposes, revenues returned or cargo handled), providing however for guaranteed minimums and supported only by a bank surety.

The development of Non-Aviation activities concerns differentiated strategies according to the various terminals at Malpensa and Linate airports, in order to satisfy the needs of the range of passenger and user types at the terminals.

This strategy has been developed with a view to collaboration and partnership with the main sector operators and has resulted not only in the introduction of innovative sales models and the extension of the brand portfolio operating out of the Milan airports, but also the use of analysis instruments (including customer profiling, targeted marketing plans and quality control systems) which enable the identification and most complete satisfaction of customer demands.

Public sales points

In 2017, our airports had 131 points of sale, corresponding to 16,238 m^2 of commercial space (down 366 m^2), of which 12,842 m^2 at Malpensa (10,717 at T1 and 2,125 at T2) and 3,396 m^2 at Linate.

SALES POINTS AT THE MILAN AIRPORTS

	m^2 2017	m^2 2016	m^2 2015	Sales points 2017	Sales points 2016	Sales points 2015
Malpensa Terminal 1	10,717	10,829	10,270	73	72	90
Malpensa Terminal 2	2,125	2,191	2,280	18	18	18
Linate	3,396	3,584	3,587	40	39	42

Source: SEA

Food & Beverage

In 2017, our airports had 63 bars and restaurants, corresponding to an area of approximately 12,065 m^2 (up 549 m^2), of which 9,127 m^2 at Malpensa (7,375 at T1 and 1,752 at T2) and 2,938 m^2 at Linate.

FOOD & BEVERAGE OPERATIONS AT THE MILAN AIRPORTS

	m² 2017	m² 2016	m² 2015	2017 Food & Beverage points	2016 Food & Beverage points	2015 Food & Beverage points
Malpensa Terminal 1 (*)	7,375	6,741	7,521	32	29	31
Malpensa Terminal 2	1,752	1,837	1,693	13	14	11
Linate (*)	2,938	2,938	2,938	18	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

	2017	2016	2015
Non-Aviation operating revenues (thousands of Euro)	227,263	216,900	214,864
Non-Aviation revenues (% of total revenues)	31.3	31.0	30.9
Other revenues (% of total revenues)	68.7	69.0	69.1

Source: SEA

TYPE OF REVENUES FROM NON-AVIATION ACTIVITIES

	2017 (Euro thousands)	2016 (Euro thousands)	% of 2017 total Non-Aviation Revenues
Retail	95,392	90,088	42.0
Parking	64,234	60,226	28.3
Cargo	15,838	12,688	7.0
Advertising	10,495	10,451	4.6
Premium service	18,066	17,874	7.9
Real estate	2,458	3,179	1.1
Services and other revenues	20,780	22,394	9.1
Total	**227,263**	**216,900**	**100**

Source: SEA

Non-Aviation Business operating revenues reported in 2017 totaled Euro 227.3 million (+4.8% compared to the previous year) and represent approx. 31.3% of total Group revenues. The most significant Non-Aviation Business revenue came from retail activities (42.0% of total revenues), followed by parking activities (28.3%), with increases over 2016 of 5.9% and 6.7% respectively. In terms of retail revenues, shop revenues increased by 5.2% and food & beverage revenues increased by 5.3%, over the previous year.

TYPE OF RETAIL REVENUES

Retail service revenues	2017 (Euro thousands)	2016 (Euro thousands)	% of total Retail 2017
Shops	49,510	47,070	51.9
Food & beverage	20,052	19,039	21.0
Car Rental	16,379	14,761	17.2
Bank services	9,451	9,218	9.9
Total retail revenues	**95,392**	**90,088**	**100**

Source: SEA

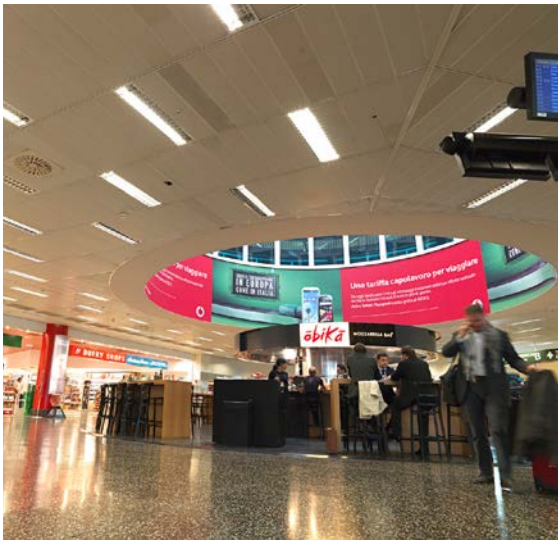
Retail

The most significant retail revenue item was shop sales (51.9% of the total), followed by food & beverage (21.0%), car rental (17.2%) and finally bank services (9.9%).

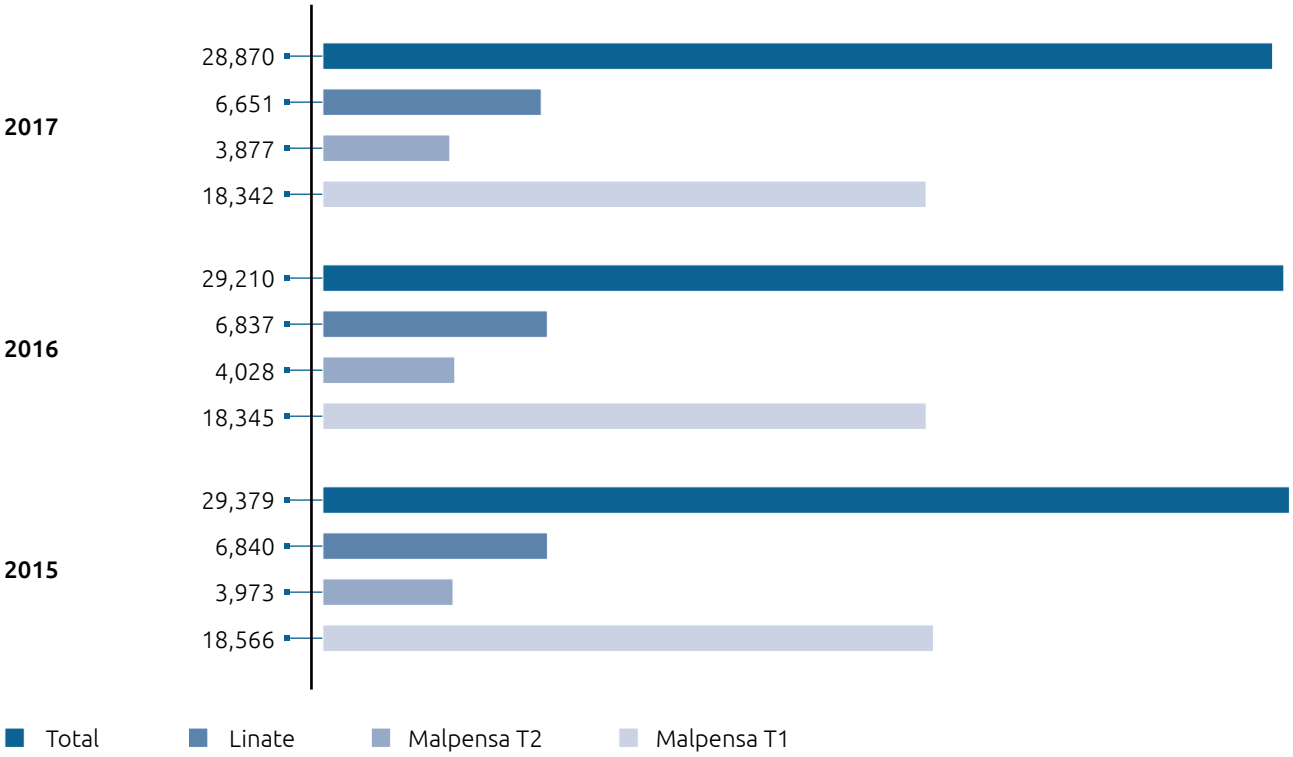
The sales points within the passenger terminal offer both duty free products (therefore excluding VAT and other taxes), and duty paid products (therefore under normal conditions and excluding therefore the benefit of the above-mentioned exemption).

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:

- Malpensa Terminal 1 dedicated to luxury and duty-free shopping;
- Malpensa Terminal 2 dedicated to low cost;
- Linate focused on a specialized high-end business offer.



COMMERCIAL AREAS OF THE MILAN AIRPORTS - SHOPS + FOOD & BEVERAGE (M²)



Source: SEA

RETAIL AREAS OF THE MILAN AIRPORTS BY MILLIONS OF PASSENGERS (M²/PASSENGERS)

	2017	2016	2015
Malpensa T1	1,234.1	1,461.9	1,583.4
Malpensa T2	540.4	595.5	591.3
Linate	689.4	709.5	709.6

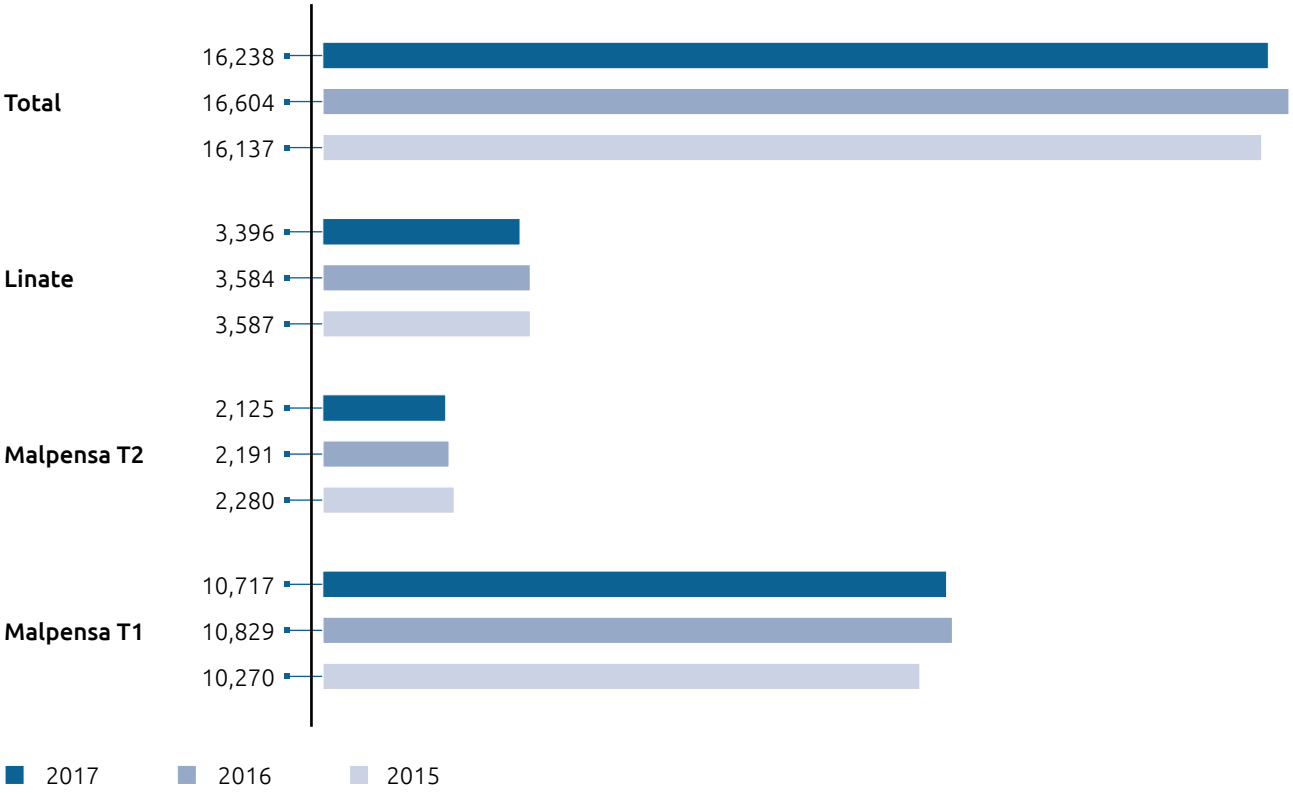
Source: SEA

We do not directly carry out retail activity (sale to the public, duty free and duty paid, catering, car hire, management of spaces for the carrying out by third parties of banking activities), but we allocate to third parties the use of commercial spaces at the Milan airports.

The most noteworthy event in 2017 from a commercial standpoint was the gradual transformation of the passenger foot traffic layout and retail stores in the Malpensa Terminal 1 Schengen boarding areas, a project that represented the culmination of the restructuring process that had begun in 2013. The retail profile of Terminal 1 was completely redesigned to suit the various segments of demand created by the shared use of the same passenger boarding areas by low-cost airlines and legacy short, medium and long-haul carriers, for example by increasing food and beverage offerings rather than shops, similar to recent trends in travel retail and shopping centers, in pursuit of increasingly varied, diversified, modern and international offerings. The construction work focused on the Schengen boarding area, where the commercial plaza was fully renovated in the second half of the year, installing new furnish-

ings and changing the foot traffic layout. In 2017 some stores such as Moleskine, Mandarina Duck, Venchi, Unieuro and Coccinelle moved to bigger new locations, whereas Boggi completely restyled its shop. The completion of the restyling project also brought in new brands such as Blue Spirit/Morellato, Benetton, Bottega Verde, Nau Ottica, Daniel Wellington and, most recently, Carpisa Go. New store openings at Linate included DoDo in February and the Tumi/Samsonite store in September, in the airside area.

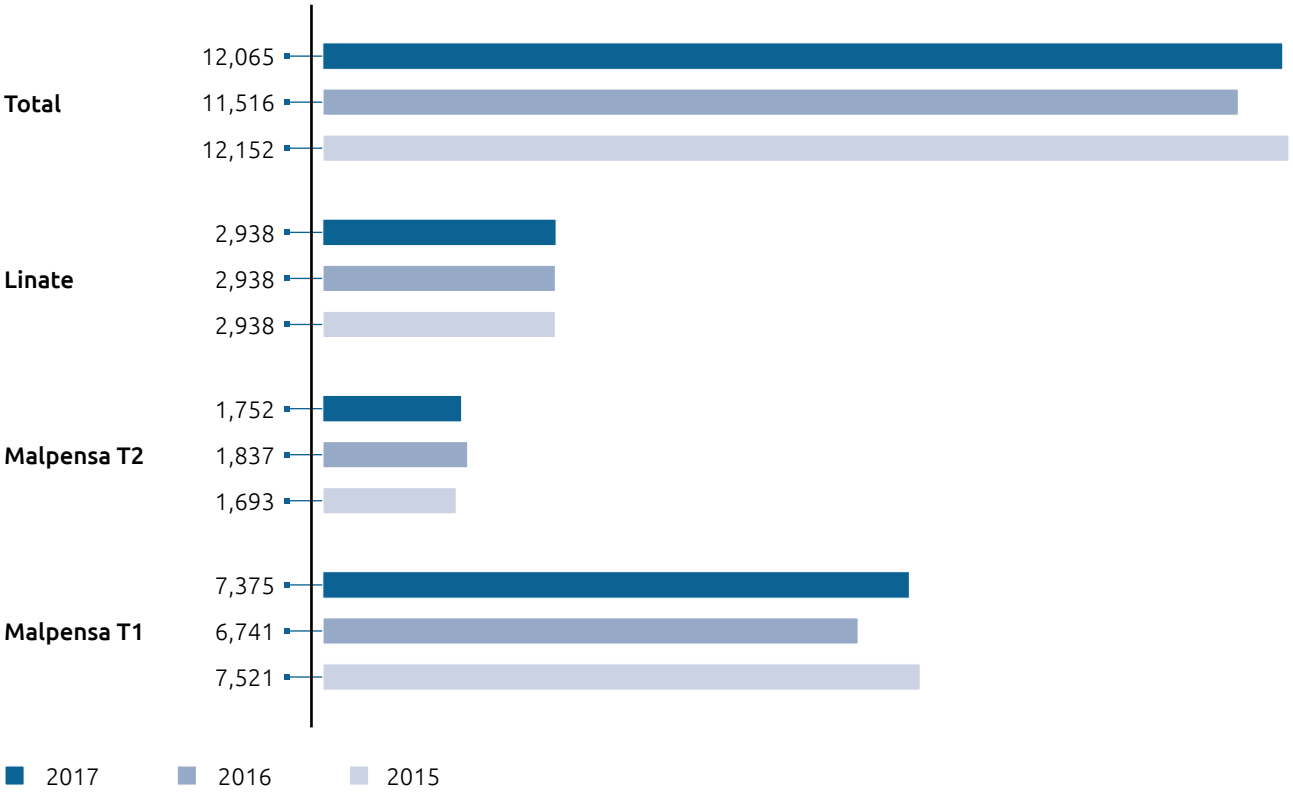
AREAS ALLOCATED TO PUBLIC SALE ACTIVITIES (M²)



Source: SEA

We have contracted the catering business from the group's subsidiary SEA Services, as well as other third parties. In particular, contracts have been signed with specialised operators (including Autogrill, Chef Express and MyChef), under which we have subcontracted the catering activities, allocating for these purposes a number of spaces in the airport to these operators.

