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SEA

LETTER
TO STAKEHOLDERS

“Give me eight hours to chop down a tree and I will spend the first six sharpening the axe.”

This quote by Abraham Lincoln can be used effectively to describe the stage that SEA is going through in pursuit of the goal of increasingly integrating its sustainability strategy into its business management.

Being able to incorporate stakeholder expectations into strategy and business management is an ability that is increasingly valued by financial market players. They are aware of the link between this ability and the generation of greater and more durable corporate value.

Under ESG lens of investors

Our company experienced how the attention to ESG issues by international investors has been growing. For two years now, it has been subjected to a thorough assessment, by mandate of an indirect shareholder, to assess our capability to address ESG issues, and the result was very positive.

This highlighted the work we have been doing for years to adopt a model of “integrated governance”. With this, we aim to progressively incorporate socio-environmental sustainability issues into the vision, strategic options, business plans, budgets and managerial performance measurement systems, to ensure that the company’s ability to create value over the long term takes into account all the variables that affect it.

Dissemination of the inclusive approach

2016 was a year devoted heavily to “sharpening the axe” of sustainable and coordinated growth of our airports and local systems.

Our progress on this front is based not so much on a succession of linked initiatives to give tone and volume to a generic material level, but by adopting a series of design patterns through which we try to give methodological substance and organic application to our fundamental vision.

This approach has been translated into the development of our infrastructure capital, and in design and implementation of an open dialogue process with local stakeholders on 2030 Master Plan guidelines for Malpensa airport. We anticipated and applied voluntarily the public debate procedure required when implementing a new infrastructure, introduced by the new Procurement Code.

In terms of vision and organizational culture, the launch of the new system of corporate values (built through extensive internal involvement) was the precondition for starting a change management project geared to the adoption of leadership styles inspired by those very values. These styles generate investments in soft skills, such as a cross-sectional approach to decision-making, ability to work in groups, openness to innovation, and cultivating professional excellence.

Attention to growth and engagement of human capital has been applied by organically and structurally deploying a process for listening to people about the key issues of quality of work and organizational well being. We also adopted an advanced model of family and work reconciliation management, which won us a Family Audit Certification. Based on this model and with the help of its people’s essential contribution, SEA has defined a three-year plan of organizational efforts to make our way of working more flexible, inclusive and smart.

Our corporate citizenship model, identified primarily, but not only, in the “Social Challenge” initiative, gained in 2016 an important confirmation of its validity and ability to involve non-profit active actors in airport surroundings. Between 2015 and 2016, our colleagues and co-workers presented or sponsored more than 200 projects of non-profit associations, 13 of which received a contribution of 10,000 Euro each, thanks to a meritocratic evaluation mechanism managed with the participation of the whole corporate community.



Excellence in processes and accountability

We must not forget the important contribution, both in terms of optimization of management processes and as a cultural paradigm, generated by implementation of certified management systems that drive us daily to pursue services of incremental quality in the field of passenger services, worker safety and environmental protection.

Finally, we are also strengthening and raising our capacity for accountability through an Observatory on the economic footprint generated by our airports, created in partnership with University of Castellanza.

The progressive refinement of the analysis of directly and indirectly generated effects by the activity of our airports benefiting the socioeconomic system of the respective catchment areas provides us a more complete and effective way to depict the overall value we generate. At the same time, it urges us to consider development paths of our airport system in a way that is increasingly integrated with peculiarities and ambitions of productive and social fabric. We put ourselves at its service as a strategic infrastructure of connection with global market.

Integrating business and sustainability

The growth path that we have outlined for the coming years in the 2016-2021 Business Plan refers to four strategic goals: traffic development, investment in upgrading of our infrastructure capital, expansion of non-aviation business, and optimization of processes in terms of efficiency.

The fact that ESG issues represent an important quality and identity feature of this strategic plan is reflected in the narrative structure of 2016 Sustainability Report. Traditional approach where document's topics were related to specific stakeholders (environment, personnel, passengers, suppliers, etc.) has been replaced by an approach centred on four drivers of our strategic plan, whose sustainability variables represent an expression to be monitored, on which to invest in order to avoid jeopardizing or delaying the achievement of business targets.

This is a first sign of the concrete will to start working on monitoring all our company's areas of short and long-term value creation.

Pietro Modiano

Chairperson



SEA

METHODOLOGICAL NOTE



In its seventh edition, the 2016 Sustainability Report of SEA Group (hereinafter the "Group") was prepared according to the "G4 Sustainability Reporting Guidelines" (2013) and the "Airport Operators Sector Disclosures" (2014), both published by the Global Reporting Initiative (GRI), based on the "Core" option. The GRI Content Index and the Auditors' Report are included at the end of the document.

Reporting process and scope

The content and indicators of the 2016 Sustainability Report have been defined according to the results of the materiality analysis. This approach began in 2013, involving the Group's top management and stakeholders in order to identify the relevant economic, environmental and social aspects through a participatory process.

In continuity with the previous editions and for the sake of completeness, some aspects, though not material, have been included in the Report.

The Sustainability Report shows the initiatives and results achieved between 1/1/2016 and 31/12/2016.

This document highlights whether a reported figure was generated by estimates.

As regards economic data, the reporting scope is the same as SEA Group's 2016 Consolidated Financial Statements.

The scope of the qualitative information and quantitative data relating to social and environmental aspects refers to companies controlled by the Group, with the exception of:

- Consorzio Malpensa Construction, whose data and information could not at this time be collected uniformly with the other Group companies. We will consider the inclusion of Consorzio Malpensa Construction in the reporting scope over the coming years;
- the following companies considered not significant and still included in the Consolidated Financial Statements with the "equity method": Dufrital SpA, SACBO SpA, SEA Services Srl, Malpensa Logistica Europa SpA, Disma SpA.

Please note that the scope of consolidation at December 31, 2016 differs from December 31, 2015, due to the transfer of 60% of SEA Prime SpA's holdings to Signature Flight Support Italy Srl (formerly Prime AviationServices SpA) completed on April 1, 2016. Due

to the loss of control, the interest in Signature Flight Support Italy Srl is now classified among the affiliates instead of the subsidiaries, and is recognised using the equity method rather than consolidated on a full line-by-line basis. Therefore, the company Prime AviationServices SpA is included in the scope of qualitative information and quantitative data relating to social and environmental aspects only up to March 31, 2016.

Any specific issues and exceptions to the reporting scope are outlined in the relevant sections.

The document uses the following terms:

- SEA Group for SEA SpA, SEA Energia SpA, SEA Prime SpA and Prime AviationServices SpA;
- SEA for SEA SpA;
- SEA Energia for SEA Energia SpA;
- SEA Prime for SEA Prime SpA;
- Prime AviationServices for Prime AviationServices SpA.



Reporting principles

Principles for defining the content of the report

The reporting principles regarding the content of this document in the drafting phase refer to the GRI guidelines set out above and are summarized below:

Inclusivity, Materiality, Sustainability Context

Relations and involvement actions have been identified for each category of stakeholder.

The document also outlines the main social and environmental impacts of the Group relating to key stakeholders.

Completeness

In relation to the principle of completeness, refer to the previous paragraph "Reporting Process and Scope".

Quality guarantee principles of the report

Quality guarantee principles of the current document are also reported:

Balance

Figures are objectively and systematically reported. The result indicators reflect the assessment of the performance regardless of improvements or deteriorations from previous periods.

Comparability, Clarity

In order to make this document easier to read, the disclosure contains graphs, tables and a clear and accessible language. Where possible, indicators are compared with those of the previous two years and are commented, highlighting any significant variations. Tables and charts without comparisons refer to indicators whose time comparison is not considered important or indicators for which data from previous years was unavailable. Reference to the model provided by the Global Reporting Initiative also enables a comparison with domestic and international organizations adopting the same model.

Accuracy

All data have been checked by the various area managers. The economic and financial figures are the same data used for the Consolidated Financial Statements, prepared by applying international accounting standards.

Timeliness

The 2016 Sustainability Report is an annual reporting document.

Reliability

The Sustainability Report was approved by the Board of Directors and submitted to external and independent review by the audit firm Deloitte, whose activity has ended with the issuance of the "Auditor's Report".

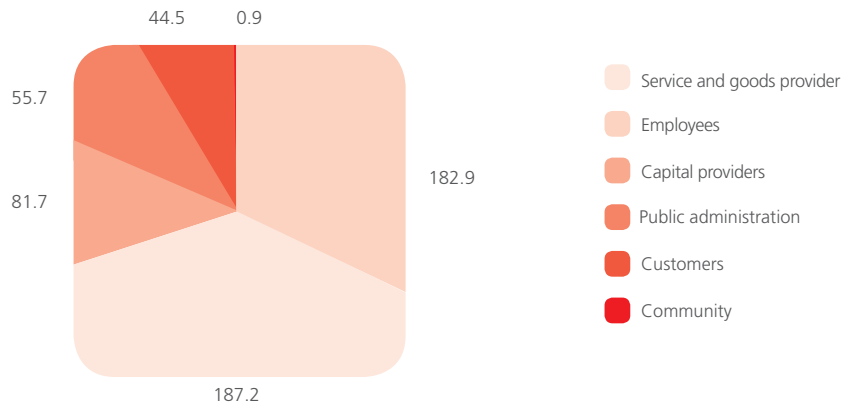
SEA

HIGHLIGHTS

What happened in 2016

■ We distributed to our stakeholders an **economic value** of **552.9** million Euro.

Economic value distributed to stakeholders (million of Euro)



Source: SEA

■ Our Malpensa Airport was confirmed among the 30 globally best-connected airports (on a network that includes 3,873 airports worldwide), occupying **28th position**, with a connectivity index of **2.69**. In addition, Malpensa is the only Italian airport among the top 20 in the continental ranking based on the share of European GDP that can be reached quickly.

Reachable European GDP based on travel time

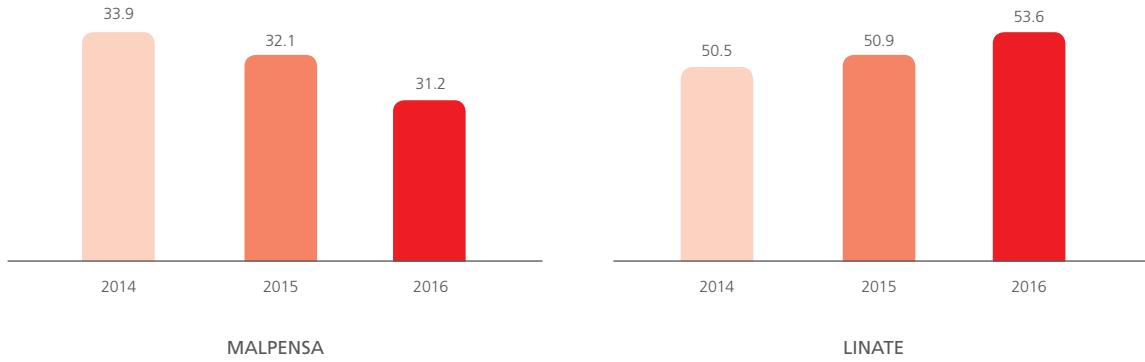
Rank	Airport	GDP % within 2 hours	GDP % 2-4 hours
1	FRANKFURT	91.25	8.30
2	PARIS CDG	89.29	10.00
3	MUNICH	87.63	11.75
4	AMSTERDAM	87.19	12.23
5	BRUSSELS	87.02	12.17
6	ZURICH	85.66	13.78
7	DUSSELDORF	84.18	15.26
8	STUTTGART	82.43	16.85
9	GENEVA	81.98	17.13
10	BASEL	80.50	18.13
11	MILAN MALPENSA	78.30	20.87

Source: ICCSAI Fact Book 2016



■ We have strengthened our effort in **separate collection of waste**.

Separate collection (% of total waste)

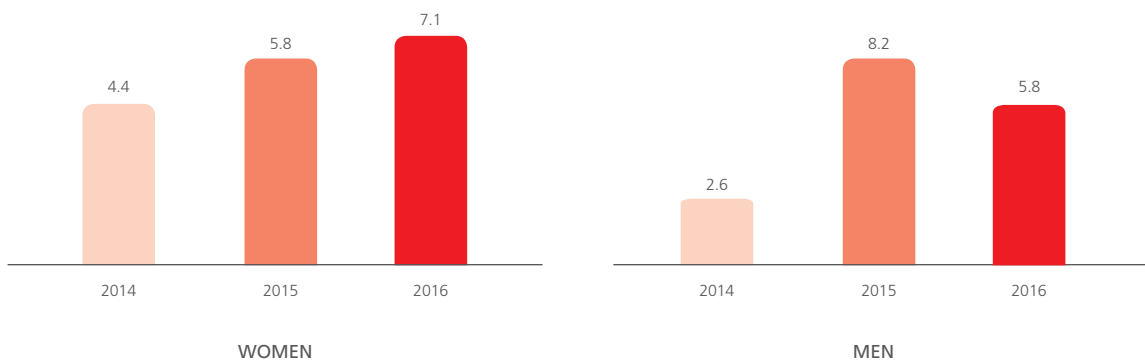


■ 2014 ■ 2015 ■ 2016

Source: SEA

■ We provided our people with over **17,000 hours** of **training**.

Average number of hours of training per capita by gender

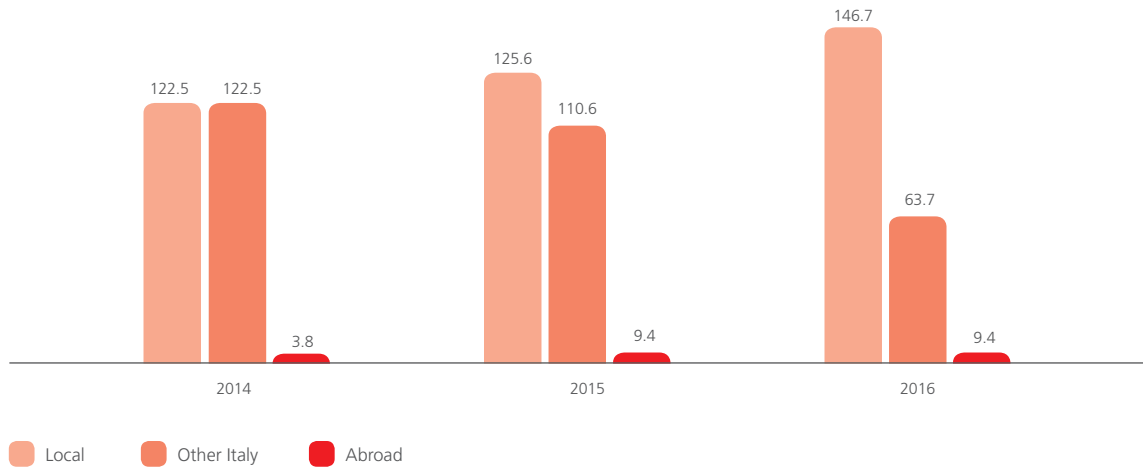


■ 2014 ■ 2015 ■ 2016

Source: SEA

■ We issued **219.8 million Euro in orders to our suppliers.**

Value of orders by geographical origin (millions of Euro)



Source: SEA

Note: "local" means vendors based in the provinces of Lombardy, Novara and Piacenza.

■ We made donations totalling **857,800 Euro**, of which **75,000** in Corporate Citizenship Projects.

Charitable donation in the last three years (million of Euro)

	2016	2015	2014
Total donations	782,800	820,242	614,500
<i>of which: culture/education</i>	712,400	714,900	584,000
<i>of which: sporting events</i>	10,000	27,000	12,000
<i>of which: social/welfare</i>	60,400	78,342	18,500
Corporate Citizenship Projects	75,000	81,500	150,400
Total donations	857,800	901,742	764,900

Source: SEA



- We evaluated **75 social projects**, with the cooperation and the involvement of **59 employees**, and assigned to **7** of them a contribution of **10,000 Euro** each, through an online referendum voted by **564 employees**.

The Social Challenge: the 2016 issue numbers

	NO. OF PROJECTS	MILAN	VARESE
Projects submitted	87	65	22
<i>by Employees</i>	39	24	15
<i>by Associations</i>	48	41	7
<i>of which adopted</i>	36	30	6
Projects admitted to evaluation	75	54	21
Employees involved in the project submission		59	
Employees voting in the referendum		564	

Source: SEA

- We achieved **82%** of the targets of service quality for our passengers at Linate airport, **91%** at Malpensa Terminal 1 and **85%** at Malpensa Terminal 2.

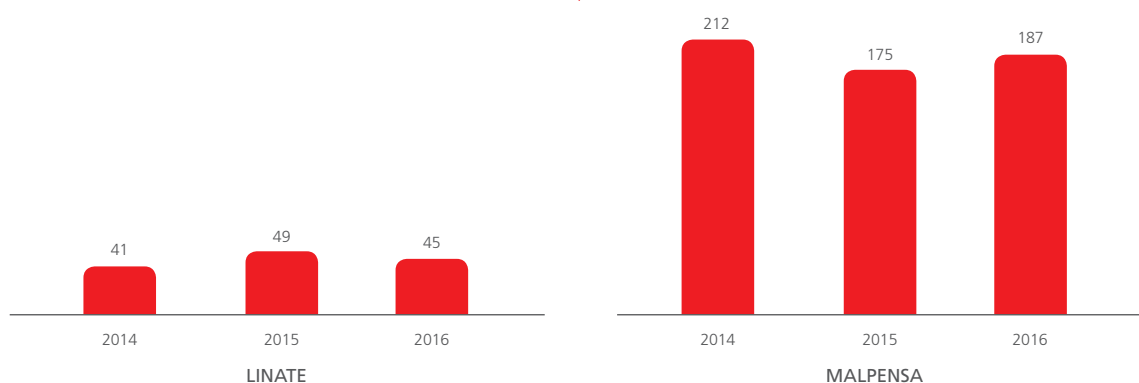
Evolution of the Customer Satisfaction Index

	2016	2015	2014
Malpensa T1	75	73	70
Malpensa T2	72	72	70
Linate	70	70	67
System	73	72	69

Source: SEA, CFI Group

- We provided our passengers with **187 domestic and international destinations** from Malpensa and **45** from Linate.

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



Source: SEA

HIGHLIGHTS

■ We recorded a departing **flight punctuality** of **81.0%** at Malpensa and **85.0%** at Linate

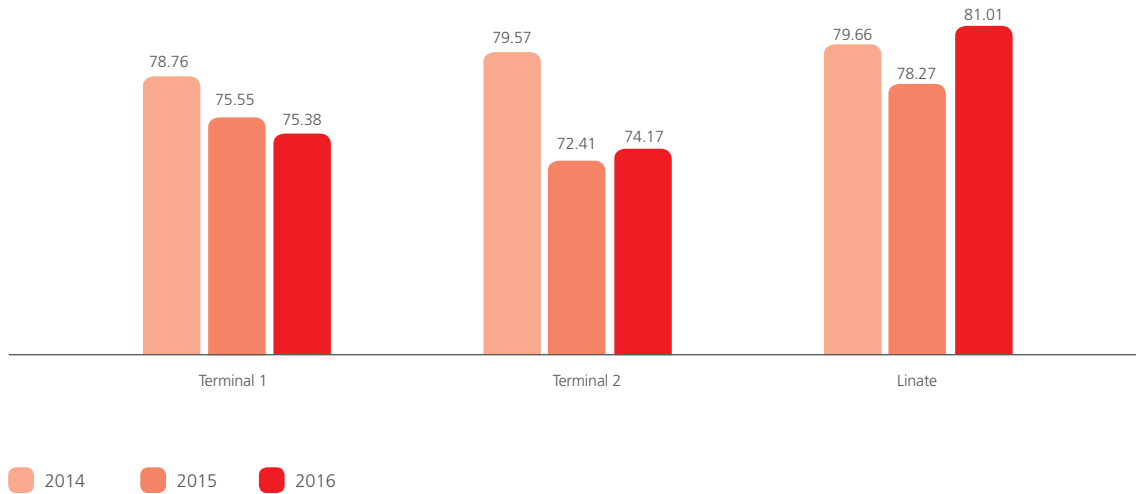
EAPN departing flight punctuality ranking (% within 15 minutes)

	2016	2015	2014
Malpensa	81.3	82.3	82.6
Linate	84.9	88.4	90.8
Media EAPN	77.9	79.5	81.6

Source: SEA

■ The perceived quality of retail businesses in the airports in 2016 reached an average value of **76.86/100**.

Mystery Shopping - Average perceived quality by airport (scale 1-100)



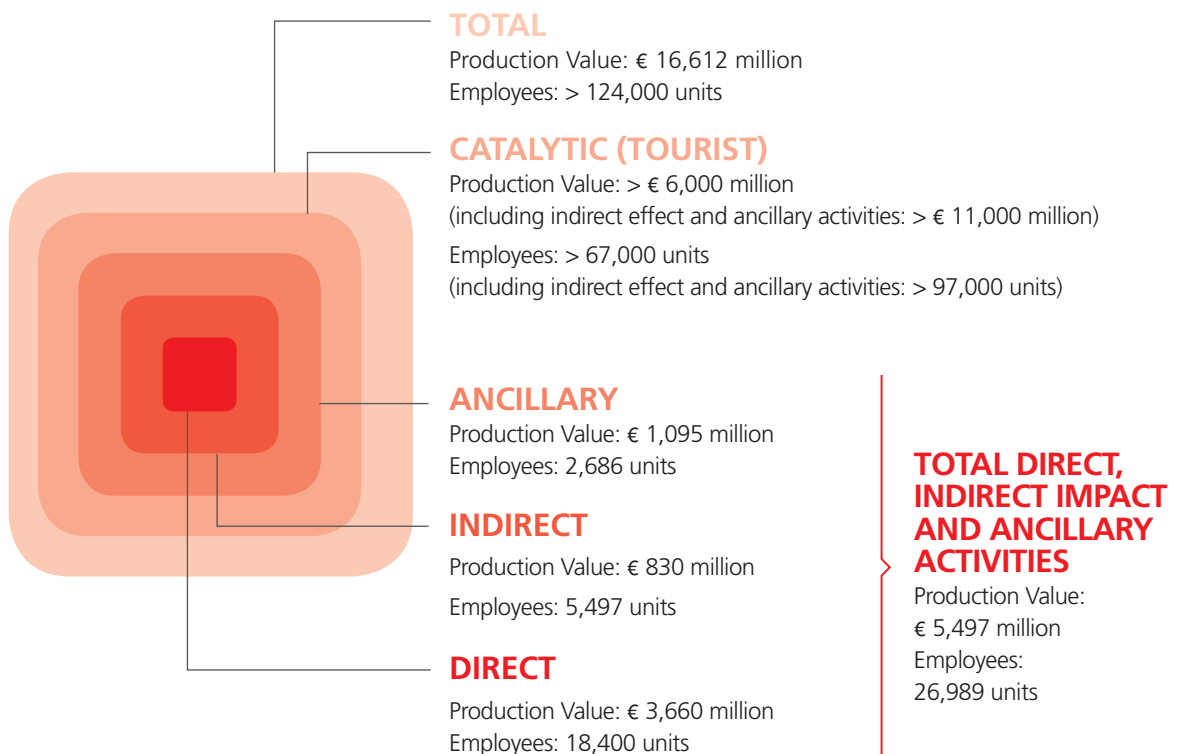
Source: SEA

- We were awarded the **“Family Audit” Certification** as a result of a three-year programme of **28** initiatives to improve work-life balance of our people. We earned for the **6th** consecutive year the **Airport Carbon Accreditation** at level **3+ (neutrality)**.



- Our Malpensa airport generated **18,400** direct, **5,500** indirect and **2,600** induced jobs.

Socioeconomic impact generated by Malpensa airport



Source: CeRST-LIUC processing of SEA and ISTAT data



SEA

WHO WE ARE
AND WHAT WE DO

WHO WE ARE AND WHAT WE DO

SEA (Società Esercizi Aeroportuali) Group manages 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.

Malpensa and Linate airports are among the top ten operators in Europe for traffic volume in passenger segment and among the top five in cargo market, while in Italy Milan airport system is the second largest operator for passenger traffic volume and the first in cargo segment.

Key Facts

- Founding of SEA:** May 22, 1948
- Registered office:** Airport Milano Linate - 20090 Segrate (MI)
- Registration number at Milan Companies Register:** 00826040156
- Share capital:** 27,500,000 Euro
- Number of employees of the Group in 2016:** 2,866

2016 HIGHLIGHTS

- Total Revenues:** 700.1 million Euro
- EBITDA:** 234.4 million Euro
- Net profit:** 93.6 million Euro
- Passengers:** 28.9 million
- Aircraft movements:** 260.5 thousand
- Cargo:** 549.4 thousand (tons)

SEA and the Group companies manage and develop Milan Malpensa and Milan Linate airports, providing all related services and activities, such as arrivals and departures of aircraft, management of airport security, continuous development of commercial services to passengers, operators and visitors, through a wide and differentiated offer.

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

Mission

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

customers and employees.

This is achieved through the provision of services and solutions according to the growing demands of the market, ranging from passengers to airlines, airport operators and commercial partners at Malpensa and Linate airports.

The airport infrastructures managed by SEA Group provide air access to the main international destinations to a large number of users and are located in one of the most developed catchment areas of Europe, thus providing a key hub for economic growth in whole Northern Italy.

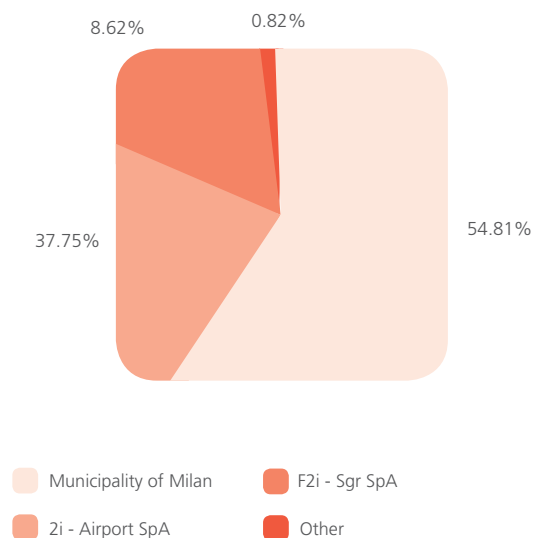
Services provided by SEA Group are guaranteed by the management and development of a secure and cutting-edge infrastructure, focusing on the development of the host community and environmental protection.

Shareholding structure

The share capital of SEA amounts to 27,500,000 Euro, comprising 250 million shares of a par value of 0.11 Euro, of which 137,023,805 Class A shares, 74,375,102 Class B shares and 38,601,093 other shares.

In case of divestment of the majority of the Company's capital, Class A shareholders 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.

Structure of the Share Capital





Structure of the Share Capital

Azionisti pubblici

9 bodies/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

	Zi 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.

Structure of SEA Group

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

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

Company	Country of establishment/location	% of the share capital
SEA Energia SpA	Italy, Segrate (MI)	100.00
Consorzio Malpensa Construction	Italy, Milan	51.00
SEA Prime SpA	Italy, Milan	98.34

SEA Spa direct and indirect investments in other companies at December 31, 2016

SEA SpA

Airport management	Utilities	Commercial activities	Other activities	Handling
S.A.C.B.O. SpA Società per l'aeroporto civile di Bergamo - Orio al Serio 30.98%	SEA Energia SpA 100%	Dufrital SpA 40%	Consorzio Malpensa Construction** 51%	Signature Flight Support Italy S.r.l.*** 39.34%
Aeropuertos Argentina 2000 SA* 8.5%	Disma SpA 18.75%	SEA Services Srl 40%	Romairport SpA**** 0.23%	Malpensa Logistica Europa SpA 25%
SEA Prime SpA 98.34%			SITA Società Cooperativa arl 6 share	

(*) In relation to the holding of SEA in AA2000, on June 30, 2011, SEA SpA and Cedecor S.A, in execution of the agreement of August 9, 2006, signed a contract concerning the sale by SEA of the above stake in AA2000, subject to the approval of the Regulator del Sistema Nacional de Aeropuertos, which has not yet been issued at the approval date of the 2016 Annual Financial Report of the SEA Group.

(**) On February 22, 2017, the Board of Directors of SEA SpA resolved to authorize the dissolution and liquidation of the Consorzio Malpensa Construction. On March 15, 2017, Consorzio's Board of Directors resolved to do so by approving its dissolution and liquidation.

(***) On April 1, 2016, 60% of shares were transferred by SEA Prime, which owned 100% of the shares, to Signature Flight Support UK Regions Limited. Following the loss of control, the company Signature Flight Support Italy Srl is classified as an affiliated company. In February 2017, it changed company name, going from Prime AviationServices SpA to Signature Flight Support Italy Srl.

(****) The Extraordinary Shareholders' Meeting of Romairport of February 23, 2017 resolved the transformation of the Company from SpA to Srl.

Corporate Governance

The Corporate Governance structure is voluntarily based (as SEA is not listed on the stock market) on the recommendations and principles contained in the "Self-Governance Code of Listed Companies" promoted by Borsa Italiana.

The corporate governance structure of SEA follows a traditional organizational model and consists of the following bodies:

- Shareholders' Meeting, the body representing the interests of general shareholders, with a duty to take

the most important decisions for the company – appointing the Board of Directors, approving the financial statements and amending the Bylaws;

- Board of Directors, which operates through executive directors and directors with representative powers. A Control and Risks Committee and a Remuneration Committee have also been set up within the Board;
- Board of Statutory Auditors.

The structure of powers and duties complete the Governance structure.

Board of Directors

The Board of Directors of SEA consists of seven members⁽¹⁾ (executive and non-executive). The BoD in office at December 31, 2016 was appointed by the Ordinary Shareholders' Meeting on May 4, 2016, for three years until the approval of the Financial Statements at December 31, 2018. Over the course of 2016, the verification of independence requirements of directors was not considered necessary by the Company, considering the number of non-executive directors adequate.

The Company is not subject to particular rules in terms of 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 Deputy Chairman and the other Directors on the basis of that agreed by the appointing Shareholders' Meeting. For the financial year ended December 31, 2016, the remuneration for the Board of Directors was 603,000 Euro.

The Board of Directors plays a central role within the company's organisation.

It is responsible for strategic and organizational guidelines, within the corporate scope, holding all the powers which by law or through the Bylaws are not expressly reserved to the Shareholders' Meeting and therefore carries out the ordinary and extraordinary administration of the Company.

Structure of the Board of Directors and the SEA 2016 Committees

Board of Directors				Control and Risks Committee	Remuneration and Appointments Committee	Ethics Committee	Age groups	
Position	Members	Executive	Non executive	*	*	*	30-50	> 50
Chairman	Modiano Pietro	X						X
Deputy Chairman	Brunini Armando		X	X				X
Director	Bragantini Salvatore		X	X		X		X
Director	Mion Stefano		X		X		X	
Director	Stefani Susanna		X		X			X
Director	Zucchelli Susanna		X	X				X

^(*) Membership of the BoD member in 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 Group Control and Risks Committee, in addition to periodically reviewing results in comparison with forecasts.

In addition, the Board of Directors examines and ap-

proves any operation with significant strategic, economic, equity or financial value, the strategic, industrial and financial plans of the Company and the Group in general, the corporate governance system and the group's structure.

⁽¹⁾ Director Arabella Caporello resigned from office on September 15, 2016.

Internal Committees of the Board of Directors

The Board of Directors of SEA, according to the recommendations of the Self-Governance Code, has internally set up, through resolutions, additional committees composed 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, whose minutes are drafted and kept in the Company's records.

Meetings held by the Board of Directors and the Committees in 2016

Board of Directors	Control and Risks Committee	Remuneration and Appointments Committee	Ethics Committee
12	6	6	4

For the discharge of their duties, committees may access information and company departments necessary to carry out their tasks. Committees may in addition use external consultants, within the budget limits approved by the Board. The Board of Directors has set up:

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

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

Board of Statutory Auditors

The Board of Statutory Auditors consists of five Statutory Auditors and two Alternates. Two Statutory Auditors are members of the Board of Statutory Auditors: one performs the function of Chairman of the Board and is appointed by the Minister of the Treasury, the other by the Minister of 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 remain in office for three years, may be re-elected, and lapse on the date of the Shareholders' Meeting called for the approval of financial statements relating to the final year in office.

Structure of SEA 2016 Board of Statutory Auditors

Board of Statutory Auditors			
Position	Members	In office since	In office until
Chairman	Cotroneo Rosalba ⁽¹⁾	16/11/2016	2018 Financial Statements approval
Statutory auditor	Galli Andrea	24/06/2013	2018 Financial Statements approval
Statutory auditor	Giovanelli Paolo	24/06/2013	2018 Financial Statements approval
Statutory auditor	Casiraghi Rosalba	04/05/2016	2018 Financial Statements approval
Statutory auditor	Sarubbi Giacinto Gaetano	04/05/2016	2018 Financial Statements approval
Statutory auditor	Cioccarelli Andrea	24/06/2013	2018 Financial Statements approval
Statutory auditor	Allievi Anna Maria	04/05/2016	2018 Financial Statements approval

⁽¹⁾ Ministerial appointment, replacing auditor Rita Cicchiello.

For 2016, the total amount of remuneration for the Board of Statutory Auditors is 295,000 Euro.



System of powers and duties

The highest managerial responsibilities within the Company are shared among the Chief Corporate Officer (CCO), the Chief Executive Officer (CEO) and the Chief Financial and Risk Officer (CFRO), each for a different area of expertise, according to the powers granted by the Board of Directors.

The Board of Directors of SEA has not appointed a Chief Executive Officer and has granted to the Chief Officers of the Company the powers to manage, within specific limits, the ordinary activities of the Company and the implementation of the guidelines dictated by the administrative body.

Each of the Chief Officers, in turn, has sub-delegated some of the delegated powers. This system of powers contemplates a constant disclosure to the Board of Directors regarding the exercise of delegated powers and hence the developments and the conclusion of the main corporate operations.

The system is based on a formalized and clear internal organizational structure, divided into distinct units, each of which is specifically identified for its hierarchical reporting line, mission and responsibility.

The organizational structure lays out responsibilities so as to leverage the skills while enabling the activation of checks and balances, including:

- the Auditing Department reports hierarchically to the Chairman and functionally to the Board of Directors and the Control and Risks Committee;
- Staff structures are merged under the Chief Corporate Officer, with the Purchasing Department being centralised and segregated from the main corporate spenders;
- Business Development responsibilities are centralised under the Chief Operating Officer.

SEA Chief Executive Officers “delegated” to management duties, each for his own area, regularly attend the meetings of the Board of Directors to provide the required in-depth reporting on topics in the agenda.

Management remuneration

SEA Group remuneration policy reflects its characteristics as a service company focused on operational performance excellence and on the quality of service offered to customer, aiming to align corporate interests with value creation for shareholders. The remuneration policy is defined in order to attract, motivate and retain highly qualified managerial personnel.

The variable incentive system (MBO), intended for the Group’s Management, is consistent with the Business Plan and is designed to implement it. The variable re-

muneration component recognizes the achieved results by establishing a correlation between performance and remuneration.

Annual targets are predetermined by the budget approved by the Board of Directors and assigned to the positions in relation to areas of performance and responsibility of each role.

The Group’s profitability is Management’s main objective, shared at all levels, and is the condition of access to the recognition of the individual bonuses. Performance is measured not only on economic and financial terms, but also on achieving department targets linked to indicators of operational excellence and customer service levels.

Internal control system

SEA has an internal control system consisting of rules, procedures and organizational structure to monitor:

- efficiency and effectiveness of corporate processes;
- reliability of the financial disclosure;
- compliance with laws, regulations, Bylaws and internal procedures;
- safeguarding of the company’s assets;

Particular attention is also given to the Organization and Management Model as per Italian Legislative Decree 231/01.

Organization and management model as per Legislative Decree 231/01

In 2003, SEA adopted an “Organization, Management and Control Model” in line with the provisions of Italian Legislative Decree 231/2001, taking into account the Guidelines published by Confindustria to ensure fairness and transparency in conducting corporate business.

The Model of Organization and Management, which has been amended and supplemented with the offences introduced in the Decree in September 2016, sets out the principles adopted and the activities carried out by SEA to prevent offences under Italian Legislative Decree 231/2001 and to avoid incurring in administrative and criminal liability of the legal persons set forth in the decree.

The effectivity and adequacy of the Model is ensured by the Supervisory Body appointed by the Board of Directors and composed of four members (one Board member without operating duties, two external independent members and the Auditing Manager).

The Supervisory Body has independent powers of initiative and control, professionalism and continuity, in addition to independent spending powers.

The Supervisory Body prepares periodic information flows for the Board of Directors on the effectiveness, adequacy and maintenance of the Model.

To monitor the implementation of the Model, a special channel has been set up for reports, including anonymous ones, from employees, corporate bodies and third parties regarding illegal conduct or situations posing the potential risk of committing illegal conduct to the Supervisory Body (so-called "Whistleblowing"). The following are an integral part of SEA's Model 231:

- Code of Conduct;
- risk mapping;
- company's organizational system;
- company's procedural system;
- system of authorization and signatory powers;
- management control system;
- reward system and penalty mechanisms;
- personnel training and communication;
- company's information system;
- company's governance system;
- control activities in general.

In 2016, the SEA Supervisory Body met eight times. Minutes of each meeting were drawn up.

Code of Conduct and Ethics Committee

The Code of Conduct is an integral part of Self Organization, Management and Control Model under Italian Legislative Decree 231/2001. It is a governance tool first adopted in April 2000, identifying values and codes of conduct informing SEA's activities. The members of SEA corporate bodies, its employees, and any associates linked to SEA and to the SEA Group companies must comply with contractual employment relationships (including occasional or temporary ones). Other specific categories of stakeholders (in particular suppliers and major trading partners) are also required to comply with specific conduct rules of the Code of Conduct and formalized in the relevant contracts.

In conducting its business, SEA and the Group companies follow the principles of maximum transparency, clarity, correctness, integrity and fairness.

The Code of Conduct Rules make an essential part of contractual obligations of Company's management, employees and associates. Therefore, any conduct disregarding its rules constitutes a breach of the obligation of diligence set forth by the current CCNL National Collective Bargaining Agreement.

For other stakeholders, compliance with the Code of Conduct is an essential prerequisite for establishing and/or continuing the relationship with SEA.

SEA has set up an Ethics Committee to ensure dissemination, observance, correct interpretation and updating of the Code of Conduct, consisting of a director representing the Company's Board of Directors (who chairs the committee) and the corporate Heads of "Human Resources and Organization", "Legal and Corporate Affairs" and "Auditing". In 2016, the Ethics Committee met four times, addressing the state of dissemination and implementation of the Code of Conduct and reviewing the received reports concerning alleged violations of the Code.

The dissemination of the Organization and Management Model as per Italia Legislative Decree 231/01 and the Code of Conduct continued in 2016 with the following initiatives:

- updating the disclosure about the various components of the Model in the corporate intranet;
- updating the disclosure on Italian Legislative Decree 231/01 and on the Model, and the FAQ in the corporate intranet;
- publishing the Code of Conduct on corporate intranet and website;
- making available the Code of Conduct and the Organization Management Model to newly recruited employees in the dedicated intranet section.

Information and training on Italian Legislative Decree 231/01 and SEA Model was implemented in 2016 with the following actions:

- continuation of e-learning training for SEA employees (managers, white-collars and blue-collars);
- training on the Decree and the Model of Organisation and Management for Executives and staff with sensitive roles concerning the implementation of the Model;
- information on Model and on Italian Legislative Decree 231/01 in compulsory courses (issue/renewal of airport badge, training on occupational health and safety in compliance with Italian Legislative Decree 81/08).

Anti-Corruption Representative

In compliance with the so-called "Anti-Corruption Law", on January 31, 2014 SEA identified its Anti-Corruption Representative in the person of the Legal & Corporate Affairs Director, who is also a member of the Ethics Committee.

The Anti-Corruption Representative is solely responsible for dealing with anti-corruption communications, as defined in Italian Law 190/2012, also towards third



parties. Role prerogatives and responsibilities of the Anti-Corruption Representative are therefore not comparable to those assigned by applicable law to

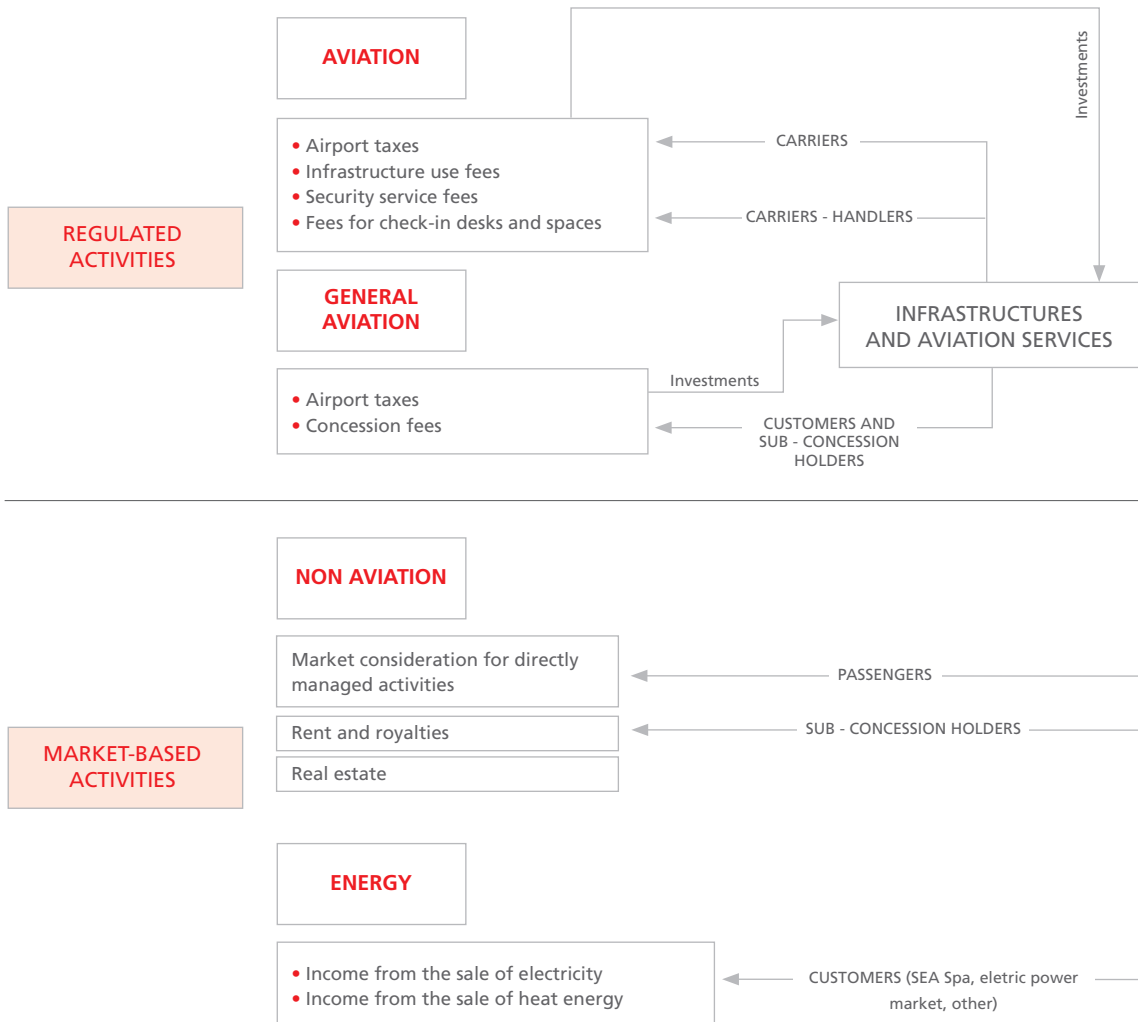
the anti-corruption manager (i.e. the Manager under Italian Law 190/2012).

Model and business areas

As a result of the change in the scope of consolidation of SEA Group in 2015 (departure of Airport Handling SpA and liquidation of SEA Handling SpA),

business model is structured taking into account the areas currently managed by SEA Group.

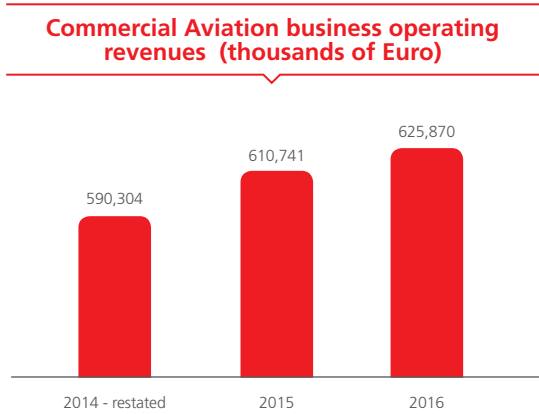
SEA Group business model



SEA Group's management of airports is performed by specific business units.

Commercial Aviation

The Commercial Aviation business unit includes Aviation and Non Aviation activities.



Source: SEA

Aviation business concerns management, development and maintenance of infrastructure and plants within the airports and offer of services, activities related to aircraft arrival and departure and security services to customers.

Revenues generated by these activities are defined by a system of regulated fees and are represented by:

- airport fees (aircraft, passengers and cargo);
- fees for the use of centralised infrastructures (e.g. loading bridges, BHS, centralised information systems);
- fees for security checks (regarding passengers, carry-on baggage and 100% of hold baggage).

Security taxes and fees are set by Ministerial Decrees, while fees for the use of centralised infrastructure are monitored by ENAC, which checks their fairness.

Non Aviation activities refer to services supporting aviation activities and include a wide and varied offer, both in direct management and in sub-concession to third parties. These include commercial services for passengers, operators and visitors in airports, as well as real estate business.

Revenues are represented by market fees for Non Aviation activities carried out directly and by royalties expressed as percentages of turnover, with a guaranteed minimum, in case of activities carried out by third parties under sub-concession.

Specifically, it includes the following activities:

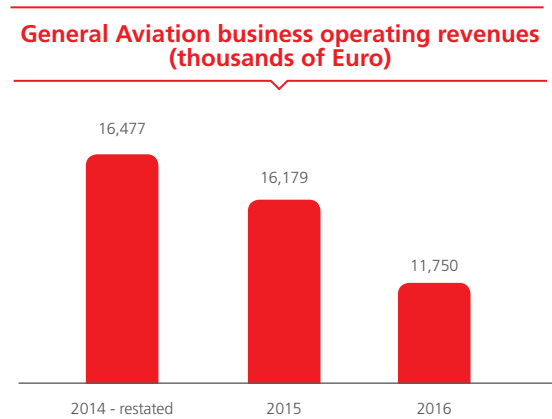
- retail (duty-free and duty-paid sales to the public, catering, car rental, management of spaces for

third parties to carry out banking activities);

- management of car parks;
- management of cargo spaces;
- other activities, grouped under “services and other revenues” (ticketing, vehicle maintenance, real estate, including leases and concessions for parts of airport grounds, technological and design services and unregulated security services).

General Aviation

General Aviation business includes both general aviation activities carried out through subsidiary SEA Prime, which was acquired in 2013 and which provides the full range of services related to business traffic within the west apron of Linate airport, and general aviation handling activities of subsidiary Prime AviationServices^(*) at Linate, Malpensa, Venezia Tesserà and Rome Ciampino airports.



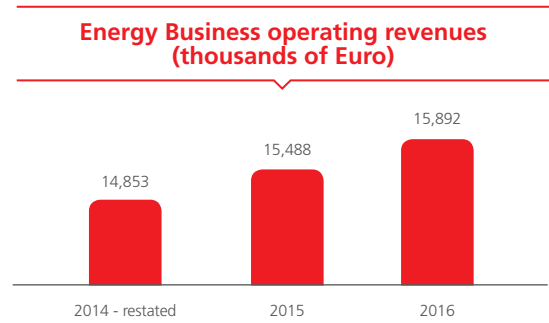
Source: SEA

() As of April 1, 2016, 60% of the capital was sold and therefore it is no longer a subsidiary.*



Energy

SEA Group guarantees energy self-sufficiency (heating and electrical) of both airports using a production system based on low environmental impact methane co generation plants managed by subsidiary SEA Energia. Malpensa co generation plant has an estimated annual maximum capacity of 613 GWh of electricity and 543 GWh of heat energy. Linate has an estimated annual maximum production capacity of 210 GWh of electricity and 157 GWh of heat energy. Electricity produced in excess of needs is sold through the electric power market. Surplus of heat energy produced by Linate power plant is used to supply Santa Giulia district of Milan. Through SEA Energia, the Group has green certificates that confirm the characteristics of the plants used.



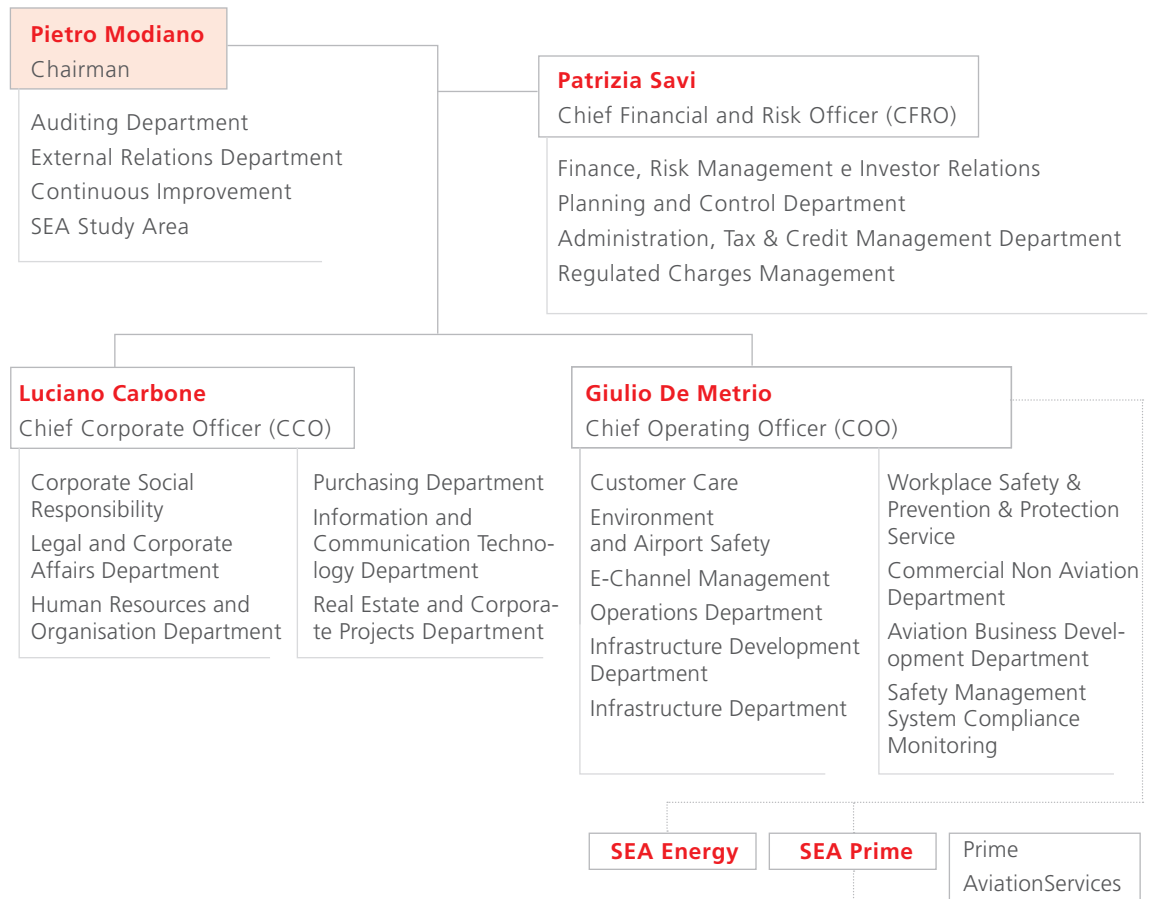
Source: SEA

Organizational structure

The organizational structure of SEA is divided into different departments and staff functions, each of them respectively reporting to the Chairman, Chief

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

Organizational chart at 31/12/2016



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 targets and strengthen team spirit. The Steering Process is broken down into seven committees:

Executive Committee

Develops the corporate strategic guidelines and oversees the implementation of consequent actions, also ensuring the management of any disclosure and authorisation process established by the governance model.

Group Business Development Committee

Analyses and evaluates qualifying development projects and/or investments for corporate business strategies, while also ensuring the review of potential risks/opportunities.

Group Management Committee

Ensures the management's information alignment on business targets of cross-company nature and interest.

Group Business Execution Committee

Examines the performance of airports in the specifics of their respective economic, operational, infrastructural and commercial aspects, as well as monitoring the actions taken.

Group Business Economics Committee

Ensures integrated disclosure on the main economic, financial and administrative aspects concerning the management of the Group, developed through a reporting system and the defined disclosure standards, in order to identify the points of attention and to address any corrective action.

Safety Board

Analyses and evaluates the monthly safety performance of airport operations and directly or indirectly related issues/problems (including insurance implications) in order to decide the actions for the resolution of problems identified and the introduction of initiatives for effective prevention.



Steering Process

	Executive Committee	Group Business Development Committee	Group Management Committee	Group Business Execution Committee	Group Business Economics Committee	Safety Board
Chairman	X	X	X			
Chief Operating Officer	X	X	X	X	X	X
Chief Corporate Officer	X	X	X	X	X	X
Chief Financial and Risk Officer	X	X	X	X	X	
Accessibility of the Airport System and Special Projects			X	X		
Administration, Tax and Credit Management		X			X	
Auditing			X			
Aviation Business Development		X		X	X	
Commercial Non Aviation		X		X	X	
Corporate Social Responsibility		X	X			
Airport Coordination				X		
Customer Care		X		X	X	
E-Channel Management			X			
Environment and Airport Safety			X			X
Finance, Risk Management and Investor Relations		X			X	X
Information and Communication Technology		X		X	X	
Infrastructure		X		X	X	
Legal and Corporate Affairs		X			X	
Operations		X		X	X	X
Planning and Control		X		X	X	
Integrated Operational Planning			X			
Purchasing		X		X	X	
Real Estate and Corporate Projects		X		X	X	
External Relations		X		X	X	
Human Resources and Organisation		X		X	X	X
Occupational Safety and Prevention and Protection Service			X			X
Technical Director of SEA Energia		X		X	X	
Project managers or special initiatives		X		X		

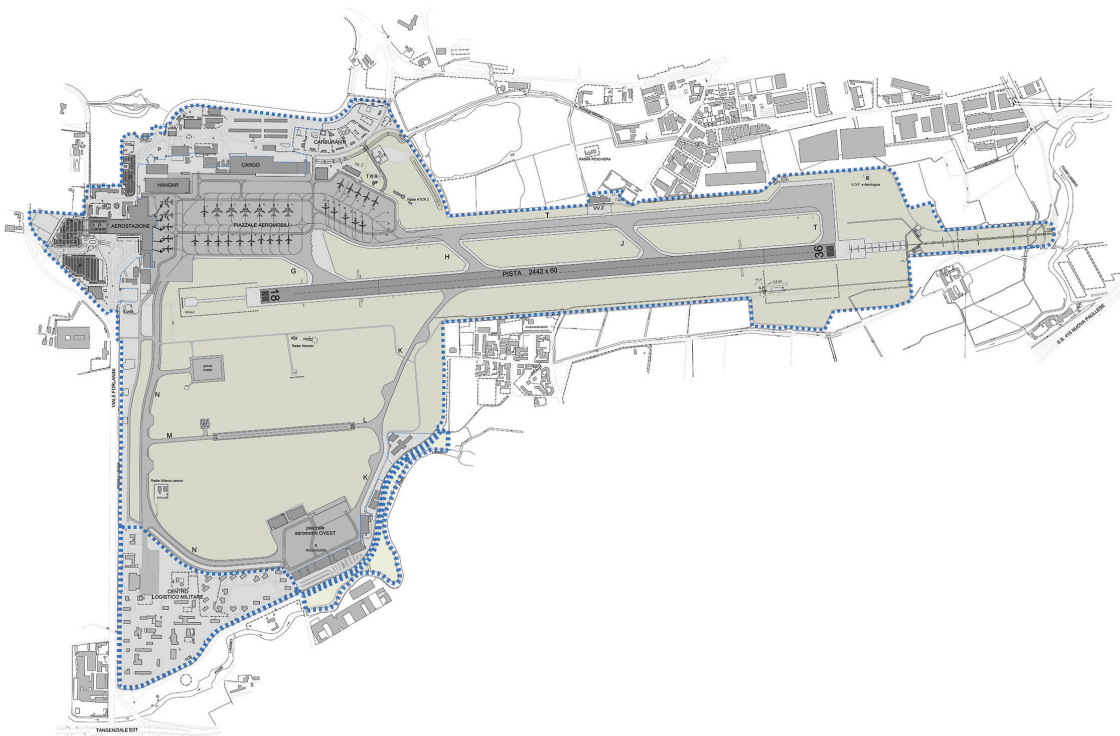
Linate and Malpensa airports

Linate Airport

Linate Airport covers an area of approximately 350 hectares in the south-eastern section of the province of Milan, in the areas of Peschiera Borromeo, Segrate and Milan.

Forlanini Park, one of the largest parks in Milan metropolitan area, and the Idroscalo are adjacent to airport grounds.

Linate - Airport map, air-side



The airport is mainly dedicated to frequent flyer customers on particularly attractive domestic and international routes (both within the European Union and beyond). In 2016, Linate handled 5.9% passengers, 7.9% aircraft movements and 1.5% total cargo in Italy⁽¹⁾.

The airport has two landing and take-off runways, the first (2,442 metres long) for commercial aviation and the second (601 metres long) for general aviation. Flight infrastructure includes a main taxiway, approximately 2,100 metres long, a 4,000-metre fence system and 2 aircraft aprons. There are 45 stands, which offer a simultaneous parking capacity of 40 aircraft.

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



Linate Airport chart

Traffic	2016	Δ 16/15	ITA Rank
Passengers	9,636,221	0.0%	4 th
Movements	97,828	1.9%	3 rd

Operating standards 2016

Departure punctuality (delays less than 15')	86.9%
Delivery of first bag within 18'	92.7%
Number of misdirected bags/1,000 passengers	1.7

Infrastructure features

Surface area of grounds	350 ha
No. of runways	2
No. of aircraft stands	45
No. of check-in counters	83
No. of boarding gates	24
Terminal surface area dedicated to commercial businesses	21%
Cargo warehouse surface area	16,800 m ²
Cargo handling capacity	80-100 thousand t/y
Cogeneration plant - installed electric power	24 MWe
Cogeneration plant - installed heat power	18 MWt
No. of car parks	3
No. parking spaces reserved for passengers	3,736
No. of parking spaces reserved for airport operators	1,850
No. of taxi parking spaces	169

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

The passenger terminal extends over 3 levels with a total surface area of about 75,000 m² (of which about 33,000 m² open to the public), and is equipped with 83 check-in counters and 24 gates, of which 5 are served by loading bridges and the rest for aircraft located in remote stands accessible by runway buses. 21% of terminal surface area open to the public is

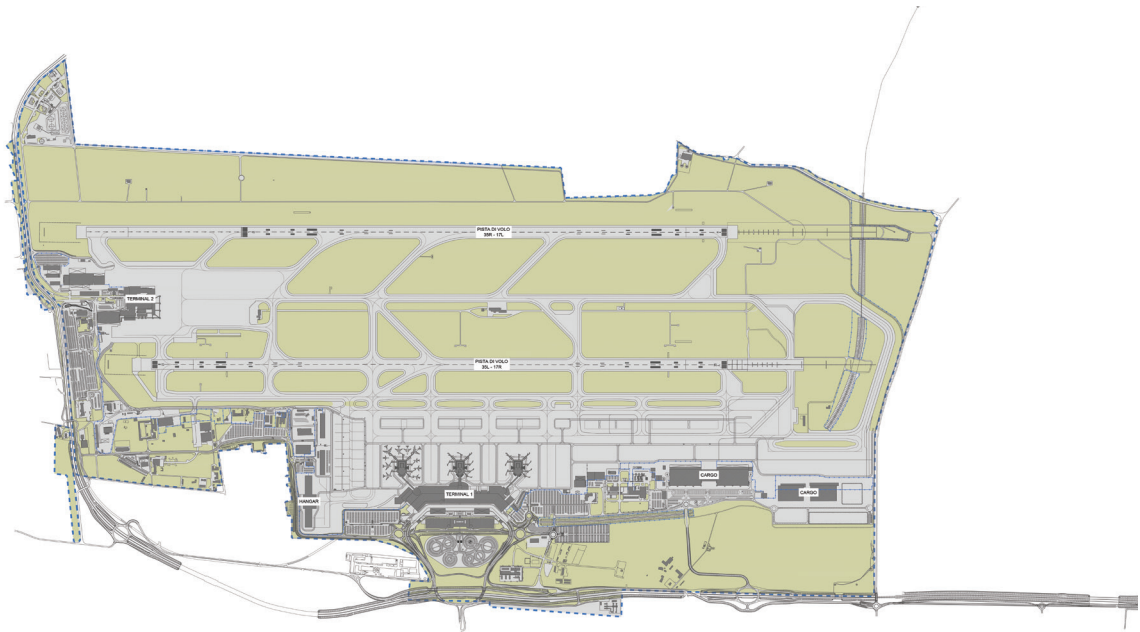
dedicated to commercial activities (retail and catering, car rental and banking) and 7.5% to services provided by airlines (check-in and ticketing). The cargo area has a goods warehouse measuring approximately 16,800 m² with a processing capacity of 80-100,000 tons/year.

Malpensa Airport

Malpensa Airport is located in high Lombardy valley, in the south-west section of the province of Varese, 48 km from Milan, linked via the railway network and a

road system, including motorways, which connects the airport with the major regions of Northern Italy and Switzerland.

Malpensa - Airport map, air-side



The land area covers 1,220 hectares on the territories of seven municipalities: Somma Lombardo, Casorate Sempione, Cardano al Campo, Samarate, Ferno, Lonate Pozzolo and Vizzola Ticino.

The entire airport grounds are part of the Lombardy Park of Ticino Valley, the first regional park in Italy, born in 1974 born to protect the rivers and the numerous natural habitats of the Ticino Valley from industrialization and encroaching urbanisation and to safeguard the rich biodiversity heritage.

Malpensa airport is the second in Italy for total number of aircraft movements and passenger number. In

2016, Malpensa managed 11.1% of total movements, 11.8% of passenger traffic and 52.6% of cargo transport recorded in Italy. It has two parallel runways, 808 metres apart, each 3,920 metres long, and is enabled for all aircraft in service. Runways do not allow independent parallel approaches. Taxiway and junction system extends about 19.4 km overall (28.5 km if you also consider the taxiing routes on the aprons). The 203 aircraft stands, of which 111 at Terminal 1.43 at Terminal 2 and 49 at Malpensa Cargo, provide a maximum capacity of 155 aircraft parked simultaneously.