AREAS ALLOCATED TO FOOD & BEVERAGE (M²)



Note: Does not include the VIP lounges and external areas

Source: SEA

Parking

Parking management at the Milan airports is carried out in part directly by us and in part under sub-contact by the specialised third party operator APCOA Parking Italia. We directly manage all the car parks of Linate Airport and that of Malpensa Terminal 2.

Parking at Terminal 1 however has been managed since April 2007 by APCOA. A significant achievement during the year was the restoration of the full operability of the Malpensa car parks, that had been disrupted, in 2015, by the construction works of the railway station at Terminal 2.

NUMBER OF PARKING SPACES

	2017	2016	2015
Malpensa T1	6,879	7,279	6,642
Malpensa T2	2,700	2,440	2,000
Linate	3,736	3,736	3,736
Total	**13,315**	**13,455**	**12,378**

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

Source: SEA

In general, the growth of the parking business was supported by ongoing communication operations focused on establishing the products position on the market, accompanied by campaigns featuring significant price cuts, in particular on the online channel for the seasonal traffic peaks.

Particular attention was paid to communication and marketing to promote ViaMilano Parking, both through seasonal promotional campaigns and enhancement of the brand itself. This was implemented via communication tools and road signs near to the airports, as well as via direct communication to the 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)
2017	6,879	866,472	3.2
2016	7,279	675,811	3.3
2015	6,642	662,398	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)
2017	2,700	216,863	2.6
2016	2,440	210,458	2.5
2015	2,000	190,363	2.4

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)
2017	3,736	596,550	2.6
2016	3,736	664,742	2.7
2015	3,736	660,756	2.6

Note: The capacity figures refer to available spaces and utilizable during the year.
Source: SEA

Quality of Non-Aviation services provided to passengers[20]

Non-aviation services provided to passengers in 2017 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.

[20] *The data in parts of the table labeled 'Airports in figures' refer to 2016 (Source: 2017 Service Charter).*

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	**Target 2017**	94.0%	94.0%	95.0%
		2017 Result	97.2%	96.7%	94.3%
Overall perception of the personal and belongings safety level at the airport	% of satisfied passengers	**Target 2017**	94.0%	94.0%	95.0%
		2017 Result	98.2%	97.8%	96.3%

Airports in numbers	T1	T2	Linate
Internal security service	24 h	24 h	24 h

Source: 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.

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	**Target 2017**	92.0%	92.0%	95.0%
		2017 Result	96.2%	99.4%	93.7%
Perception of the efficiency of passenger transfer systems (escalators, elevators, people movers, etc.)	% of satisfied passengers	**Target 2017**	93.0%	93.0%	90.0%
		2017 Result	96.2%	95.2%	93.3%
Perception of the efficiency of air conditioning systems	% of satisfied passengers	**Target 2017**	95.0%	93.0%	93.0%
		2017 Result	96.7%	95.0%	92.5%
Perception of the overall comfort level of the terminal	% of satisfied passengers	**Target 2017**	97.3%	93.0%	97.2%
		2017 Result	98.7%	96.5%	93.9%

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 trollies (€)	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 Malpensa, while not hitting the target for Linate.

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	**Target 2017**	91.2%	86.0%	90.0%
		2017 Result	90.3%	86.6%	89.7%
Perception of the cleanliness level at the airport	% of satisfied passengers	**Target 2017**	95.0%	95.0%	95.0%
		2017 Result	97.5%	95.4%	92.6%

Airports in numbers	T1	T2	Linate
Total number of toilets	546	147	250
Total number of disabled toilets	57	13	15

Source: SEA, Doxa

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 that regarding airport cleaning in general, but is still 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	**Target 2017**	85.0%	85.0%	93.0%
		2017 Result	75.6%	77.0%	91.1%
Perception of the availability of mobile phone and laptop recharging stations in common areas, where present	% of satisfied passengers	**Target 2017**	70.0%	70.0%	83.0%
		2017 Result	81.2%	71.1%	65.8%
Compatibility of bar opening hours with airport opening hours	% of arriving/departing passenger flights compatible with the bar opening hours in the respective areas	**Target 2017**	100.0%	100.0%	100.0%
		2017 Result	100.0%	99.0%	99.0%
Perception of the adequacy of smoking rooms, where present	% of satisfied passengers	**Target 2017**	75.0%	70.0%	80.0%
		2017 Result	63.7%	50.2%	55.3%
Perception of shop and newsstand availability, quality & prices	% of satisfied passengers	**Target 2017**	91.0%	91.0%	91.0%
		2017 Result	96.7%	93.9%	94.0%
Perception of the availability, quality and prices of bars and restaurants	% of satisfied passengers	**Target 2017**	78.0%	70.0%	71.0%
		2017 Result	91.8%	90.0%	88.0%
Perception of the availability of drink and snack distributors, where present	% of satisfied passengers	**Target 2017**	90.0%	90.0%	91.0%
		2017 Result	94.6%	100.0%	96.6%

Airports in numbers	T1	T2	Linate
Bag storage capacity (m^2)	130	Not present	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	**Target 2017**	93.0%	93.0%	91.0%
		2017 Result	97.5%	96.8%	94.4%
Perception of the adequacy of airport-city connections	% of satisfied passengers	**Target 2017**	93.0%	93.0%	91.0%
		2017 Result	97.3%	97.3%	93.6%

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 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, besides 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.

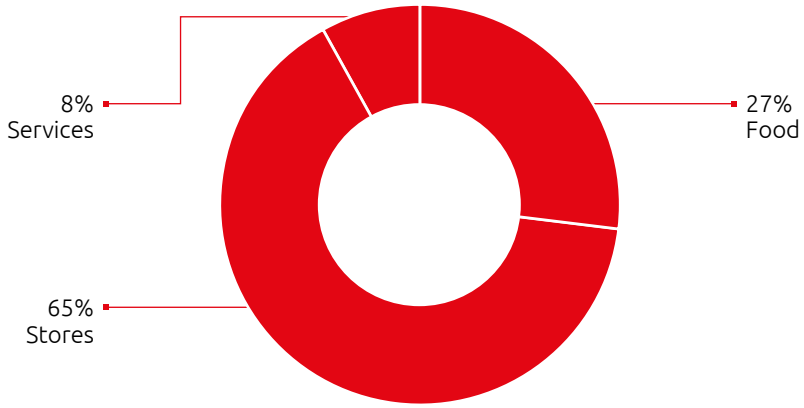
Commercial offer quality

We introduced in 2011 "Mystery shopping" - an instrument which verifies the quality of commercial services - based on visits and interviews carried out by personnel "incognito" in order to obtain structured information on the shopping experiences of airport users. At the sales point, the mystery shopper, undertaking the experience of a "typical client" focuses upon:

- the attitude and conduct of sales personnel;
- their level of knowledge and professional ability;
- their problem-solving capacity;
- their sales skills, customer attention ability and proposal of complementary purchases;
- their capacity to listen, empathy and demeanor;
- fulfilment of the corporate philosophy;
- in-store feel.

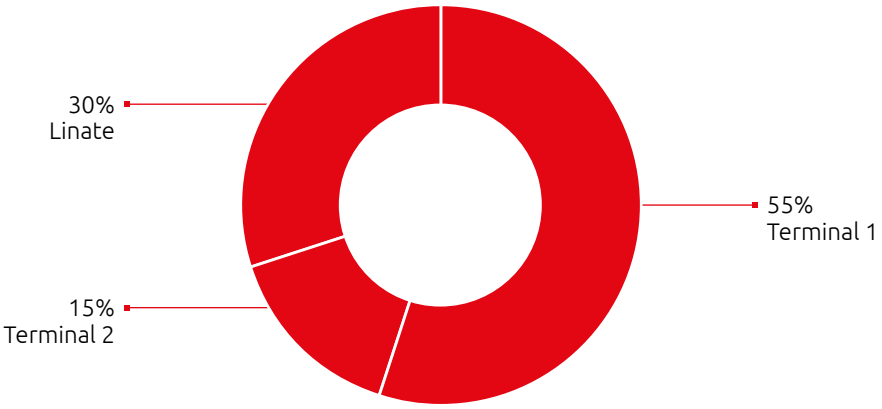
During the year 2017, 225 commercial businesses generated a total of 792 different visits in terms of store types and airport locations.

MYSTERY SHOPPING - SHOPS VISITED BY TYPE OF ACTIVITY



Source: SEA

MYSTERY SHOPPING - SHOPS VISITED BY LOCATION



Source: SEA

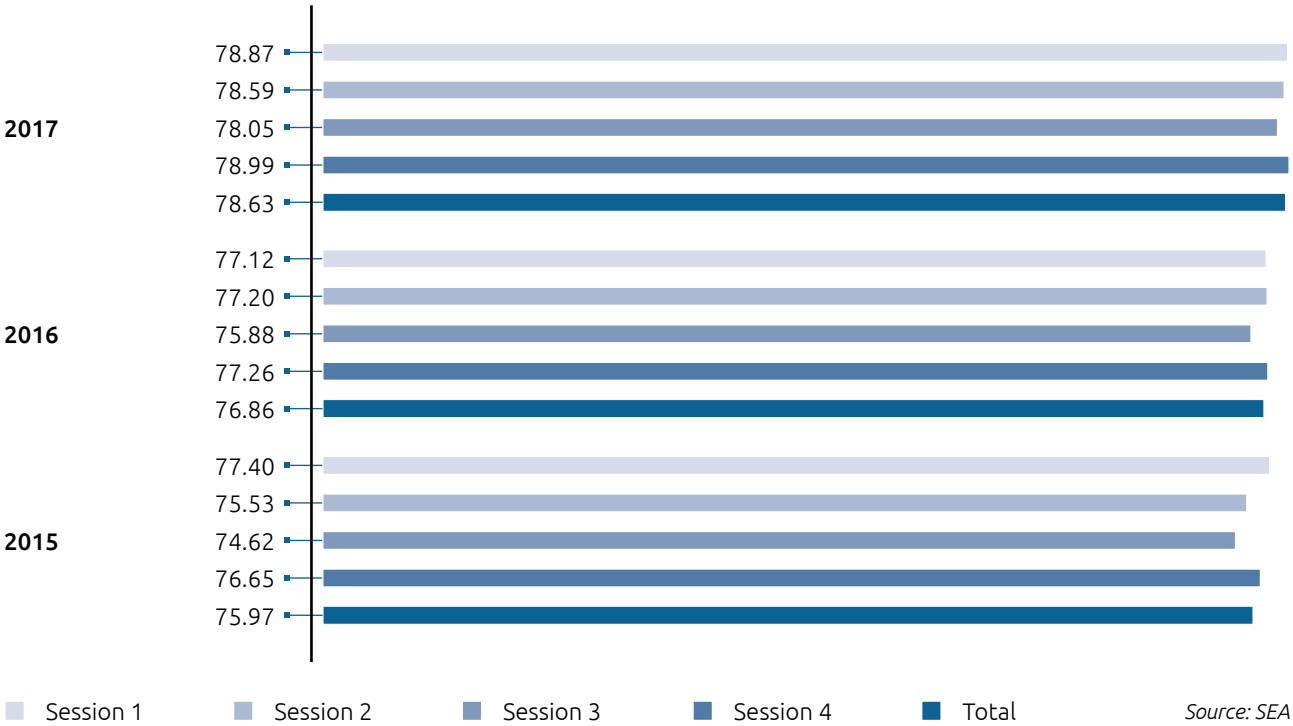
The perceived quality of the commercial businesses at our airports in 2017 was around an average value of 78.63%, slightly higher than the previous year.

Overall, the perception of customers was positive in more than 4 out of 5 cases.

In all airports, the proportion of those saying they were 'satisfied' with the experience has grown. In Terminal 2, in particular, customer perception in relation to delivered value confirmed the 2016 trend.

Average values are in line with satisfactory levels and show an improvement over 2016.

MYSTERY SHOPPING - AVERAGE PERCEIVED QUALITY VALUE (1-100)

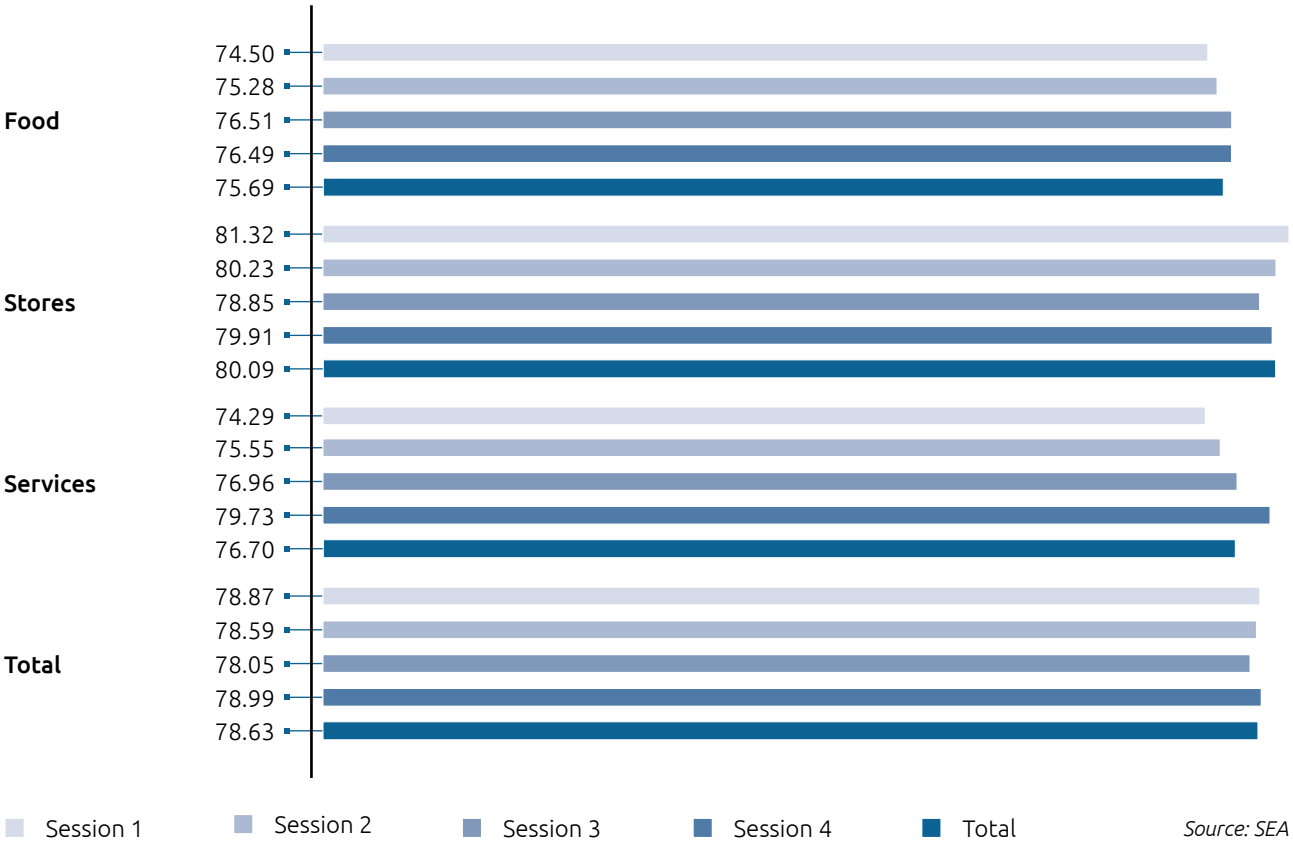


Source: SEA

Analyzing the data according to business type, stores emerge with above average satisfaction (80.09%), while food and general services emerge with below average satisfaction (75.69% and 76.70% respectively), with services registering a decrease compared to 2016 (77.89%).

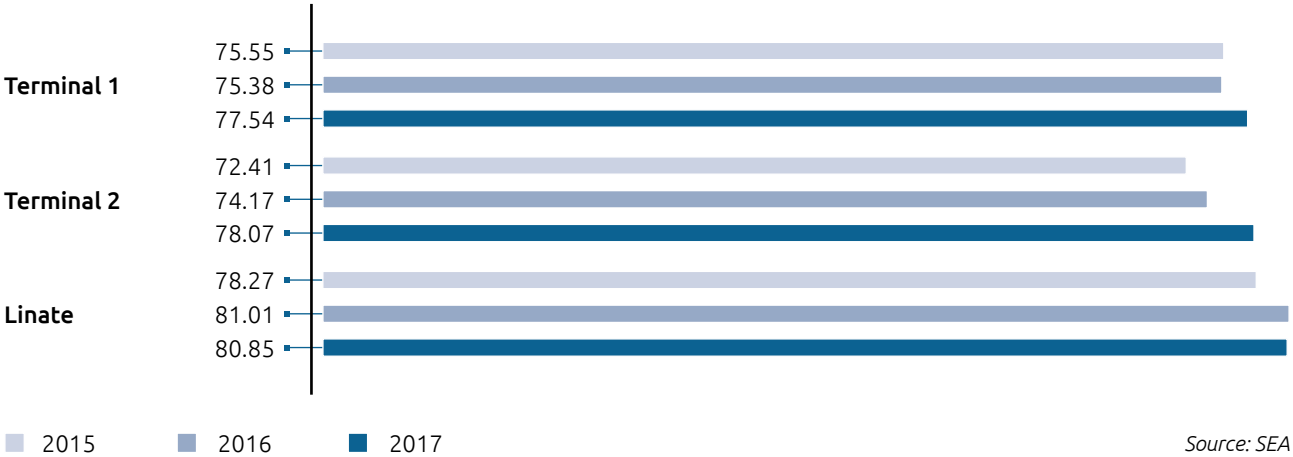
Comparing average values, customer perception in relation to delivered value confirmed 2016's trend: on average, perception is higher than delivered value, except in the food sector.