Malpensa Airport chart

Traffic	2016	Δ 16/15	Rank ITA
Passengers	19,311,565	4.7%	2 nd
Cargo (tons/year)	536,861	7.4%	1 st
Movements	162,683	3.9%	2 nd

2016 operating standards

Departure punctuality	82.8%
Delivery of first bag within 27'	
• Malpensa T1	93.9%
• Malpensa T2	97.8%
No. of misdirected bags/1,000 passengers	1.6

Infrastructure features

Surface area of grounds	1,220 ha
No. of runways	2
No. of aircraft stands	203
No. of check-in counters:	
• Malpensa T1	286
• Malpensa T2	57
No. of boarding gates:	
• Malpensa T1	76
• Malpensa T2	27
Terminal surface area dedicated to commercial businesses:	
• Malpensa T1	16.0% of the surface area open to the public
• Malpensa T2	17.8% of the surface area open to the public
Baggage Handling System Malpensa T1	10,650 bags/hour
Baggage Handling System Malpensa T2	4,800 bags/hour
No. of baggage claim carousels:	
• Malpensa T1	10
• Malpensa T2	5
Cargo handling capacity	700-750,000 tons/year
Cogeneration plant - installed electric power	70 MWe
Cogeneration plant - installed heat power	62 MWt
No. of car parks:	
• Malpensa T1	4
• Malpensa T2	1
No. parking spaces reserved for passengers:	
• Malpensa T1	7,279
• Malpensa T2	2,440
No. of parking spaces reserved for airport operators:	
• Malpensa T1	2,563
• Malpensa T2	1,160
• Intermediate Area • Malpensa T1-Malpensa T2	1,609
• Malpensa Cargo	1,159
No. of taxi parking spaces:	
• Malpensa T1	280
• Malpensa T2	20

Source: Assaeroporti (www.assaeroporti.it)

■ WHO WE ARE AND WHAT WE DO

There are two airport terminals for passengers. Malpensa Terminal 1, operational since 1998, was built based on a modular structure and consists of a main body (with 6 floors) and three satellites arranged on the aircraft apron and their loading bridges. The three satellites are connected to the main body by a double tunnel for incoming and outgoing passengers and a covered corridor for the movement of bags. It has 286 check-in counters and 76 gates, of which 30 are served by 41 loading bridges and the remaining for aircraft positioned in parking, reachable with shuttle runway buses.

Approximately 16% of the surface area open to the public is dedicated to commercial activities (retail and catering, car rental and banking). Malpensa Terminal 2 has 57 check-in counters and 27 gates parked aircraft reachable by runway buses. Approximately 17.8% of the surface area open to the public is devoted to retail activities. Malpensa Cargo has warehouses covering an area of 50,000 m², with a capacity between 700,000 and 750,000 tons of cargo per year. The airport also has a hangar for recovery and maintenance of aircraft and office space.



SEA

OUR COMPETITIVE ENVIRONMENT

Focus Point

For several years now, the business environment of an airport operator such as SEA Group has been undergoing competitive pressures caused by the hybridization of the aviation industry.

Most traffic growth is generated primarily by low-cost companies (LCC) and, to a lesser extent, by ambitious non-European airlines expanding their presence in Europe. Low-cost carriers are evolving their offerings to attract mid to high-end passengers, and on the other hand full service carriers are restructuring and simplifying their offer and, like low-cost carriers, they are basing their competition on margins rather than volumes. These trends determine intense competition between airports, both in volumes and intensity. Generally speaking, aviation revenues from traffic fees continue to decline, increasing the competitive pressure, which pushes operators to offer economic incentives to airlines to ensure the desired traffic volumes.

These incentive systems are part of the sales strategy of the vast majority of European airports. Pressures on aviation revenues are pushing airports to intensify the development of alternative sources of income, particularly retail, food & beverage, but also real estate, advertising and parking. The ability of operators to modernize and develop the airports to provide greater quality and connectivity is therefore more and more dependent on increasing business revenue.

Air transport market in Europe and Italy⁽¹⁾

The performance of the European market

In 2016, passenger traffic in Europe grew by 5.1%, exceeding 2 billion passengers and marking an increase of more than 5% for the third consecutive year.

This means that European airports received 300 million passengers more than in 2013, and 80% of them (240 million) concerned the EU air transport market.

Much of this impressive performance is due to three interrelated factors:

1. improvement of the economic conditions driven by the growth of private consumption and the reduction of unemployment;

2. low oil prices;
3. airlines offer expansion.

The most significant part of the growth in 2016 was generated by the EU market, whose airports recorded an increase of 6.7%. This despite the negative impact exerted by the terrorist attacks in Belgium (which has paid the highest price in terms of reduced air traffic), France and Germany.

Passenger traffic at non-EU European airports, on the other hand, decreased by 0.9%, mainly due to the drop recorded at Turkish airports (-6.6%) as a result of terrorist attacks and political instability. Although slightly improving in the second half of the year, passenger traffic was also weak at Russian airports, while other non-EU markets such as Iceland, Israel and Ukraine experienced very dynamic growth. The significant drop in tourist flows at Turkish airports benefited airports in Croatia, Cyprus, Bulgaria, Greece, Portugal, Romania and Spain. Cargo traffic grew by 4.1% at European airports, recording the best performance since 2010 and confirming the improvement of economic conditions for Europe. Movements increased by 3.2%, reflecting a significant expansion of airline capacity over previous years.

The performance of the Italian market

In Italy, growth in 2016 was +4.8%, with 164 million passengers (it was 159 million in 2015) taking domestic flights. Total movements were 1,332,388, an increase of 2.4% over the previous year. This last figure also confirms better use of airport infrastructures, as well as greater profitability and efficiency of flights in terms of average aircraft load factor.

Cargo volumes (freight and mail) were 998.856 tons, compared with 941,107 in 2015. These volumes recorded a significant increase, equal to 6.1%, even higher than the European average, stationary at 4.1%. This figure is also extremely positive for import/export in terms of contribution to the country's trade balance, as well as for direct, indirect and downstream economic effects.

In the last five years (2012-2016), passenger traffic in terms of average composite growth rate (CAGR) was 2.4%, while cargo traffic recorded 3.4%, demonstrating yet again the growth trend that has characterized the last few years. The business model introduced by low-cost airlines has made it a success all over Europe, but it is interesting how in Italy the percentage of traf-

⁽¹⁾ Source: ACI Europe, Press Release of 17/02/2017; ENAC, Social Report and Summary Statement 2016.

fic operated by these carriers is significantly higher than that of any other continental country: about 50% compared to an average of 32%. Another aspect that is increasingly evident is the contraction in the share of traffic served by domestic operators (mainly attributable to the Alitalia crisis), losing large market shares to European and non-European operators, which adopt more efficient business models. This trend shows a clear difficulty for domestic operators to operate in a competitive and liberalized environment such as the aviation sector.

The traffic trend in Italian and European airports⁽²⁾

The performance of European airports

During 2016, airports with traffic exceeding 25 million passengers a year, those with traffic ranging between 10 and 25 million passengers, those with between 5 and 10 million passengers, and finally airports that receive less than 5 million passengers a year, recorded an average performance of: +2.6%, +6.7%, +10.3% and +5.8%. The growth in passenger traffic, driven mainly by low-cost airlines, was rewarded especially for secondary and emerging hubs, as well as medium-sized airports.

This was especially the case for Barcelona (+11.2%), Dublin (+11.5%), Manchester (+10.8%), Lisbon (+11.7%), Athens (+10.6%), Birmingham (+14.3%), Budapest (+36.7%), Warsaw (+14.5%), Edinburgh (+11.1%), Cologne 11.1%), Bucharest (+18.3%), Venice (+10%), Bologna (+11.5%).

The five major European hubs (Heathrow, Paris, Frankfurt, Schiphol and Madrid) and the smaller regional airports significantly underperformed compared to the European average, growing by just 1.5% and 4.3% respectively.

2016 European airport traffic ranking (*)

City	Code	Passenger			Commercial Movements		Freight	
		Year 2016	2016/15	2016/14	Year 2016	2016/15	Year 2016	2016/15
1 LONDON	LHR	75,714,970	1.0%	3.1%	473,229	0.2%	1,541,201	3.0%
2 PARIS	CDG	65,935,748	0.3%	3.3%	472,925	0.8%	1,984,029	4.6%
3 AMSTERDAM	AMS	63,618,867	9.2%	15.7%	478,866	6.3%	1,662,014	2.5%
4 FRANKFURT	FRA	60,786,937	-0.4%	2.0%	452,522	-0.9%	2,029,058	1.8%
5 ISTANBUL	IST	60,011,454	-2.1%	5.7%	448,798	0.4%	783,185	-0.5%
6 MADRID	MAD	50,400,442	7.7%	20.5%	377,400	3.1%	415,774	9.1%
7 BARCELONA	BCN	44,131,031	11.2%	17.6%	304,655	6.6%	132,754	13.3%
8 LONDON	LGW	43,136,047	7.1%	13.2%	278,743	5.0%	77,094	5.0%
9 MUNICH	MUC	42,261,309	3.1%	6.5%	374,057	3.9%	334,497	5.4%
10 ROME	FCO	41,738,662	3.3%	8.4%	310,845	-0.3%	154,977	12.1%

Source: ENAC, ACI Europe (2016), Airport Traffic Report

(*) Passenger data also include transits.

(2) Source: ACI Europe, Press Release of 17/02/2017; ENAC, Social Report and Summary Statement 2016.

Amsterdam Schiphol is the only major airport that increased its traffic considerably (9.2%), taking the spot of Istanbul-Atatürk as the third busiest airport in Europe with 63.6 million passengers, behind London-Heathrow (75.7 million passengers, +1%) and Paris-Charles de Gaulle (65.9 million passengers, +0.3%). Istanbul-Ataturk is fifth (60 million passengers, -2.1%), while Frankfurt held its position as 4th busiest European airport (60.7 million passengers and -0.4%). In the special European ranking, Rome Fiumicino placed 10th behind Monaco (+3.1%) and ahead of Moscow (+7.6%), while Milan Malpensa was ranked 29th.

The performance of Italian airports

In 2016 list of the top 10 Italian airports by number of passengers, we find Bologna with 7,662,009 passengers (+11.7%), followed by Catania with 7,828,590 (+11.4%) and Naples with 6,753,639 (+10.4%). They were followed by Venice, which for the first time exceeded 9 million, recording at the end of the year 9,548,697 (+10%), Palermo with 5,309,696 (+8.5%) and Bergamo with 11,059,238 (+7.3%). Milan Malpensa scored +4.7% with 19,311,565 and Rome Fiumicino +3.3% with 41,569,038. Milan Linate, with 9,636,221, remained essentially in line with the values recorded in 2015.

As regards the cargo sector, with 548,768 tons of goods and mail, Milan Malpensa confirmed its place as the most active airport for import/export share, with an incidence of 54.9% over the total volume of transit across the country (followed by Rome Fiumicino (+10.9%) with 160,867 tons (16.1% of the total) and Bergamo (-2.7%) with 117,659 tons, equal to 11.8%. For General Aviation traffic, which includes air club activities, flying schools, small private aircraft, air advertising services, air photography, etc., the first airport by number of movements is Rome Urbe, followed by Milan Linate and Turin Aeritalia.

High traffic routes and main carriers of the Italian market

From the point of view of domestic connections, the Catania-Rome Fiumicino route is yet again the route that gathers the largest number of passengers, with 1,038,945 passengers, followed by Rome Fiumicino-Catania with 1,008,295 and Palermo-Fiumicino with 798,736. Fifth place goes to Milan Linate-Rome Fiumicino with 597,974 passengers.

The ranking of routes from/to intra-European countries

is topped by Rome Fiumicino-Barcelona with 1,314,602 passengers, followed by Rome Fiumicino-Madrid with 1,106,699.

Third place went to Rome Fiumicino-Paris Charles de Gaulle, with 1,105,420 passengers, followed by Rome Fiumicino-Amsterdam Schiphol, with 1,098,610 and Rome Fiumicino-London Heathrow with 987,509. Total traffic from/to European countries has grown steadily over the years, going from just under 70 million to more than 80 million passengers in 2016. The international routes with the largest number of passengers were Milan Malpensa-New York JFK with 689,995, Rome Fiumicino-Tel Aviv Ben Gurion with 677,453, Rome Fiumicino-New York JFK with 652,262, Rome Fiumicino-Dubai with 610,339 and Milan Malpensa-Dubai with 587,576.

In the ranking of overall domestic and international air traffic, the Irish carrier Ryanair confirmed its the first place in 2016, with 32,615,348 passengers, with a 9.8% increase over 2015. Alitalia followed with 23,106,354 (+0.5%), easyJet was third with 14,335,531 (-0.2%), Vueling Airlines fourth with 5,601,919 (+11.3%), Lufthansa fifth with 4,287,095 (-1.1%).

Taking into consideration exclusively domestic traffic, with 12,778,924 Alitalia confirmed its first place in this ranking, followed by Ryanair with 10,460,364 and Easyjet with 2,614,815. 2016 shows a division of overall air traffic market share (domestic and international) that is substantially balanced between traditional carriers (50.5%) and low-cost carriers (49.5%).

The most interesting observation, however, is the steady growth that has characterized the low-cost segment over the last 10 years.

Suffice it to say that the share of low-cost traffic in 2004 was only 6.2%, in 2005 it reached 17.9%, and today it accounts for about half of total traffic (49.5%). In 2016, the growth of low-cost carriers compared to 2015 was +7%, against the 2.5% of traditional carriers.



Competitive positioning of our airports

Catchment area

According to established international standards, the catchment area of an airport is calculated by including all the points on the territory from which it is possible to reach the airport within a given time threshold by any available means of transport.

For intercontinental airports such as Malpensa, the valid threshold is 2 hours, since long-haul flights (conventionally longer than 6 hours) justify a passenger's ground segment being longer than the one for short-haul flights (e.g. intra-European) of less than 3 hours. Milan's catchment area includes first of all the Lombardy Region, where Malpensa and Linate airports are located, representing their user base. Lombardy is the main industrial region of our country: in 2013, its industrial added value was 26.7% of the national one, while Lombardy absorbs 23.8% of workers for the entire national industry in terms of employment.

However, Lombardy also plays a major role in agriculture, boasting the second agricultural added value, equal to 10.4% of the Italian one. Still, the weight of individual provinces in Lombardy economic and productive fabric is very different, with a dominant role in province of Milan, followed at some distance by the provinces of Brescia and Bergamo. These three provinces are the most important ones from the industrial point of view, while in agricultural sector the leadership lies in the two south-eastern provinces of Lombardy (Mantua and Cremona), along with the province of Brescia. In particular, the province of Milan generates 31.3% of the industrial added value of Lombardy, Brescia 14% and Bergamo 13.1%.

In confirmation of the favourable geographic location of Milan airports in terms of user base, notice that the catchment area of these airports is characterized by a strong presence of advanced industrial activities and services, served by logistic infrastructures that favour the development of economic activities, in particular for ports and airports.

With 9.9 million inhabitants, compared to the equivalent European regions of NUTS2 class, Lombardy is the second most populous European Region after Île de France, which has 11.9 million people. From the point of view of economic size, Lombardy is the second NUTS2 European Region for GDP generation, once

again positioned after Île de France, but ahead of regions such as Inner London, Upper Bavaria, Düsseldorf, or the Stuttgart region.

Capacity

The capacity of an airport, which in Italy is set by ENAC with the involvement of concerned parties (ENAV and the airport operator), is determined by the receiving possibilities of the individual airport, which in turn depend on:

- sectoral aviation plan, i.e. air traffic management and control capabilities of ENAV;
- runway system and related infrastructure, particularly aprons and terminals;
- traffic demand factors;
- environmental restrictions such as noise suppression procedures and flight suspensions at night.

Airport capacity is definable according to the number of "movements per hour" ("movement" means an aircraft landing or taking off, regardless of type of traffic). The capacity of Milan airports was established by ENAC at a total of 88 movements per hour, broken down as follows:

- Malpensa airport: 70 movements/hour (counting take-offs and landings together);
- Linate airport: 18 movements/hour (counting take-offs and landings together);

The distribution of movements between Malpensa and Linate has been defined according to the reorganisation of Milan airport system, in favour of the development of Malpensa.

Malpensa airport capacity

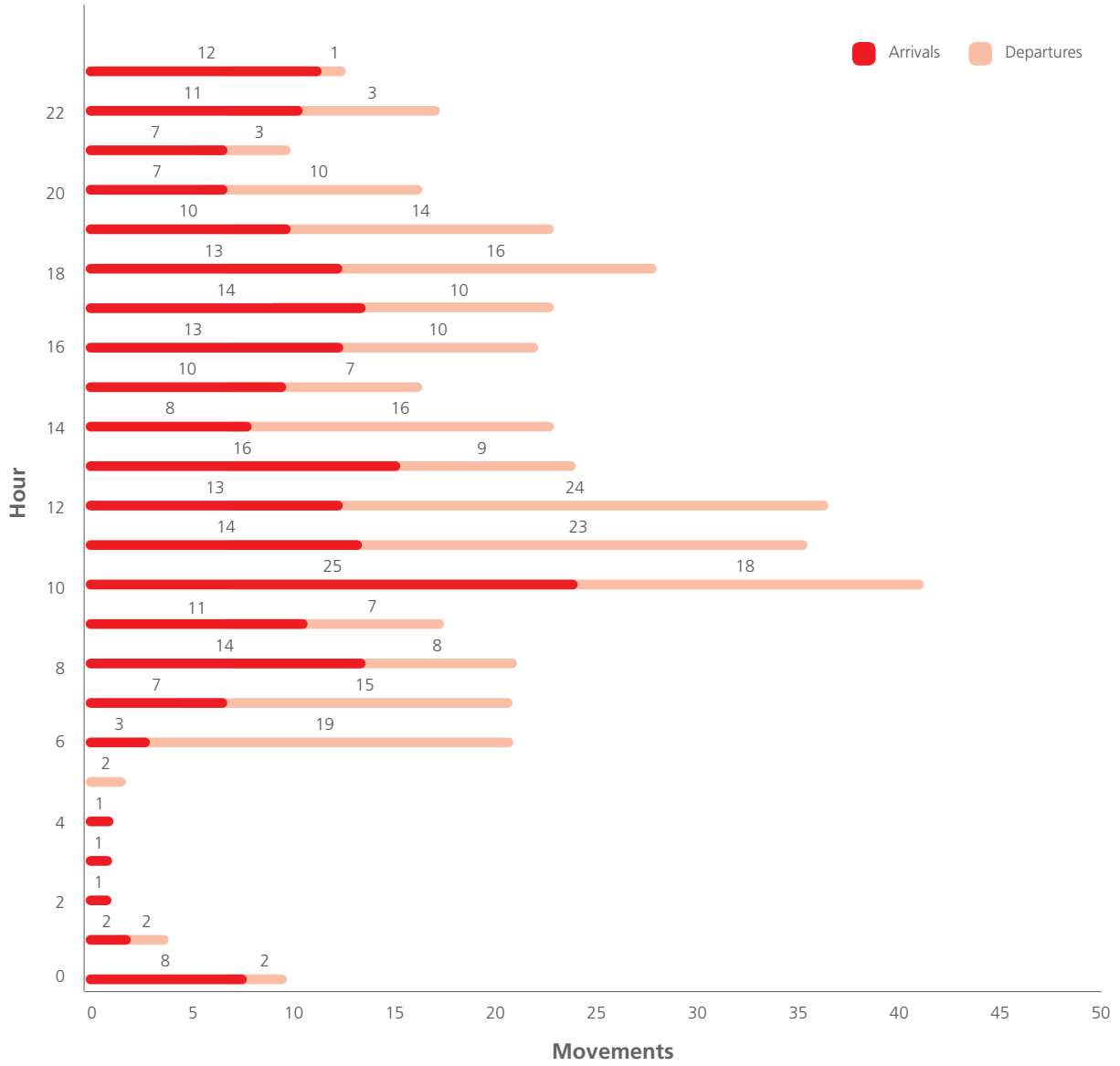
The capacity of Malpensa airport is subject to further limitations of:

- 39 take-off movements (i.e. movements of the same type, landings or take-offs separately) and 31 opposing movements (i.e. movements of different types, take-offs and landings jointly) each hour;
- 6/7 similar movements every 10 minutes, 6/7 similar movements in the subsequent 10 minutes (up to 13 similar movements every 20 minutes) and 5 opposing movements every 10 minutes.

Time slots have some margins of further exploitation that can be used in the future by carriers already operating at the airport or by new carriers.

⁽³⁾ Source: www.lombardia2030.it

Malpensa - Movements/hour on the average day of 2016

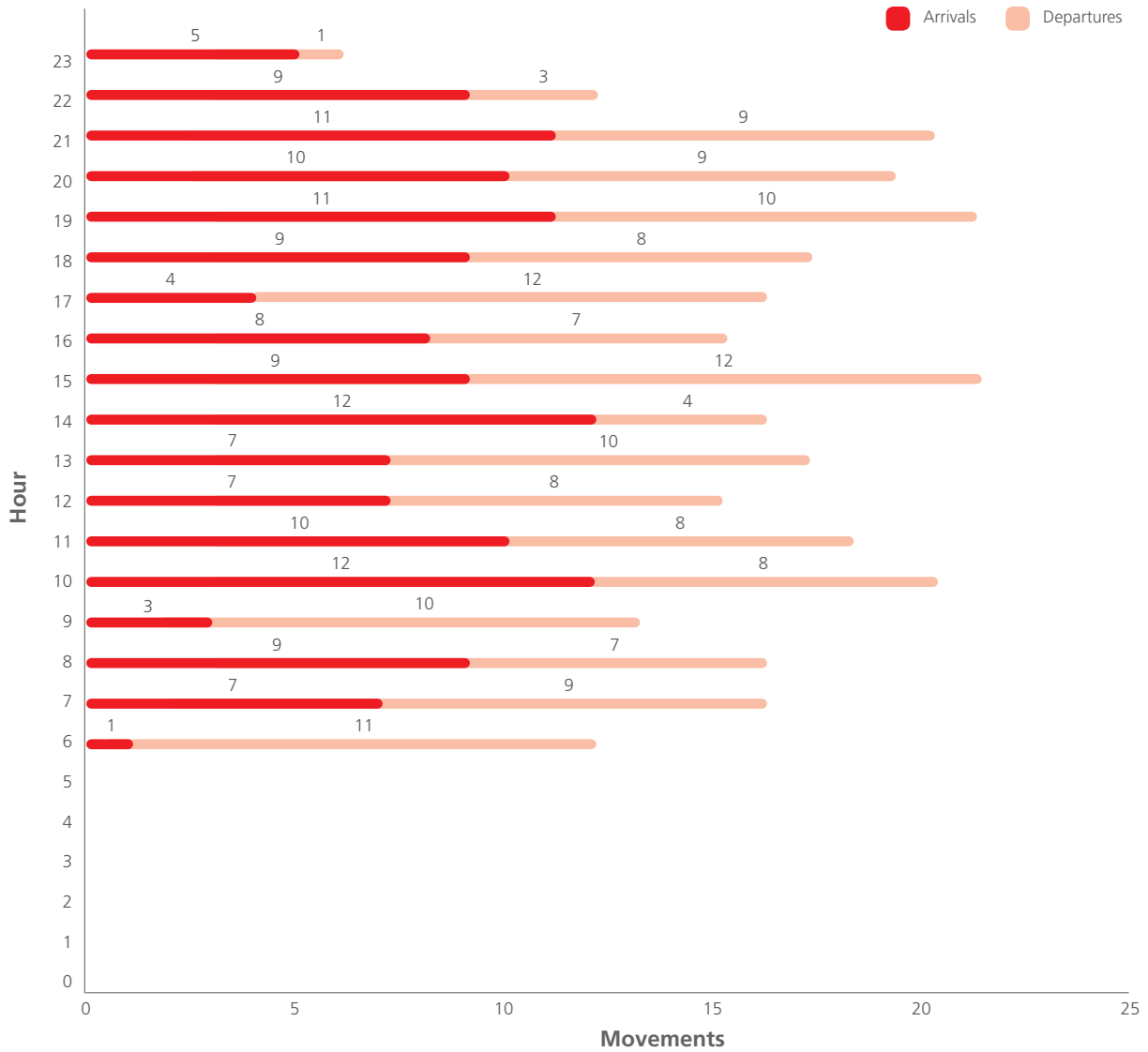


Source: SEA



Linate airport capacity

Linate - Movements/hour on the average day of 2016



Source: SEA

Note: Movements/hour shown do not include local flights and General Aviation flights.

Linate airport infrastructure can handle a capacity of around 32 movements per hour, but the airport operates with a traffic limitation threshold of 18 movements per hour, introduced by the Bersani and Bersani bis Decrees. This capacity has been set for commercial flights and does not include local flights

(i.e. flights to and from particular disadvantaged regions of Italy, including Sicily and Sardinia, which provide links to the main Italian airports) and General Aviation flights.

Air transport offer

Milan metropolitan area is in 9th place in Europe for the level of overall air transport offer, with 37.4 million ASK - Available Seat Kilometres offered annually (ASK is the indicator corresponding to the total seats offered for each flight multiplied by the number of kilometres

flown: a measure of the capacity of the airport in terms of passenger transport) and 23.9 million seats (8th place in the European ranking) made available to users by the airport system that includes Malpensa, Linate and Orio al Serio.

Main european metropolitan areas for air transport offerings

ASK Rank	City	ASK	Seats Rank	Seats offered
1	LONDON	264,332,404	1	93,115,740
2	PARIS	171,649,261	2	60,981,760
3	FRANKFURT	125,762,460	3	41,424,278
4	AMSTERDAM	85,715,220	4	32,426,778
5	MADRID	73,223,548	6	28,474,153
6	ROME	50,511,637	5	29,100,927
7	MUNICH	49,591,484	7	27,484,743
8	ZURICH	37,460,279	13	17,277,353
9	MILAN	37,409,952	8	23,936,914
10	BRUSSELS	33,406,410	10	18,617,268

Source: ICCSAI Fact Book 2016

Malpensa Airport is also ranked 5th in the European ranking for the rate of ASK to non-EU destinations on the total ASK offered. 75.3% of Malpensa’s transport offer is to non-European destinations. Malpensa Airport is the only airport, along with Paris Orly, to be in the top 10 of this ranking without being a hub. This is due to the fact that in Milan area, Linate airport takes up a large share of in-

tra-EU flights and also because Malpensa is able to guarantee a high share of medium to long-haul destinations even in the absence of a feeder flight network, since it can rely mainly on the originating demand for air transport to intercontinental destinations.

European airport ranking by % of extra-EU ask on the total

Rank	Airport	total ASK	ASK Extra-EU	% ASK Extra EU/Total ASK
1	LONDON HEATHROW	193,820,373	73,824,940	89.6
2	PARIS CDG	135,640,626	119,028,121	87.7
3	FRANKFURT	123,861,477	106,325,884	85.8
4	AMSTERDAM	85,715,220	67,564,945	78.8
5	MILAN MALPENSA	26,107,947	19,658,273	75.3
6	ZURICH	37,460,279	27,881,744	74.4
7	MADRID	73,223,548	51,013,766	69.6
8	MUNICH	49,581,515	33,508,196	67.6
9	PARIS ORLY	32,690,415	21,551,003	65.9
10	ROME FIUMICINO	46,807,359	30,299,155	64.7

Source: Calculation using 2016 ICCSAI Fact Book data

Conditions of direct and indirect competition

Direct competition

Analysing the degree of airport dependence on airlines (summarized by the Herfindahl-Hirschman-HHI concentration index, which reaches a value of 10,000 if an airport's offer is completely in a single carrier's hands), it emerges that Malpensa is the European mid-sized airport (the second after Venice) with the lowest level of dependence

on a single carrier. This differing, for example, from large continental airports such as Frankfurt, where about 54% of the offerings are by Lufthansa, or other Italian airports such as Bergamo, where Ryanair controls over 80% of the offerings.

Direct competition of the major European airports based on the HH index

Rank	Airport	Index of HH on ASK	Index of HH on seats	No. of companies	ASK share of the top 5 carriers (%)
1	VENICE	476	634	56	37.7
2	MILAN MALPENSA	539	1,206	80	42.0
3	MANCHESTER	636	676	53	46.5
4	PRAGUE	758	704	60	50.3
5	NICE	828	1,210	55	54.6
6	BARCELONA	945	1,811	81	49.1
7	BRUSSELS	959	1,187	66	54.2
8	GENEVA	1,166	1,786	63	57.7
9	ATHENS	1,216	2,393	64	52.8
10	ROME	1,314	1,819	98	51.0

Source: ICCSAI Fact Book 2016

Direct competition is also measured by a different indicator, called entropy index (H), which is calculated (also in terms of ASK or seats) as if the airport offer share was equally divided among all carriers present. Therefore, low values of this index define situations where the traffic offer of a particular airport is highly con-

centrated. By this index, Milan Malpensa Airport is the leading one in Europe in terms of lower dependence on individual airline carriers.

Direct competition of the major European airports based on the H index

Rank	Airport	Index of H on ASK	Index of H on seats
1	MILAN MALPENSA	1.50	1.39
2	VENICE	1.45	1.40
3	BARCELONA	1.39	1.16
4	ROME FIUMICINO	1.38	1.22
4	PRAGUE	1.38	1.40
6	BRUSSELS	1.34	1.33
7	NICE	1.32	1.22
8	ATHENS	1.27	1.04
9	GENEVA	1.26	1.12
10	LONDON HEATHROW	1.23	1.15

Source: ICCSAI Fact Book 2016

Indirect competition

Indirect competition is the competition to get the same catchment area by air services of alternative and nearby airports.

Major European airports by indirect competition level

Rank	Airport	Number of nearby airports	No. of routes in indirect competition	ASK competitors/ASK competed for
1	LONDON GATWICK	13	119	1.92
2	LONDON HEATHROW	13	73	1.57
3	MILAN MALPENSA	3	76	1.52
4	PARIS - ORLY	6	95	1.44
5	MANCHESTER	5	83	0.96
6	DUSSELDORF	7	87	0.94
7	PARIS CDG	4	93	0.84
8	BRUSSELS	7	78	0.70
9	ZURICH	8	70	0.44
10	COPENHAGEN	4	19	0.26

Source: ICCSAI Fact Book 2016

Indirect competition level refers to each route offered by a specific airport for which there are alternative routes offered by other close airports or for near or coinciding destinations to the concerned route. The concept of “proximity”, both for departing and destination airports, relates to locations within 100 km. Exposure of an airport to indirect competition is one of the elements that leads to questioning the view of an airport as a natural monopoly.

At European level, the area around London contains a large number of active airports, which are therefore in indirect competition. Almost all routes to Europe departing from Gatwick or Heathrow have indirect alternatives.

Indirect competition is also relevant in Lombardy area around Milan. From Malpensa, over 93% of European routes offered is subject to competition from other airports in the area, such as Linate and Orio al Serio. Malpensa Airport is in third place, after Gatwick and Heathrow airports, for indirect competition intensity. The ratio between the volume of alternative offer of locally competing airports (including Linate) and the offer of the airport on competing routes is significantly higher than one.

Current and prospective accessibility to airports⁽⁴⁾

From an airport point of view, i.e. from the point of view of service to the demand of transportation generated within the airport relevant area, the scale of priority in terms of land accessibility to airport is:

- links to the key city with the highest concentration of transport demand (in this case Milan City);
- links to the metropolitan area gravitating around the key city or anyway in the “narrow” catchment area (around the 60-minute isochron from the airport). As far as Malpensa is concerned, this area corresponds to Milan hinterland, the most urbanized parts of the foothill strip (from the provinces of Varese to Bergamo), the eastern provinces of Piedmont (Verbano-Cusio-Ossola, Novara, Vercelli) and the Canton Ticino;
- links to other large and medium-sized cities located at greater distances but served by means of transport (particularly High Speed Rail) that guarantee travel times of less than two hours. In case of Malpensa, this includes first of all Turin and Lower Piedmont (Alessandria, Asti) and then Genoa, Emilia (from Piacenza to Bologna), Florence, East Lombardy (Brescia) and Western Veneto (Verona).