MYSTERY SHOPPING - AVERAGE PERCEIVED QUALITY VALUE BY TYPE OF BUSINESS (1-100)



Source: SEA

MYSTERY SHOPPING - AVERAGE VALUE OF PERCEIVED QUALITY BY AIRPORT (1-100)



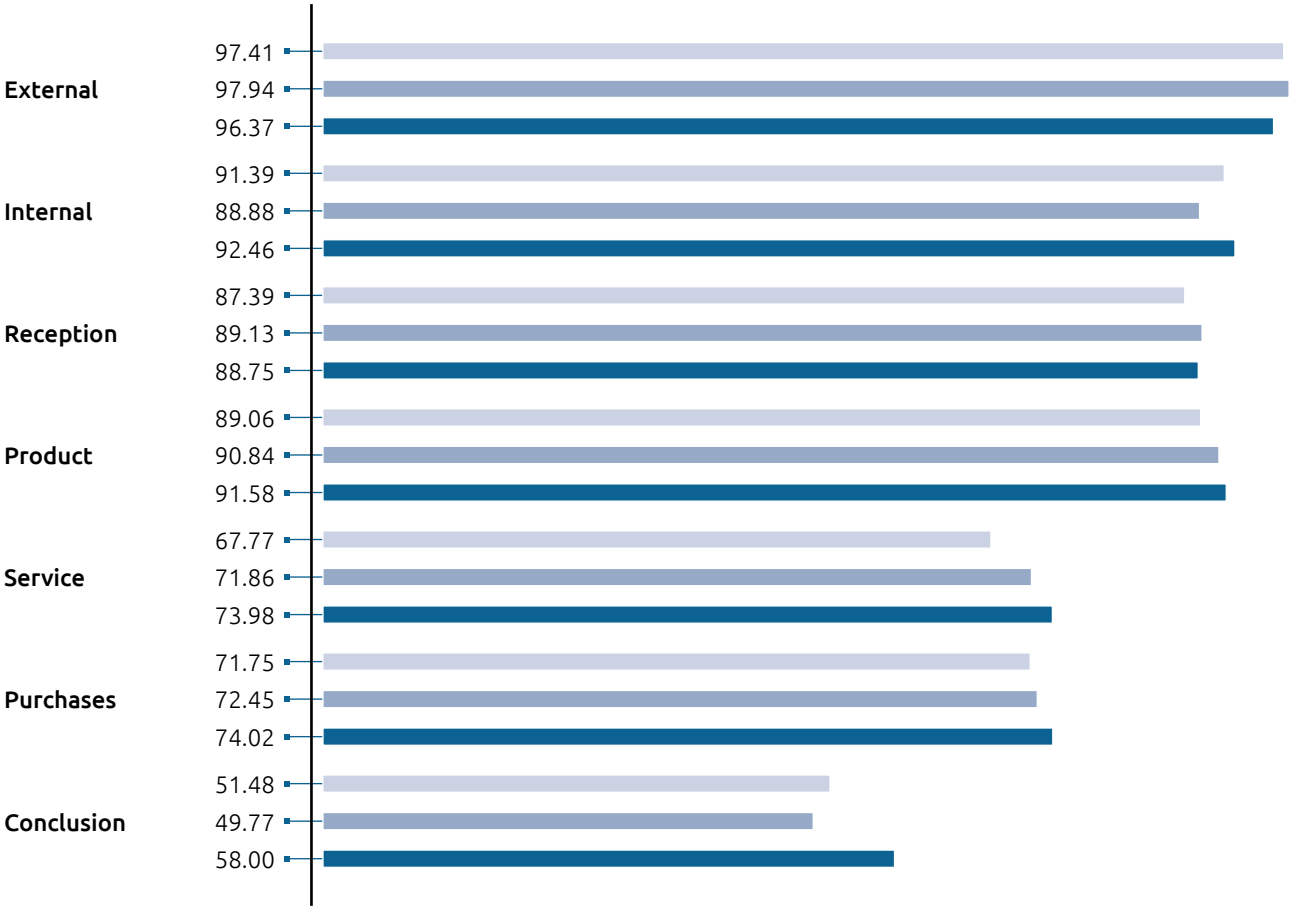
Source: SEA

As regards the performance of the various airports, both Terminal 1 and Terminal 2 of Malpensa recorded an improvement, while Linate remained substantially stable.

Analyzing the average value of perceived quality in the three-year period 2015-2017, there was an increase in the most significant values for Malpensa Airport, especially Terminal 2, while Linate Airport, in 2017, remained in line with the previous year.

The Mystery Shopping 2017 initiative, compared to 2016, revealed a general improvement in performance. The shopping experience achieved good results regarding Terminal 1 in terms of sale conclusion and welcome, regarding Terminal 2 in terms of the previous two aspects plus general service, while Linate recorded the best results in terms of sale conclusion.

MYSTERY SHOPPING - DRIVER OF PERCEIVED QUALITY BY AIRPORT (1-100)



Source: SEA

Management efficiency and productivity

Management efficiency and productivity

Organizational management

Over the last decade, we have experienced the impact of the global economic and financial crisis and, in particular, the effects of the de-hubbing of Alitalia at Malpensa airport. The significant reduction of company revenues necessitated a restructuring that impacted our personnel and that of our subsidiaries. As part of the ten-year restructuring plan (from 2007 to 2017), we placed employment protection as a priority in the context of possible scenarios. First, tools such as temporary redundancy (under the 'Cassa Integrazione' framework), solidarity contracts, incentivized voluntary redundancy and un-interrupted access to pensions after a certain time on the mobility list, were all integrated in the restructuring plan. These solutions allowed the limitation of collective dismissals outside of the cases previously highlighted. Second, the group implemented significant professional retraining programs for organizational units affected by the streamlining, and outsourcing to roles (e.g. security officers) and business areas of growth in terms of workforce. These solutions were accompanied by training, field mentoring and certification support, when demanded by new roles.

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 behavior 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 corporate hierarchy and authority 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, 2017, the total human resources of the group amounted to 2,800 employees (2,837 including temporary staff), down by 50 employees since the end of 2016 (-1.8%). Women represented 28.4% of employees, predominately concentrated in administrative and front-end roles, and distributed as follows: 3.8% executives-managers, 23.0% white-collar, 1.7% 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.)

	2017			2016			2015		
	Female	**Male**	**Total**	**Female**	**Male**	**Total**	**Female**	**Male**	**Total**
Executives	7	49	56	7	49	56	7	49	56
Managers	98	176	274	97	172	269	99	171	270
White-collar	644	1,167	1,811	666	1,157	1,823	678	1,164	1,842
Blue-collar	47	612	659	52	650	702	52	667	719
Total	**796**	**2,004**	**2,800**	**822**	**2,028**	**2,850**	**836**	**2,051**	**2,887**

Source: SEA

SEA GROUP PERSONNEL AND CONTRACTORS BY LOCATION AND GENDER AS AT DECEMBER 31 (NO.)

	2017			2016			2015		
	Female	**Male**	**Total**	**Female**	**Male**	**Total**	**Female**	**Male**	**Total**
Linate	357	816	1,173	356	826	1,182	365	837	1,202
Malpensa	444	1,220	1,664	466	1,218	1,684	467	1,222	1,689
Other locations*	-	-	-	-	-	-	4	10	14
Total	**801**	**2,036**	**2,837**	**822**	**2,044**	**2,866**	**836**	**2,069**	**2,905**

* *Personnel at Rome Ciampino and Venice*

Source: SEA

Empowerment policies

Training

Specialized technical and managerial skills are an intangible asset fundamental for our growth. 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 2017, training hours totaled over 57,000, corresponding to 32.7 full time equivalent training hours. Through 2 dedicated training centers (1 at Linate and 1 at Malpensa), we directly manage the provision of all airport specific training (both mandatory and non-mandatory). Limited support is provided by external suppliers for specific interventions relating to skills not covered by the dedicated training centers.

Mandatory training (including that relating to work and airport safety) constitutes approximately 53% of total training. As a whole, training is considered one of the most essential elements of professional development at SEA, with the assessment of skills (knowledge, theory and competence) a central element in the process of talent management and professional growth.

In addition to this significant undertaking, during 2017, SEA employees were provided with over 27,000 hours of non-mandatory training.

Of particular note are training interventions aimed at improving the 'customer orientation' of personnel dedicated to security activities (over 2,800 hours) and 'effective and inclusive' leadership', addressed to executives (over 1,800 hours) and aimed at developing and promoting a culture of diversity and gender integration, at introducing new methods of leadership and at strengthening career development.

'Alzare lo sguardo', or 'Look up', an innovative initiative aimed at SEA's young professionals, was also held.

AVERAGE NUMBER OF PER CAPITA TRAINING HOURS BY GENDER & CATEGORY

	2017			2016			2015		
	Female	**Male**	**TOTAL**	**Female**	**Male**	**TOTAL**	**Female**	**Male**	**TOTAL**
Executives	23.1	17.9	18.7	16.6	18.7	18.4	13.0	17.4	16.8
Managers	32.3	27.6	29.3	16.8	15.0	15.6	14.7	10.8	12.3
White-collar	8.7	7.9	8.2	6.1	5.1	5.5	4.8	9.4	7.7
Blue-collar	2.4	5.4	5.1	0.5	3.6	3.4	0.6	4.5	4.2
Total	**9.1**	**11.4**	**9.7**	**7.1**	**5.8**	**6.2**	**5.8**	**8.2**	**7.5**

Note: The data does not include mandatory training hours. The 2015-2016 data refers only to SEA.

Source: SEA

Per capita training hours increased for all role categories, except in the case of managers, for whom training hours were in line with those in 2016.

Growth

Subdivided by gender, the percentage of employees undergoing performance assessments continues to be in line with the previous two years and concerns only executives and managers, while skills assessments are widespread and address all staff. This process has an indicative frequency of approximately three years, with the last assessment taking place in 2015 and resulting in over 2,350 skills profiles, in relation to 85% of the company population.

EMPLOYEES INVOLVED IN FORMALIZED PERFORMANCE EVALUATION PROCESSES BY GENDER AND CATEGORY (%)

	2017			2016			2015		
	Female	**Male**	**TOTAL**	**Female**	**Male**	**TOTAL**	**Female**	**Male**	**TOTAL**
Executives	100%	100%	100%	100%	100%	100%	100%	100%	100%
Managers	27%	33%	29%	27%	32%	29%	23%	24%	24%

Note: Percentages refer to executives and managers involved in formalized assessment processes on the basis of the Group MBO process. In order to ensure data representation uniformity, the 2015 and 2016 data was recalculated.

Source: SEA

Ratio between entry-level wage and local minimum salary, by gender

In SEA, newly hired recent graduates (including graduates with significant internship and professional experience of less than 3 years) are normally placed at a 2B/2A level and included in a career development and professional growth program of around 3 years, during which various role and salary adjustments are envisaged. The average gross annual salary (GAS) in 2017 was higher than the local minimum wage by 17% for men and 9% for women. For recent graduates, there are also various dedicated training and development courses, such as the 'Alzare lo Sguardo', or 'Look up', course administered in 2017.

Diversity

Regarding the gender pay gap, the data from 2017 is in line with that of 2016, with average salaries for men and women differing mainly in relation to the total annual remuneration.

FEMALE/MALE SALARY AND REMUNERATION RATIO BY CATEGORY

	GAS 2017 [a]	Income 2017 [b]	GAS 2016 [a]	Income 2016 [b]	GAS 2015 [a]	Income 2015 [b]
Executives and Managers	82%	74%	81%	75%	79%	71%
White-collar	97%	89%	97%	90%	97%	90%
Blue-collar	83%	82%	83%	83%	84%	84%
TOTAL	**97%**	**89%**	**97%**	**90%**	**96%**	**89%**

[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 2015-2016 data refers to SEA.

Source: SEA

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.

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, centered on pro-activity and corporate risk prediction, in order to avoid workplace injuries and occupational diseases;
- 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 topics 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 2017, we maintained the certification of the Workplace Health and Safety Management System (SGSSL) 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 organizational models in line with Legislative Decree 231/2001. The SGSSL was monitored through internal audits, conducted by specially trained and qualified company personnel, leading to follow-up activities in agreement with the heads of the departments concerned, and 5 external audit days conducted by TÜV Italia. These activities involved almost all corporate operational departments and led to confirmation of the validity of the current certification.

The results of these activities evidence that the system is correctly implemented and maintained and is functional in pursuing corporate objectives.

The participation of employees in safety
The involvement of workers in company health and safety activities principally concerns the institutional channel, on the basis of the relationship with the Worker' Safety Representatives. In this regard, in addition to the annual safety meeting, involvement takes place upon significant changes to the workplace 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. In accordance with the applicable regulation (Article 47 of Legislative Decree 81/2008 and the Interconfederal Agreement of 22/06/95), the Worker's Safety Representatives of the SEA group companies are elected and operate on the basis of the breakdown in the following table.

NUMBER OF WORKER SAFETY REPRESENTATIVES (WSR)

Company	Linate	Malpensa	Note
SEA	6	5	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

SEA workplace safety in 2017
Among the wide range of activities carried out in the year we highlight in particular:

- update on the monitoring of the presence of radon gas in the work environments of Linate and Malpensa terminals, entrusted to a specialist laboratory;
- preparation of a specific training module, also available through e-learning, for the updating of our personnel and those of third-party operators working at the airports on topics of fire prevention and the management of specific emergencies concerning the various areas of the airports;
- publication of an intranet dedicated to topics of health and safety at work, with documents and information relating to professional risks in work activities and measures to be taken to monitor and mitigate such risks in work environments;
- extension to the Linate terminal of the internal audit activity for verification of correct conduct and compliance with fire prevention regulations in the areas assigned to commercial operators;
- fire training for the professional figure of Specialist Driver (111 employees) aimed at improving the response of the airport operator in the event of a fire emergency in apron areas;
- development and commissioning, in collaboration with the ICT management of the AFM - 911 S application, of an IT tool to support AGE (Airport Ground Emergency) officers in rapid field identification of the precise location affected by a fire emergency.

GROUP SAFETY INDICATORS BY GENDER AND LOCATION

		Linate		Malpensa		Other offices (*)	
		Male	Female	Male	Female	Male	Female
Overall injury rate	2015	1.89	2.10	3.97	4.43	27.79	0.00
	2016	4.51	1.77	3.21	3.09	-	-
	2017	4.87	1.44	3.35	4.89	-	-
Injury rate on the way to work	2015	0.73	1.05	0.76	1.77	9.26	0.00
	2016	1.16	1.06	0.95	1.40	-	-
	2017	0.89	1.08	0.86	2.87	-	-
Occupational disease rate	2015	0.00	0.00	0.09	0.00	0.00	0.00
	2016	0.00	0.00	0.00	0.00	-	-
	2017	0.00	0.00	0.19	0.00	-	-
Lost day rate	2015	57.32	42.87	87.57	137.44	158.23	0.00
	2016	119.81	21.48	63.36	46.98	-	-
	2017	95.41	56.27	67.44	158.17	-	-
Lost day rate on the way to work	2015	43.08	29.87	9.11	42.73	49.97	0.00
	2016	41.17	9.76	24.22	10.74	-	-
	2017	18.98	33.99	26.40	75.01	-	-

** Personnel at Rome Ciampino, Venice and Catania airports in 2015.The data for 2016 at the other locations is not available due to the sale of 60% of the share capital of Prime Aviation Services S.p.A. on March 31, 2016.*

Note: Safety indicators are calculated as follows:
- *Total injury rate: no. injuries at work and commuting/hours worked*200,000*
- *Injury rate on the way to work: no. of injuries on the way to work/hours worked*200,000*
- *Occupational disease rate: no. cases of occupational disease/hours worked*200,000*
- *Lost day rate: no. days lost due to injuries at work and commuting/hours*200,000*
- *Lost day rate on the way to work: no. days lost due to injuries on the way to work/working hours*200,000.*

Safety statistics concern all events which resulted in at least a half-day absence from work, in addition to the day of the injury. In calculating the days of work lost, the calendar days in which the worker was absent are considered, excluding that on which the injury took place.

The figures relating to occupational diseases relates to cases reported in the year and not to the number of occupational diseases effectively recognized by INAIL for the same period.

Data regarding occupational diseases and injuries affecting contractors is not included, although the group is considering including it in Consolidated Non-Financial Statement from 2018 onwards.