Current rail accessibility to Malpensa Airport

Regarding quantity and quality of rail links, the throughput of Trenord in the offer of the connection service between Milan City and Malpensa airport is definitely significant. In overall terms, there are 129 daily journeys that give rise to an average hourly rate during the 20 operating hours of one journey every 18-19 minutes per direction. The minimum travel time (29') is absolutely adequate and competitive with international standards (the centre of Munich is connected to airport with two different services, 43' and 53' respectively). All journeys are entirely made by rolling stock specifically designed for airport service, of recent construction, with good performance and good comfort levels.

In 2016, the railway line joining Malpensa's Terminal 1 and 2 was inaugurated, which will help avoid the inconvenience of transferring between the two terminals by shuttle bus. In addition, quick and frequent connections between the two terminals enable a more efficient supply of Terminal 1 (dedicated to mid-long-haul flights) by Terminal 2 (characterized by short-medium-haul flights). The cost of this operation was 115 million Euro, 23 million of which came from the European Union, 16 million from SEA, 45 million from the State and 31 million from the Lombardy Region.

⁽⁴⁾ Source: North-west OTI, 2016 Report.

Future rail accessibility to Malpensa Airport

Upgrading of Novara-Malpensa segment

A link is essential to connect Turin-Milan high-capacity line with Malpensa airport. The operation concerns the upgrading of Ferrovie Nord Milano (FNM - North Milan Railways) segment Novara to Busto Arsizio, where it connects with Novara-Malpensa line already in operation. At the same time, the functional integration of the line with Novara HS/HC (High Speed/High Capacity) station on Turin-Milan is planned. Magnago-Vanzaghella's doubling has been active since 2008, while in December 2014 Castano Primo-Turbigo route was also activated. Galliate variant requires a separate discussion. Design also includes a link between the historic line and HS/HC Milan-Turin line, enabling the activation of a direct service between Turin and Malpensa using HS/LC (High Speed/High Capacity) network. The preliminary project is still pending at CIPE (Interministerial Committee for Economic Planning) for lack of funding needed for its implementation, amounting to 87 million Euro. However, the urgent need to re-modernize three bridges along Langosco stream has made it necessary to carry out a functional fragmentation of the works funded with 6 million Euro from the Lombardy Region. Works started in November 2016 and are scheduled to be completed by the beginning of 2018.

Novara hub

The project needed for the new rail system of Novara hub involves building a direct connection between HS/HC line from Turin and Ferrovie Nord Milano towards Malpensa, exploiting the aforesaid interconnection of Novara West, and building Galliate railway variant and other infrastructure upgrades on FNM line. There have been no significant advances in 2016 regarding the approval of the feasibility study on Novara hub. The 2012-2016 RFI (Italian Rail Network) ERA (Economic Regulation Agreement) - 2016 update, confirms the expected allocation of 81 million on Novara hub, in addition to the 9 million allocated by the RFI ERA - 2015 update.

Rho-Gallarate rail link upgrade and Y connection for direct connection between Rho-Fiera/Expo and Malpensa

The project includes the creation of a quadrupling segment, alongside the two existing ones, along the railway segment between Rho and Parabiago, with a

continuation that includes the construction of a third track between the stations of Parabiago and Gallarate. The upgrade of the above route allows for an increase in available capacity to meet the mobility requirements of the route, as part of the broader infrastructure context of the south access to Malpensa Airport. The overall project involves the construction of a single-track at-grade link connecting RFI line Rho-Arona (at Legnano) to Saronno-Malpensa FNM line (at Busto Arsizio). As far as Rho-Parabiago section is concerned, the Final Project is being supplemented on the basis of the Observations of the Higher Council of Public Works in order to continue the approval process with the Ministry of Infrastructure and Transport. Both the Rho-Parabiago segment, costing 402 million Euro, and Parabiago-Gallarate segment, costing 321 million Euro, are currently not covered under 2016 Update of the Economic Regulation Agreement.

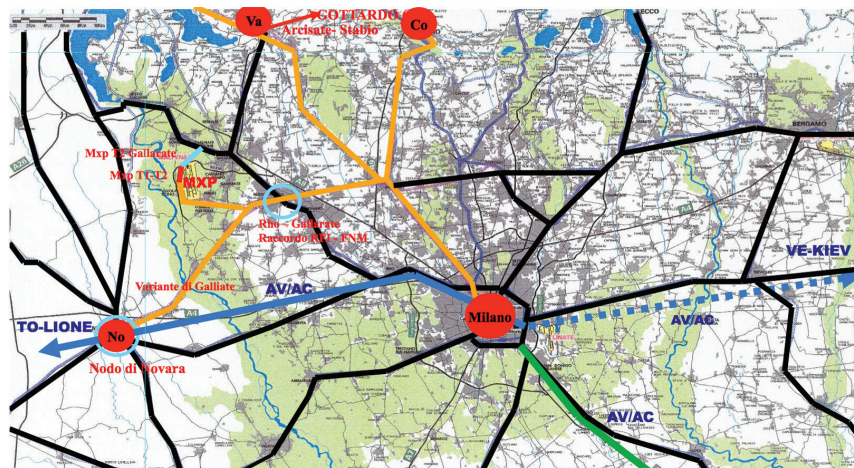
North link from Malpensa with railway lines to Sempione and Gotthard

The project consists of a double-track link to Malpensa Terminal 2 and the existing line of Sempione via two connections, towards Gallarate (Milan direction) and towards Domodossola (Sempione direction). This long-term project will meet the strategic goal of networking Malpensa Airport with the local territory through Sempione and Gotthard routes, significantly increasing the catchment area. The technical and economic feasibility project was concluded in November 2016 and was delivered to Lombardy Region. The cost of the operation is 180 million Euro, yet to be raised.

Arcisate-Stabio railway

The project involves the construction of a new railway line between Mendrisio and Varese linking the historic Gotthard line, via Milan-Varese line, to Malpensa Airport (via X-link at Busto Arsizio and a new segment north of Gallarate, for which there is only one feasibility study). Operation will make it possible to reach the airport in 50 minutes from Lugano and 70 minutes from Bellinzona. The project involves the construction of a new dual-track line that connects the existing Stabio track with Varese-Porto Ceresio line at Arcisate. The new connection is approximately 8 km long, of which 5.7 km are newly built. On January 4, 2016, the CIPE resolution approving the new project for the works was published in the Official Journal, with the new spending limit rising from 223 to 261 million Euro. The project includes excavations containing naturally-occurring arsenic in the former Femar quarry. Civil works are under way, and the construction of rail tracks, electric traction, and safety and signalling systems are scheduled for 2017, with the launch of the new line scheduled for December 2017.

New railway works to upgrade accessibility to Malpensa





Road accessibility to Malpensa Airport

Roads are currently the most important link system to Malpensa Airport. Private vehicles can rely on two existing motorways (A8 and A4 connected via Malpensa-Boffalora motorway link) and one under construction (Pedemontana). Private vehicles also include hotel shuttles and tourist buses. The road system is also used by a variety of collective and individual public transport: airport bus, taxi, limo and car sharing (e-Vai). Over the next few years, large-scale infrastructure investments are planned on Lombardy road network. These should have a positive impact on the quality of links to Milan's airports, both in terms of travel time and ease of access.

Magenta-Abbiategrasso-Vigevano-Milan West Ring Road

The operation is a continuation of Malpensa-Boffalora/A4 motorway and, as part of the links to Malpensa, it provides a roadway outside Milan West Ring Road, aimed at facilitating connections between Milan, west of Milan and A4 at Malpensa-Boffalora motorway. At the beginning of 2016, based on discussions between ANAS, Milan Metropolitan City, local authorities and the Ministry of Infrastructure and Transport, it was decided to proceed with the approval process of Abbiategrasso (Vigevano-Abbiategrasso-Milan West Ring Road) and carry out specific works on Abbiategrasso-Magenta segment. However, even as a result of lack of agreement between all parties involved, at the end of the year no progress had been made on the works approval process, and this should lead to convening a new local authorities planning conference for the project's approval. The operation is funded under the ANAS Economic Regulation Agreement for 220 million Euro.

SS341 Vanzaghello-Samarate variant

9.4 km operation aims to connect Malpensa-Boffalora, at Vanzaghello, and A8 motorway, through the new Gallarate road link. Works will reach Pedemontana Lombarda, in order to make a quick link between the north of Lombardy with A4 (Turin direction) and Milan (SS11 and West Ring Road). Works cost 261.78 million Euro, of which 133.02 million Euro are available, which make it possible to achieve a functional segment consisting of the section between the SS 336 and A8 motorway (Bretella di Gallarate), indispensable to ensuring transport continuity of vehicle flows from Pedemontana Lombarda towards Malpensa and vice versa. The final project is pending with the Ministry of

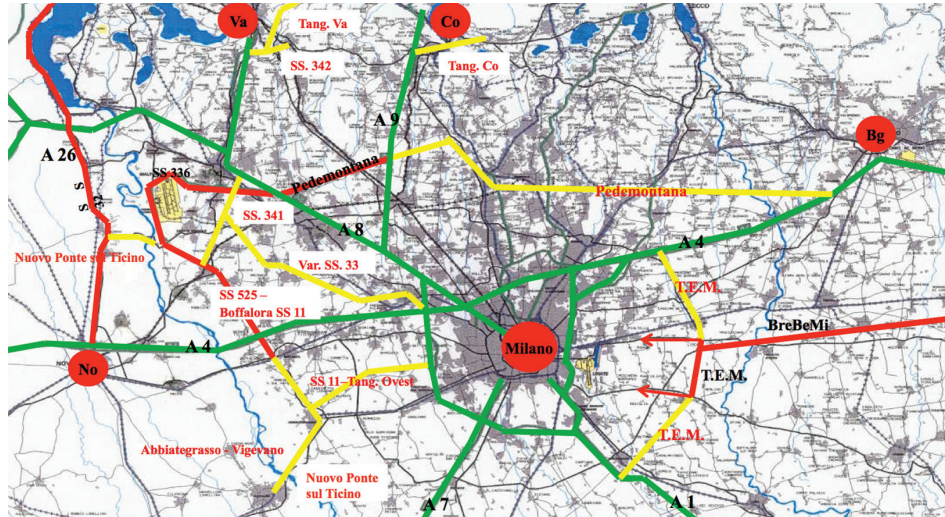
Infrastructure and Transport for CIPE approval.

SS33 variant of the Sempione Rho-Gallarate

Sempione variant, known as "Sempione bis", consists of a single roadway of about 30 km with one lane in each direction of travel. The proposed route splits off from the current SS33 at Rho, at the intersection with Milan West Ring Road, and crosses the municipalities of Pogliano Milanese, Vanzago, Nerviano, Parabiago, Canegrate, Busto Garolfo, Dairago, Villa Cortese and Busto Arsizio, ending at Samarate, where it intersects with another infrastructure being designed, variant of SS341, creating a link with A8 motorway.

The cost of the works is 420 million Euro, of which 42.27 million are funded. The preliminary project of a functional segment, to be started with the available funding, is still pending at the Ministry of Infrastructure and Transport for CIPE approval.

New roadworks to upgrade accessibility to Malpensa



Milan-Turin motorway

Works consist of widening motorway sections and building a 3-metre emergency lane. The current 10-metre roadways in each direction of travel (3 lanes, each 3.33 metres wide), with a 4-metre centre divider, will reach a total of 24 metres overall, with two 14.25-metre roadways. Adaptation and upgrading is necessary in view of the construction of Marcallo-Mesero (Boffalora)-Malpensa link (performed by ANAS), which has led to a significant increase in traffic along the A4 along the segment in question.

Works continued over the course of 2016, also involving the central segment between Piazza San Babila and San Vittore. Tunnel excavation and station construction will continue between 2017 and 2019, while plants will be built between 2020 and 2022, when operation is expected to open.

Current and future accessibility to Linate Airport

Metro system Line 4 Lorenteggio-Linate

The project involves the construction of a completely automated metro line (without driver) connecting along 14.2 km Linate airport with FS San Cristoforo railway station (on Milan-Mortara railway line), with a total of 21 stops. The total cost of the works is 1.8 billion Euro, of which 958 million Euro are funded by the State, 461 by private entities and 400 by the Municipality of Milan.



SEA

**HOW WE INTEGRATE
SUSTAINABILITY
INTO BUSINESS**

Focus Point

Our strategic vision is inspired by criteria of sustainable value generation.

This is considered in its various dimensions (economic, environmental, social) and from a perspective based on mutual reinforcement of components.

We therefore define our strategies so that resources, actions and tools used in social and environmental scope exist in form of investments, thus supporting a proper management of risk and company growth.

Sustainable development governance

We pursue a value-creating strategy, safeguarding its shareholders' capital performance, based on the following principles:

- prioritising choices aimed at increasing corporate value over the medium to long term;
- constant striving to harmonize economic objectives with quality of air connection offer provided to territory, given the general interest profile underlying the role we play;
- careful and systematic analyses and assessments of strategic, systemic and operational risks;
- confrontation with stakeholders to define and implement development guidelines, with a view to generating widespread benefits and minimizing negative externalities.

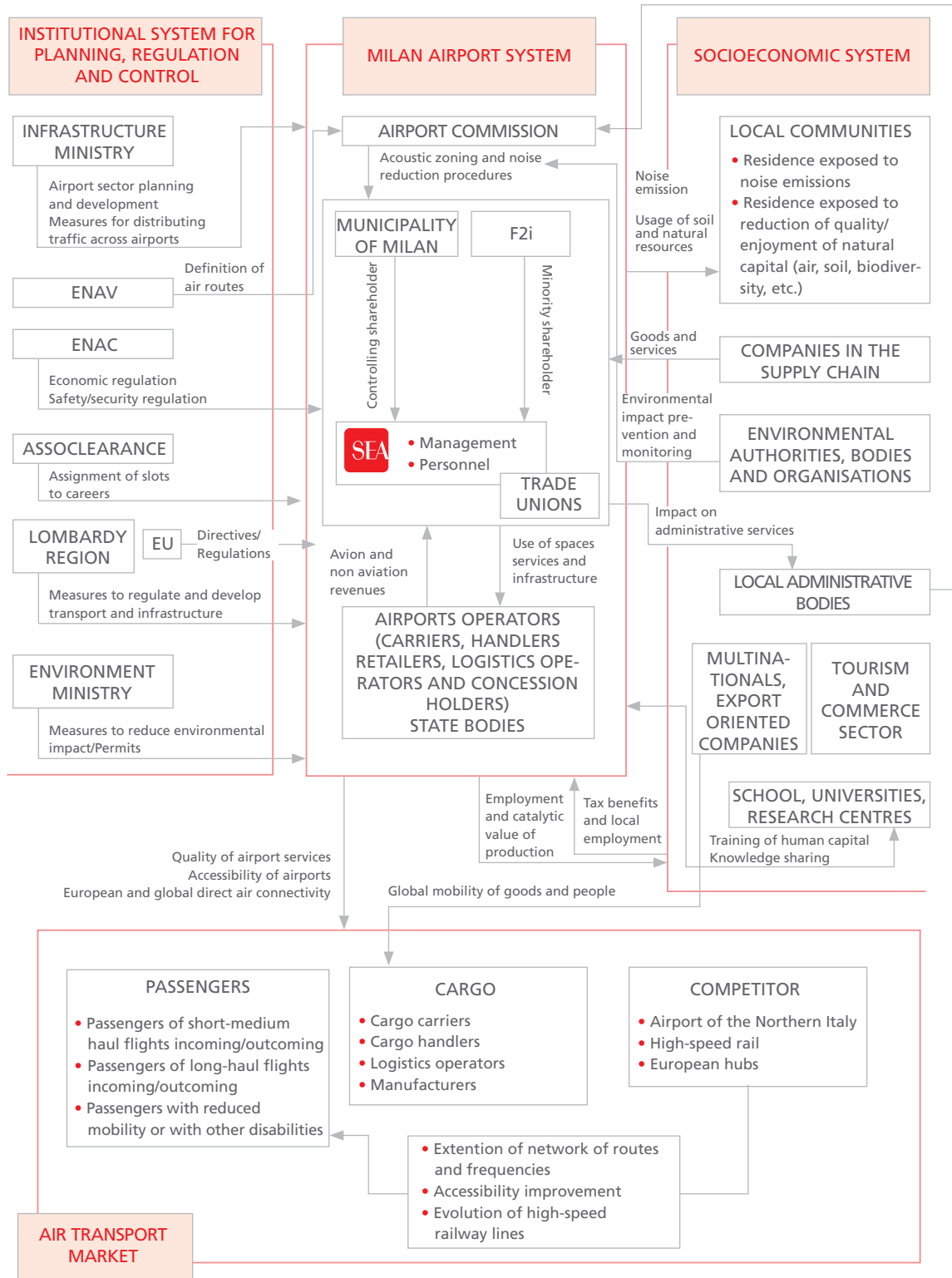
Relevant socioeconomic ecosystem

As manager of public transport sector infrastructure, we strive to acquire, assess and include any variables meeting the interests and expectations of our stakeholders in the decision-making process.

Thus both in airport expansion works, in providing spaces and services to airport operators and in ensuring synergy of action among airport operators to guarantee continuous, safe and efficient flights to passengers.

The map shows our main 1st level stakeholders, that is our strict and direct partners.

Map of SEA group's 1st level stakeholders



CSR strategy and sustainability governance model

Our Corporate Social Responsibility strategy aims to enhance relational dynamics between our organization and its stakeholders, thus becoming -more than just recipients of a share of value generated by the company- true qualified contributors of the key strategic business choices having significant impact on the context they belong to. This goal is the rightest answer

to the deep and delicate interdependencies of choices and decisions of companies such as SEA. Called to design, implement and manage aviation transport infrastructure, the choices SEA makes have a strong impact on its medium- to long-term results.

SEA's sustainability governance model

<p>LEVEL 1</p> <p>STRATEGIC FRAMEWORK</p>	<p>WHAT WE WANT TO BE</p> <ul style="list-style-type: none"> - Mission - Business plan 	<p>HOW WE WANT TO BE</p> <ul style="list-style-type: none"> - Ethical Vision - Value Diamond - Materiality Matrix 	<p>Together with the Mission and Strategic Planning, Ethical Vision, Values and Materiality Matrix define management styles and CSR strategic priorities linked to pursuing business objectives.</p>
<p>LEVEL 2</p> <p>POLICY MANAGEMENT</p>	<p>HOW WE OPERATE</p> <ul style="list-style-type: none"> - Code of Conduct - Listed Companies Corporate Governance Code - OMC pursuant to Italian Legislative Decree 231 - Certified management systems 	<p>HOW WE DECIDE</p> <ul style="list-style-type: none"> - Stakeholder Engagement Tools - Corporate Citizenship Policy - Stakeholder Relationship Principles - Family Audit 	<p>Together with compliance tools (both legislation-driven and voluntary management systems), decision-making patterns were introduced that are linked to – and informed by – listening and structured engagement processes involving both internal and external stakeholders.</p>
<p>LEVEL 3</p> <p>PERFORMANCE MEASUREMENT</p>	<p>VALUE CREATION</p> <p>Financial Statements</p>	<p>QUALITY OF VALUE CREATION</p> <ul style="list-style-type: none"> - Sustainability Report - Airport Economic Footprint 	<p>In addition to the Financial Report, we have implemented tools for measuring the quality of value created (Sustainability Report) and the socio-economic impact on the region. It is plausible that these reports may gradually converge.</p>

The Corporate Social Responsibility function was set up at SEA in 2011, reporting directly to CCO, with the aim of managing relations with stakeholders and making them functional to business goals. Decision-making and planning governance of sustainable development has been entrusted to the Group

Sustainability Committee since 2012, integrated in the Steering Process with the following aims:

- analyse the guidelines for development, implementation and monitoring of sustainability policies to be integrated into our business model;
- according to main stakeholders features, find objec-



tives and methods for their involvement in defining the company's choices and their implementation;

- discuss and participate in defining the integrated reporting model of sustainability performance;
- monitor corporate performance indicators that are relevant to sustainability and propose any corrective action.

The Group's Sustainability Committee is chaired by the Chairman and convened quarterly, and it is attended by the three corporate Chiefs and the Heads of the Departments/Functions that report to them directly. During 2016, the Group Sustainability Committee held 2 meetings.

Strategy's drivers

CSR strategy developed over the last few years can be summed up with four main scopes:

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

Integrated Decision-Making

We are working on managerial mindset to enhance the ability to contextualize business projects and to expand any possible considered variables.

The goal is to properly assess consequences and impacts of company decisions on the quality of stakeholder relations, to effectively prevent/manage any negative feedback from them, with an impact on costs, timing and effectiveness of business projects.

By the **Developing Sustainability Culture** project (2012-2014), we have created the conditions to define our Sustainability Vision and its effects on business challenges. Among other things, the project included interviews with management and stakeholders, focus groups and web discussions with SEA employees and top-middle management workshops.

Conversely, in 2016 the "**Values in progress**" project was launched, a change management plan based on the implementation of corporate values in management practices, in direct connection with the contents of the 2016-2021 Business Plan. The goal is to bring our soft assets (mindset, decision-making dynamics, leadership styles) to the lowest common denominator of the Values, making it all synergistic and functional to the business strategy.

Listening to and involving the stakeholders

We conduct an annual survey of a sample (100-120) of company stakeholders, split into categories, to learn

their perception of the quality of their relationship with SEA, their assessment of SEA's management and SEA actions having had a direct impact on them. In 2012, these findings were supplemented by a Multi-Stakeholder Workshop, a structured opportunity for interaction with the most representative business stakeholders on major strategic issues and projects.

Involvement of our internal and external stakeholders is particularly significant on corporate projects, such as the development of the Ethical System, the Social Challenge and Family Audit.

Accountability

Accountability for our strategies, processes and impacts is not limited to the implementation of the Sustainability Report.

For five years now we have had a partnership with CeRSt-LIUC, which aims to measure more and more accurately and reliably the socioeconomic externalities generated on different territorial scales by our Malpensa and Linate airports. The objective is to define the economic role of our airports in Lombardy and nationally, as well as supporting optimal modes of engagement with the territory.

Social Citizenship

In 2012, we developed a Corporate Citizenship Policy. The statement was created to define social investment strategies that would be organic, effective and progressively related to the company's business profile. Social investments that have been made over the past five years have raised the awareness that our duty as a company is not limited to well managing our airports, but it also includes ability to build harmonious relationships:

- with the surrounding area hosting our infrastructures;
- with non-profit entities that try to give answers to the community around;
- with people of SEA, not only in their role as employees, but also as citizens who, after clocking out for the day, also want to contribute to a good cause as an important part of their personal fulfilment.

Ethical System and Diamond of Values

We have defined a new Ethical System, endorsed by the BoD in December 2015, consisting of three statements:

- Code of Conduct;
- Ethical Vision and Diamond of Values;
- Principles of Relationship with Stakeholders.

What is its function?

The essential review of content and role played by the Code of Ethics since 2000 was dictated by the need to

complement rule-based contents, which had been previously prevalent, with value-based contents. These are based on mutual business commitments between the company and its stakeholders, aimed at influencing people to adopt ethical principles in a self-determined and responsible way.

Classification of ethical system's statements

	CODE OF CONDUCT	VISION, VALUES AND PRICIPLES
NATURE	Corporate governance code.	Strategic policy.
OBJECTIVE	Defines behavioural rules that are functional to regulatory compliance in performance of work duties, corporate offices and contracts.	It defined decision-making Values and Principles by which the Company is inspires and which it engages to be consistent with in pursuing its mission.
CONTENTS	<ul style="list-style-type: none"> - Prohibitions and obligations framework. - It refers to individual behavioural principles: (correctness, integrity, fairness, diligence, etc.). 	<p>Factors that enable long-term value creation</p> <ul style="list-style-type: none"> - They offer reference patterns for decision-making process - They consider the "company system" rather than single individuals - They highlight what the company is not prepared to give up its development.

The Ethical System has the task of highlighting to recipients our business style and the related decision-making and operating environments. Those who have a certain level of discretion in these scenarios can potentially cause an unfair distribution of costs and benefits

between company and stakeholders (so-called ethical dilemmas), and the Ethical System aims to direct them towards response models inspired by the core of our corporate values.



From mission to ethical vision

MISSION

ETHICAL VISION

SEA Group's mission is **value creation** for all individuals directly involved in the Group's activities: **shareholders, clients and employees**.

SEA recognises as a specific and distinctive features of its value creation processes:

- their connection with **public interest** that underlines the management and development of airport infrastructures that act as a point of access to the world and prosperity of the relevant region;
- its preference of **innovation** as elective response to the growing complexity that characterised business management and increases business risk;
- constant search for **efficiency**, meant as focus on optimising the use of company resources and identifying the best way of using them.

This objective is pursued by offering services and solutions aligned with the growing demands of the market, which consists in a variety of entities, including **passengers, air carriers, airport operators and commercial partners operating at Malpensa and Linate airports**. Airport infrastructures managed by SEA guarantee air access to main international destinations to a variety of users operating in a catchment area among the most developed in Europe, acting as a **reference point for the development of economy and of Northern Italy as a whole**.

In pursuing that value creation profile, SEA implements a service management approach focused on nurturing **professional excellence**, consolidating and progressively expanding **meritocracy criteria** for allocation of roles and responsibilities within the organization and developing a **team spirit** that inspires vision and co-operative solutions, both within the company and with respect to its relationship with the surrounding environment.

Services supplied by SEA Group are guaranteed by the management and the **development of safe, cutting-edge infrastructure**, with a key focus on the **social development of the reference community and environmental protection**.

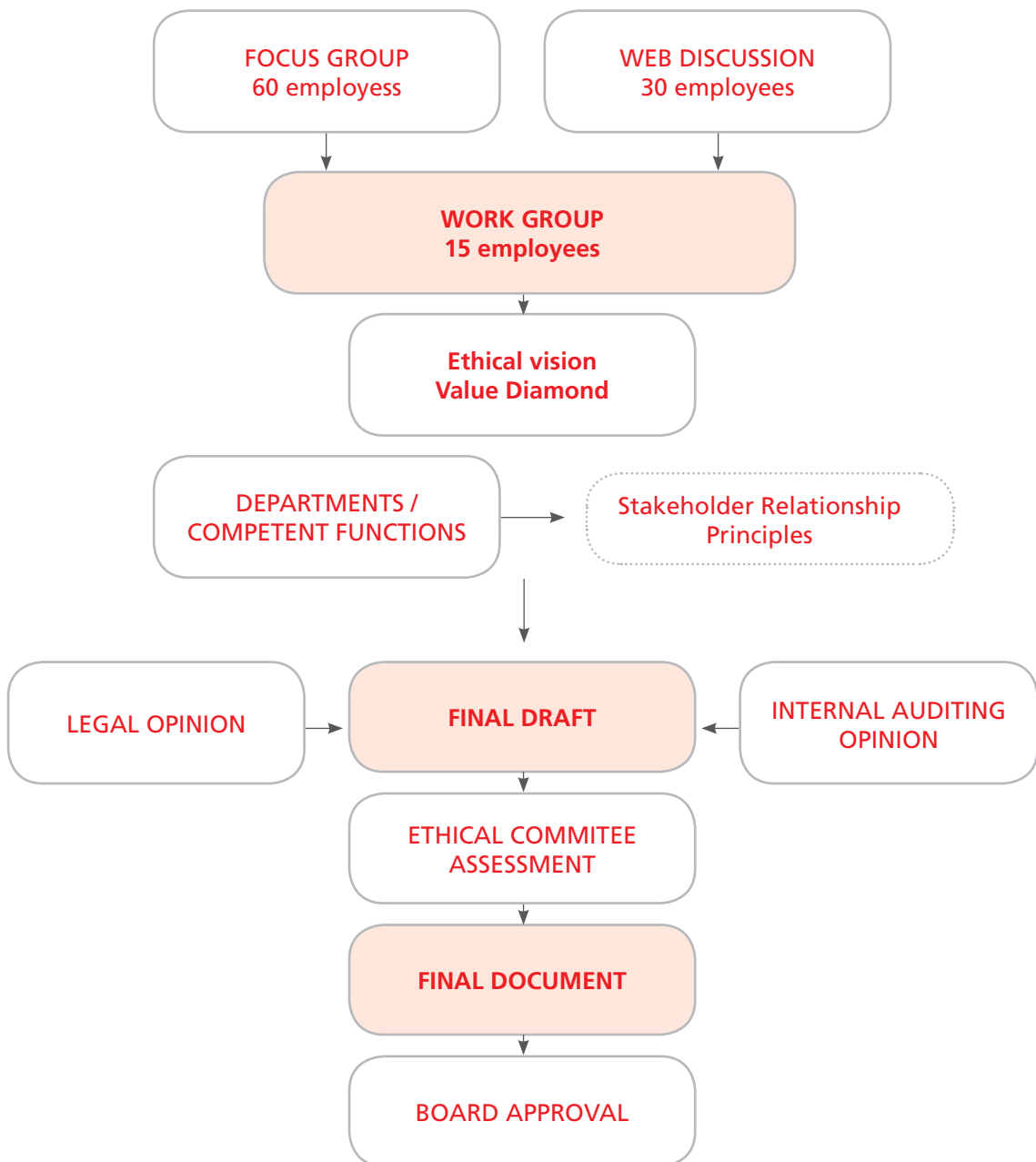
SEA identifies the founding principles of this entrepreneurial approach in the development of relationship, both within business and between the company and its stakeholders, which are characterised by actual **respect, transparency and co-operation**.

How it was implemented

The reviewing and supplementing process of the Code of Ethics followed a bottom-up approach, based on the broad involvement of all professional categories of the organization and representatives of the main stakeholder

categories. Elaboration has been made through listening tools such as focus groups, web discussions, etc. and a planned involvement.

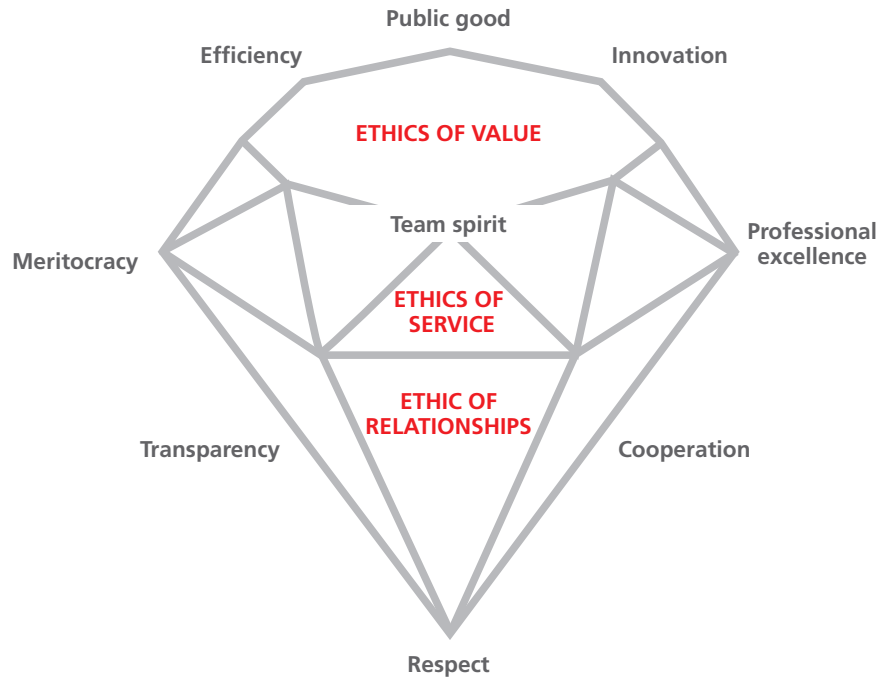
Process for development of ethical system





The Diamond's values

- They are our good practices trace, supporting our company in different phases of evolution.
- They are also paradigms of practices not yet or not fully implemented, requiring our company to strive for a change.
- Their fabric underlies a conception of our company as “part of a complex and interdependent system”.



How values stimulate us to change

In the second half of 2106, we launched the project “Valori in corso” (“Values in progress”), aimed at encouraging dissemination, exchange and sharing of content concerning the new Ethical System.

The aim of the project is to start a cultural, organizational and technological change developing collaboration, promoting dissemination, sharing knowledge, improving circulation of ideas, increasing the feeling of company belonging and stimulating in all employees active.

Some of the actions launched in the last quarter of the year include:

- 2 workshops, addressed respectively to executive managers and to a group of 25 middle management representatives, aimed at the shared creation of communication tools for the internal dissemination of the new Ethical System;
- a “pinterest-like” contest addressed to the entire cor-

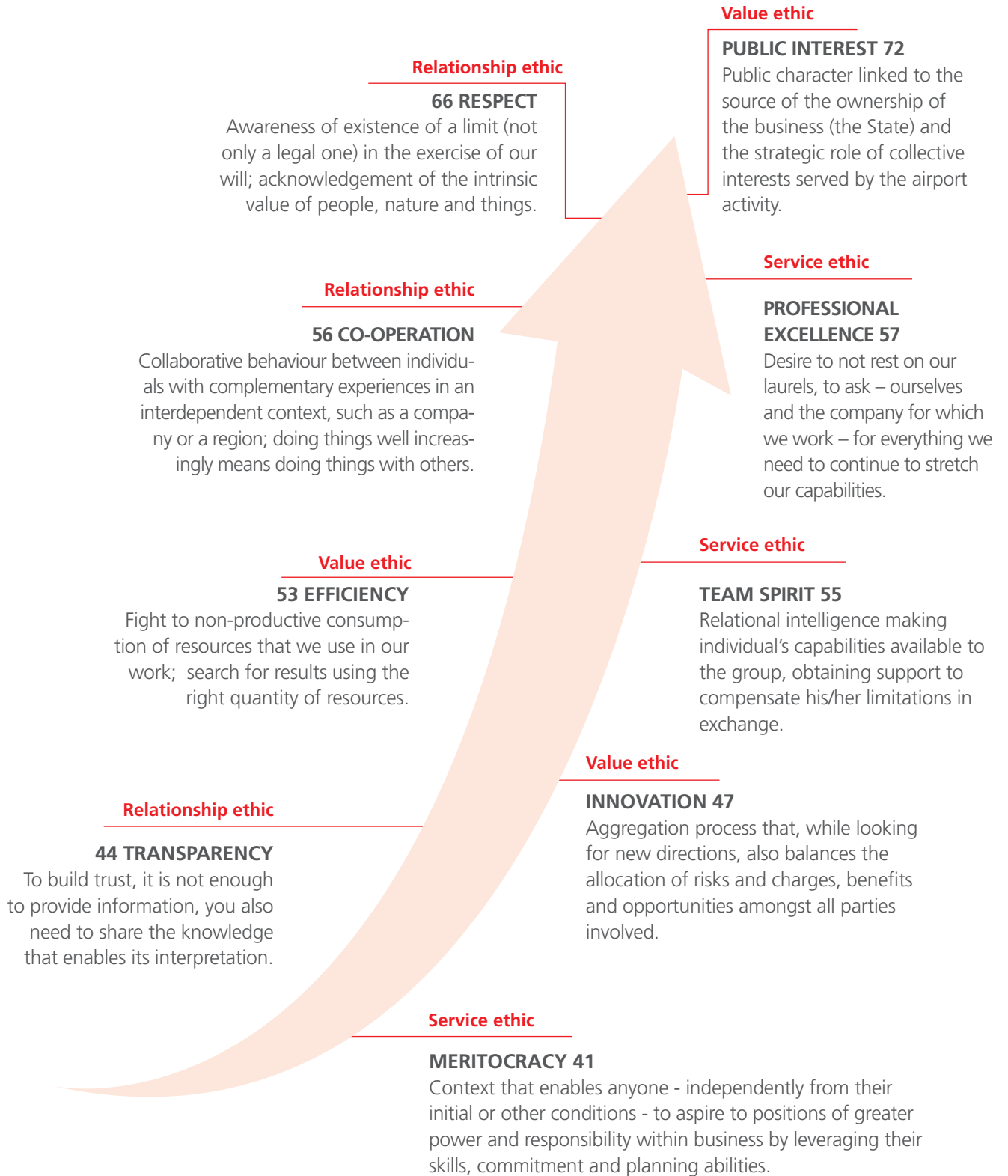
porate population, aimed at the broad dissemination of the values of the new Ethical System.

This evolutionary effort is well expressed in the opinions arose from a survey¹ addressed to a sample of about 600 employees expressed, indicating:

- specific strong and constitutive values that, at present, can be defined as indispensable;
- areas of value not yet fully defined, which need further consolidation within corporate culture;
- finally, a core of values to be substantiated to qualify a new organizational and relational model whose priority is the relation and sharing among stakeholders.

⁽¹⁾ Extensive survey carried out with the CAWI method, from June 30 to October 31, 2016, on a sample of 596 employees through a self-compiled online questionnaire sent through the corporate intranet.

Level of value' implementation in organizational practices perceived by employees (Scale 1-100)



Source: MPS Research, 2016



How we define the priorities of our efforts: the materiality matrix

What is materiality

Materiality is the dimension within which a certain aspect of the relationship between the company and its stakeholders is able to influence the former's ability to create value.

There are two characteristics that need to be considered to evaluate the materiality of an aspect of business activity:

- if it produces significant impacts from an economic, social or environmental point of view;
- if it can substantially affect assessments or decisions by stakeholders about the company.

Determination of material aspects of company-stakeholder relationship is not only important to identify topics to be included in the sustainability report, but it also helps identify the areas for governing relationships with stakeholders to bring the company to a sustainable and long lasting path towards economic and competitive value generation.

Building the materiality dashboard

In order to make an assessment of the materiality of an aspect, it is necessary to take into consideration all factors characterizing the relationship between the company and its audiences. In the definition of materiality, a strong emphasis is placed on both external and internal stakeholders, as their reasonable expectations and interests have to be taken into account as an important point of reference.

The company and its stakeholders make a combined analysis of the meaning of these factors in terms of impact on each other's expectations and benefits. This process enables the selection of items that make up primary engagement fronts to undertake a development path that is sustainable for the company.

How we created the materiality matrix

The starting point in our process of identifying the materiality matrix is represented by business challenges that define our medium-term horizon.

The items that characterize our relationship with our stakeholders were identified between 2012 and 2013, when we launched a number of initiatives to survey the "stakeholder voice".

Medium-term business challenges

1. Development of infrastructure capital

New Master Plans for Malpensa and Linate fundamental for the development strategy.

Infrastructure development of the two airports consistent with the long-term strategic vision.

2. Increased value generated by Aviation Business

Short-medium haul: further development of low-cost carriers.

Long-haul: development of new carriers and connections; development of incoming extra-EU traffic.

Cargo: consolidation of Malpensa as cargo hub.

3. Expansion of Non Aviation Business

Further diversification and improvement of commercial offerings.

Continuous investment in improving service quality.

Become an airport operator of reference for digital innovation at a European level.

4. Operational efficiency

Improve productivity by continuing the streamlining initiated in the past years.

Significant reorganisation plan, to be managed in a changed regulatory environment.

External costs: redefining purchasing conditions and volumes.

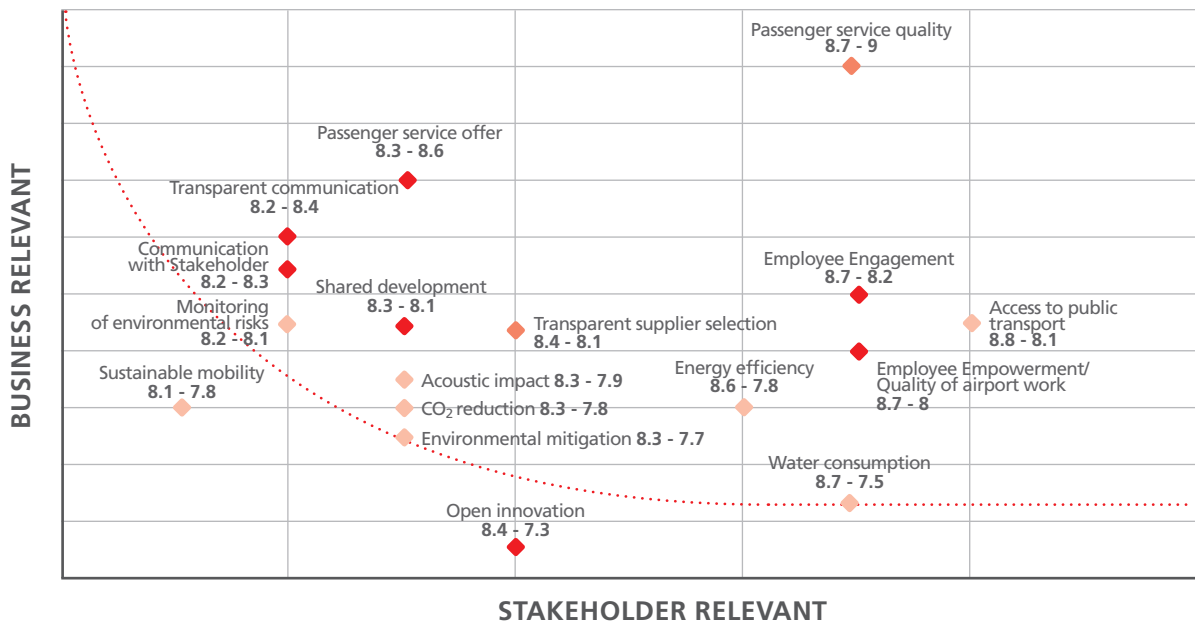
Subsequently, the identified items were weighed through a survey conducted in 2013, involving a total of 111 subjects, of which 80 external stakeholders and 31 SEA managers (14 executives and 17 managers).

HOW WE INTEGRATE SUSTAINABILITY INTO BUSINESS

Overall, 45 items were submitted for sampling, distributed in four categories, corresponding to business challenges. Both stakeholders and SEA management being surveyed assessed all items based on two dimensions of impact:

- importance according to their expectations;
- usefulness/consistency with SEA's business challenges.

Materiality Matrix



Allocation of materiality issues to business challenges

1 - Development of infrastructure capital

- Shared development
- Communication with stakeholders
- Acoustic impact
- Environmental mitigation measures
- CO2 reduction
- Monitoring of environmental risks

2 - Increase of value created by Aviation Business

- Passenger services quality
- Accessibility of airports using public transport
- Quality of airport work

3 - Expansion of Non-Aviation Business

- Widening in passenger service offering

4 - Operational efficiency

- Employee Empowerment
- Employee Engagement
- Transparent supplier selection
- Energy savings
- Water consumption



How we cultivate excellence in processes

The search for excellence in process management in SEA means not to settle for ourselves and to require to the company and to ourselves whatever is needed to constantly overcome our abilities.

Cultivating excellence means taking on the challenge of a job well done every day, the result of a conscious attitude towards our task, well-directed towards achieving our own objectives and our shared goals.

We believe we have hit the target of excellence when:

- we succeed in combining the generation of economic value with that of public utility, underpinned by management and development of efficient, functional, accessible and inclusive airport infrastructures;
- we subject our choices to a careful environmental impact assessment and we engage in international research and partnership programmes to identify and design innovative solutions for reducing natural resource consumption and limiting emissions;
- we pursue innovation to respond to the growing complexity that characterizes business management, raising business risk;
- we seek efficiency, intended as a focus on the best use of corporate resources and the identification of the best conditions for their use.

Our environmental and energy policy

We are firmly committed to combining the respect and safeguard of the environment.

Our environmental and energy policy is inspired by the following principles:

- extensive compliance with regulatory requirements;
- ongoing commitment to improving environmental and energy performance;
- education and engagement of all actors involved in the airport system for a responsible commitment to respecting and protecting the environment as our common heritage;
- priority given to the purchase of products and services that adopt similar environmental sustainability parameters, with particular attention to energy conservation, reduction of atmospheric and noise emissions and water usage;
- identification of sources and controls of CO₂ emissions produced, both direct and indirect, through the involvement of stakeholders, in order to reduce greenhouse gas emissions in line with Kyoto protocol and subsequent international agreements;

- a constant level of monitoring and verification of processes related to energy, atmospheric emission, noise and water cycle and in general various phenomena concerning interaction with the ecosystem;
- highly developed system of listening and communication with a wide range of external actors to ensure transparency and sharing.

Our commitment to reducing environmental impact makes it increasingly necessary to integrate key environmental management issues into business strategies and management.

To that effect, the Environment and Airport Safety function holds monthly committees to provide the stakeholders involved in aviation activities of our airports with the information regarding operational safety and environment and, on the external front, it ensures an adequate relationship with local and institutional bodies.

Guidelines and tools for managing our environmental and energy policies are periodically subjected to internal and external audits, thus spreading our effort towards our stakeholders through detailed reporting on environmental and energy processes of our airports.

Certified management systems

Implementation of sustainable management practices also goes hand in hand with a broad set of certified management systems, which encompass the areas of quality, safety, environment and social aspects.

Certified management systems				
	ENVIRONMENT	SAFETY	SOCIAL	QUALITY
SEA	Airport Carbon Accreditation – Neutrality Level ¹	OHSAS 18001 ⁴	Dasa Register ⁵	UNI EN ISO 9001:2008 ⁷
	ISO 14001 ²		UNI CEI EN 45011 ⁶	
	ISO 50001 ³			
SEA Energia	EMAS registration ⁸	OHSAS 18001		
	ISO 14001			

⁽¹⁾ Certification promoted by ACI Europe (Airport Council International) to encourage concrete contributions from airports to combat climate change. It includes the launch of a series of actions to control and reduce direct and indirect CO2 emissions. In June 2010, SEA reached level 3+, classifying Linate and Malpensa as the first airports in Italy (and among the first in Europe) to achieve “neutrality”.

⁽²⁾ It deals with the development of an Environmental Management System designed to identify, control and monitor the organizations's performance.

⁽³⁾ International Standard for energy management, which focuses on the organization energy efficiency and requires that the promotion of energy efficiency be considered across the entire organization supply chain, as a requirement to be fulfilled by the suppliers.

⁽⁴⁾ It attests to the voluntary application within the organization of a management system that ensures adequate control over the Health and Safety of Workers, in addition to compliance with mandatory regulations.

⁽⁵⁾ It relates to the upgrade of Linate and Malpensa airport infrastructures to enable their use by persons with reduced mobility, in compliance with regulations on equal opportunities.

⁽⁶⁾ It concerns the service to passengers with reduced mobility in airport.

⁽⁷⁾ Management System for the Quality of Services Delivered.

⁽⁸⁾ The EU eco-management and audit scheme (EMAS) can be voluntarily joined by companies and organizations wishing to engage in evaluating and improving their environmental performance. EMAS is primarily intended to provide stakeholders with a tool through which information about the organization's environmental performance can be obtained.



Green innovation projects in Europe

SEA has long been present and actively involved in the Environmental Strategy Committee and the Technical and Operational Safety Committee of ACI Europe, the European airports' association.

Over the last few years, we have strengthened our presence in Europe by promoting partnerships with primary airport, territorial and scientific entities focused on energy management, water management and the evolution of maintenance philosophies and procedures, as well as control systems for airport infrastructures.

This contributes to set up the necessary international dimension of exchange and comparison of best practices in the management of environmental issues.

Our international environmental design efforts have focused on the following topics:

- energy (two projects completed and one in progress);
- emissions;
- water (an active project);
- noise;
- sustainable mobility (project being defined);
- safety and security (an active project on speech recognition and a project on video surveillance).

In 2016, the DREAM (Distributed Renewable resources Exploitation in electric grids through Advanced heterarchical Management) project was successfully completed, www.dream-smartgrid.eu/.

The following projects are currently in progress:

- **WATERNOMICS ICT** for Water Resources, Efficiency, <http://waternomics.eu/>, which aims to improve the management of water distribution networks to reduce fuel consumption and rationalize flow rates and operating pressures. The water footprint governance will involve an approach that will initially be highly geared towards measurements and controls (both dynamic and in real time) of consumption by types and users. Aimed at rationalizing consumption, this approach will provide real-time water usage and availability information to end users and decision-makers. Improvement of management aimed at achieving significant reductions in consumption will be implemented later, through a complex action on plant components. SEA has provided the project with a test area in Milan Linate Airport where it can implement, test and validate the solution developed by the project.
- **OCTAVE** (Objective Control for TAlker VERification), <https://www.octave-project.eu/> is focused on security, aimed at implementing a Trusted Biometric Authentication Service (TBAS) that uses voice recognition to allow access

to sensitive areas that are not subject to monitoring, to facilities and to online services. The project, launched in June 2015, will last 26 months. For this project too, SEA provides the international consortium with an area to test the management of accesses: Linate sanitation platform, which is accessible to aircraft cleaners and other entities operating on behalf of SEA.

Our corporate citizenship

Corporate Citizenship policy

We have defined a policy on "Corporate Citizenship", whose fundamentals are:

- relevance of corporate citizenship is defined by the intensity of its connection with corporate strategy and not by the amount of resources employed;
- corporate citizenship activities are carried out responding to the need to protect the rights of:
 - shareholders, in terms of the most correct, efficient and profitable use of the resources managed by company;
 - non-profit stakeholders, regarding the need for transparency and objectivity of criteria with which the company chooses partners for social investments;
 - the company itself, in terms of credibility and reputation regarding its ability to be transparent about mechanisms for accepting contribution requests from non-profit world;
- our corporate citizenship core activities are represented by the funded project, whose credentials (completeness, endorsement by national and international institutions, scalability, clarity of objectives, measurability, accountability) must be added to those of its proponents;
- we favour projects that are consistent with the identity, features and distinctive factors of SEA, which plays an active role (not mere contributor, but partner) in managing the initiative. Factors considered important in choosing a project therefore include the ability to mobilize corporate community participation, as well as the opportunity to reconcile needs in the airports' local area with international scenarios.

Investments in Corporate Citizenship

Over the last three years we have invested over 300 thousand Euro in corporate citizenship activities. The majority of overall donations (over 2.5 million Euro in the period under consideration) relate to support for cultural initiatives, in particular to the Teatro alla Scala Foundation in Milan.

As founding partner, we are actively participating in pursuing dissemination of musical culture in the world, we support the promotion of national artistic heritage, contributing to maintaining its high level of quality and we take part in the artistic life of La Scala.

Charitable donations in the last three years (Euro)

	2016	2015	2014
Total donations	782,800	820,242	614,500
of which: culture/education	712,400	714,900	584,000
of which: sporting events	10,000	27,000	12,000
of which: social/welfare	60,400	78,342	18,500
Corporate Citizenship Projects	75,000	81,500	150,400
Total donations	857,800	901,742	764,900

Source: SEA

A social investment model that involves employees: The Social Challenge

In 2015, we launched a new way of selecting social funding initiatives, called "The Social Challenge". This is a participatory process of identifying and selecting social projects developed by non-profit organizations operating in the provinces of Milan and Varese, and every year we grant them six contributions of 10,000 Euro each. The only projects taken into consideration are those to be implemented in the provinces of Milan or Varese (where the airports of Linate and Malpensa are respectively located) and are concerned with the social, environmental or cultural sphere. At the heart of the process there are 2,800 SEA employees, who are invited every year to:

- identify non-profit organizations with operational offices in the provinces of Milan and Varese;
- receive or formulate in cooperation with them a so-

cial, environmental or cultural project;

- present the project to SEA, which submits it to an Assessment Committee for an initial selection;
- if the project is selected, encourage colleagues to support it, expressing their preference in a referendum held on our intranet platform Seanet.

Non-profit organizations with operational offices in the provinces of Milan and Varese are also asked to play an active role by submitting social projects to the Promoters. These are submitted in turn to employees of SEA, and any projects chosen by them are subsequently admitted to the same assessment and voting process applied to projects submitted by employees.



The Social Challenge: 2016 edition's numbers

	No. OF PROJECTS	MILAN	VARESE
Projects submitted	87	65	22
by Employees	39	24	15
by Associations	48	41	7
of which adopted	36	30	6
Projects admitted to evaluation	75	54	21
Employees involved in the project submission	59		
Employees voting in the referendum	564		

Source: SEA

The Social Challenge: 2015 edition's numbers

	No. OF PROJECTS	MILAN	VARESE	MI/VA
Projects submitted	138	94	39	5
by Employees	48	26	22	-
by Associations	90	68	17	5
of which adopted	56	41	14	1
Projects admitted to evaluation	104	67	36	1
Employees involved in the project submission	84			
Employees voting in the referendum	588			

Source: SEA

In 2016, the Assessment Commission consisted of three SEA representatives and three non-profit experts. From 2016 edition, we set up a Special Prize, bringing the total contributions paid to 70,000 Euro. This prize is awarded to the best project supported by

a SEA employee who is also a volunteer of the association sponsoring the project.

We have therefore decided to reward our employees who have not simply "made the own" a project from an association, but have supported the project of "their" association.

From solidarity donation to investment in social enterprises: impact investing projects

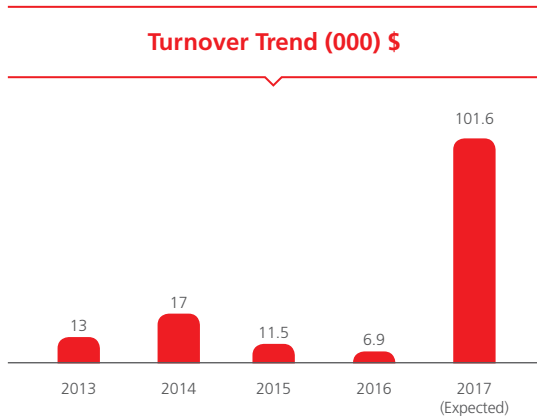
In order to further qualify our social investments, in 2015 we established a partnership with Opes Foundation, a qualified fund for investments in high social impact entrepreneurial projects. We thus acquired the role of provider of philanthropic capital to invest through Opes in economically viable businesses able to promote social progress and emancipation from poverty. Opes is the first Italian Social Venture Capital able to fund social enterprises operating in critical development areas: health, access to water and basic sanitation, energy, education, and food sovereignty. Its mission is to support social enterprises and enlightened entrepreneurs who propose innovative and durable solutions to meet the most persistent needs of the population at the foot of the social ladder. Opes targets existing social enterprises located in East Africa (Kenya, Uganda, Tanzania) and India when they are at an early stage of development, trying to validate their business model. Opes channels philanthropic capital, in form of investments, to pursue social impact and financial returns. All funds returning to Opes are re-invested in new social enterprises.

Kadafrica Project

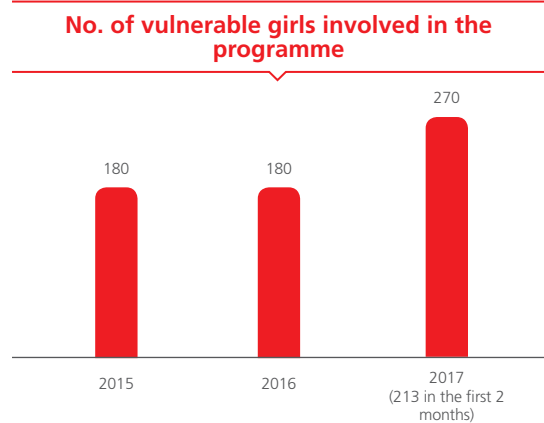
Date of investment: June 2016
 Amount of investment: \$100,000 (40,000 Euro disbursed by SEA)

Kadafrica is a company founded in 2011 based in Fort Portal (Uganda) that produces and markets passion fruit.

At the initial stage, supply of products was ensured solely by a network of hundreds of local growers (marginalized girls with histories of abuse and deprivation)



Source: Opes Foundation



that KadAfrica supported and continues to support with a programme of agronomic training and induction to entrepreneurship. In 2016, KadAfrica reformulated its business model. In addition to the network of growers (OSGs), it aimed to include local farmers (OGs), as well as the production and sale of seeds and direct management of agricultural land. To date it deals only with fresh product, but for the future, when it becomes fully operational, it plans to expand its activities by building a processing plant so that it can also produce fruit pulp, much in demand by the beverage industry. Managing the girls’ training programme directly (previously it was run in partnership with the local Caritas) has led to delays in meeting the objectives. This has greatly diluted the implementation times of other planned activities (local farmers’ programme, seed production and sale, starting cultivation on the owned land) that were to be launched at the same time to diversify revenue.

“The Water Shop Naivasha” project

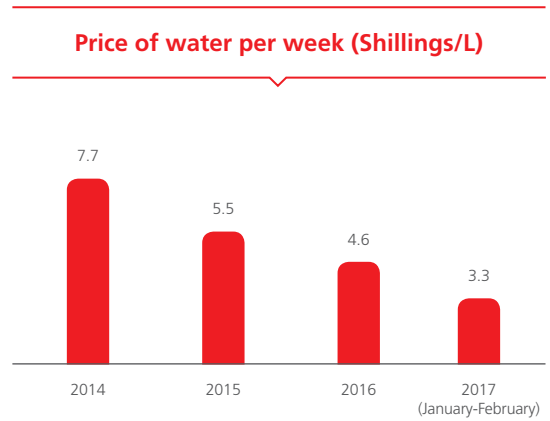
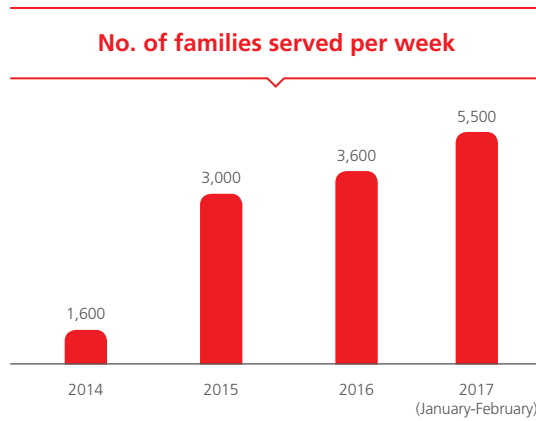
Date of investment: June 2016
 Amount of investment: \$160,000 (40,000 Euro provided by SEA)

The Water Shop Naivasha is a social enterprise that operates under the “PureFresh” brand, based in Kenya, in Naivasha (80,000 inhabitants, 90 km north-west of Nairobi). Active since 2010, PureFresh deals in extracting, purifying and marketing drinking water (both bulk and bottled). Water scarcity and quality are critical issues for the country. In Kenya, about 17 million people (43% of the population) do not have access to safe drinking water. Most low-income families can only access contaminated water, with very serious health consequences. The Water Shop company draws water from a well, purifies it in a plant using reverse osmosis, and distributes



it through a network of four stores located in different areas of the city. PureFresh started its activities by opening two shops in Naivasha, then another two over the years. In 2015, the company started testing a new expansion model by installing five automatic drinking water dispensers placed in other existing stores, to increase volumes, reduce operating costs, and apply prices that could make its product more accessible to low-income customers. In 2016, a further investment was made by Opes with SEA and two other American investors to scale up the pilot: from five distributors to twenty in the cities of Naivasha and Nakuru. The business model has

been modified, favouring the franchise model, which has proved to be more effective in reaching more people and lowering the price of water.



Source: Opes Foundation

Value distributed to our stakeholders

In 2016, SEA Group generated an economic value of 653.5 million Euro, up 1.7% over the previous year. About 85% of this value (553 million Euro) was distributed to stakeholders in form of payments and other forms of transfer (+1.5% compared to the previous year), going from 545.0 to 552.9 million. The main recipients of this value were the suppliers, who received 187.2 million (196.9 million in the previous year), equal to 33.8% of the total, and the human resources, who received 183 million (33.1% of the total distributed value versus 32.5% of 2015). The portion of value paid to capital providers was also significant (81.8 million, or 14.8% of the distributed value, against 70.8 million in 2015), in which dividends were dominant (62.8 Million, compared to 50.9

million in 2015) compared to financial charges paid to lenders (around 19 million). The portion paid to public administration in form of taxes and fees was 55.7 million (10.1% of the distributed value). Finally, the portion of distributed value paid to the company and the territory was 0.16% in 2016, corresponding to the sum of the donations made to bodies and associations of the third sector in support of cultural, humanitarian, scientific and sporting projects.

Table of economic value generated and distributed by the Group (.000 Euro)

		2016	2015	2014
Economic value generated directly		653,512	642,408	621,634
a) Revenues	Operating revenues	653,512	642,408	621,634
Distributed economic value		552,948	545,002	499,290
b) Restated operating costs	Consumable costs and other reclassified operating cost	187,196	196,990	188,554
c) Commercial costs	Commercial costs	44,458	40,786	43,101
d) Wages and benefits for human resources	Labour costs	182,971	176,979	161,501
e) Payments to capital providers	Financial charges and dividends distributed during the year	81,757	70,845	51,029
f) Payments to Public Administration	Current incomes taxes and tax charges	55,708	58,500	54,340
g) Investments in the community	Donations, sponsorships and collaborations	858	902	765
Retained economic value	Calculated as the difference between the generated economic value and the distributed	100,564	97,406	122,344

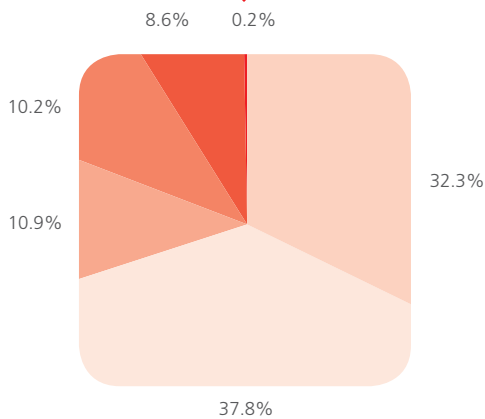
Source: SEA

During the three-year period, value generated and that distributed to stakeholders increased significantly, but the latter recorded a double growth rate (+10.7% over 2014) compared to the former (+5.1%). Capital providers were stakeholders who recorded the greatest increase in acquired value in this three-year period

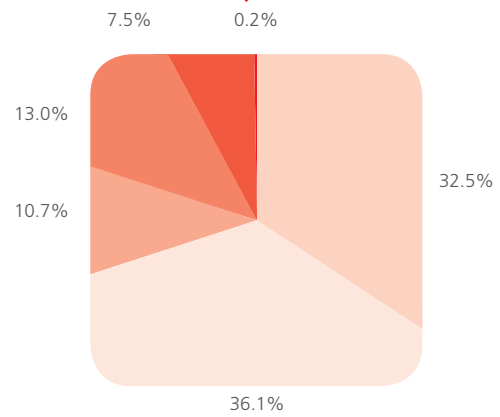
(+60.2%), followed by human resources (+13.3%) and communities (+12.2%), while the value flows to other stakeholders remained largely unchanged.

Finally, it should be noted that over the period under consideration, SEA Group transferred over 168 Euro million to the public sector in form of taxes and fees.