Source: SEA

The analysis of safety indicators in 2017 highlights that:

- there is significant relative incidence of injuries on the way to work, equal to 33% of total injuries, compared to a national average of 11%. This discrepancy, rather than an actual explosion in the number of cases, is determined by the relatively low number of injuries at work compared to the total, a situation that has existed for some years already;
- of the workplace injuries, only approx. 40% of cases; significantly down on the previous year (-30%) are directly linked to specific work activities, whereas the remainder are related to general scenarios which have very little or nothing to do with the work carried out by the operators/employees, and which are predominantly related to walking about (trips, slips, sprains, bumps, etc..);
- among injuries relating to work operations, cases were particularly varied and substantially due to conduct errors not indicating unresolved risk situations.

Engagement policies

Welfare

A corporate welfare update process is underway and envisages new services and implementations to respond more closely to employees' evolving needs.

In 2017, initiatives were implemented to provide support to care givers and in the scholastic and professional development of employees' children.

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.

"SEA PER TE": ACCESS TO SERVICES

Initiative	No. Beneficiaries		
	2017	2016	2015
Health Fund (general)	1,854	1,863	1,829
Gift Vouchers	1,089	1,080	1,082
Flexible hours	851	849	854
Study grants	647	721	735
Health Fund (check-up)	471	335	337
Medical visits	296	310	302
Summer centers	203	215	219
Home-work transport	183	181	183
Anti-flu injections	168	150	122
Future Lab: Push to Open - Learning to Study	80	142	37
Trips for the elderly	112	110	82
Social services (personal loans)	98	99	173
Part-time mother (annual average data)	16	17	28
Accident insurance	13	4	14
"Fragibility"	2,735	-	-

Note: 2015 and 2016 data refers to SEA.

Source: SEA

Alongside the programming of the usual initiatives included in the annual welfare plan (e.g. homework mobility, health, risk prevention, social services etc.), various new projects were proposed in 2017, including the 'Fragilità' service, offering support in the care of elderly and disabled family members, and the 'Word from a Nutritionist' initiative, aimed at promoting well-being through guidelines for a healthy nutrition and lifestyle.

Adding to initiatives for the education and employability development of employee's children, as part of the 'Future Lab' project, was the implementation of a new service aimed at twelve to fourteen year-old school pupils, the 'Push to Open Junior' orientation course for parents and children on making a conscious and appropriate choice of secondary school.

In 2017, the following initiatives addressed to employees' children were re-proposed:

- 'Merit Scholarships' to reward exemplary class examination passes;
- 'Learn to study with SEA', dedicated to middle school and high school children to help them learn to study more effectively.
- 'Push to Open' for the orientation for year 5 high school children;
- 'Talent Days' with laboratory classes for recent graduates;
- The 'Work-Study Alternation' project, launched the previous year, with the involvement of 29 young people in a three-week 'Summer Job' experience;
- 'Intercultura' study abroad scholarships were increased, with the addition of a further summer scholarship for Finland.

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.

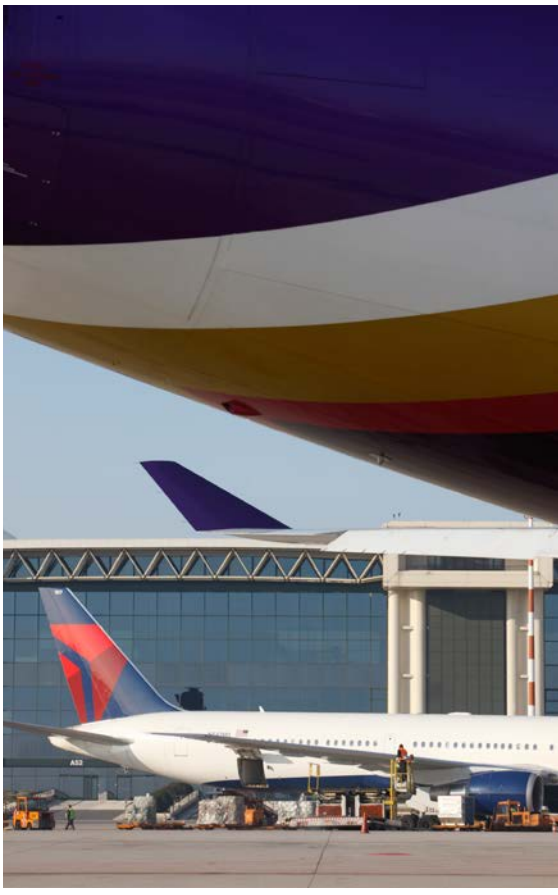
PENSION FUND FIGURES

Pension Fund	2017	2016	2015
Number of subscribers	5,001	5,045	5,113
Net pension assets (Euro millions)	204	189	177
Net fund yield	2.24%	2.30%	2.97%

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)

	Contribution	
Post-employment benefit	**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% on the table minimum, plus contingency indemnity, plus 12-month periodic increases. With transitory validity 01/01/2013-31/12/2015 elevation of the contribution from Nat. lab. Contract of 0.5%.

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. Men's use of parental leave increased in 2017, while women's use continued in line with the previous year.

The following table relating to parental leave highlights that:

- nearly all users return on schedule to work after the birth of their child;
- fathers extensively utilize the option and increasingly assist mothers in taking care of children;
- only in a small percentage of cases was the absence followed by a different form of absence.

The retention rate decreased from the previous year, mainly due to the voluntary redundancy incentive plan regarding all employees implemented in 2017.

RIGHT AND USAGE OF VOLUNTARY LEAVE (NO.)

	2017		2016		2015	
	Female	**Male**	**Female**	**Male**	**Female**	**Male**
Right [1]	239	395	260	374	280	364
Use [2]	105	208	108	204	92	164

[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

RETENTION OF LEAVE USERS IN 2017 [1]

	Women (No.)	Men (No.)	Women (%)	Men (%)
Total users in 2017	105	208		
Status at December 31, 2017				
Leave still in progress [2]	2	-	2%	0%
Absent for other reasons post-leave [2] [3]	2	1	2%	0%
Leaving during the year	5	3	5%	1%
Total returned to work and still employed	96	204	91%	98%
Return rate at 31.12.2017 (%) [4]	**95%**	**99%**		

RETENTION OF LEAVE USERS IN 2016 [1]

	Women (No.)	Men (No.)	Women (%)	Men (%)
Total users in 2016	111	204		
Status at December 31, 2016				
Leave still in progress [2]	9	9	8%	4%
Absent for other reasons post-leave [2] [3]	1	1	1%	1%
Leaving during the year	2	1	0%	0%
Total returned to work and still employed	99	193	91%	95%
Return rate at 31.12.2016 (%) [4]	**100%**	**100%**		
Status at December 31, 2017				
Leave still in progress [2]	0	0	0%	0%
Absent for other reasons post-leave [2] [3]	2	1	2%	0%
Leaving during the year	8	4	7%	2%
Total returned to work and still employed	99	198	91%	98%
Retention rate at 31.12.2017 (%) [4]	**92%**	**100%**		

[1] In order to ensure data representation uniformity, the 2016 data was recalculated to include SEA Prime.

[2] For the identification of absences/leave still in progress, the two weeks following December 31 of the reference year were also considered.

[3] Those "absent for other reasons post-leave" are those who are still absent following the period of parental leave for various reasons (child's sickness, the use of vacation days etc.).

[4] The retention rate indicates the percentage of employees remaining in the company at the end of the use of a period of parental leave. This figure was calculated taking into consideration employees who had used at least one day of parental leave who returned to work and were still in the workforce at year-end and at the end of the subsequent year.

Source: SEA

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 favorable 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 conciliation. 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 indicated in the following table.

FAMILY AUDIT PLAN CONCILIATION MEASURES ADOPTED 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	Included in the trade union agreement of December 4, 2017.
Study for increased interchangeability among administrative personnel	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	From January until the end of June 2018, the experimental 'Job Rotation' initiative is set to start. Three selected colleagues will work in one other role in their own department.
Study for improved commuting & parking	Study of various ecological and innovative solutions to improve commuting to Malpensa.	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.
Improved remote communication among personnel	Significant increase in the use of videoconferencing and conference calls, for training, internal meetings and simple communications between personnel, replacing telephone calls.	In progress	SEA is equipped with a distance learning system, available via SEAnet. 3,457 hours of e-learning training were delivered in 2016. This represents 8% of total hours provided, up 2% on the previous year.
Working group maintenance	A Working Group meeting at least once a year.	In progress	
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	The new arrangement provides direct landing in SEAnet with access to all connected activities.
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.	In progress	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.

Measure	Description	Status	Means
Maximising benefit of sustainability reporting certification	Raising of awareness of SEA initiatives within the local area to improve its integration.	In progress	2016 Sustainability Report published
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 company's decision to progressively increase the allocation of laptops to administrative staff is again confirmed for the two-year period 2017-18. Current provisions on the procurement of IT equipment (framework agreement) favor the purchasing of notebooks compared to desktops in the approximate ratio of 3:1.
Optimization of access & passwords	Definition of a policy allowing access to various internal company services using as few passwords as possible.	Concluded	Access to the new SEAnet via a single password allows use of all connected functions without requiring different logins or passwords.
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

In 2017, a further series of measures was launched, the implementation of which had been originally scheduled for 2018.

FAMILY AUDIT PLAN CONCILIATION MEASURES SCHEDULED FOR 2018, BUT 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	Included in the trade union agreement of December 4, 2017.
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.
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.
Testing smart working	Progressive smart working experimentation for administrative staff.	In progress	In October 2017, a working group was set up, composed of administrative colleagues from various departments, to study smart working. An experimental pilot project is set to start in March 2018 and last 6 months.

Source: SEA

Absenteeism

The group's total work absentee rate in 2017 was slightly higher than in 2016 (+0.2%), due to an equal increase in illness as the main reason for work absence during the 3-year period.

Concerning gender, there was a growth in the work absentee rate for women (Linate from 4.00% in 2016 to 4.43% in 2017, Malpensa from 4.15% in 2016 to 4.86% in 2017), while for men, the rate rose only at Malpensa from 3.59% in 2016 to 3.78% in 2017 (Linate from 3.71% in 2016 down to 3.56% in 2017).

WORK ABSENTEE RATE BY GENDER AND LOCATION

	2017	2016	2015
Linate	3.82%	3.80%	3.79%
Female	4.43%	4.00%	4.55%
Male	3.56%	3.71%	3.45%
Malpensa	4.06%	3.74%	3.78%
Female	4.86%	4.15%	4.86%
Male	3.78%	3.59%	3.41%
Other locations*	-	0.44%	1.76%
Female	-	0.18%	4.00%
Male	-	1.18%	1.11%

** Personnel present at the airports of Rome Ciampino and Venice in 2015.*
*Note: The work absentee 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 illness or injuries), 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 infrastructural development;
- the awareness of employees, partners, suppliers, contractors and stakeholders on the environmental impacts of their activities is a central concern for the improvement of the environmental performance at both airports.

The System provides for the setting up of the Energy Team and, for the integrated management of the more specific-technical aspects, a Technical Group (also with the involvement of a SEA Energia representative), involving all departments most directly involved in the various aspects, from design to implementation, to maintenance, in addition to the Environment Management structure, ensuring the necessary collective vision in terms of processes and therefore the identification of the best actions to be taken.

The main energy saving measures carried out in 2017 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);
- conclusion of the computerization of energy consumption data and the integration of additional field sensors in order to subdivide and analyze consumption more precisely;
- almost complete elimination of decentralized production centers (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 benefitting our Group, the quality of the environment and the inhabitants of neighboring 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

	2017		2016		2015	
Measurement unit	**Malpensa**	**Linate**	**Malpensa**	**Linate**	**Malpensa**	**Linate**
Petrol (GJ)*	4,372	1,547	5,040	1,641	4,927	1,603
Heating oil (GJ)	2,401	-	1,963	-	2,548	73
Methane (GJ)	2,265,734	1,170,658	2,141,443	1,111,063	2,068,399	1,032,663
Motor vehicle diesel fuel (GJ)*	23,596	12,221	21,030	9,610	22,434	9,554
Electricity acquired (GJ)	1,262	588	2,855	784	1,027	796
Refrigeration energy sold (GJ)	17,643	-	20,021	-	17,507	-
Thermal energy sold (GJ)	15,959	334,741	21,444	284,550	19,722	238,489
Electricity sold (GJ)	287,182	274,254	251,253	246,751	231,144	237,448
Total (GJ)	**1,976,581**	**576,019**	**1,879,612**	**591,797**	**1,830,963**	**568,753**

(*) 2015 and 2016 data does not include SEA Prime.

Source: SEA

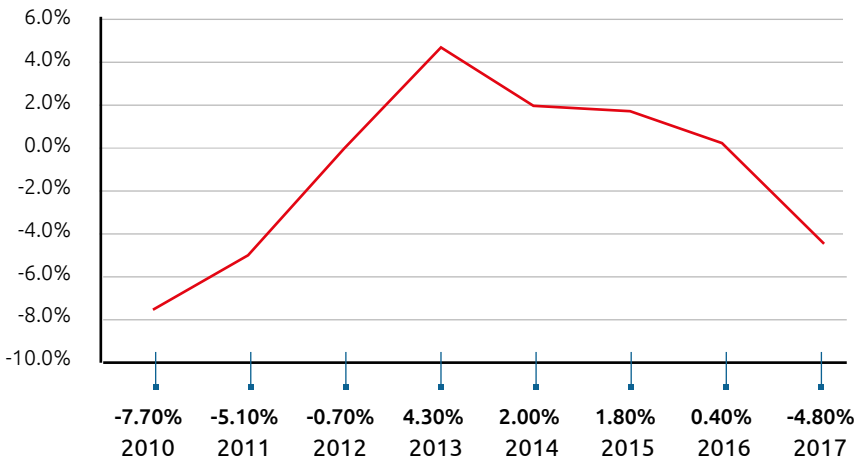
SEA's interventions at both airports resulted in energy savings on the previous year of 13,589 MWh in 2010 (-7.7% compared to 2009), of 8,353 MWh in 2011 (-5.1% compared to 2010) and of 1,080 MWh in 2012 (-0.7% compared to 2011). Despite the enlargement of Malpensa Terminal 1 with new infrastructural spaces of 49,600 m^2 in 2013, 18,500 m^2 in 2014 and 4,950 m^2 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 2017, consumptions increased slightly at Malpensa compared to 2016, though energy consumption was still less than 8,459 MWh compared to 2009 (-7.9%), the year in which SEA began energy saving policy interventions.

ENERGY INTENSITY (GJ/TRAFFIC UNIT)

Internal energy consumption	Malpensa	Linate	Total
2015	0.08	0.06	0.07
2016	0.08	0.06	0.07
2017	**0.07**	**0.06**	**0.07**

Note: per traffic unit means the number of passengers plus goods transported (where 1 pax is equivalent to 100 kg of goods). 2015 and 2016 data does not include SEA Prime.
Source: SEA

ENERGY CONSUMPTION TREND (%)



Source: SEA

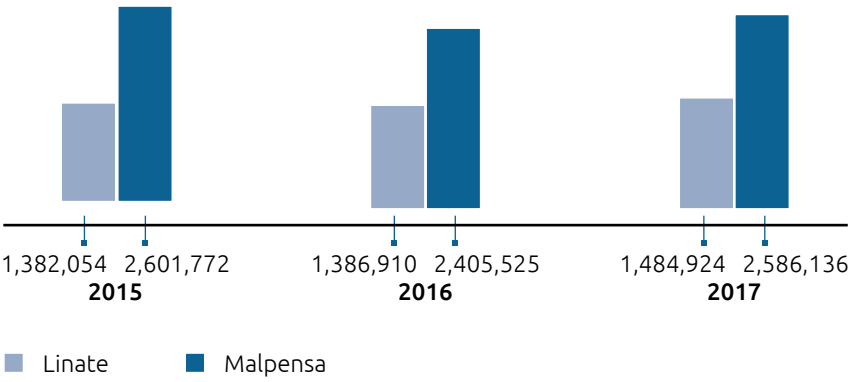
Water consumption

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 fulfill 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 approx. 51 meters (water table measures carried out on the G and L wells), while for Linate the aquafer has a depth of approx. 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. Our water supply comes from 12 wells at Malpensa Airport and 8 at Linate Airport, independently managed and meeting the sanitary, fire prevention and industrial needs of both airports. The water drawn from wells at the airport sites of Malpensa and Linate are distributed for consumption through internal aqueducts.

The data describes the water needs of the airports (including various uses, such as site works, etc.), which are stable at 1,350,000 to 1,500,000 cubic meters/year at Linate and 2,400,000 to 2,600,000 cubic meters/year at Malpensa.

WATER CONSUMPTION (M³)



Note: 2015 and 2016 data does not include SEA Prime.