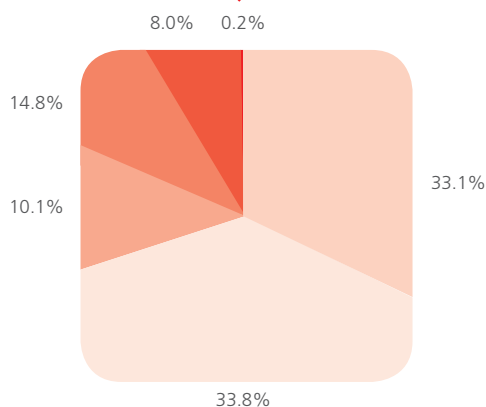
Economic value distributed in 2014



Economic value distributed in 2015



Economic value distributed in 2016



- Value distributed to suppliers
- Value distributed to employees
- Value distributed to Public Authorities
- Value distributed to capital providers
- Value distributed to customers
- Value distributed to the community

Source: SEA



Socioeconomic impact generated by our airports

Milan airport system acts as a capital attractor, job generator, and activator or catalyst of investment initiatives for the whole Lombardy region (and it can often be said of entire north-west of Italy).

It also has a clear role as extraordinary driver in some specific economic sectors such as tourism, logistics, transport and trade.

For this reason, we have built a data platform to periodically measure the socioeconomic impact locally generated.

In line with the most common approaches on infrastructure and transport networks, direct, indirect, induced and catalytic impact analyses have been combined and integrated. The aim is to understand what are the socioeconomic impacts in which airport is the direct protagonist as well as the originator, rather than just an activator, or even a central albeit not exclusive actor.

Types of impacts analysed

Direct impact

Generated by the whole range of economic activities that provide services to passengers and goods by operating in airport grounds (e.g. carriers, shops, cafés and restaurants, car rentals, banks, freight forwarders, cargo, handlers, catering companies etc.).

Indirect impact

Induced economic activity generated by businesses providing passenger and cargo services while operating outside airport grounds and the supply chains, activated by the direct activity operators, which do not provide direct services.

Induced impact

Increase in demand caused by spending by income earners involved in various capacities in activities triggered by the presence of airport.

Tourism catalytic impact

Impact generated through spending in local businesses (hotels and restaurants located outside the airport, car hire, etc.) by tourists and all those who reach the area through the airport.

We assessed repercussions of airport activity on the business system, labour market, specialization model, competitiveness and attractiveness of local area, its

propensity to innovate and the tax revenue collected to varying degrees by local Public Administrations.

Based on data updated at 2015-2016, contained in several studies commissioned by Mr Massimiliano Serati, Director of the Research Centre for Territorial Development - LIUC Cattaneo University, direct, indirect, induced and tourism catalytic impacts of our airport system generates repercussions on Lombardy region quantifiable at over 19 billion Euro, which corresponds to the capacity to create about 154.000 jobs.

Such numbers confirm how the airport infrastructure ensemble managed by SEA is one of the most important "production systems" in the entire region.

Socioeconomic impact of Malpensa airport

In 2016, there were 546 on-site business activities at Malpensa Airport (482 in 2014). The list of activities taken into account corresponds to the list of companies requesting badge issues to operate within airport terminal.

Based on data updated at 2016, Malpensa's production system generates repercussions on Lombardy region quantifiable at 16.6 billion Euro, which corresponds to the ability to create about 124,000 jobs.

Airport's direct impact in terms of employment is quantified in approximately 18,400 created jobs (SEA accounts for 9.1% of the total figure) and a value of production of 3,660 billion Euro (of which 9.8 % is directly attributable to SEA). The value of production is the sum of added value and final sector prices.

Local distribution of direct employment repercussions generated by Malpensa Airport was analysed by reclassifying the badges issued to employees based on their municipality of residence in the 2014-2016 three-year period. This analysis shows that over 70% of those employed are resident in Lombardy, over 6% in the neighbouring Province of Novara, and about 20% are resident outside the region.

Almost half workers are employed in Province of Varese, where Malpensa Airport is based, while CUV municipalities account for 17-18% of the employment generated by airport (37% of the employment directly generated by Malpensa in the Province of Varese).

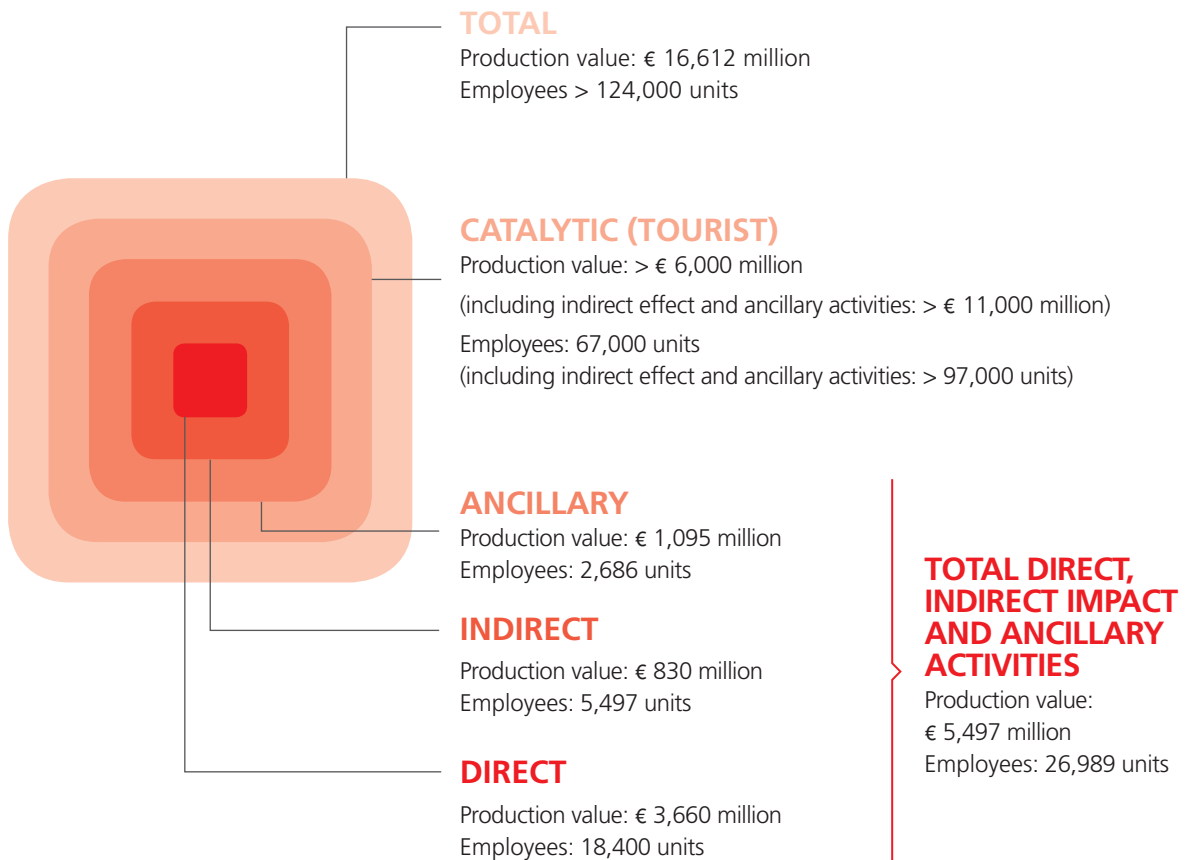
Based on direct effects, we can calculate indirect and induced effects generated by airport using the multipliers (respectively Leontievan and Keynesian) produced

■ HOW WE INTEGRATE SUSTAINABILITY INTO BUSINESS

by the regionalised input/output table. Cumulative (direct, indirect and induced) value of production generated through the activity of Malpensa airport is approximately 5.5 billion Euro, while derived

employment is close to 27,000 units. Among the catalytic effects, tourism has been particularly assessed.

Socioeconomic impact generated by Malpensa airport



Source: CeRST-LIUC processing of SEA and ISTAT data



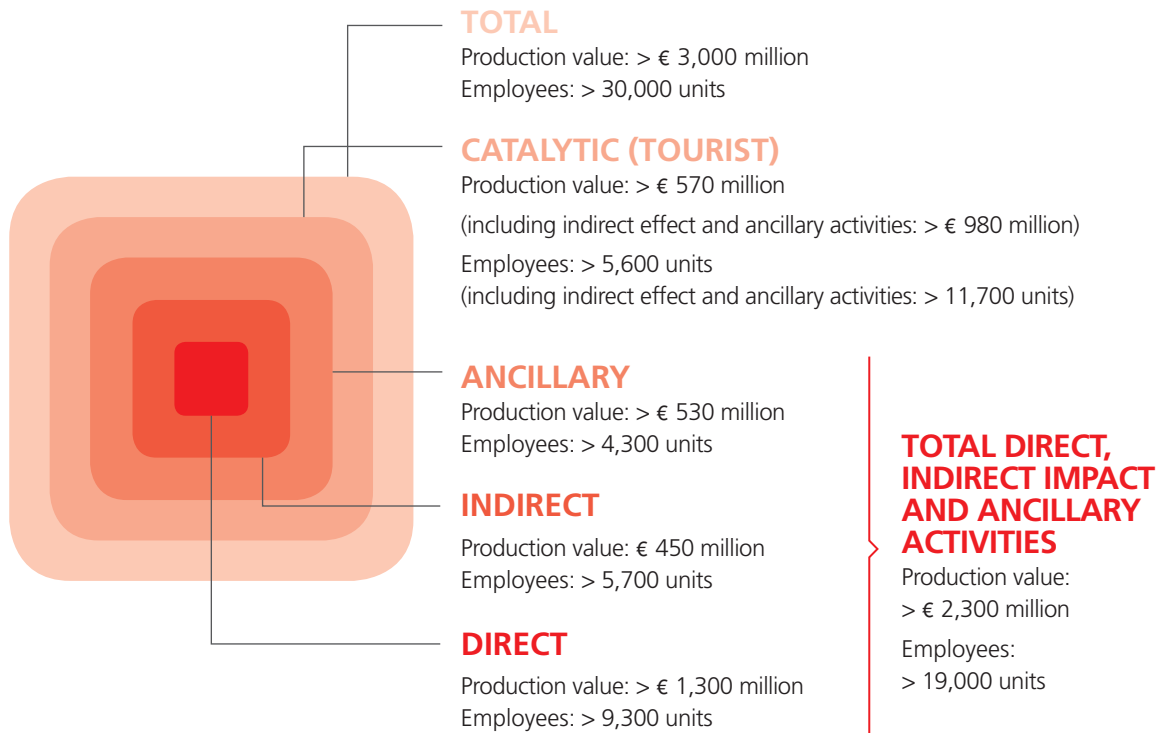
Socioeconomic impact of Linate airport

Based on the latest available data for 2015, in terms of direct impact Linate hosts just under 300 business activities, which are estimated to have created 9,300 jobs. Most of these are attributable to State Bodies, handlers and carriers, but the role of SEA also stands out, accounting for about 12% of the overall figure. Value of production is approximately 1.35 billion Euro. The direct role of SEA accounts for about 10% of the overall figure. At level of direct, indirect and induced impact, Linate generates over 19,000 employment positions in Lombardy area and more than 2.3 billion in economic value. Like for Malpensa, catalytic tourism impact generated by airport was calculated starting from a survey of a panel of passengers landed at Linate, whose subject was the local spending they incurred: transport, hotels, restaurants, shops, leisure

and entertainment. 3,000 interviews were carried out in 2015 with passengers departing from Linate who had stayed in Lombardy for at least one night.

The survey data was then related to 1.1 million incoming tourists who arrived in Lombardy in 2015, landing at Linate. The economic scale of incoming tourism comes to over 570 million Euro, generating employment for 5,669 units. Taking into account indirect and induced impacts generated in the area, tourism flows through Linate generate about 1 billion Euro in value of production and 11,700 jobs.

Socioeconomic impact generated by Linate airport



Source: CeRST-LIUC processing of SEA and ISTAT data



SEA

**IMPACTS OF INFRASTRUCTURE
CAPITAL MANAGEMENT
AND DEVELOPMENT**

Focus Point

Investments aimed at the development of airport infrastructures are carried out in accordance with specific planning tools, subject to control and approval of ENAC, which regulate infrastructure activities at the two airports.

The Master Plan is the long-term planning tool for adapting and enhancing airport infrastructure.

Starting from airport development forecasts (in terms of role, traffic, type of flights served, needs expressed by the local area, etc.), it identifies and describes the general scenario of reference, analyses the functional allocation of different airport areas and identifies the main infrastructures that will need to be implemented, assigning different levels of priority and quantifying the scale of investment.

The Master Plan prepared by the airport operator is approved by ENAC for technical aviation aspects and by the Ministry of the Environment for environmental aspects.

The authorization process continues with an assessment of urban planning aspects expressed by the Local Authorities Planning Conference, engaging all the Bodies involved territorially in the development of the airport.

Implementation of short- to medium-term actions is based on the Four-Year Plan of Action, a document required and approved by ENAC. With this document, the airport operator defines the infrastructures it intends to implement, in accordance with the indications contained in the Master Plan, referring to a shorter period of time than the general scenario characterizing the latter document.

The Four-Year Plan of Action may also include the execution of works originally not included in the Master Plan, but always consistent with development forecasts contained therein. Currently, the Four-Year Plans of Action for the period 2016-2019 are in force for the two airports of Milan Malpensa and Milan Linate.

Evolution of infrastructure investment

For the 2014-2016 three-year period, SEA Group invested a total of 254.0 million Euro, mainly for the development of infrastructure in order to improve service and cargo service offered to passengers, guaranteeing the increasing levels of quality, safety, operational efficiency and preservation of the environment.

Infrastructure investments (millions of Euro)

	2016	2015	2014	Total 2014-2016
Malpensa Terminal 1	9.5	35.4	59.4	104.3
Malpensa Terminal 2	4.6	0.7	0.3	5.6
Malpensa Cargo	12.9	5.9	0.4	19.2
Linate	1.5	3.3	0.1	4.9
Flight infrastructure	9.2	4.6	3.7	17.5
Various actions	14.2	24.1	13.3	51.6
Movable assets	17.6	12.7	13.0	43.4
Free building donations	-	-	7.5	7.5
Total	69.5	86.8	97.7	254.0

Source: SEA

Below is a description of some of the major investments made over the three-year period.



Investments made at Malpensa airport

Air-side interventions carried out in 2016 included some works aimed at progressive development of airport and, above all, activities related to maintaining/increasing the levels of safety and operational functionality.

The movement area was affected by several scheduled and unscheduled maintenance operations (including the most significant one related to touchdown zone of runway 35L), completion of infrastructure upgrades related to the presence of “F code” aircraft, some renovations of lighting visual aids, renovation of de-icing zone in south-west area of grounds, and other works aimed at increasing the level of functionality and safety of the airport.

Upgrading of Terminal 1 continued during 2016, aimed at aligning the pre-existing part to quality and functional standards of the new “third/third”, which consisted in various actions of restyling, redistribution of existing spaces and enhancement of services offered to passengers.

During the year, major operational enhancements of the entire structure were carried out at Terminal 2, involving the reconfiguration of the departing lounge, the upgrading of departing passenger security check systems, the renovation of baggage claim carousels, the development of some shopping areas, etc.

As far as cargo area is concerned, work was completed for the construction of the new FedEx warehouse, located in the south-west part of grounds. Other development projects of the same area are also under way to extend vehicular access systems and build some new “first line” buildings for management of cargo traffic.

Investments made at Linate airport

Over the course of 2016, a number of operations were carried out at Linate on airport’s air-side infrastructure, dictated by the need for some unscheduled maintenance of the existing configuration, and by the desire to ensure an increasingly safe and functional use of airport by aircrafts.

Within passenger terminal, some restyling, unscheduled maintenance and revamping of existing plants were carried out, and some significant renovation of building was activated (in particular with regard to land-side front and loading areas forming the so-called “body F”), which will be carried out in the short term.

Further works involved the west area of airport premises, launching the construction of a new hangar, the adjustment of adjacent aprons and the improvement of terminal serving business aviation. In parallel, the first part of Lambro river water supply works was also completed, essential to safeguard new buildings from possible future floods.

Furthermore, some adjustments/renovations were carried out at other airport buildings and various restoration and upgrading works were carried out on technological systems serving the airport.

How we share our development projects: 2030 Master Plan for Malpensa

Master Plan guidelines

The transition from a perspective focusing Malpensa as hub airport to the development of a point-to-point intercontinental airport was first outlined at a strategic level, and subsequently integrated into the business plan. This is the main assumption characterizing the Master Plan Guidelines to 2030.

Traffic forecasts to 2030

We have decided to reformulate growth forecasts of traffic volumes due to a different mix that will define the airport (share of short-medium or long haul, share of major or low-cost carriers, shares of links to different geographical areas, shares of belly cargo or all-cargo, etc.), compared to what would have reasonably characterized Malpensa having a predominant hub function. According to such assumptions, at the end of the period (2030), Malpensa should record 245,000 movements according to a base scenario, 279,000 in a scenario that includes an estimated additional growth. Annual passengers are expected between 28 and 32.5 million, while cargo should reach and exceed one million tons. As far as cargo traffic forecasts are concerned, values are related to first line cargo movements, which do not consider potential market developments on a forwarders/second line/logistics front. Growth expected in the first five years (CAGR 7.5%) is consistent with the planned capacity development and activities of related operators.

Capacity analysis

In advance, after traffic forecasts, we decided to re-examine airport’s capacity limits, in particular with regard to flight infrastructure (runways, junctions, aprons) which represents the most critical area for flow management.

The study was completed through a specific collaboration with ENAV.

The objective was to evaluate the maximum capacity in three different scenarios:

1. existing infrastructure (so-called “baseline”);
2. existing layout (two runways), but optimizing use



with new infrastructure (new junctions, new exit routes, etc.) and innovations in handling take-off and landing procedures;

3. layout with three runways (with the third runway arranged according to the solution found at the time by the MITRE study).

Design guidelines

Intersection of forecast analysis and capacity study produced a first assumption for drafting Guidelines. Even with all the flexibility to be considered when scheduling long-term activities, we deemed it reasonable to assume that the current two-runway layout, optimized thanks to a number of selective measures, can support a growth in volumes at least until 2030. To cope with increases in cargo volumes, type diversification (cargo, couriers) and increase of operators, Guidelines provide for various measures for enhancing and improving services offered by Cargo City, in addition to those already under way or nearing completion (new aircraft parking apron and new first line warehouses).

Some of the new facilities can still be built on the current airport grounds: a new small warehouse close to utilities plant (after covering railway tracks); buildings and facilities for cargo support services (car parks, workshops, refuelling, washing, canteen, etc.).

A further development will involve a 60-90 hectare extension of grounds immediately south of the current Cargo City, with the aim of creating new first line warehouses with aircraft apron, buildings for support functions and related roadways. The extension will require a deviation of provincial road SP 14 that currently runs near airport grounds.

Environmental studies

For environmental analyses related to the Master Plan, we decided to move in several directions, involving fauna, flora and ecosystem experts. This will enable monitoring of biological matrices present, especially those species and habitats explicitly referred to in the Annexes of the “Birds” and “Habitat” EU Directives and in relevant regional environmental regulations.

A Working Team operated under the supervision of Prof. Baldaccini of University of Pisa was composed as follows:

- University of Pisa - In addition to scientific coordination, University of Pisa addressed issues of ornithology, migration and animal ecology;
- University of Pavia - Department of Earth and Environmental Sciences (Mammalogy, Herpetology, Ichthyology), modelling aspects;
- University of Florence - La Specola museum (Chiropterology);
- Bird Control Italy srl - Ornithology, in particular ground areas and the most logistically contiguous areas, flora and vegetation; this is in line with the many years of activity at airport aimed at managing bird/wildlife strikes and nature dynamics directly or indirectly linked to these.

Noise and air pollution studies were focused on the vast area of about six kilometres around Malpensa airport comprising the following municipalities:

- Golasecca, Vergiate, Arsago Seprio, Besnate, Gallarate, Casorate Sempione, Somma Lombardo, Cardano al Campo, Ferno, Lonate Pozzolo, Samarate and Vizzola Ticino (in province of Varese);
- Castano Primo, Nosate, Vanzaghella, Turbigo and Robecchetto with Induno, (in province of Milan);
- Marano Ticino, Oleggio, Pombia and Varallo Pombia (in province of Novara).

Bicocca University of Milan was the reference for the analyses of current state and forecast impacts as a result of the works included in the Master Plan.

A professional collaboration was also started with Polytechnic of Milan to analyse the aspects related to water resources and soil, examining them in terms of energy and water footprint.

This study obviously entails a high level of integration with Bicocca University (for noise and air pollution), with Universities of Pisa, Pavia and Florence for nature aspects, and with CNR for HIA (Health Impact Assessment).

HIA is a collaborative procedure to assess the risk attributable to measures or strategies before their implementation.

Although this tool is not a regulatory obligation, we considered it appropriate to introduce it voluntarily in the framework of preliminary studies to accompany Master Plan project. We did so because of the increasing national and international importance of HIA as a tool for supporting decisions and for the broad possibility of harmonising HIA in preparation of the Environmental Impact Assessment (EIA).

Process of stakeholders involvement

During the reformulation of Malpensa Master Plan, we launched an extensive public consultation plan aimed at involving our key stakeholders.

Our goal is to adopt structured modes of dialogue with local actors, in order to understand how to make their needs complementary, not conflicting, with needs of airport traffic development. We believe that by working with local communities as well as with carriers, regulatory authorities, experts and other stakeholders, it is possible to identify sustainable solutions to our challenges, sharing benefits, costs and risks associated with a fair and effective management of our airports. The approach is based on four methodological assumptions, taken as essential for an effective and constructive interaction:

- maximum transparency, clarity and dissemination of information regarding the project;
- SEA proactivity in initiating dialogue and consultation processes;
- use of the best available expertise for assessing environmental impacts;
- clear separation between dialogue/consultation process regarding the content of the Master Plan and donations contributed locally by SEA.

In stakeholders engaging process on guidelines of 2030 Master Plan, we expressed the most advanced regulatory provisions and applied the best international experiences.



Indication of regulations for future implementation already acquired during the master plan process

LEGAL FRAMEWORK

DIRECTIVE 2014/52/EU

about environmental impact assessment
Transposal obligation into Member States' law by May 2017

DIRECTIVE 2014/24/EU

About public works tenders Transposed into Italian Law with Italian Legislative Decree 50/2016 – so-called "Public Contracts Code"
Pending publication of the Implementing Regulation

INFORMATION COLLECTED DURING THE MASTER PLAN PROCESS

- Involvement of the public interested in project at an early stage of decision-making procedures (Article 6, paragraph 2)
- Electronic access to relevant information (Article 6, paragraph 3)
- Time scales for consultation with the interested public of no less than 30 days (Article 6, paragraph 4)
- Careful consideration of reports on health impact (Article 3, paragraph 1)
- Call for «débat public» during planning and design stage of large infrastructure projects that have an impact on the environment or town and country planning

The process for the involvement of stakeholder community entails 3 levels:

INFORMATION

Availability, in paper and electronic format, of information tools (Guidelines booklet, documents on technical project, scenario analysis, socio-economic impact and environmental impacts) providing stakeholder community all the elements required to a full understanding of the project.

COMMUNICATION

Implementation of a digital platform through which qualified stakeholders have been able to access information material, forwarding us their opinion, comments, proposals, analyses and assessments about project's guidelines.

EXCHANGING IDEAS

A cycle of 6 workshops to explain project guidelines to representatives of all stakeholder categories. We also joined, upon invitation of the authorities involved, 5 public debates in municipalities of the airport catchment area.

INFORMATION

Master Plan guidelines in paper and electronic format (downloadable from on-line platform and corporate website).

COMMUNICATION

Digital platform, developed as an "online public forum", through which it is possible to exchange documents and send comments and opinions.

EXCHANGING IDEAS

Organization of 6 workshops for the following stakeholder classes:
- Regional agencies (2)
- Air carriers and airport operators
- Inhabitants, Civic Committees and Environmental Associations (2)
Business Community

Meetings (upon request) in area's Municipalities (5 meetings).



The structured stakeholder consultation process regarding Master Plan does not aim to achieve total satisfaction of the parties involved.

Instead it is aimed at ensuring:

- that contents of the project are fully evaluated and understood by all stakeholders;
- that SEA has the ability to take into consideration and evaluate all alternative proposals to those suggested in the guidelines.

Our participatory process is intended to provide stakeholders with the opportunity to influence SEA's perspective on the project, thus generating a collective legitimacy of airport development choices.

Environmental externalities linked to airport activity

CO₂ Emissions

For many years now we have been initiating a number of measures to control and reduce direct and indirect CO₂ emissions produced in airport grounds and deriving from airport operator's activities.

Carbon dioxide emissions are broken down as follows:

Scope 1 - Direct emissions associated with sources owned by or under the control of Group companies, such as fuel used for heating and operational vehicles needed for airport activities.

Scope 2 - Indirect emissions associated with generation of electricity or heat purchased and used by Group companies.

Scope 3 - Other indirect emissions arising from activities of Group companies, but produced from sources not owned or controlled by the Company itself, such as business trips and employee commuting.

We participate in Airport Carbon Accreditation initiative launched by ACI Europe (Airport Council International) to promote concrete contributions by airports towards tackling climate change.

The project included the launch of a number of actions to control and reduce direct and indirect CO₂ emissions by airport operator, aircraft and all parties working in the airport system.

Airport Carbon Accreditation provides four possible levels of accreditation:

- Mapping – checking of emissions under direct control of airport operator (scope 1 and 2).
- Reduction - creation of an emission reduction plan (scope 1 and 2);
- Optimisation - calculation of emissions produced by airport stakeholders and their involvement in reduction plans (scope 3);
- Neutrality - achieving Carbon Neutrality for emissions under the direct control of airport operator (scope 1 and 2) by offsetting.

In 2016, we reconfirmed our European leadership position for both Linate and Malpensa airports in "neutral 3+" group, along with another 25 airports, two of which were Italian (Rome and Venice), representing 18,9% of European traffic.

CO₂ emissions trend of 2016 is essentially in line with the previous year. Increase in scope 2 is due to a greater purchase of electricity due to work performed on turbines of Malpensa central heating plant.

CO₂ emissions of SEA Group (tCO₂)

	2016		2015	
	MALPENSA	LINATE	MALPENSA	LINATE
Scope 1 ¹	121,608	62,963	117,675	58,580
Scope 2	322	89	116	90
Scope 3	2,369	876	2,343	889

⁽¹⁾ It should be noted that for 2016, emission factors of natural gas and diesel fuel for heating have been updated [Sources: National standard parameters table: coefficients used for CO₂ emissions inventory in UNFCCC national inventory (average values for 2013-2015). This data can be used to calculate emissions from 1 January 2016 to December 31, 2016].

Note: Emission factor for grid electricity @ Airport Carbon Accreditation Guidance Document. Issue 9 v2: August 2015].

Source: SEA

CO₂ emissions of SEA Group per units of traffic (KgCO₂/units of traffic)

	2016			2015		
	MALPENSA	LINATE	TOTAL	MALPENSA	LINATE	TOTAL
Scope 1	4.93	6.45	5.36	5.02	6.00	5.31
Scope 2	0.01	0.01	0.01	0.00	0.01	0.01
Scope 3	0.10	0.09	0.09	0.10	0.09	0.10
Scope 1 + Scope 2	4.94	6.46	5.37	5.02	6.01	5.31

Note: The units of traffic is equivalent to one passenger or 100 kg of freight.

Source: SEA

Air quality

Air quality in Malpensa area

Atmospheric impact associated with the activities of airport systems concerns a number of main emission sources ranging from internal (airport grounds) and external vehicle traffic to emissions from vehicles used for loading/unloading and ground assistance (handling), emissions due to aircraft movements on ground and their LTO (Landing Take Off) cycle.

As airport operator, SEA has no way of affecting air carrier processes, such as the level of technological evolution of fleets and efficiency in terms of emissions, or the option to define routes and in-flight scenarios. It also cannot influence effects from external vehicular traffic closely related to inter-modality level characterizing the local area of each airport.

To ensure effective control of air quality, the Regional Environmental Protection Agency (ARPA) of Lombardy monitors the presence of pollutants in atmosphere throughout the regional territory using 158 detection stations.

In province of Varese, air quality detection network consists of 7 fixed stations, 2 mobile stations and 4 gravimetric samplers for measuring fine dust.

Average monthly data, derived from daily values published by ARPA for Malpensa area, are derived from the 3 monitoring stations located in proximity to airport (Ferno, Lonate Pozzolo, Somma Lombardo) and other units located in urbanized area (Busto Arsizio, Gallarate, Varese).

Monitoring areas adjacent to Malpensa - average monthly nitrogen dioxide values (NO₂)

NO ₂ Annual limit: 40 µg/m ³ annual average	FERNO µg/m ³	LONATE µg/m ³	SOMMA LOMBARDO µg/m ³	BUSTO ARSIZIO µg/m ³	GALLARATE µg/m ³	VARESE µg/m ³
January	50.1	54.6	59.1	48.2	51.7	72.4
February	43.6	45.0	53.3	38.3	51.5	55.1
March	35.3	34.3	46.3	38.3	45.1	48.0
April	24.0	22.1	33.7	26.1	30.5	36.6
May	21.6	20.8	27.0	23.0	29.6	35.4
June	11.0	21.2	25.7	18.9	21.6	28.8
July	11.5	20.6	23.8	20.5	20.0	33.4
August	9.4	15.9	15.5	16.2	16.1	26.9
September	18.9	28.2	25.1	21.1	40.2	33.6
October	27.0	28.9	28.0	24.4	39.4	30.8
November	42.2	40.9	38.2	22.5	46.4	36.3
December	58.0	52.5	51.6	35.4	59.1	52.3

Source: Arpa Lombardia, 2016

Nitrogen oxides in general (NOX), are produced during combustion processes due to the reaction that occurs at high temperatures between nitrogen and oxygen contained in the air. Therefore, such oxides are emitted directly into the atmosphere following all high temperature combus-

tion processes (heating systems, vehicle motors, industrial combustion, power plants, etc.), by atmospheric ozone oxidation and, to a minor extent, by oxidation of nitrogen compounds contained in fuels.

Monitoring areas adjacent to Malpensa - average monthly particulate values (PM10)

PM10 Annual limit: 40 µg/m ³ annual average	FERNO	BUSTO ARSIZIO	GALLARATE	VARESE
	µg/m ³	µg/m ³	µg/m ³	µg/m ³
January	53	55	56	44
February	31	25	33	30
March	28	21	29	26
April	23	19	25	27
May	14	13	16	17
June	15	14	17	16
July	18	18	22	19
August	16	15	17	15
September	26	22	23	23
October	28	22	27	23
November	37	36	39	31
December	54	48	60	46

Source: Arpa Lombardia, 2016

Air quality in Linate area

For Linate area, we used data from monitoring stations located in airport proximity (Limite-Pioltello and Milan-Parco Lambro), in addition to other mon-

itoring stations in urban areas (Milan-Città Studi, Milan-Marche, Monza, Vimercate).

Monitoring areas adjacent to Linate - average monthly nitrogen dioxide values (NO₂)

NO ₂ Annual limit: 40 µg/m ³ annual average	LIMITO PIOLTELLO	MI CITTÀ STUDI	MONZA	VIMERCATE	MI PARCO LAMBRO	MI MARCHE
	µg/m ³	µg/m ³	µg/m ³	µg/m ³	µg/m ³	µg/m ³
January	74.0	56.7	94.1	60.6	68.7	76.1
February	54.8	31.5	75.8	46.1	41.6	75.0
March	48.2	40.5	67.7	40.3	35.9	73.0
April	33.2	35.6	49.9	24.4	20.4	72.6
May	32.4	35.6	46.2	33.9	19.5	75.8
June	30.5	31.7	38.9	24.9	17.7	58.1
July	28.3	28.8	33.4	28.9	29.3	44.9
August	23.1	24.5	28.9	19.0	26.0	41.5
September	41.3	44.4	53.2	29.1	44.0	61.8
October	49.3	51.8	62.6	24.6	47.9	77.3
November	58.3	57.6	75.0	44.2	57.7	73.9
December	77.9	70.5	92.5	62.6	81.5	75.6

Source: Arpa Lombardia, 2016



Monitoring areas adjacent to Linate - average monthly particulate values (PM10)

PM10 Annual limit: 40 µg/m ³ annual average	LIMITO PIOLTELLO	MI - CITTÀ STUDI	MONZA	VIMERCATE
	µg/m ³	µg/m ³	µg/m ³	µg/m ³
January	63	69	65	65
February	36	40	36	42
March	30	33	31	32
April	28	34	30	34
May	18	22	20	21
June	21	22	22	20
July	21	23	23	23
August	18	18	19	19
September	31	33	32	27
October	33	38	30	30
November	45	51	44	44
December	65	73	72	70

Source: Arpa Lombardia, 2016

Overall, on the basis of data gathered at both areas adjacent to Milan airports over the years, it has been noted that while airports are an important source of emissions, there is no significant difference in air quality around the airport compared to other areas of provincial territory.

Noise emissions

Since 2001, we have been monitoring aviation noise at Linate and Malpensa airports, in compliance with applicable national regulations.

The system has 22 field stations (16 at Malpensa and 6 at Linate) and 4 mobile units, the latter used for specific measurement campaigns.

We work in partnership and under the strict control of ARPA (Regional Environmental Protection Agency) in order to improve monitoring and safeguarding of the area around our airports.

Based on criteria defined in Guidelines of Lombardy Region, ARPA has classified as "Monitoring" 4 of the 6 Linate stations and 10 of the current 16 Malpensa stations.

Italian Ministerial Decree of October 31, 1997 establishes the index to be used for measuring airport noise and the level of airport noise assessment (LVA). It also classifies the area around airports into three areas of compliance, with maximum permissible noise levels based on type of settlements:

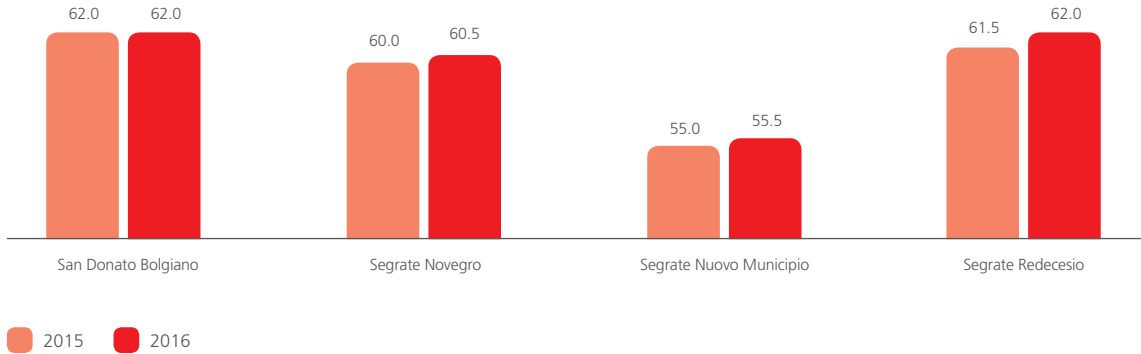
- **ZONE A:** LVA index is between 60 and 65 dB(A). There are no restrictions on this range;
- **ZONE B:** LVA index is between 65 and 75 dB(A). This area can host farming and cattle breeding, industrial and related activities, businesses, offices, services and related activities;
- **ZONE C:** LVA index may exceed 75 dB (A) produced solely by activities functionally linked to airport infrastructure.

Boundaries of each area of compliance are identified by Airport Commissions (Italian Ministerial Decree October 31, 1997).

Linate Commission approved the zoning in 2009, while Malpensa Airport Commission is yet to do so. Noise data detected by monitoring stations are analysed with the aid of a computer system. Using radar tracks of individual flights provided by ENAV, it is possible to distinguish aviation noise from overall noise. Data on noise emissions and operation of our airports are available in a dedicated section of website www.seamilano.eu



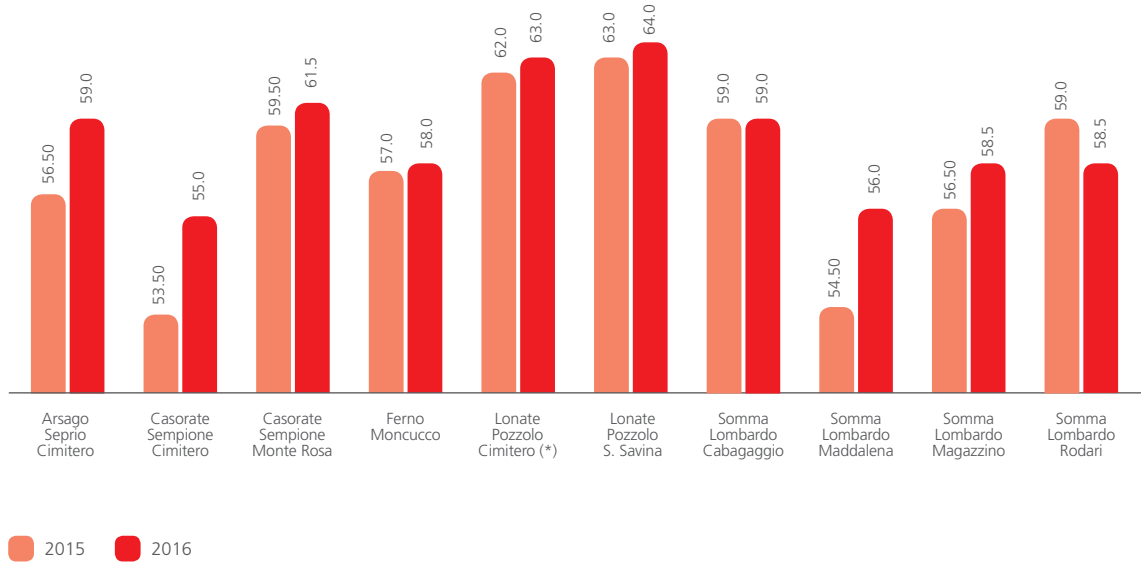
Linate - noise monitoring



Source: SEA

Note: LVA - Airport Assessment Level: calculated according to Italian Ministerial Decree 31/10/1997 - Airport noise measurement methodology, based on LVAj data for the three weeks of most intense traffic identified in 2016.

Malpensa - noise monitoring



Source: SEA

Note: LVA - Airport Assessment Level: calculated according to Italian Ministerial Decree 31/10/1997 - Airport noise measurement methodology, based on LVAj data for the three weeks of most intense traffic identified in 2016.

(*) From February 1, to July 29, 2016, works were carried out in the Lonate Pozzolo Cemetery to build a new block of columbaria, near the monitoring station, causing interference in noise measurements.

Effluents and spills

Effluent management

Management of water effluents is mainly related to catchment and removal/treatment systems of civil effluents (or the like) coming from airport infrastructures and rainwater flowing from waterproof surfaces.

Catchment and removal of domestic wastewater from all buildings on airport grounds is ensured at Malpensa by a sewer system that carries wastewater to S. Antonino consortium treatment plant, and at Linate by a sewer system connected to Peschiera Borromeo treatment plant.

Water drained into sewers (black waters and treated storm waters) are subjected to systematic quality controls.

At both airports, quality of wastewater falls within the limits set by the current environmental legislation, as shown in the tables that report monitored parameters.

Linate - characterisation of sewer drainage

Parameter	Unit of measure	Average annual value			Parameter values Italian Legislative Decree 152/06
		2016	2015	2014	
COD	mg/l	77.9	47.7	86.0	500
BOD5	mg/l	36.7	23.1	27.0	250
Total phosphorous	mg/l	2.1	1.3	1.0	10

Source: SEA

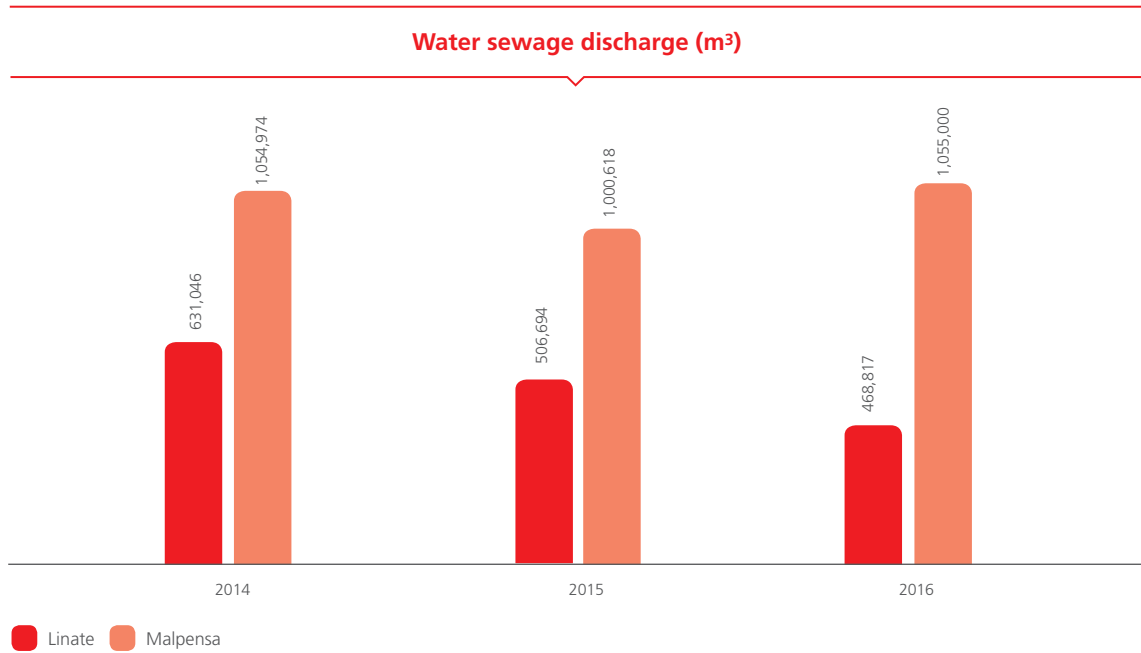
Malpensa - characterisation of sewer drainage

Parameter	Unit of measure	Average annual value			Parameter values Italian Legislative Decree 152/06
		2016	2015	2014	
COD	mg/l	219.6	203.5	254.4	500
BOD5	mg/l	102.4	87.4	73.1	250
Total phosphorous	mg/l	3.3	3.5	3.3	10

Source: SEA



The following graph shows wastewater drained into the sewer system, while the remaining quantities are drained on surface by dispersion.



Source: SEA

Note: Linate data does not include figures for SEA Energia effluents; since 2014, effluents have been estimated to be equal to the total draw from wells, net of estimated losses of aqueduct network.

De-icing treatment of aircraft during the winter, when requested by airlines, is carried out in dedicated stands equipped with a collection system for any effluents from the activity, which are treated as special waste.

Storm waters from airport surfaces flow into surface water bodies (Linate) or in the superficial part of the subsoil (Malpensa). For all areas subject to regional regulations, the first rain water is separated beforehand (treated with oil removal systems and conveyed to public sewer system).

Prior to final delivery, rainwater undergoes periodic quality checks on parameters highlighted in tables, with qualitative characteristics that are broadly in line with environmental standards of reference.

Disposed de-icing liquid (tons)

	2016	2015	2014
Malpensa	7	0	15
Linate	77	91	45

Source: SEA



Liniate - characterisation of surface water discharge

Parameter	Unit of measure	Average annual value			Parameter values Italian Legislative Decree 152/06
		2016	2015	2014	
Chromium VI	mg/l	0.01	0.01	0.005	0.2
Copper	mg/l	0.02	0.02	0.006	0.1
Lead	mg/l	0.01	0.01	0.005	0.2
Zincmg/l	mg/l	0.23	0.10	0.05	0.5
Total hydrocarbons	mg/l	0.28	0.29	0.2	5.0

Source: SEA

Malpensa - characterisation of surface water discharge

Parameter	Unit of measure	Average annual value			Parameter values Italian Legislative Decree 152/06
		2016	2015	2014	
Ph	Unità pH	7.4	7.3	7.3	8.0
COD	mg/l	10.2	14.4	10	100.0
BOD5	mg/l	10.0	10.3	10	20.0
Total suspended solids	mg/l	6.0	6.4	5	25.0
Total phosphorous	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	0.04	0.05	0.01	0.5
Total surfactants	mg/l	0.2	0.2	0.2	0.5

Source: SEA

There are currently no water reuse systems at airports. Along with other important European players, SEA Group is delving into many aspects related to water

saving systems and the possibility of re-using rainwater, with a view to reducing groundwater extraction and rationalizing water consumption.



Spill management

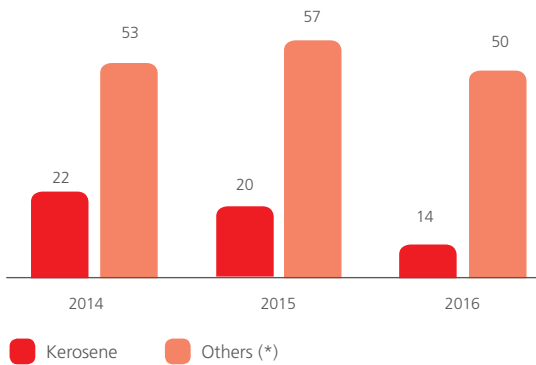
We strive to act with care and ensure proper management of potential spills. In the event of accidental spills of fuel or oil in operating areas, runways and aprons, fluids are intercepted before they enter the rainwater drainage system.

Airports have a specific procedure applicable to terminal movement areas in compliance with environmental protection standards.

In such cases, Airport Maintenance and Environmental Operations Management functions are activated to coordinate cleaning and reclamation measures in the areas concerned, and restoration of conditions of compliance and safety, after the Fire Brigade lays an adequate number of oil-absorbing panels to contain the area affected by spill. At each airport, waste generated in cleaning operation is transferred to appropriate facilities of airport sanitation islands, as required by company procedures, in compliance with environmental protection and occupational safety and sanitation standards applied at both our airports.

Spills taken into consideration are those deemed to be significant, that is, those that have affected an area equal to or greater than 20 m².

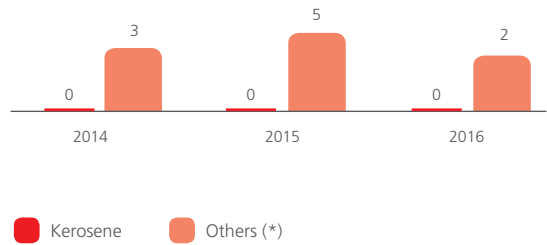
Malpensa - Major spillages (No.)



Source: SEA

^(*) Spills of hydraulic oil from an aircraft, hydraulic oil from operating vehicles and spills of diesel/gasoline from operating vehicles.

Linate - Major spillages (No.)



Source: SEA

^(*) Spills of hydraulic oil from an aircraft, hydraulic oil from operating vehicles and spills of diesel/gasoline from operating vehicles.

Malpensa airport has recorded an improvement for both kerosene spills and hydraulic oil spills caused by operational vehicle faults, mainly due to old age of vehicles used by handlers working under aircraft. Specific working groups are active for mitigating these events.

Aviation safety

Milan airports have an effective Safety Management System (SMS) validated and monitored by ENAC, ensuring the highest levels of aviation safety and quality of service through the maintenance of flight infrastructure and systems, operating processes and procedures and training of personnel.

Every month, Safety Boards and Safety Committees of Linate and Malpensa consult and review the topics that form the basis of the Safety Management System, ensuring comprehensive and widespread discussion of operational safety issues. The active participation of all airport operators, airlines, institutional bodies and actors of various businesses at the two airports enables a broad consultation and a constructive discussion of the main topics.

To monitor effectiveness of airport's Safety Management System, SEA uses some quantitative elements related to both Linate and Malpensa. Indicators of the main events at SEA Group's airports did not reveal any particular problems from the point of view of maintaining adequate aviation safety levels. The percentage of three significant indicators compared to the GSRs (Ground Safety Reports) received is shown below.

In 2016, 749 GSRs were received for Malpensa (641 in 2015), and 633 for Linate (701 in 2015); indicators of the main events at SEA Group’s airports did not highlight any particular problems from the point of view of maintaining adequate aviation safety levels, in fact they showed a steady improvement in safety performance.

MALPENSA (%)	2016	2015	2014
Damage to aircraft	2.4	3.9	5.4
FOD	2.3	3.1	3.7
Right-of-way violations	6.7	8.7	7.7

LINATE (%)	2016	2015	2014
Damage to aircraft	2.2	2.3	3.8
FOD	2.2	1.3	2.5
Right-of-way violations	7.3	9.6	9.3

Source: SEA

Wildlife Strikes: prevention and monitoring

Prevention and monitoring of wildlife strikes is governed by “Bird and Wildlife Strike Risk Reduction Plan” and the related Operating Procedure, both included in airport manuals (separate for Linate and Malpensa) and drawn up by SEA as airport operator, in accordance with ENAC Circular APT 16/2004 and certified by the body itself. They are also periodically subject to audits by authority and by internal personnel.

Aspects of specific issue of bird strikes are covered in ENAC Circular APT-01B “Directive on procedures to be followed for the prevention of bird impacts at airports”, in line with the provisions of ICAO Annex 14. Both the Plan and the Operating Procedure follow the guidelines of the circular, ensuring a constant monitoring and removal of birds and wildlife from grounds.

Particular attention is given to manoeuvring area by using modern equipment available on international market. To support this activity, SEA relies on BCI (Bird Control Italy, the leading Italian bird strike prevention company, which carries out its activity in most domestic airports).

All interventions are documented with bird strike monitoring forms and bird strike reporting forms, which are entered in a database managed through a software application called “Bird Strike Management System”.

Compared to 2015, bird strike reports are improving, except for Linate where the figure remains stable at an annual rate on 10,000 movements, while the risk indicator (BRI2) is decreasing.

Wildlife strike risk indicators

MALPENSA (%)	2016	2015	2014
Wildlife Strike ⁽¹⁾	0.5	2.2	3.2
Wildlife Strike ⁽²⁾	0.08	0.14	0.19

LINATE (%)	2016	2015	2014
Wildlife Strike ⁽¹⁾	3.2	3.1	2.7
Wildlife Strike ⁽²⁾	0.17	0.22	0.20

Source: SEA

⁽¹⁾ Annual rate per 10,000 movements.

⁽²⁾ BRI2 risk indicator calculated according to the new ENAC Circular APT-01B.

SEA continues to monitor and manage the issue by implementing systematic prevention and mitigation actions, such as increased deterrence, using products after grass mowing to control invertebrate populations, and a campaign to contain avian species and worms. At Malpensa, the different natural environment, behaviours of hazardous species (pigeons, crows, kestrels, etc.), combined with good management of vegetation help to limit wildlife’s interference with air traffic.

The logo consists of the letters 'SEA' in white, set within a red square. This square is part of a larger grid of light gray squares that spans across the middle of the page.

SEA

VALUE GENERATED BY AVIATION BUSINESS

Focus Point

We work in partnership with airlines, political and institutional authorities and business communities to create air connectivity best suiting the needs of the environment and to increase traffic volumes, for the benefit of our airports and partner airlines.

To act as an attractive partner to airline carriers, we adopt an objective and highly professional approach to commercial relations and we strive to offer modern, efficient and flexible quality services fitting European expectations and standards.

We give increasing attention and centrality to passengers, aiming to offer them an excellent, reliable, tailored service, in line with the evolution of habits and lifestyles, seeking solutions that combine effectiveness of service and economic efficiency.

We consider technological innovation a strategic tool to passengers aid and improvement of his travel experience involving airport infrastructures.

We strive to make our airports welcoming environments, through the search for architectural quality, development of services, professionalism and care of dedicated staff.

The profile of our Aviation customers

In 2016, the reduced concentration of traffic shares continued to be a feature of Milan airport system. In particular, in 2016 Malpensa was yet again the airport with the lowest share of offers by first carrier in the continent. Offers at Malpensa are the least concentrated in comparison with all other major European airports. 48% of passenger traffic is handled by easyJet and Alitalia, with substantially equivalent weight (26% and 22%), corresponding to more than 7 million passengers (mostly served at Malpensa) for easyJet and over 6 million for the Alitalia Group.

Main passenger carriers operating at Malpensa

At Malpensa Airport on December 31, 2016, there were 110 airlines (8% less than 2015). The presence of all major international carrier alliances was reconfirmed:

- Star Alliance at December 31, 2016, accounted for 17% of passenger traffic (19% in 2015);

- Sky Team and One World accounted for 9% and 8% (both unchanged from 2015) of Malpensa passenger traffic at the end of 2016.

At December 31, 2016, Malpensa was connected with 187 domestic and international destinations, 7% more than 2015 (175). The list of the top 10 airlines, in terms of percentage on the total number of passengers, still sees the supremacy of easyJet, representing 35.0% of Malpensa passenger traffic. The UK company confirmed the role of Malpensa Terminal 2 as an important base for Continental Europe.

Malpensa - Top 10 passenger carriers (% on No. of passengers)

Carriers	2016	2015
easyJet	35.0	36.4
Lufthansa	5.4	5.8
Emirates	4.4	4.5
Alitalia	3.7	4.3
Vueling Airlines	3.5	2.6
Ryanair	3.4	-
Neos	2.6	2.9
Meridiana fly	2.4	2.2
Turkish Airlines	2.1	2.5
Qatar Airways	1.6	1.6
Other carriers	35.9	35.5

Source: SEA



Main passenger carriers operating at Linate

By December 31, 2016, Linate airport hosted 18 airlines (compared to 20 in the previous year) and was connected to 45 domestic and intra-EU airports.

Linate's operations are significantly influenced by Alitalia Group, which in 2016 generated 57.3% of traffic. The table shows the top 10 airlines operating at Linate in 2016 in terms of percentage of total number of passengers.

Linate - Top 10 passenger carriers (% on No. of passengers)

Carriers	2016	2015
Alitalia Group	57.3	58.4
Meridiana fly	7.4	7.4
easyJet	6.7	4.6
British Airways	4.8	5.2
Air France	4.5	4.9
KLM	4.0	4.0
Lufthansa	3.6	3.7
Air Berlin	2.9	3.1
Iberia	2.3	2.2
Brussels Airlines	1.4	1.5
Other carriers	5.2	5.1

Source: SEA

Main Cargo carriers

At December 31, 2016, there were 17 all-cargo carriers operating at Malpensa airport. Malpensa's business cargo is distributed among a large number of carriers: in 2016, 68% of total transported cargo was spread over 13 airlines. Among these, Cargolux, the world's leading industry operator, has an absolute dominance, while the highest growth (31.3% over 2015) was recorded by Air Bridge Cargo Airlines.

Malpensa - Volumes moved by the main cargo carriers (tons)

Carriers	2016	2015
Cargolux Group	94,919	80,171
Air Bridge Cargo Airlines	49,527	37,720
Qatar Airways	38,817	34,535
Federal Express Corporation	33,188	34,821
European Air Transport	29,334	27,386
Silk Way	23,774	18,806
Etihad Airways	22,605	17,915
Nippon Cargo Airlines	20,554	16,901
Korean Air	13,576	16,376
Asiana Airlines	11,545	11,766
Saudi Arabian Airlines	10,522	13,051
Turkish Airlines	10,167	7,793
Cathay Pacific Airways	8,490	8,529
Other	20,178	29,690
Total all-cargo activity *	387,196	355,460
Total Malpensa cargo activity	536,682	500,054

Source: SEA

^(*) The figure refers solely to all-cargo moved volumes

The following table lists the top 10 carriers operating at Malpensa in 2016, in terms of percentage on total volume of cargo.

Malpensa -% of goods moved by the top 10 cargo carriers		
Carriers	2016	2015
Cargolux Group	17.7	16.0
Qatar Airways	9.7	9.3
Air Bridge Cargo Airlines	9.2	7.5
Federal Express	6.2	7.0
Etihad Airways	5.6	5.2
Emirates	5.5	6.0
European Air Transport	5.4	5.4
Silk Way West Airlines	4.4	-
Nippon Cargo Airlines	3.8	-
Cathay Pacific Airways	3.3	3.6
Other carriers	29.2	32.0

Source: SEA

The profile of our passengers

The profile of passengers at our airports is checked at monthly frequency, based on sampling rates specific to the three terminals (Linate, Malpensa T1, Malpensa T2). The total number of passengers interviewed in 2016 was 4,800.

The subjects to be interviewed are selected according to a systematic procedure (one every 10) at security checks, i.e. upon departure. This procedure guarantees randomness, so that the sample interviewed for each of the three terminals is representative.

The sample check (and data weighing) includes verification of destinations and share of passengers in transit, by terminal and by quarter.

Main characteristics of our passengers in 2016

	Malpensa T1	Malpensa T2	Linate
Male gender	59%	51%	60%
Average age (years)	42	40	43
University education	45%	41%	48%
Residing in Italy	72%	73%	76%
Main reason for travel	Holiday/Turism	Holiday/Turism	Work/Business/Study
Average stay at the airport (minutes)	139	134	115

Source: CFI Group

Below is the main evidence found in surveys carried out in 2016.

Linate

The percentage of trips for work/business/study grew (+6 percentage points) at the expense of holiday/tourism (-3 points) and family/health reasons (-3 points). Compared to the previous year, there was a sharp increase in the use of public ATM bus (+9 points) as city-airport link.

Malpensa T1

Compared to 2015, the share of passengers with a high degree of education decreased (-4 points). Compared with records, the share of passengers travelling for holiday/tourism increased (+5 points), with a decrease in work/business/study (-4 points).

Malpensa T2

Compared to 2015, the share of frequent flyer passengers increased (+7 points). Holiday/tourism trips increased (+10 points) at the expense of family/health reasons (-8 points). The share of outgoing passengers (-12 points) and Italian residents fell (-12 points); this decline is due to residents in Lombardy region (-12 points).



Economic performance of Aviation Business

Aviation Business operating revenues (airport charges and centralised infrastructure management fees, security services and fees to use regulated areas) recorded in 2016 amounted to 408.9 million Euro (+3.3% over the previous year), accounting for 58.4% of total Group revenues. The result derives from the higher traffic volume recorded as a result of new links or increases in

frequency on existing routes. The main component of Aviation revenues is the income from centralised infrastructure and charges, which in 2016 accounted for 85.8% of the total, followed by fees for security services (11.0%) and fees to use regulated areas (3.1%).

Percentage of revenues from Aviation activities

	2016	2015
Aviation management revenues (thousands of Euro)	408,970	395,877
Aviation revenues (% of total revenues)	58.4	57.0
Other revenues (% of total revenue)	41.6	43.0

Source: SEA

Type of revenues from Aviation activities (thousands of Euro)

	2016	2015	% of total Aviation Revenues
Centralised infrastructure and rights	351,088	333,923	85.9
Use of regulated spaces	12,732	13,121	3.1
Security checks	45,150	48,833	11.0
Total	408,970	395,877	100

Source: SEA

Competitive performance of Aviation Business

2016 generated an important turning point, with positive growth rates, especially when compared to 2015 (year of the Expo). The last ended year saw the opening of 13 new destinations and entry of 4 new carriers, which have led to an important growth trend in the

last quarter that will continue as the season continues. The trend of the last quarter is a good sign heading towards 2017 traffic targets.

Traffic expansion measures at Malpensa (No.)

	2016	2015	2014	Total 2014-2016
New carriers	4	7	7	18
New services *	30	24	25	79
Increasing frequencies by existing carriers on routes they already serve	12	13	55	80
Total increase in weekly frequencies (new services + frequency increases)	158	112	147	417

Source: SEA

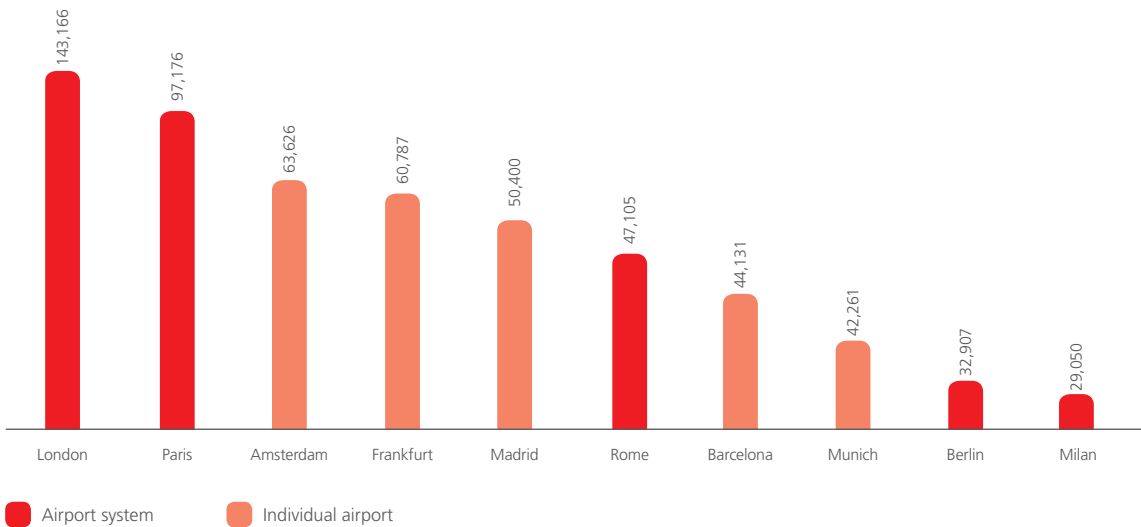
^(*) New services means introduction of new destinations served by existing carriers, or new carriers operating on already served routes, or new carriers that serve new destinations.

Passenger traffic

Milan airports rank among the main European airport systems, with over 29 million passengers transported in 2016.

In particular, Milan system occupies 2nd place in Italy and 10th in Europe for passenger traffic volumes.

Ranking of main European airports/airport systems by passenger traffic volumes - 2016 (,000 pax)*



Source: SEA, ACI Europe

^(*) Including transit passengers.

In 2016, our airports grew by more than 864,000 passengers (+3.1%) and more than 7,800 movements (+3.1%) compared to 2015.

At Malpensa, the increase was 4.7% for passengers and 3.9% for movements.

Linate airport retained the same number of passengers, while recording a 1.9% increase in movements.



Performance indicators of Aviation Business of SEA airport system

	Movements (No.)			Passengers (No.)			Cargo (tons)		
	2016	2015	Δ %	2016	2015	Δ %	2016	2015	Δ %
Malpensa	162,683	156,642	3.9	19,311,565	18,444,778	4.7	536,862	500,054	7.4
Linate	97,828	96,049	1.9	9,636,221	9,638,763	0.0	12,553	12,434	1.0
Airport system	260,511	252,691	3.1	28,947,786	28,083,541	3.1	549,415	512,488	7.2

Source: SEA

Malpensa

In 2016, our aviation sales policy at Malpensa was aimed at increasing airline connectivity to local service. As such, it was directed at acquiring new carriers and developing activities of those already operating in air-

ports. A particular effort was made to develop Schengen traffic at Terminal 1 through new partnerships with low-cost carriers.