Source: SEA

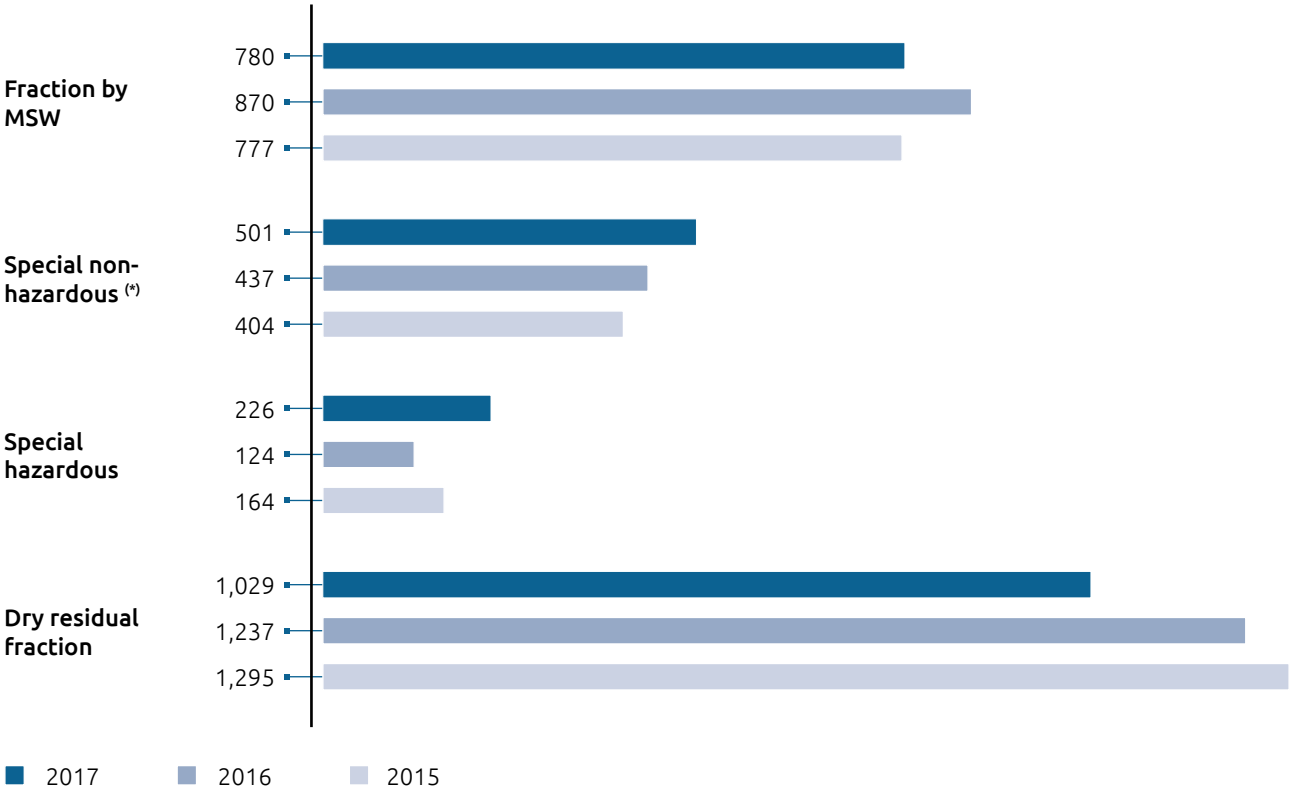
Waste management[21]

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 dumpsters and bins, appropriately distributed across the airport and disposed of by companies appointed by the relevant regional administrations. Municipal solid waste concerns the dry portion and the separated portions;
- 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.

[21] *2015 and 2016 data refers to SEA.*

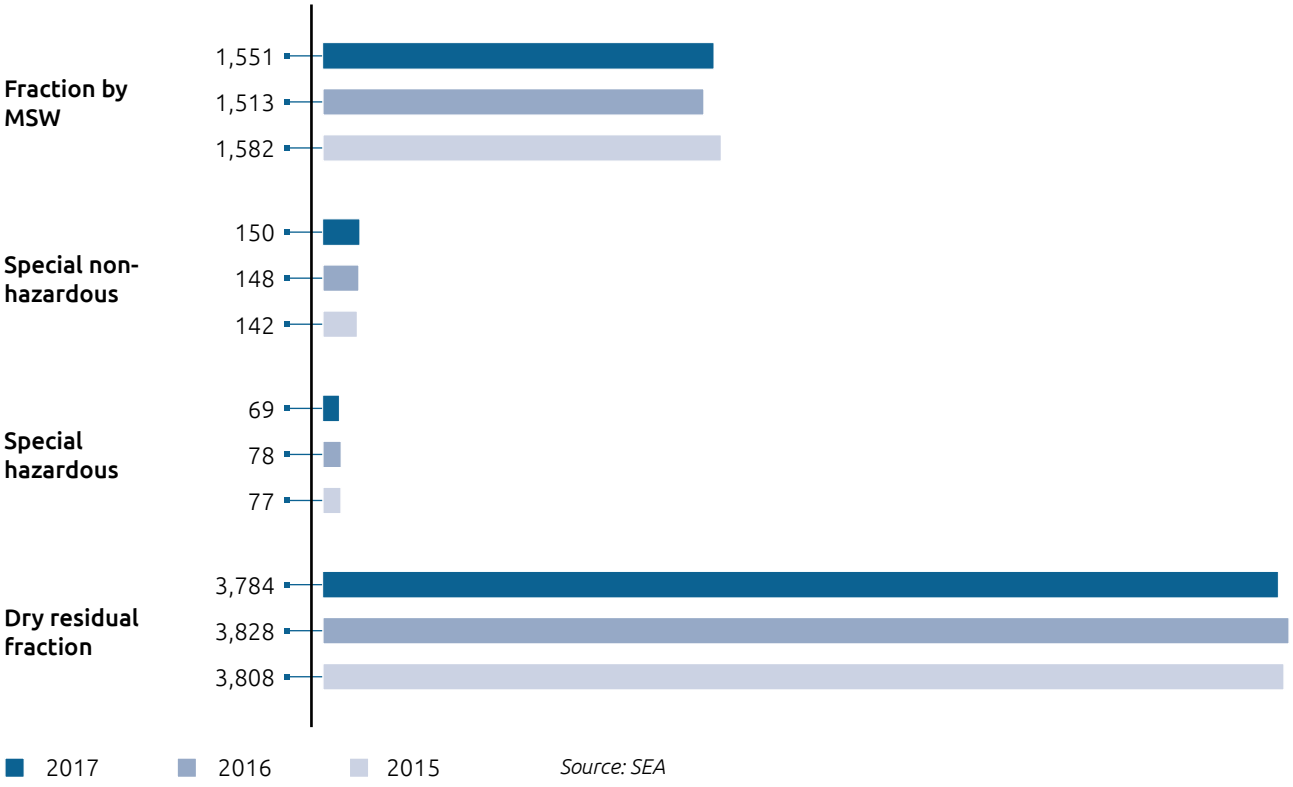
LINATE - WASTE PRODUCED BY TYPE (TONS)



(*) The 2017 figure excludes a one-off extraordinary production of non-hazardous 'construction and demolition' waste totaling 548.98 tons.

Source: SEA

MALPENSA - WASTE PRODUCED BY TYPE (TONS)

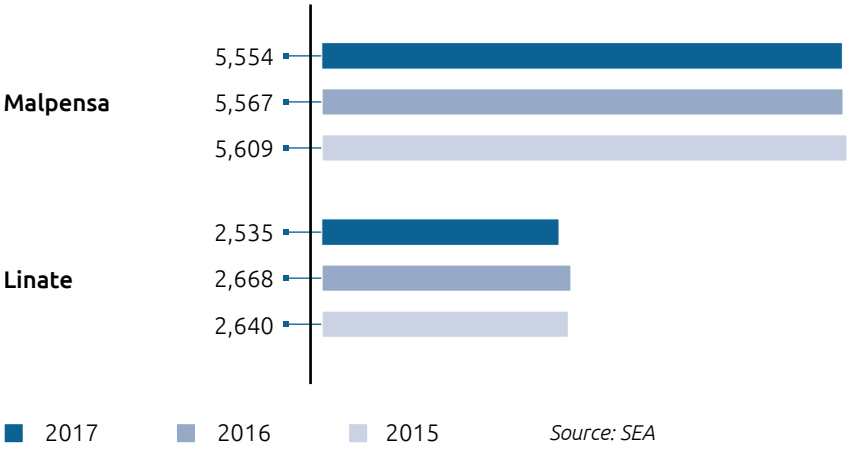


Source: SEA

The total production of waste, in 2017, was equal to 2,535 tons at Linate and 5,554 tons at Malpensa.

2017 saw the continuation of our commitment to separate waste collection, equal to 57.4% at Linate and 31.7% at Malpensa, including the separate collection of special waste. At Linate there was an increase, while Malpensa was substantially in line with 2016.

TOTAL WASTE PRODUCTION (TONS)



Source: SEA

% SEPARATED COLLECTION

	2017	2016	2015
Malpensa	31.7	31.2	32.1
Linate	57.4	53.6	50.9

Source: SEA

Supply chain management

Purchasing policy

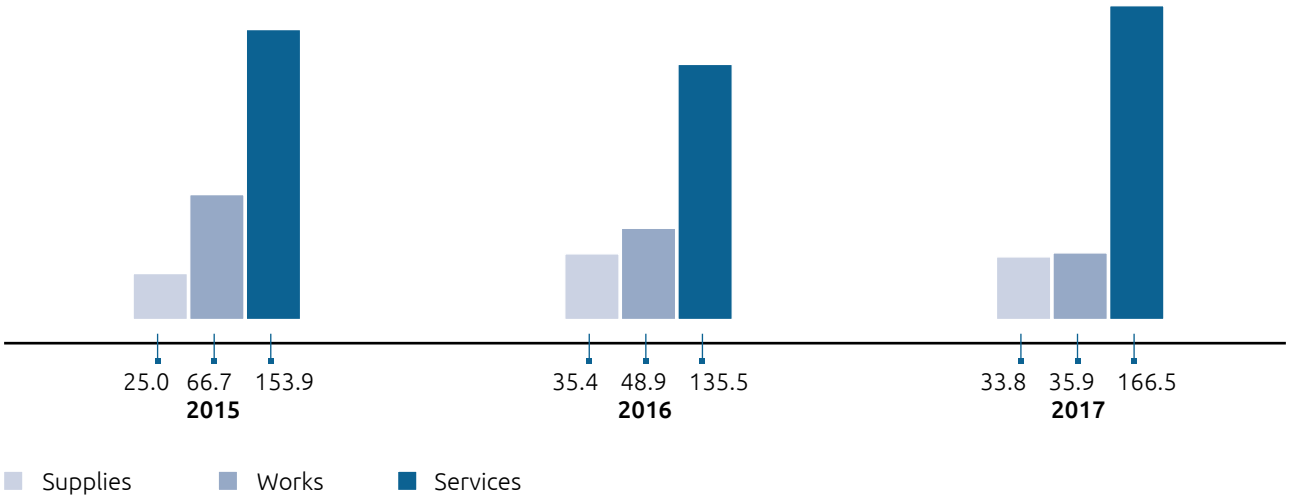
We consider our suppliers an integral part of the sustainability process. Therefore, in choosing our partners - in addition to considering the qualitative and financial aspects of suppliers and compliance with regulatory obligations (among others the correct payment of contributions to employees - DURC) - we consider also the sustainability aspects of suppliers. Therefore, the Suppliers' Register, in place since May 2011 requires specific information and evaluations on the handling of sustainability by its suppliers. In particular with regard to the following areas:

Environment
Any environmental management system certifications of potential suppliers are evaluated (such as UNI EN ISO 14001 or the EMAS registration), in addition to product environmental certification (ECOLABEL, FSC, PEFC, recycled plastic), the means for internal management of environmental issues such as waste, packaging, the use of materials with recycled content or recyclable, the collection of recyclable materials for recycling, the use of materials with low emissions or low energy consumption and the manner for selecting its suppliers in accordance with environmental characteristics.

Safety
The level of attention and the management of safety profiles through the workplace health and safety management system (if certified in accordance with Legislative Decree 81/2008, under the UNI-INAIL guidelines or the OHSAS 18001 regulation) is analyzed, in addition to the presence or otherwise within the company of a Prevention and Protection Service, the presence of a Safety Officer, who analyses the individual contracts/orders, whether at least once over the last three years the INAIL rate has reduced, the number of injuries reported over the last three years, the introduction of a safety training program and the verification of understanding after each training event.

Corporate Social Responsibility
Suppliers are requested to describe any company initiatives to develop a socially responsible approach to the planning and management of the business, in order to ensure that the SEA Group may form a supply chain which contributes to the achievement of sustainable development. In addition, particular attention is placed on the profile level regarding the organizational model as per Legislative Decree 231/2001, in addition to the adoption of an internal 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

With a view to transparency and accessibility, we have established electronic registration to the suppliers' register (e-procurement) for a number of sub-contract procedures. 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 2017, there were 1,464 qualified suppliers, broken down by the CSR activity implemented in the respective corporate processes, according to the sustainability profiles reported in the table below.

SUPPLIER SUSTAINABILITY PROFILES

Profile	Category		Under assessment		Total	
Adoption of Ethics Code	424	29 %	28	19 %	452	28 %
Benefit of INAIL tax reduction in the last three years;	346	24 %	30	20 %	376	23 %
EMAS Certification	14	1 %	2	1 %	16	1 %
ISO 14001 certification	264	18 %	24	16 %	288	18 %
Product environmental declaration - EDP	23	2 %	1	1 %	24	1 %
Organization Model pursuant to Legislative Decree 231/2001	283	19 %	24	16 %	307	19 %
Appointment of Safety Officer for each contract/order	845	58 %	85	57 %	930	58 %
Internal Prevention & Protection Service	871	59 %	62	41 %	933	58 %
Workplace Health and Safety Management System	352	24 %	43	29 %	395	24 %

Source: SEA

Selection of suppliers

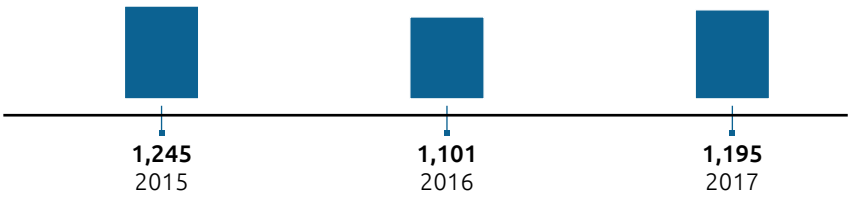
The method for the selection of suppliers awarded contracts is based on the following major categories:

- tender contracts for core activities 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 professional criteria, in compliance with the constraints set forth by Italian Legislative Decree 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 ability 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 labor 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).

TOTAL NUMBER OF TENDERS AWARDED



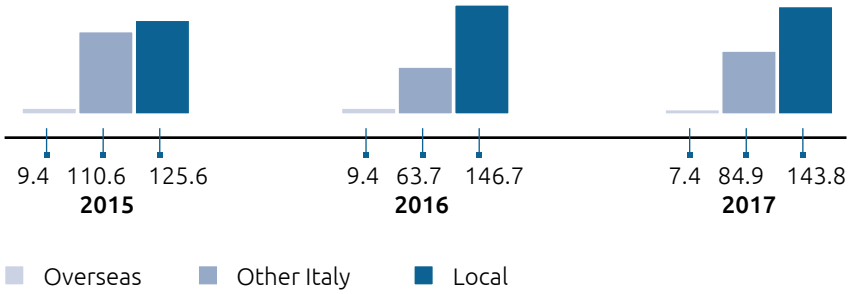
Note: Tender winning companies are suppliers which achieved at least one of the requirements in the period (also on pre-existing orders). The data includes incentives granted to carriers.

Source: SEA

Supplier spin-off value generated

In relation to the geographical origin of suppliers, SEA does not utilize specific tools to favor 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)

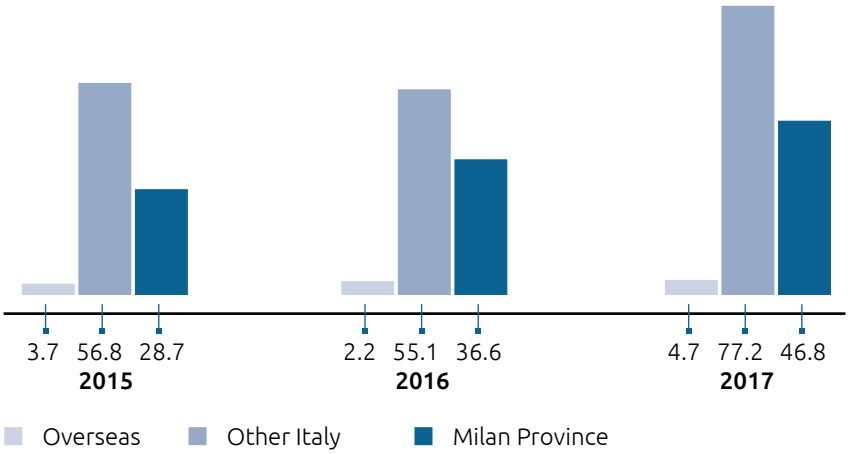


Note: Local concerns suppliers based in the provinces of Lombardy, Novara and Piacenza.

Source: SEA

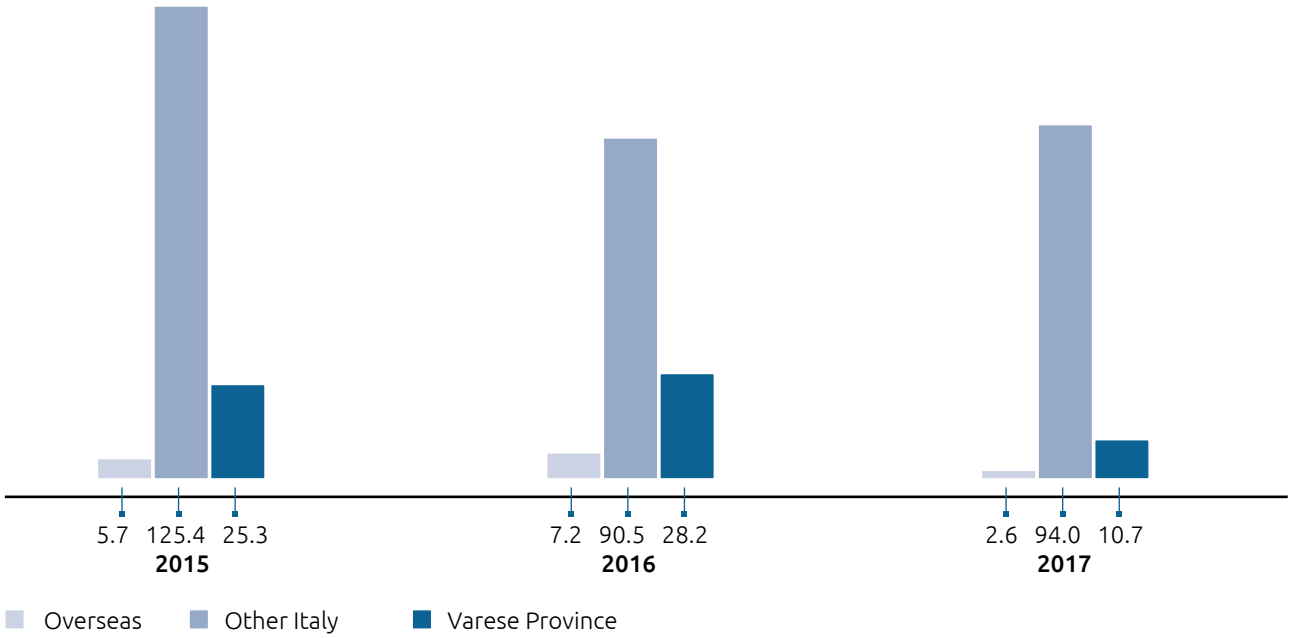
However, the economic impact generated on the areas surrounding SEA Group activities in terms of suppliers of goods and services in 2017 was 61% of the total value. At Linate Airport, the value of orders placed with suppliers located in the Province of Milan was 36% of the total, while at Malpensa Airport, the value of orders placed with suppliers in the Province of Varese was 10% of the total.

LINATE - ORDER VALUE BY REGION (MILLIONS OF EURO)



Source: SEA

MALPENSA - ORDER VALUE BY REGION (MILLIONS OF EURO)



Note: Regarding SEA Energia 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.

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;
- sustainable competitive performance quality innovation and improvement programs promoted by individual company departments and shared with the Sustainability Committee.

In relation to the second source, the Quality Plan and the Environmental Plan are central elements of the Regulatory Agreement, which identify and define, through specific indicators, respectively the quality levels of services offered to passengers and the environmental protection objectives which the airport manager is committed to throughout the duration of the Agreement.

The innovation and improvement programmes of the competitive capacity stem from our sustainability strategy implementation programme.

Sustainability Governance Objectives

SUSTAINABILITY GOVERNANCE OBJECTIVES

Objective	Timeline	*Status*
Assignment to the Control and Risk Committee of powers to deal with issues relating to sustainability	2018-2019	Starting
Achievement of ISO 37001 certification - anti-corruption management system	2018	In progress
Deep review of the Materiality Matrix	2018	Starting

Source: SEA

Environmental Sustainability Objectives

During 2015, the second Sub-period (2016-2020) of the Regulatory Agreement signed with the Italian Civil Aviation Authority (ENAC) (considering 2014 as the base year) was updated to define new quality and environmental objectives according to the evolution of the company and the market over the years.

In particular, the Environmental Plan for both airports envisages two indicators for energy savings (electricity and thermal-refrigeration), one indicator for water consumption savings and one indicator for inclusion in contracts with suppliers of clauses on compliance with the SEA Environmental Management System.

ENVIRONMENTAL SUSTAINABILITY OBJECTIVES - 2018-2020 THREE-YEAR PERIOD

	Indicator	Objective	
		Linate	Malpensa
Energy saving	Electricity savings (KWh_year/m³)	2018: 44.2	2018: 40.6
		2019: 44.0	2019: 40.4
		2020: 43.8	2020: 40.2
	Thermal-refrigeration savings (KWh_year/m³)	2018: 44.3	2018: 75.3
		2019: 43.4	2019: 73.8
		2020: 42.5	2020: 72.3
Water treatment	Total annual water consumption savings (m³_year/WLU)	2018: 157.16	2018: 102.95
		2019: 155.27	2019: 101.72
		2020: 153.41	2020: 100.50
Indirect activities with environmental effects	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%
		2019: 12.00%	2019: 12.00%
		2020: 15.00%	2020: 15.00%

Source: ENAC-SEA Regulatory Agreement

Socio-Economic Sustainability Objectives

Improvement of passenger services quality

The Quality Plan, part of the Regulatory Agreement, focuses SEA on achieving service levels in line with - and where possible better than - those offered by the major European airports.

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SUSTAINABILITY OBJECTIVES FOR THE PASSENGER STAKEHOLDERS - 2018-2020 THREE-YEAR PERIOD

	Objective	
Indicator	**Linate**	**Malpensa**
Waiting time for baggage x-ray (minutes waiting in 90% of cases)*	2018: 7'20''	2018: 7'30''
	2019: 7'10''	2019: 7'10''
	2020: 7'00''	2020: 7'00''
Airport operator delays (IATA Codes 19, 58, 85, 87) (no. of delays/total pax. departing flights)	2018: 0.26%	2018: 0.34%
	2019: 0.24%	2019: 0.32%
	2020: 0.22%	2020: 0.30%
1st baggage return time from the aircraft block-on (minutes of waiting in 90% of cases)	2018: 16'40''	2018: 22'40''
	2019: 16'30''	2019: 22'30''
	2020: 16'20''	2020: 22'20''
Last baggage return time from the aircraft block-on (minutes of waiting in 90% of cases)	2018: 23'40''	2018: 35'40''
	2019: 23'30''	2019: 35'30''
	2020: 23'20''	2020: 35'20''
Misdirected bags due to malfunctioning of the Baggage Handling System (No. misdirected baggage units/1000 departing passengers)	2018: 0.26	2018: 0.38
	2019: 0.25	2019: 0.36
	2020: 0.24	2020: 0.32
Perception of the cleaning level and functionality of toilets (% of satisfied passengers)	2018: 90.40%	2018: 91.40%
	2019: 90.80%	2019: 91.60%
	2020: 91.00%	2020: 91.80%
Reliability of the passenger transfer system (% functioning time in the opening hours of the airport)	2018: 97.84%	
	2019: 97.85%	-
	2020: 97.86%	
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%
	-	2019: 0.091%
		2020: 0.090%
Perception of Passengers with Reduced Mobility (PRM) assistance (% of satisfied passengers) *	2018: 90.00%	2018: 91.00%
	2019: 91.00%	2019: 91.50%
	2020: 92.00%	2020: 92.00%
Taking charge of properly booked PRMs on arrival (% within 5 minutes of last passenger's disembarkation)	2018: 92.70%	2018: 85.80%
	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 (% of satisfied passengers)	2018: 98.70%	2018: 98.70%
	2019: 98.90%	2019: 98.90%
	2020: 99.00%	2020: 99.00%
Overall perception of the comfort level at Terminal 1 (% of satisfied passengers)	2018: 97.40%	2018: 97.50%
	2019: 97.60%	2019: 97.80%
	2020: 98.00%	2020: 98.00%
Reliability of the baggage movement system (% time of functioning / operational hours of the airport) *	2018: 99.63%	2018: 99.75%
	2019: 99.64%	2019: 99.76%
	2020: 99.65%	2020: 99.77%

* *Indicators concerning both Terminal 1 and Terminal 2*

Source: ENAC-SEA Regulatory Agreement

For each airport, 12 indicators were defined, in part directly requested by ENAC, in part identified by SEA in consultation with users, from among a set of indicators provided in part by ENAC, in part identified by SEA and users, from among Service Charter indicators. From Malpensa the indicators refer to, where not otherwise specified, only Terminal 1.

The particular attention on the Terminal 1 performance was due to the fact that this infrastructure is considered characteristic of Malpensa airport, both in terms of volumes and type of traffic managed.

For the 2016-2020 Sub-period, the Quality Plan identified the same number of indicators as the previous Sub-period (12), equal for both airports, with the substitution of some in order to achieve greater consistency with the evolution of airport services.

The new indicators were: airport operator delays, taking charge of PRMs on arrival and the perception of the effectiveness and accessibility of internal signage, information and communications.

In addition, the baggage return time indicator was divided into two distinct indicators: first baggage return time and last baggage return time.

Regarding both Linate and Malpensa airports, the indicators were identified in a balanced way between those relating to functionality (8) and those relating to comfort (4).

Improvement of work/life balance for employees - Family Audit

With regards to the Three-year Plan of conciliation measures subscribed by SEA as part of the Family Audit Certification, the objectives scheduled for the 2018-2019 two-year period are outlined below.

FAMILY AUDIT PLAN CONCILIATION MEASURES 2018-2019*

Type of measure	Scheduled start	Scheduled end	Description of measure
Part time over 60	01/01/2018	31/12/2019	Introduction of a part-time measure dedicated to over 60s, of a voluntary nature and not involving additional expenses for the company.
Corporate policy definition for family & couple friendly holiday planning (e.g. compatible with school calendar)	01/01/2018	31/12/2018	Definition and dissemination of a corporate holiday policy favoring 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.
Annual meeting planning for shift-work services	01/01/2018	31/12/2019	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.
Periodic team meetings for non-shift-workers	01/01/2018	31/12/2019	Introduction of off-line and on-line internal communication tools between large numbers of colleagues and non-shift-workers of the same department, aimed at exchanging information on specific themes, events, issues and solutions.
Intervention regarding middle management for the dissemination of a work-life balance culture	01/01/2018	31/12/2019	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.
Identification of guidelines for growth in company	01/01/2018	31/12/2018	More analytical definition and communication of career development policies, favoring the formation of correct expectations regarding the possibilities for growth of part-time personnel.

* *The measures envisaged by the plan are susceptible to modifications, updates and adaptations, agreed with the certification body.*

Source: SEA

SUSTAINABILITY OBJECTIVES

Objective	Timeline
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) for ten years.	2018
Application of the 'Occupational Health and Safety Management System Self-Assessment Questionnaire' to a representative sample of workers and supervisors of organizational units subject to internal audits, with the aim of assessing the level of maturity and effectiveness of the system in relation to requirements of the reference standard, regarding, for example, worker and supervisor role awareness, training effectiveness, worker consultation and participation and near miss reporting.	2018

Source: SEA

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 favor 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)

	2017	2016	2015
ACA membership/certification	10,500	11,200	9,800
Off-sets purchases	15,524	16,230	19,362

Source: SEA

Number and percentage of people residing in areas affected by airport noise

Awareness upon noise pollution issues in the last 10 years has increased greatly, resulting in the adoption of many European, domestic and regional regulations. Such awareness has improved with the issue with the European Directive 2002/49/CEE enacted in Italy by Legislative Decree No. 194 of 19/08/2005.

The Directive, and therefore the enacting decree, introduced the concepts of noise mapping and strategic noise mapping: Under this legislation the legislature has saw the representation in an easily understandable manner of the noise pollution situation in the principal urban areas and of the areas creating greatest amount of noise pollution, and on the other to have available useful information and instruments to organically manage the noise pollution problem at a national and European level.

The tables below report the results of the noise mapping in 2014. (The census dataset used by the University of Milano-Bicocca for population calculation consists of residency data supplied by the Lombardia Regional Agency for the Protection of the Environment - ARPA).

In June 2014, European Regulation No. 598/2014 entered into force, establishing rules and procedures for the introduction of noise reduction operating restrictions at European Union airports, and repealing Directive 2002/30/EC.

The regulation applies exclusively to airports with civil traffic exceeding 50,000 movements per year, where a noise problem has been detected, and establishes procedures to be followed to limit noise emissions and reduce the number of people exposed to noise according to the balanced approach principle.

LINATE - EXPOSED POPULATION BY MUNICIPALITY

	Noise zoning	
Municipalities	**60-65 dB(A)**	**65-75 dB(A)**
Milan	41	0
Segrate	4,110	146
Peschiera B.	173	16
San Donato M.	710	165
San Giuliano M.	6,120	0

MALPENSA - EXPOSED POPULATION BY MUNICIPALITY

	Noise zoning	
Municipalities	**60-65 dB(A)**	**65-75 dB(A)**
Somma Lombardo	694	120
Arsago Seprio	82	0
Casorate Sempione	258	0
Cardano al Campo	0	0
Samarate	0	0
Ferno	28	0
Golasecca	0	0
Lonate Pozzolo	1,195	465
Castano Primo	247	0
Nosate	0	0
Turbigo	456	0
Robecchetto	9	0

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 Seprio 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 approx. 45%;
- good quality pine forests, although with little coverage (0.6%);
- a significant presence of black locust and wild cherry trees, comprising approx. 40%, whose quality has been impacted by the general lack of natural flowers and the declining quality of the natural environment;
- finally, the remaining extension of the area is classifiable as of declining quality.

The fauna component analysis however, carried out in the expansion area of the airport, both in the regional parks of the Ticino valleys of Lombardy and Piedmont, reported in the area of intervention, 84 species of trees against 257 present at the parks, while amphibians, reptiles and mammals are not found.

The fauna species of interest in the intervention area are the red-backed shrike and the European nightjar, although the former in extremely reduced numbers, while the presence of the latter is only potential as generally documented.

The area of intervention also includes 8 other nesting species, of which none in Attachment 1 of Directive 2009/147/EC are within the endangered category of the IUCN Red List.

In particular:

- three species in Attachment II of Directive 2009/147/EC and in the Least Concern category of the UICN 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 (approx. 180 hectares);
- actions for the re-establishment of forest and grasslands (approx. 600 hectares);
- Actions for the recovery and development of ecological functionality.

The forestry redevelopment actions, in addition to planning for an area greater than that removed, positively impacts upon the quality of forested areas, eliminating large quantities of areas covered by non-native species.

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 2017 performances reported in the Service Charter follow.

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	**Target 2017**	20'	20'	9'
		2017 Result	21'40''	18'15''	3'50''
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	**Target 2017**	25'	25'	14'
		2017 Result	23'10''	19'15''	3'20''
Arriving PRMs: waiting time on board for booked PRM disembarkation after disembarkation of the last passenger	Waiting time in minutes in 90% of cases	**Target 2017**	10'	10'	7'
		2017 Result	8'	8'	6'
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	**Target 2017**	15'	15'	14'
		2017 Result	7'	7'	5'

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	**Target 2017**	90.0	90.0	90.0
		2017 Result	96.2	91.4	95.3
Perception of the adequacy of staff training	% PRMs satisfied	**Target 2017**	91.0	91.0	91.0
		2017 Result	96.5	96.5	99.3

Source: SEA, Doxa

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	**Target 2017**	100.0	100.0	100.0
		2017 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	**Target 2017**	100.0	100.0	100.0
		2017 Result	100.0	100.0	100.0
Perception of the effectiveness and accessibility of information, communications and internal airport signage	% PRMs satisfied	**Target 2017**	90.0	90.0	90.0
		2017 Result	96.8	92.9	96.8

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	**Target 2017**	100.0	100.0	100.0
		2017 Result	100.0	100.0	100.0
Complaints received over total PRM traffic	% complaints received over total PRM traffic	**Target 2017**	0.05	0.05	0.05
		2017 Result	0.003	0.014	0.01

Source: SEA, Doxa

COMFORT INDICATORS AT AIRPORT

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
Perception of the effectiveness of PRM assistance	% PRMs satisfied	**Target 2017**	90.5	90.5	90.0
		2017 Result	95.8	95.5	96.9
Perception of the accessibility and usability of airport infrastructures: parking, intercoms, dedicated spaces, toilets, etc.	% PRMs satisfied	**Target 2017**	90.0	90.0	90.0
		2017 Result	95.9	90.9	96.6
Perception of spaces dedicated to PRM parking (e.g. Sala Amica)	% PRMs satisfied	**Target 2017**	90.0	90.0	90.0
		2017 Result	94.4	87.2	91.7

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	**Target 2017**	90.0	90.0	91.0
		2017 Result	95.9	98.6	99.0
Perception of the professionalism of special assistance staff	% PRMs satisfied	**Target 2017**	90.0	90.0	91.0
		2017 Result	96.4	98.1	99.1

Source: SEA, CFI 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, chaired by Professor Mario Melazzini and composed of the main associations for the protection of persons with disabilities (LEDHA and FAND) and the Malpensa Users Committee, representing the airlines and airport operators of Milanese airports. The Technical Regulatory Framework, which commits SEA to maintain at its airports of Linate and Malpensa a service level above that required by the European regulation.

The Technical Regulatory Framework may be consulted on the website www.seamilano.eu in the section: Airports - Useful Information - Passengers with Reduced Mobility. This result is in addition to that received by SEA in 2010 from the certification body Dasa-Rägister for the compliance of Linate and Malpensa with regulation D-4001:2008, which defines the requirements which a site must have to allow use by persons with motor difficulties in compliance with equal opportunities rules (Certificate IA-0510-01).

Both initiatives seek to provide objectivity and transparency on the quality of services provided and to establish a long-term collaboration between the parties involved in these delicate assistance processes.

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 spaces: 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).

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 2017, 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 in traffic, especially from the end of July to the middle of September, 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.

Finally, on occasion of Pope Francis' visit to Milan in March, Contingency Plan volunteers were called to provide a welcome and essential service, involving SEA employees and state bodies, in greeting the Pope on board when his plane arrived at Linate.

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.

Organizational management

Our people

SEA GROUP AND EXTERNAL STAFF BY GENDER AT DECEMBER 31 (NO.)

	2017			2016			2015		
	Female	**Male**	**Total**	**Female**	**Male**	**Total**	**Female**	**Male**	**Total**
Employees	796	2,004	2,800	822	2,028	2,850	836	2,051	2,887
Temporary workers	5	32	37	-	16	16	-	18	18
Total	**801**	**2,036**	**2,837**	**822**	**2,044**	**2,866**	**836**	**2,069**	**2,905**

Source: SEA

SEA GROUP EMPLOYEES BY CONTRACT TYPE, GENDER AND LOCATION AT DECEMBER 31 (NO.)

	2017			2016			2015		
	Female	**Male**	**Total**	**Female**	**Male**	**Total**	**Female**	**Male**	**Total**
Permanent	791	2,003	2,794	821	2,027	2,848	834	2,047	2,881
Linate	347	798	1,145	356	813	1,169	365	816	1,181
Malpensa	444	1,205	1,649	465	1,214	1,679	465	1,222	1,687
Other locations	-	-	-	-	-	-	4	9	13
Temporary	5	1	6	1	1	2	2	4	6
Linate	5	1	6	-	1	1	-	3	3
Malpensa	-	-	-	1	-	1	2	-	2
Other locations	-	-	-	-	-	-	-	1	1
Total	**796**	**2,004**	**2,800**	**822**	**2,028**	**2,850**	**836**	**2,051**	**2,887**

Source: SEA

SEA GROUP EMPLOYEES BY CONTRACT TYPE AND GENDER AT DECEMBER 31 (NO.)

	2017			2016			2015		
	Female	**Male**	**Total**	**Female**	**Male**	**Total**	**Female**	**Male**	**Total**
Full-time	632	1,977	2,609	635	1,993	2,628	650	2,015	2,665
Part-time	164	27	191	187	35	222	186	36	222
Total	**796**	**2,004**	**2,800**	**822**	**2,028**	**2,850**	**836**	**2,051**	**2,887**

Note: 2015-2016 data has been modified to include staff with temporary contracts.

Source: SEA

Contract type data indicates a marginal share of temporary contract workers, representing 0.2% of total workers at 31/12/2017, with part-time workers representing 6.8%. Contractors also represented a marginal share at 31/12/2017, equal to 1.30% of the group's total personnel.

SEA GROUP OUTGOING EMPLOYEES BY LOCATION, GENDER AND AGE GROUPING (NO.)

	2017									
	<30			30-50			>50			Total
	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
Other locations*	-	-	-	-	-	-	-	-	-	-
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									
	<30			30-50			>50			Total
	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%

	2015									
	<30			30-50			>50			Total
	Female	Male	Total	Female	Male	Total	Female	Male	Total	
Linate	3	2	5	5	2	7	6	14	20	32
Malpensa	1	-	1	2	10	12	1	4	5	18
Other locations*	-	3	3	-	3	3		-	-	6
Total	**4**	**5**	**9**	**7**	**15**	**22**	**7**	**18**	**25**	**56**
Turnover	50.0%	41.7%	45.0%	1.1%	1.1%	1.1%	3.6%	2.8%	3.0%	1.9%

Note: intra-group transfers are not considered.

** Personnel present at the airports of Rome Ciampino and Venice in 2015.*

Source: SEA

Regarding contract terminations, 62% involved administrative staff and 85% voluntary mobility and incentivized redundancy. The outgoing population was 62% male, 53% older than 50 years, and 62% at Malpensa airport.

SEA GROUP INCOMING EMPLOYEES BY LOCATION, GENDER AND AGE GROUPING (NO.)

	2017									
	<30			30-50			>50			Total
	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
Other locations*	-	-	-	-	-	-	-	-	-	-
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									
	<30			30-50			>50			Total
	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%

	2015									
	<30			30-50			>50			Total
	Female	Male	Total	Female	Male	Total	Female	Male	Total	
Linate	3	3	6	4	4	8	1	1	2	16
Malpensa	2	1	3	1	3	4	1	1	2	9
Other locations*	-	3	3	-	2	2		-	-	5
Total	**5**	**7**	**12**	**5**	**9**	**14**	**2**	**2**	**4**	**30**
Turnover	62.5%	58.3%	60.0%	0.8%	0.6%	0.7%	1.0%	0.3%	0.5%	1.0%

Note: intra-group transfers are not considered.

** Personnel present at the airports of Rome Ciampino and Venice in 2015.*

Source: SEA

The 59 hires, of which 95% administrative staff and 75% male, mainly concerned transfers from Airport Handling to saturate the incremental needs of security area staff (68%). This explains the greater concentration of hires in the age grouping between 30 and 50 years old. On the other hand, 11% of qualified new hires were younger, with an age of less than 30 years old. The hires were distributed equally between the two airports.

SEA GROUP EMPLOYEES BY PROFESSIONAL LEVEL, GENDER AND AGE GROUPING AT DECEMBER 31 (NO.)

	2017									
	<30			30-50			>50			Total
	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									
	<30			30-50			>50			Total
	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**

	2015									
	<30			30-50			>50			Total
	Female	Male	Total	Female	Male	Total	Female	Male	Total	
Executives	-	-	-	2	16	18	5	33	38	56
Managers	-	1	1	62	82	144	37	88	125	270
White-collar	8	6	14	527	807	1,334	143	351	494	1,842
Blue-collar	-	5	5	43	492	535	9	170	179	719
Total	**8**	**12**	**20**	**634**	**1,397**	**2,031**	**194**	**642**	**836**	**2,887**

Source: SEA

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
31/12/2017	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%
31/12/2015	11	CGIL; CISL; COBAS COORD.P. VARESE; CUB-TRASPORTI; FLAI; SEL; SIN.PA; U.G.L.; UIL; USB; ADL VARESE	59%

Principal agreements in 2017 with the Trade Union Organizations

In 2017, constant discussions with legally constituted trade unions continued regarding emerging issues in individual departments. The following agreements have also been reached in order to reduce personnel costs, increase productivity and render the organization more efficient:

- March, June and October 2017 - signing of agreements on the optimization and requalification of human resources;
- December 2017 - signing of an agreement on the 'welfare bonus' and 'work-life balance'.

In 2017 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 significantly 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).

	2017	2016	2015
Number of agreements signed with the Trade Unions	6	2	6

Source: SEA

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 Cisnal and Cisal 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	2017	2016	2015
Kilfrost ABC3 TYPEII (Litres)	960,000	677,035	841,566
Solid de-icing material (Kg)	9,500	3,710	9,290
Liquid de-icing material (Kg)	627,470	79,270	494,720

Linate - Raw material consumption	2017	2016	2015
Kilfrost ABC3 TYPEII (Litres)	302,981	223,699	344,277
Solid de-icing material (Kg)	-	-	-
Liquid de-icing material (Kg)	45,919	36,200	7,981

Source: SEA

Water quality

The quality of the water distributed through the airport aquaducts was subject, in addition to inspections by the Sanitary Board, an internal programme of frequent checks which includes the evaluation of the numerous chemical/physical and microbiological parameters.

The following tables outline that the parameters analyzed 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.

LINATE - CHARACTERISATION OF POTABLE WATER

Parameter	Measurement unit	Average annual value			Parameter values Legislative Decree 31/01
		2017	2016	2015	
pH	pH unit	8.0	7.9	8.1	6.5 ≤ pH ≤ 9.5
Conductivity	µS/cm	397.5	388.6	387.7	2500
Hardness	°f	22.8	22.8	21.7	15 ≤ °f ≤ 50
Nitrates	mg/l	12.0	11.9	11.1	50
Chlorides	mg/l	7.4	7.4	7.8	250
Sulfates	ug/l	32.4	32.5	31.3	250
Iron	ug/l	10.0	10.0	10.0	200
Trichloroethylene + Tetrachloroethylene	µg/l	1.1	1.1	1.0	10
Total trihalomethanes	µg/l	1.0	1.0	1.0	30
Benzene	µg/l	0.1	0.1	0.1	1
Coliform bacteria at 37°C	n/100ml	0.0	0.0	0.0	0
Escherichia coli	n/100ml	0.0	0.0	0.0	0
Enterococci	n/100ml	0.0	0.0	0.0	0

Source: SEA

MALPENSA - CHARACTERISATION OF POTABLE WATER

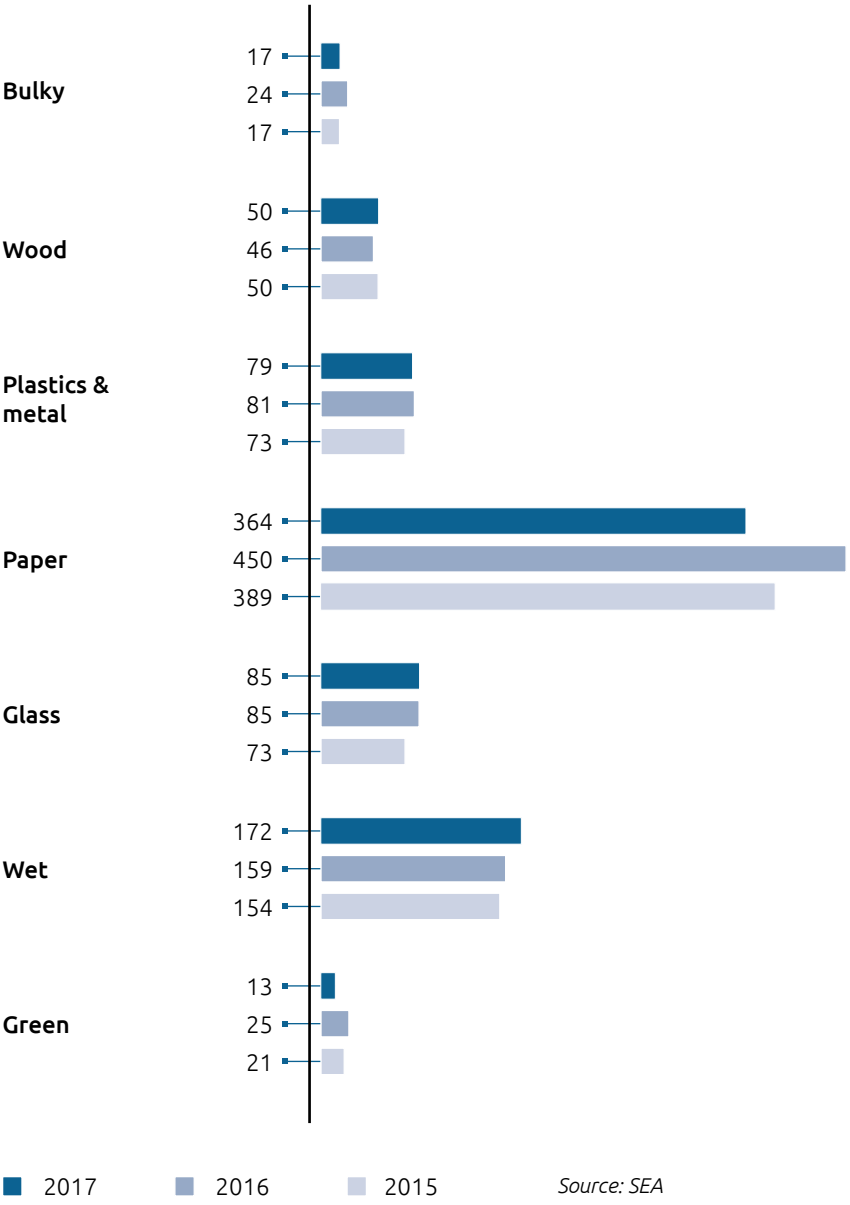
Parameter	Measurement unit	Average annual value			Parameter values Legislative Decree 31/01
		2017	2016	2015	
pH	pH unit	8.1	8.1	8.1	6.5 ≤ pH ≤ 9.5
Conductivity	µS/cm	327.4	314.0	307.0	2500
Hardness	°f	17.9	17.4	17.0	15 ≤ °f ≤ 50
Nitrates	mg/l	23.6	22.5	21.7	50
Chlorides	mg/l	14.0	10.3	10.2	250
Sulfates	ug/l	16.4	15.3	15.4	250
Iron	ug/l	10.0	11.3	11.2	200
Trichloroethylene + Tetrachloroethylene	µg/l	1.2	1.1	1.1	10
Total trihalomethanes	µg/l	3.1	1.0	1.0	30
Benzene	µg/l	0.1	0.1	0.1	1
Coliform bacteria at 37°C	n/100ml	0.0	0.0	0.0	0
Escherichia coli	n/100ml	0.0	0.0	0.0	0
Enterococci	n/100ml	0.0	0.0	0.0	0

Source: SEA

Waste management[22]

Again in 2017, the SEA Group 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. Separated waste management was introduced also to the areas of the airport open to the public.

LINATE - SEPARATED WASTE (TONNES)

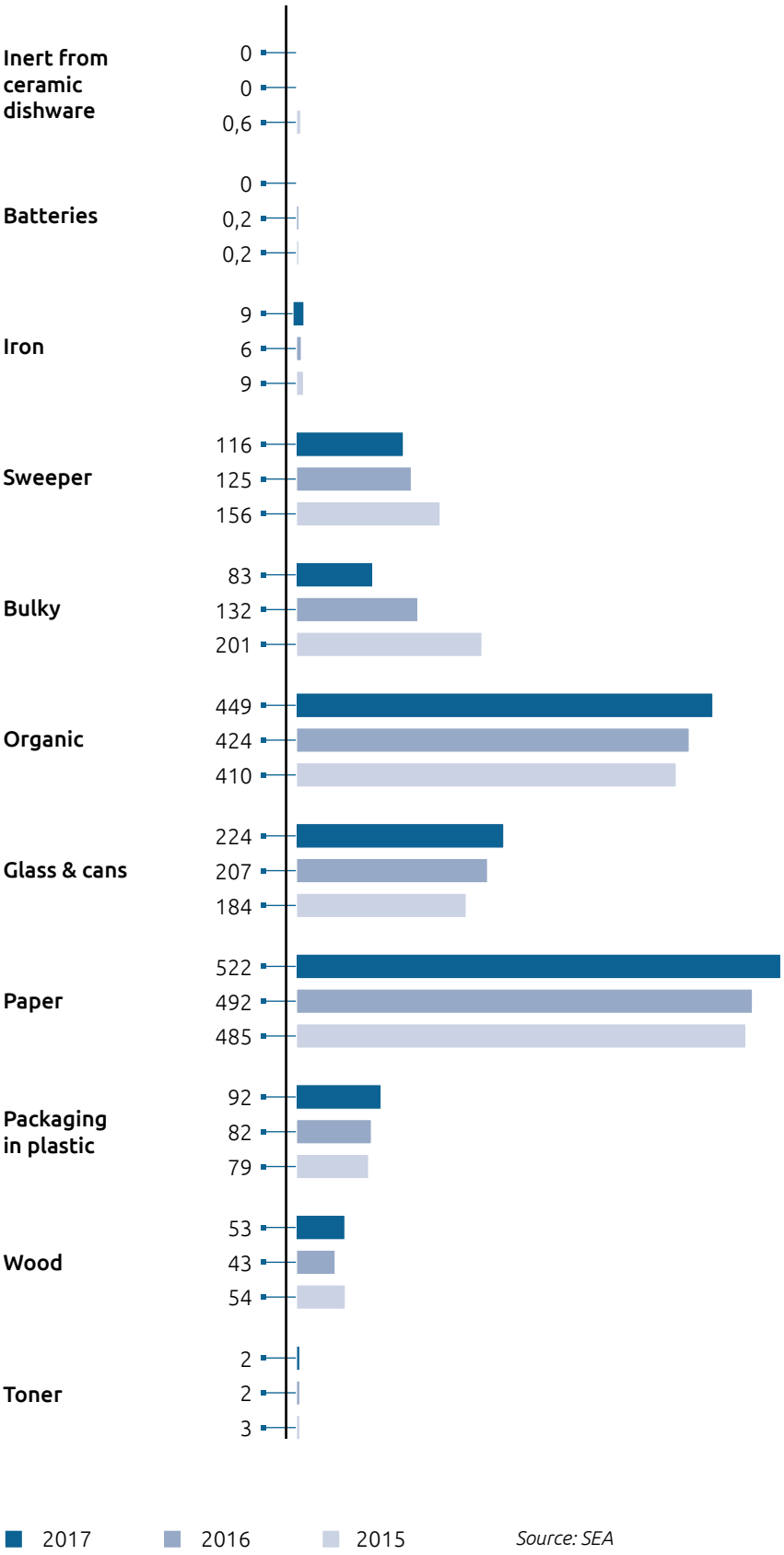


Source: SEA

[22] *The 2015-2016 data refers only to 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.

MALPENSA - SEPARATED WASTE (TONNES)



Source: SEA

The disposal methods for the various types of waste, as established by regulation (attachments B and C of Legislative Decree 152/2006) are reported in the following tables[23]:

LINATE - SPECIAL HAZARDOUS WASTE DISPOSAL METHODS (TONS)

Disposal/recovery method	2017	2016	2015
Principal utilization as fuel or as another energy production method (R1)	0.2	0.1	-
Land incineration (D10)	-	0.1	0.1
Held for allocation for one of the operations indicated at points R1 to R12 (R13) *	190	116	154
Preliminary depositing of waste for allocation to one of the operations indicated from points D1 to D14 (D15).	36	8	11

** The increase in the amount of special waste produced and put into reserve storage (R13) in 2017 is attributable to the start of a new de-icing fluid collection plant accounting for a total of 168.63 tons.*

LINATE - SPECIAL NON-HAZARDOUS WASTE DISPOSAL METHODS (TONS)

Disposal/recovery method	2017	2016	2015
Principal utilization as fuel or as another energy production method (R1)	1,029	1,237	-
Land incineration (D10)	0.6	0.5	1,296
Held for allocation for one of the operations indicated at points R1 to R12 (R13) *	728	854	746
Recycling/recovery of organic substances not utilized as solvents (including compost and other organic conversion processes)	189	175	154
Preliminary depositing of waste for allocation to one of the operations indicated from points D1 to D14 (D15).	28	39	41
Organic treatment not specified elsewhere in the present attachment, resulting in the production of compost or mixing, which is eliminated according to one of the processes listed at points D1 to D12 (D8)	336	239	239

** The data excludes the extraordinary production of non-hazardous 'construction and demolition' waste coming from airport surface cleaning activities and totaling 1,417.36 tons in 2016 and 548.98 tons in 2017.*

[23] The information was received from providers of the service.

MALPENSA - SPECIAL HAZARDOUS WASTE DISPOSAL METHODS (TONS)

Disposal/recovery method	2017	2016	2015
Principal utilization as fuel or as another energy production method (R1)	0.3	0.2	-
Land incineration (D10)	-	0.2	0.3
Held for allocation for one of the operations indicated at points R1 to R12 (R13)	45	42	55
Preliminary depositing of waste for allocation to one of the operations indicated from points D1 to D14 (D15).	23	35	22

MALPENSA - SPECIAL NON-HAZARDOUS WASTE DISPOSAL METHODS (TONS)

Disposal/recovery method	2017	2016	2015
Principal utilization as fuel or as another energy production method (R1)	3,789	3,832	-
Land incineration (D10)	-	2.0	3,812
Held for allocation for one of the operations indicated at points R1 to R12 (R13)	1,601	1,512	1,500
Preliminary depositing of waste for allocation to one of the operations indicated from points D1 to D14 (D15).	88	139	220
Preliminary reconditioning before one of the operations from points D1 to D13 (D14)	8	-	-
Organic treatment resulting in the production of compost or mixing, which is eliminated according to one of the processes listed at points D1 to D12 (D9)	-	5	-

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.

Analysis of the Boundary of the material topics and reconciliation with GRI Standards

Analysis of the Boundary of the material topics and reconciliation with GRI Standards

Material topics	Boundary		GRI topic reconciliation
	Party impacted	Type of impact	
Shared development process	Group	Direct impact	Economic Performance
			Indirect Economic Impacts
			Local Communities
Territorial dialogue and involvement	Group	Direct impact	N/A
Transparent communication	Group	Direct impact	N/A
Noise impact reduction	Group, Airport operators	Direct and indirect impact	Noise
			Customer Health and Safety
Environmental risks oversight	Group	Direct impact	Biodiversity
			Noise
			Effluents and Waste
			Ground Travel Connections
			Environmental Compliance
CO_2 reduction	Group	Direct impact	Emissions
Adoption anti-corruption programmes	Group	Direct impact	Anti-corruption
Quality of passenger services	Group, Airport operators Public Administration	Direct and indirect impact	Business Continuity and Emergency Management
			Customer Health and Safety
			Service Quality
			Reduced Mobility Passenger Services Offer
Public transport accessibility to the airport	Group, Airport operators Public Administration	Indirect impact	Ground Travel Connections

Material topics	Boundary		GRI topic reconciliation
	Party impacted	**Type of impact**	
Quality of airport work	Employees [24]	Direct and indirect impact	Occupational Health and Safety
Improvement of the passenger commercial services offer	Group, Airport operators	Indirect impact	N/A
Employee engagement	Group	Direct impact	Employment
			Labor/Management Relations
			Diversity and Equal Opportunity
Employee empowerment	Group	Direct impact	Training and Education
Supplier selection transparency	Group	Direct impact	Procurement Practices
			Supplier Environmental Assessment
Energy efficiency	Group	Direct impact	Energy
Water consumption	Group	Direct impact	Water
Environmental mitigations	Group	Direct impact	Local Communities

[24] *The Boundary of health and safety information and related injury rates exclusively includes employees of group companies. The organization is assessing the possibility of collecting data on injuries and occupational diseases involving contractors (representing 1.3% of total workers) from the reporting year 2018 onwards.*

GRI Content Index

GRI Content Index

GENERAL DISCLOSURES

GRI Standard	Disclosure	Page No.
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102-13	Memberships of industry or other associations and national or international organizations	182
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102-15	Description of key impacts, risks and opportunities	61-64
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GENERAL DISCLOSURES

GRI Standard	Disclosure	Page No.
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102-40	List of stakeholder groups involved	50
102-41	Collective bargaining agreements	193
102-42	Identification and selection of stakeholders	50-52
102-43	Approach to stakeholder engagement activity	51-52; 91-98
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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	57-61; 201-202
103-2	The management approach and its components	11-13
103-3	Evaluation of the management approach	11-13
GRI 201: Economic performance		
201-1	Direct economic value generated and distributed	74-76
201-3	Pension plans	157-158
201-4	Significant financial assistance from the Public Administration[25]	In 2017, Euro 3,829,000 in financing was received from the Public Administration, in line with 2015 (Euro 3,857,000) and down from 2016 (Euro 5,701,000), including the financing received by SEA from the Ministry for Infrastructure and Transport and from the European Commission, predominantly in relation to the construction of the Malpensa Terminal 2 railway station, and contributions that Sea Prime received for the adaptation of the river Lambro and for the training of personnel.
Topic: Indirect economic impacts		
GRI-103: Management approach		
103-1	Explanation of the material topic and its Boundary	57-61; 201-202
103-2	The management approach and its components	65-72: 76-87
103-3	Evaluation of the management approach	65-72: 76-87

[25] *In order to ensure data representation uniformity, the 2015 and 2016 data was modified.*

TOPIC-SPECIFIC STANDARDS

GRI Standard	Disclosure	Pages No.
GRI 203: Indirect economic impacts		
203-1	Infrastructure investments and services supported	65-72
203-2	Analysis and description of the main indirect economic impacts considering emerging externalities	76-87
Topic: Procurement practices		
GRI-103: Management approach		
103-1	Explanation of the material topic and its Boundary	57-61; 201-202
103-2	The management approach and its components	169-171
103-3	Evaluation of the management approach	169-171
GRI 204: Procurement practices		
204-1	Proportion of spending on local suppliers	171-173
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GRI-103: Management approach		
103-1	Explanation of the material topic and its Boundary	57-61; 201-202
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103-3	Evaluation of the management approach	46-47
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GRI-103: Management approach		
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103-3	Evaluation of the management approach	164-165
GRI 302: Energy		
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GRI-103: Management approach		
103-1	Explanation of the material topic and its Boundary	57-61; 201-202
103-2	The management approach and its components	63-64; 166
103-3	Evaluation of the management approach	166

TOPIC-SPECIFIC STANDARDS

GRI Standard	Disclosure	Pages No.
GRI 303: Water		
303-1	Total water withdrawal by source	166
303-2	Water sources significantly affected by withdrawal of water	166
303-3	Percentage and total volume of water recycled and reused	108
AO4	Rainwater quality according to applicable regulations	108
Topic: Biodiversity		
GRI-103: Management approach		
103-1	Explanation of the material topic and its Boundary	57-61; 201-202
103-2	The management approach and its components	63-64; 183-184
103-3	Evaluation of the management approach	183-184
GRI 304: Biodiversity		
304-1	Location and size of land owned, leased or managed within or near protected areas or high biodiversity value areas even if outside of protected areas.	183-184
304-2	Description of significant impacts of activities, products and services on biodiversity within protected areas or high biodiversity value areas even if outside protected areas.	183-184
304-3	Protected or restored habitats	183-184
304-4	Number of species listed in the IUCN Red List and in national lists of protected species with habitats in operational areas of the organization, subdivided by extinction risk level.	183-184
Topic: Emissions		
GRI-103: Management approach		
103-1	Explanation of the material topic and its Boundary	57-61; 201-202
103-2	The management approach and its components	63-64; 99-100
103-3	Evaluation of the management approach	99-100
GRI 305: Emissions		
305-1	Total direct GHG emissions (Scope 1)	100
305-2	Total indirect GHG emissions (Scope 2)	100
305-3	Other indirect emissions (Scope 3)	100
305-4	GHG emissions intensity	100
305-7	Emissions of NOx, SOx and other significant emissions into the atmosphere, by type and weight	101-104
A05	Air quality pollutant concentrations in micrograms per cubic meter (µg/m^3) or parts per million (ppm) as required by applicable legislation	101-104

TOPIC-SPECIFIC STANDARDS

GRI Standard	Disclosure	Pages No.
Topic: Effluents and waste		
GRI-103: Management approach		
103-1	Explanation of the material topic and its Boundary	57-61; 201-202
103-2	The management approach and its components	63-64; 106-108
103-3	Evaluation of the management approach	106-108
GRI 306: Effluents and waste		
306-1	Total water discharge by quality and destination	107
306-2	Total weight of waste by type and disposal methods	166-168; 196-199
306-3	Total number and volume of significant spills	108-110
306-4	Weight of waste classified as hazardous according to the Basel Convention and transported, imported, exported or treated, as well as percentage transported abroad	The Group does not transport, import or export waste considered hazardous under the Basel Convention.
306-5	Identity, dimensions, conservation status and value of the biodiversity of aquatic fauna and flora and related habitats affected significantly by water discharges and dispersions attributable to the organization	108; 183-184
AO6	Quantity of de-icing fluid used and treated ($m^3$and/or tons), subdivided by runways and aircraft	107; 194
Topic: Environmental compliance		
GRI-103: Management approach		
103-1	Explanation of the material topic and its Boundary	57-61; 201-202
103-2	The management approach and its components	47; 63-64
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GRI 307: Environmental compliance		
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Topic: Supplier environmental assessment		
GRI-103: Management approach		
103-1	Explanation of the material topic and its Boundary	57-61; 201-202
103-2	The management approach and its components	169-171
103-3	Evaluation of the management approach	169-171
GRI 308: Supplier environmental assessment		
308-1	Percentage of new suppliers assessed according to environmental criteria	170

TOPIC-SPECIFIC STANDARDS

GRI Standard	Disclosure	Pages No.
Topic: Noise		
GRI-103: Management approach		
103-1	Explanation of the material topic and its Boundary	57-61; 201-202
103-2	The management approach and its components	63-64; 104-105
103-3	Evaluation of the management approach	104-105
AO7	Number and percentage of people residing in areas affected by airport noise	183
GRI 400: SOCIAL PERFORMANCE INDICATORS		
Topic: Employment		
GRI-103: Management approach		
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103-2	The management approach and its components	150
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GRI 401: Employment		
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401-2	Benefits provided for full-time workers, but not for part-time or temporary employees, subdivided by main production sites	156
401-3	Parental leave	158-159
Topic: Labor/Management Relations		
GRI-103: Management approach		
103-1	Explanation of the material topic and its Boundary	57-61; 201-202
103-2	The management approach and its components	193
103-3	Evaluation of the management approach	193
GRI 402: Labor/Management Relations		
402-1	Minimum notice period for operational changes	193
Topic: Occupational Health and Safety		
GRI-103: Management approach		
103-1	Explanation of the material topic and its Boundary	57-61; 201-202
103-2	The management approach and its components	153-154
103-3	Evaluation of the management approach	153-154

TOPIC-SPECIFIC STANDARDS

GRI Standard	Disclosure	Pages No.
GRI 403: Occupational Health and Safety		
403-1	Percentage of workers represented on the Health and Safety Committee	154
403-2	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	155-156; 163
403-4	Formal agreements with trade unions relating to health and safety	193
Topic: Training and Education		
GRI-103: Management approach		
103-1	Explanation of the material topic and its Boundary	57-61; 201-202
103-2	The management approach and its components	151-152
103-3	Evaluation of the management approach	151-152
GRI 404: Training and Education		
404-1	Average hours of training per year per employee by gender and by employee category	152
404-2	Programs for updating employee skills and providing assistance in reassignment phases	152
404-3	Percentage of employees regularly receiving performance and career development evaluations by gender	152
Topic: Diversity and equal Opportunity		
GRI-103: Management approach		
103-1	Explanation of the material topic and its Boundary	57-61; 201-202
103-2	The management approach and its components	152-153
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405-1	Diversity governance bodies and employees	41; 152-153
405-2	Ratio of women's basic salary and remuneration to those of men in the same professional category, subdivided by significant activity areas	153
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GRI-103: Management approach		
103-1	Explanation of the material topic and its Boundary	57-61; 201-202
103-2	The management approach and its components	65-66
103-3	Evaluation of the management approach	65-66

TOPIC-SPECIFIC STANDARDS

GRI Standard	Disclosure	Pages No.
GRI 413: Local communities		
413-1	Percentage of operations in which local community engagement, assessment and development programs are carried out	65-67
413-2	Operations with potential or current significant negative impacts on local communities	76-87
AO8	Number of people physically or economically displaced, voluntarily or involuntarily, by the airport manager or on its behalf by a governmental or other entity and the indemnity provided	During the year no cases of voluntary or involuntary displacements were reported.
Topic: Customer Health and Safety		
GRI-103: Management approach		
103-1	Explanation of the material topic and its Boundary	57-61; 201-202
103-2	The management approach and its components	104-105; 111-112
103-3	Evaluation of the management approach	104-105; 111-112
GRI 416: Customer Health and Safety		
416-1	Percentage of significant categories of products and services for which health and safety impacts are assessed in order to promote improvement	104-105; 111-112
416-2	Total number (subdivided by type) of cases of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle	During the reporting period, no cases of non-compliance were reported.
AO9	Total annual number of wildlife strikes per 10,000 aircraft movements	112
Topic: Business continuity and emergency management		
GRI-103: Management approach		
103-1	Explanation of the material topic and its Boundary	57-61; 201-202
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103-3	Evaluation of the management approach	187-188
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GRI-103: Management approach		
103-1	Explanation of the material topic and its Boundary	57-61; 201-202
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103-3	Evaluation of the management approach	64; 185-187

TOPIC-SPECIFIC STANDARDS

GRI Standard	Disclosure	Pages No.
Topic: Service quality		
GRI-103: Management approach		
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GRI-103: Management approach		
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103-3	Evaluation of the management approach	33-38
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GRI-103: Management approach		
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GRI-103: Management approach		
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GRI-103: Management approach		
103-1	Explanation of the material topic and its Boundary	57-61; 201-202
103-2	The management approach and its components	135-141
103-3	Evaluation of the management approach	135-141

Independent Auditors' Report

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**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**

**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 the "Decree") and to article 5 of the CONSOB Regulation n. 20267, we have 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 "SEA Group" or the "Group") as of December 31, 2017 prepared on the basis of article 4 of the Decree, and approved by the Board of Directors on March 29, 2018 (hereinafter the "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"), including "*Airport Operators Sector Disclosures*" established respectively in 2016 and 2014 by GRI – Global Reporting Initiative (hereinafter "GRI Standards"), 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.

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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 article 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 SEA 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).

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 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.

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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. and SEA Energia 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 SEA Group as of December 31, 2017 is not prepared, in all material aspects, in accordance with article 3 and 4 of the Decree and the GRI Standards.

Other Matter

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
April 12, 2018

This report has been translated into the English language solely for the convenience of international readers.

SEA Group - Consolidated Non-Financial Statement 2017
Published by SEA Group Corporate Social Responsibility in collaboration with the SEA Departments and Corporate Functions.

We thank the SEA Group people who contributed to useful data retrieval to define the chart accounts

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The SEA Group's focus on environmental protection, through the adoption of targeted initiatives, has significantly reduced CO_2 emissions.

Malpensa and Linate confirm their exceptional record at European level, achieving "Neutrality" under the Airport Carbon Accreditation Initiative.