Number of daytime and night-time movements* (inbound and outbound) - 2016

Movements	Passengers	Cargo	General aviation	State flights	Total
Daytime arrivals	69,843	3,705	-	-	-
Daytime departures	74,122	3,929	-	-	-
Night-time arrivals	6,217	1,581	-	-	-
Night-time departures	1,924	1,362	-	-	-
Total	152,106	10,577	4,153	6	166,842

Source: SEA

^(*) Night-time movements are those made from 23:00 to 6:00.

Sales policy involves constant contact with airlines, pursuit of new development opportunities with specific marketing tools (welcome packages, communication initiatives, participation in international events), and taking part in negotiations to revise Bilateral Agreements with a view to pursuing a wider liberalization of traffic rights, including fifth freedom rights.

Two new bilateral agreements were signed with South Korea and Qatar during the first half of 2016. The first concerns an increase in frequencies for passengers and cargo and an increase in destinations. The second involves an increase in frequencies for passengers and cargo, increase in destinations in Italy and stabilization

of fifth freedom rights for Qatar Airways, for Doha-Malpensa-Chicago flights.

In July, a negotiation with Russian aviation authorities took place in Moscow, resulting in a new agreement to increase frequencies on routes other than Moscow and an increase in destinations.

In November, the bilateral agreement with Hong Kong was revised to include a liberalization of the routes table and the stabilization of the fifth freedom rights granted to the foreign party for cargo flights on Hong Kong-India-Malpensa route.

Agreements with Saudi Arabia, Australia, Cape Verde, Ivory Coast, Jamaica and New Zealand were also updated.

ed, and first agreements were negotiated with Bahamas, Benin and Curacao. All of these defined or increased the operational capacity of Milan, with no restriction compared to other domestic airports.

Pending the signing of a bilateral agreement, a temporary license was granted for Turkmenistan Airlines, allowing two weekly services on Ashgabat-Milan route.

Number of arriving and departing passengers - 2016

	Domestic flights	International flights	Total
Arriving passengers	1,350,356	8,324,302	9,674,658
Departing passengers	1,342,775	8,294,132	9,636,907
Total passengers	2,693,131	16,618,434	19,311,565

Source: SEA

Ryanair's arrival at Malpensa stimulated the growth of Terminal 1 without penalizing the existing traffic. Intercontinental traffic remained largely stable (-2.0%) after the growth generated by Expo in 2015.

SEA focused on low-cost carriers for their growth capability in terms of traffic and expansion of their portfolio of destinations.

The increased competition between carriers ensures the development of new destinations and the growth of traffic required to reach the targets, thanks to lower prices benefiting users and the expansion of the catchment area of our airport system.

The presence of several low-cost carriers and the announced role as long-haul "feeders" are an opportunity for future development, especially for Malpensa.

Alitalia continued its streamlining strategy at Malpensa, exiting completely from short-medium-haul market (cancelling Malpensa-Fiumicino from February 2017) and keeping the long-haul flights to New York, Abu Dhabi and Tokyo. Despite the crisis, Turkish Airlines maintained the product structure of four daily flights to Istanbul, but reduced the unit capacity of aircraft and frequencies to Sabiha Gokcen secondary airport. Four new carriers started operating at Malpensa during 2016: Croatia Airlines (Zagreb), Ellinair (Thessaloniki), Atlasglobal (Istanbul) and Fly Ernest (Tirana). 13 new destinations have been added. Among these, 9 are European (Lille, Krakow, Lourdes, Zagreb, Thessaloniki, Alicante, Kalamata, Podgorica, Sibiu) and 4 are non-European (Annaba, Lagos, Accra, Kutaisi). Among the main increases in frequencies: Air Canada (from 5 weekly flights to daily), Singapore Airlines (from 5 to 6 weekly flights), Air India (from 3 to 4 weekly flights), Aeroflot (from 3 to 4 daily frequencies). Emirates continued to invest in Malpensa, positioning A380 on Dubai's second daily frequency starting in October (in addition to the flight to New York).

Number of passengers by origin and destination, transfers and transit - 2016

	Origin and destination	Direct transits	Total
Domestic	2,693,131	-	-
International	11,139,806	-	-
Intercontinental	5,478,628	-	-
Total	19,311,565	100,144	19,411,709

Source: SEA

The growth at Malpensa was partly driven by Ryanair's investments (73% of the growth, equal to 630,000 passengers) and by other carriers, including Vueling, Meridiana, Flybe and Latam, which recorded the highest growth in absolute terms. At Terminal 2, EasyJet invested with a 3.5% capacity growth and 0.5% transported growth, expanding its network with 8 new destinations.

Destinations of passenger traffic from Terminal 1 - 2016

Geographical area	%
Europe	57.6
Middle East	16.9
North America	8.2
Far East	7.4
Africa	5.7
Central/South America	4.3

Source: SEA



Distribution of passenger traffic by geographical area in 2016 showed growth mostly in Central America (+11.8%) and Central/South Africa (+7.4%), while there was a decline towards North America (-0.9%), Middle East (+1.9%) and Far East (-2.6%).

showed a positive trend towards Cagliari, Catania, Lamezia Terme, Alghero and Palermo, while European traffic declined on all routes, with the exception of Barcelona.

Linate

In 2016, Alitalia reconfirmed its share of Linate traffic (57.3%) recorded in 2015. Domestic traffic

Number of arriving and departing passengers - 2016

	Domestic flights	International flights	Total
Arriving passengers	2,470,252	2,378,787	4,849,039
Departing passengers	2,428,154	2,359,028	4,787,182
Total passengers	4,898,406	4,737,815	9,636,221

Source: SEA

Linate-Fiumicino shuttle fell by 13% to 1.2 million passengers. This is due to easyJet permanently eliminating the link with the capital.

Passengers by origin and destination, transfers and transit - 2016

	Origin e destination	Direct transits	Total
Domestic	4,898,406	-	-
International	4,737,815	-	-
Total	9,636,221	2,275	9,638,49

Source: SEA

Number of daytime and night-time movements* (inbound and outbound) - 2016

Movements	Passengers	Cargo	General aviation	State flights	Total
Daytime arrivals	46,982	100	10,108	2	57,192
Daytime departures	48,490	30	10,133	2	58,655
Night-time arrivals	1,680	154	226	-	2,060
Night-time departures	168	224	236	-	628
Total	97,320	508	20,703	4	118,535

Source: SEA

(*) Night-time movements are those made from 23:00 to 6:00.

Punctuality of passenger flights

2016 punctuality data collected by members of the European Airport Punctuality Network (EAPN) shows a slight deterioration compared to 2015. Punctuality of departing flights averaged 77.9%, with significant monthly fluctuations ranging from a maximum of 84% in the months of February and April to a minimum of 69% and 68% in summer months of June and July. The first quarter of the year, characterized by relatively mild weather, recorded the highest punctuality figures. Summer months of June and July, on the other hand, have lower values both on arrival and departure. Operations were affected by typical summer weather conditions: thunderstorms and strong

winds, with added inconveniences caused by strike actions by ATC personnel, especially in France. With about 85% of punctual departing flights, Linate holds first place in departing flight punctuality among airports included in this ranking, ahead of the comparable Italian airports of Bologna and Naples. Malpensa, whose punctuality figures stand at around 81%, is higher than the European average and in line with similarly sized European airports (such as Vienna and Copenhagen). It is far better than the larger major hub airports, such as Rome Fiumicino, Zurich, Madrid and London Heathrow.

EAPN departing flight punctuality ranking (% within 15 minutes)

	2016	2015	2014
Malpensa	81.3	82.3	82.6
Linate	84.9	88.4	90.8
EAPN average	77.9	79.5	81.6

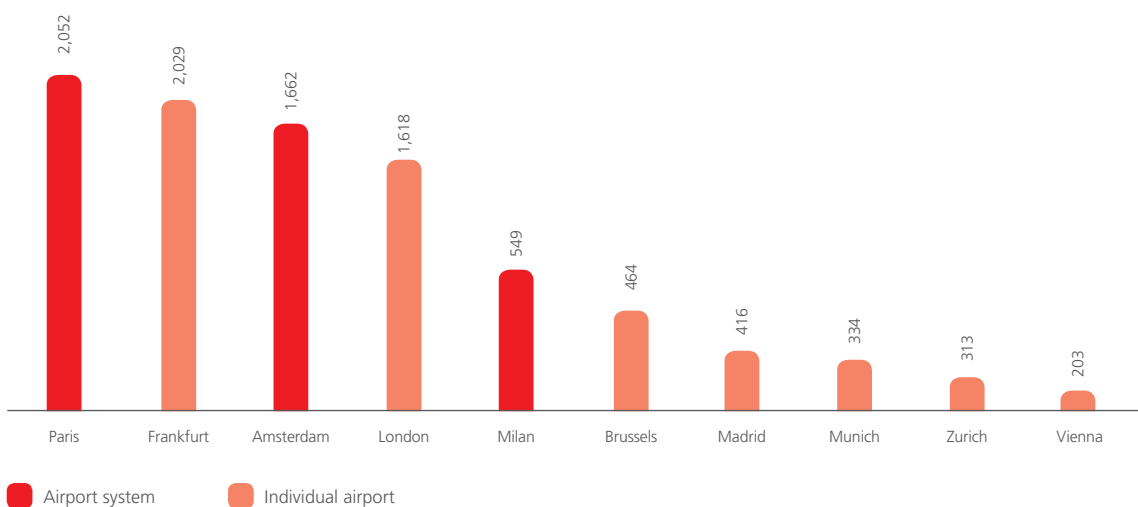
Source: SEA

Cargo traffic

Milan airport system holds first place in Italy and fifth place in Europe for cargo traffic volumes. In 2016, cargo traffic operated by Malpensa and

Linate airports amounted to over 549,000 tons, recording an increase of over 36,900 tons (7.2% as a system, 7.4% Malpensa, 1.0% Linate).

Ranking of main European airports/airport systems for cargo traffic volumes - 2016 (,000 tons)



Source: SEA, ACI Europe

Note: Cargo in transit is not included.

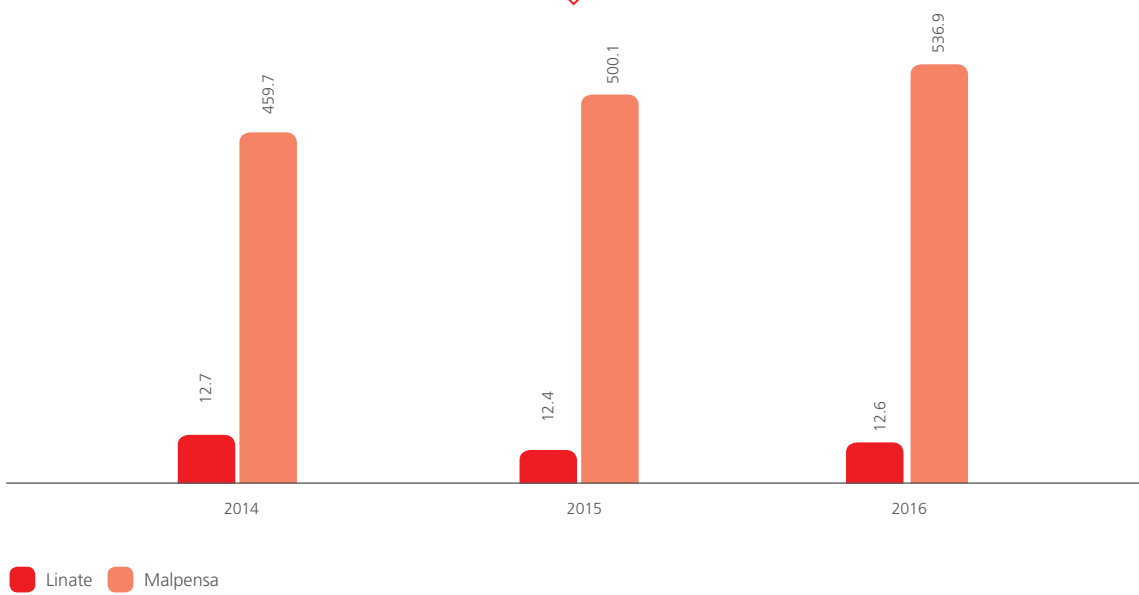


Such positive trend (particularly in the last four months, with a 13% growth over the previous year) marked a new record for cargo transported at Malpensa, with nearly 537,000 tons. In particular, we note Cargolux Group's investments (+18.4%), which reconfirmed its position as leading carrier with a market share of

17.7% of transported cargo.

DHL consolidated its presence at Malpensa with a growth of 21% over the previous year. Traffic flows were characterized by steady a growth in exports (+8.7%) and a recovery on imports (+5.4%).

Cargo traffic managed by Milan airport system (.000 tons)



Source: SEA

All-cargo traffic performance showed an increase of 8.9% to 387,000 tons of cargo transported. Other all-cargo carriers that contributed to development during the year were: Cargolux (+18.4%), AirBridgesCargo (+31.3%) and Etihad Airways (+26.2%). Belly traffic grew by +3.5%, reaching 150,000 tons of

transported cargo. Among carriers with mixed-configuration aircraft, Emirates is the main carrier in terms of quantity of moved goods, while the main increases on the previous year were achieved by: Alitalia, Oman Air, Qatar Airways and Singapore Airlines.

Malpensa - Arriving and departing cargo on all flights (cargo and passenger) 2016 (tons)

(Tons)	Cargo	Passengers	Total
Arrival	141,199	69,685	210,884
Departure	245,994	79,984	325,978
Total cargo	387,193	149,669	536,862

Source: SEA

Linate - Arriving and departing cargo on all flights (cargo and passenger) for 2016 (tons)

(Tons)	Cargo	Passengers	Total
Arrival	4,817	943	5,761
Departure	5,324	1,468	6,792
Total cargo	10,142	2,411	12,553

Source: SEA

Cargo traffic served by airports operated by SEA showed significant differences depending on final destination areas.

Malpensa - Distribution of cargo traffic by destination geographical area (% on total cargo volume)

Geographical area	2016	2015	2014
Europe	25.5	24.5	22.7
Middle East	28.8	29.8	31.6
Far East	27.2	26.0	25.8
North America	15.1	15.8	16.7
Central/South America	2.5	2.9	2.4
Africa	0.9	1.0	0.8

Source: SEA

Similarly to other major European hubs, operational complexity that characterizes cargo operations at Malpensa and the multiplicity of operators interacting in an integrated manner, contributing to deliver the expected end result to the sender or recipient, prompted SEA to set reference values and quality targets for the main parameters that characterize cargo handling processes at airport. For this reason, Malpensa airport decided to adopt a Cargo Service Charter, in order to:

- define levels of performance and quality meeting expectations of operators using cargo assistance services;
- provide SEA with a system to steer and monitor the performance of cargo services delivered at the airport in order to guarantee quality in final result.



Connectivity

Based on the latest available data, Malpensa holds 28th position in the ranking of the 30 best globally connected airports (selected on a network that includes 3,873 airports worldwide), with a connectivity index of 2.69.

At level of European connectivity (referring to a sample of 480 continental airports), Malpensa is ranked 24th, with an index of 1.90.

An indicator that can give a more accurate measure of the degree of accessibility to Europe by individual airports is based on the minimum travel time to reach other European airports.

Travel time includes both flight times and waiting times at intermediate airports (in the event that more than one flight is required to reach a particular destination). The number of linked airports to Malpensa airport per day in 2015 was 390, with average travel

time of 312 minutes. Similar performance to Fiumicino: 392 connected airports with average time of 306 minutes.

Linate airport also shows good connectivity in relation to travel time, connected with 387 airports reachable in an average time of 332 minutes.

Accessibility to European GDP

Malpensa is the only Italian airport among the top 20 in the continental ranking based on the share of European GDP that can be reached quickly.

In 2015, it was ranked 11th, with 78.30% of European GDP reachable within 2 hours of travel and a further 20.9% reachable within 2-4 hours.

Reachable European GDP based on travel time

Rank	Airport	GDP % within 2 hours	GDP % 2-4 hours
1	FRANKFURT	91.25	8.30
2	PARIS CDG	89.29	10.00
3	MUNICH	87.63	11.75
4	AMSTERDAM	87.19	12.23
5	BRUSSELS	87.02	12.17
6	ZURICH	85.66	13.78
7	DUSSELDORF	84.18	15.26
8	STUTTGART	82.43	16.85
9	GENEVA	81.98	17.13
10	BASEL	80.50	18.13
11	MILAN MALPENSA	78.30	20.87

Source: ICCSAI Fact Book 2016

Travel times

In addition to the overall capacity to reach European network, indication of the share of Europe that can be reached in a short time also plays a significant role. The figure is particularly important for those airports whose traffic is mainly business customers. Considering in particular the set of destinations for which you can take a return flight within the day (day

trip) remaining at a destination at least 4 hours, Milan airport system sees Linate in 12th position, with a network of 150 destinations and an average time of 732 minutes, and Malpensa in 20th place with a network of 180 destinations and an average time of 744 minutes.

European network accessible with a day trip

Rank	Airport	Number of airports linked within the day	Average time
1	FRANKFURT	184	653'
2	MUNICH	206	676'
3	AMSTERDAM	222	683'
4	PARIS CDG	187	684'
5	ZURICH	196	709'
6	PARIS ORLY	165	717'
7	DUSSELDORF	207	720'
8	LONDON HEATHROW	203	720'
9	COPENHAGEN	224	722'
10	HAMBURG	194	725'
11	ROME FIUMICINO	175	727'
12	MILAN LINATE	150	732'
13	LYON	165	733'
14	VIENNA	180	734'
15	BRUSSELS	209	738'
16	BERLIN	184	741'
17	BARCELONA	206	742'
18	OSLO	209	742'
19	BASEL	157	743'
20	MILAN MALPENSA	180	744'

Source: ICCSAI Fact Book 2016



Quality of aviation services provided to passengers

The airport Service Charter is the tool defining the quality of the services we are committed to providing our passengers as an airport operator.

This document allows us to communicate to our passengers and airlines (and companies providing services to them), quality targets for which we make specific commitments in terms of level of offered services.

The performance recorded in 2016 was very positive and all parameters showed very satisfactory service levels, meeting the targets in almost all cases.

Targets were defined as part of the approval process of the Airport Operator's Service Charter, which requires comparison and sharing of quality standards with stakeholders: the National Civil Aviation Authority (ENAC) and the Users' Committee, representing airlines and airport operators.

Service regularity indicators

Indicator	Unit of measure		Malpensa T1	Malpensa T2	Linate
Overall flight punctuality	% of flights on time/total departing flights	Target 2016	80.0%	80.0%	85.0%
		Result 2016	82.3%	84.0%	86.9%
Delivery time of first bag from aircraft block-on	Time in minutes calculated from aircraft block-on to the delivery of the first bag in 90% of the cases	Target 2016	23'00"	26'00"	17'00"
		Result 2016	20'50"	22'15"	16'50"
Delivery time of last bag from aircraft block-on	Time in minutes calculated from aircraft block-on to the delivery of the last bag in 90% of the cases	Target 2016	36'00"	37'00"	24'00"
		Result 2016	32'50"	26'05"	22'35"
Waiting time on board until first passenger disembarks	Waiting time in minutes from block-on in 90% of cases	Target 2016	4'	3'	3'
		Result 2016	4'	4'	3'
Overall perception of regularity and punctuality of services received at the airport	% of satisfied passengers	Target 2016	95.0%	95.0%	95.0%
		Result 2016	98.7%	97.3%	96.6%

Source: SEA, CFI Group

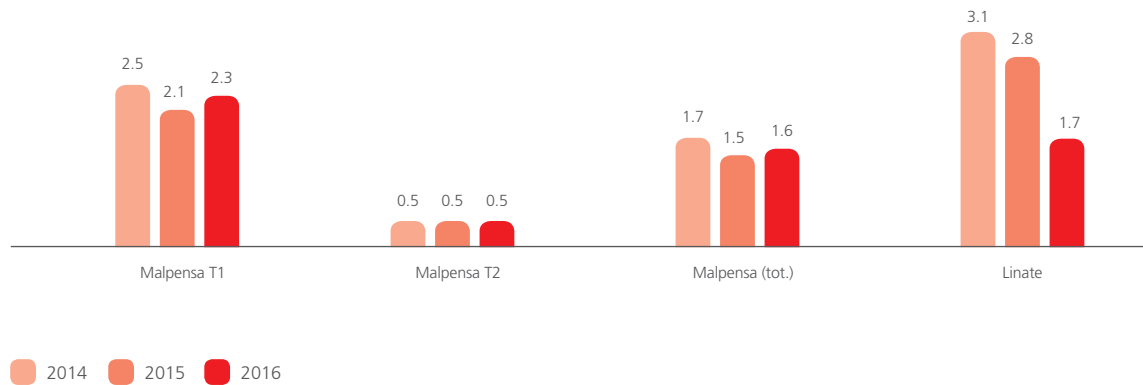
■ VALUE GENERATED BY AVIATION BUSINESS

At Malpensa, punctuality of departing flights for 2016 reached 82.8%, with a punctuality recovery (difference between arrival and departure punctuality) of 2.7 points. Breakdown by terminal shows similar performance: Terminal 1 closes the period with a departure punctuality of 82.3% (+2.6% of recovery), and Terminal 2 closes with 84% (+2.8% of recovery). Again this year, baggage delivery times achieve values well beyond the levels stated in the Service Charter at all terminals, despite tighter standards compared to the previous year (90% of cases).

At Terminal 1, delivery of the first bag within 23 minutes was achieved for 93.9% of flights, while delivery of the last bag within 36 minutes was achieved for 94.0%.

At Terminal 2, delivery of the first bag within 26 minutes was achieved for 97.8% of flights, while delivery of the last bag within 37 minutes was achieved in 99.3% of cases.

Number of misdirected bags (every 1,000 passengers)



Source: SEA

The total number of misdirected bags is steadily improving at Linate, while there is a slight worsening at Malpensa's Terminal 1 (2.29 misdirected bags every 1,000 departing passengers, up from 2.1 in 2015).

At Terminal 2, the figure of 0.48 misdirected bags per 1,000 departing passengers is basically in line with that of previous years.



Door/gate service indicators

Indicator	Unit of measure		Malpensa T1	Malpensa T2	Linate
Perception of ticketing service	% of satisfied passengers	Target 2016	95.0%	95.0%	95.0%
		Result 2016	97.9%	100.0%	100.0%
Waiting time at check-in	Waiting time in minutes in 90% of surveyed cases	Target 2016	20'	15'	10'
		Result 2016	15'13"	17'06"	7'21"
Perception of waiting time at check-in	% of satisfied passengers	Target 2016	93.0%	93.0%	95.0%
		Result 2016	97.5%	95.6%	96.3%
Waiting time for security checks	Waiting time in minutes in 90% of surveyed cases	Target 2016	7'	8'	7'40"
		Result 2016	6'44"	5'54"	7'01"
Perception of waiting time at passport control	% of satisfied passengers	Target 2016	95.0%	95.0%	95.0%
		Result 2016	98.5%	98.9%	93.5%

Source: SEA, CFI Group

SEA's commitment is to facilitate all check-in and boarding activities, while fully complying with security and control procedures. To this end, SEA also provides a Fast Track for eligible passengers who wish to minimize queuing wait time at security filters.

Queuing wait times for carry-on baggage x-ray check filters are widely within the values required by the Economic Regulation Agreement (6'23" is the value weighted between the two terminals for 2016, against the required standard of 8'30").

The opening of new security filters in 2016 at Terminal 2 enabled a reduction in queuing wait times. Detailed values of the two terminals are as follows: at Terminal 1, 6'44" compared to a limit of 7'00", at Terminal 2, 5'54" compared to a limit of 8'00" and

Linate 7'01" compared to a limit of 7'40".

In airport terminal, in addition to check-in desks normally operated by support personnel, passengers also find self-service check-in desks.

To cope with the rise in security measures, SEA enhanced infrastructure and human resources dedicated to these activities, managing to keep waiting times in line with the stated targets.

From December 2016, the arriving passport control queuing wait time data for Terminal 1 is available, measured using Blue-Fi technology, already used to track queues at security filters and departing passport control.

Indicators of customer information services

Indicator	Unit of measure	Malpensa T1	Malpensa T2	Linate	
Easy-to-browse and up-to-date website	% of satisfied passengers	Target 2016	90.0%	90.0%	90.0%
		Result 2016	97.4%	92.5%	92.2%
Perception of effectiveness of operational information points	% of satisfied passengers	Target 2016	95.0%	95.0%	95.0%
		Result 2016	98.2%	97.7%	97.9%
Perception of clarity, comprehensibility and effectiveness of internal signage	% of satisfied passengers	Target 2016	98.3%	92.0%	98.4%
		Result 2016	97.8%	96.9%	96.9%
Perception of the personnel's professionalism (info point, security)	% of satisfied passengers	Target 2016	95.0%	95.0%	95.0%
		Result 2016	97.1%	95.2%	97.7%
Overall perception of effectiveness and accessibility of public information services (monitors, announcements, internal signage, etc.)	% of satisfied passengers	Target 2016	93.0%	93.0%	95.0%
		Result 2016	99.3%	98.1%	97.4%
Airports in numbers		T1	T2	Linate	
Operational information points (desks + virtual desks)		14	4	5	
No. of information monitor blocks		210	66	46	

Source: SEA, CFI Group

During 2016, we consolidated airport assistance service through a video conference system activated in 2013. Passengers can receive assistance directly from customer service operators by interacting with them through one of 16 video terminals in our two airports.

In the last 2 months of the year, a promotional campaign was carried out with the aim of divulging such a new and innovative way of helping passengers navigate through the airport. A comparison with the previous year, for the months in which the number of available workstations was the same, showed a 15% increase in the use of service.

SEA is part of Airport Helper Community, which includes some of the major European airports and develops ideas and projects together. The aim is not only to improve the passenger welcome, but also to increasingly engage and make use of all staff working at airport. In 2016, two information meetings were organized with the SEA personnel enrolled in the Airport Helper project.

In 2016, the first phase of the "Time to Gate" project was successfully completed, providing a dynamic indication (including any queuing wait times at passport control) of minutes needed to reach the gate.



Customer Satisfaction

Surveys conducted by CFI Group (leading market research institute) in 2016 regarding services provided at Malpensa and Linate airports showed a stable and positive level of satisfaction among passengers.

In 2016, the new customer satisfaction assessment system based on Customer Satisfaction Index (CSI) showed CSI values (0-100 scale) that were improving compared to 2015 figures.

Evolution of Customer Satisfaction Index

	2016	2015	2014
Malpensa T1	75	73	70
Malpensa T2	72	72	70
Linate	70	70	67
System	73	72	69

Source: SEA, CFI Group

Results improved compared to 2015 on all terminals, benefiting from renovation works and SEA's constant efforts in the areas most important to passengers, such as comfort, security check, maintenance and retail. The positive trend of overall opinion expressed by passengers passing through our airports continues. In particular, opinions expressed for Malpensa Terminal 1 for all available services are increasingly positive. In addition to opening of new shops, new services have been added for better operational efficiency and a better passenger travel experience (e.g. self-bag drop: unassisted drop-off of checked baggage; time-to-gate: indication of distance from information display system to gate, including indication of queue at passport control; sleeping-box: simple devices for laying down at airport during a long wait for flight's departure in a functional and secure environment. Offer in general is renovated in a modern, bright, spacious, comfortable and welcoming environment.

In the European context, Malpensa Terminal 1 distinguished itself for the highly appreciated catering services and the broad shopping offer, efficiency of passport service and car parks' value for money. These positive results are improving Malpensa's position in European ranking. In 2016, a new perceived quality tracking tool first introduced in May 2015 continued to be used to identify passenger satisfaction on individual services 24 hours a day, allowing passengers to express their opinion immediately after having used a service by means of dedicated totems. This tool is present in more than 50 airports around the world (e.g. Heathrow, Orlando, Melbourne, Hong Kong) and provides daily and hourly results, allowing timely interventions and quality standard improvements while avoiding deviations in the medium-long term.

Customer relationship management and complaints management

SEA has been using an innovative CRM platform since 2010, specifically developed to manage relationships with passengers/customers, with unique features compared to any other service. In 2016, users registered in SEA Customer Relationship Management (CRM) platform reached a total of 1,400,000. This very positive trend was mainly supported by Wi-Fi system and e-commerce. Over 950,000 subscribers have given their consent to receiving newsletters and survey questionnaires, designed to inform airport users and to learn about their expectations and assessments to guide services offered at the airport. There are many channels available for reporting complaints:

- website (www.seamilano.eu - “contacts” section);
- fax;
- form delivered at the Info desks;
- letter.

We handle all complaints and reports about services offered with the utmost care and discretion, and we strive to respond as soon as possible, and in any case within 28 days from when communication is received. In the same way as quality surveys, as airport operator we analyse all complaints (although fewer than one third of them refer to services or responsibilities of the Group companies) in order to address all critical elements reported in airport system. Customer Relationship Management system helps passengers submit their complaints and helps our personnel to manage them. In 2016, the percentage of complaints filed through the web was 68% (64% in 2015) and the rate of complaints at Milan airports was around 24.3 complaints per million passengers. Both figures are in line with 2015 and continue to position SEA-managed airports among the best in Europe.

Following complaints about the lack of information on specific issues, an information notice was created on

Classification of complaints for topical areas in 2016 (%)

Type	No.
Baggage and lost & found	24
Security checks	14
Check-in, boarding	9
Flights	6
Car parks	16
Comfort	6
Information	2
Retail	5
Other	18

Source: SEA

the following issues:

- dedicated passage for pacemaker wearers at security checks;
- indication of opening hours of doors, identifying the one available during night hours.

In addition, the Family Friendly Airport initiative introduced in 2013 has been made permanent to make it easy for our passengers to travel with children between 0 to 12 years of age. The project aims to improve Customer Experience of passengers travelling with children and has a cross-sectional impact on comfort, security checks, information, catering and shopping; by improving the aspects of path through the airport, the initiative aims to stimulate the propensity to buy of this specific range of users.

The logo consists of the letters 'SEA' in white, uppercase font, centered within a red square. This square is part of a larger grid of light gray squares that spans across the middle of the page.

SEA

**VALUE GENERATED
BY NON AVIATION
BUSINESS**

Focus Point

We consider commercial offer to public as a key lever of business development and growth. We believe in business strengthening, ensuring at the same time the best overall experience to customer.

In defining commercial offer within our airports, we seek business partners according to needs, behaviour and socio-demographic profile of passengers passing through the airports.

In managing the relationship with our partners, we strive to ensure:

- clear and transparent negotiation procedures that guarantee thoroughness and accuracy of information communicated to the counterpart;
- correct and fair management of negotiations;
- exhaustive information on the main aspects of relationship for our commercial partner;
- cooperation for mutual exchange of skills and information facilitating the creation of shared value;
- confrontation to identify areas of relationship improvement.

The profile of Non Aviation customers

Non Aviation business activities, not directly carried out by us, are regulated by special contracts signed with third parties, according to which we allow the organisation and management of activities, as well as the use of airport spaces necessary to carry out all activities.

These contracts have variable length (averaging 3 years) and do not allow tacit renewals. These contracts generally include the following remuneration for SEA:

- annual fixed fees for the use of spaces;
- variable fees (royalties) calculated on the basis of different parameters based on the activity being performed (such as, for example, achieved sales or goods handled), with a minimum guaranteed fee usually backed by a bank surety.

Development of Non Aviation activities requires different strategies for the different terminals Malpensa and Linate, aiming to meet the needs of different types of passengers and users passing through airports.

This strategy has been developed and expressed from a perspective of collaboration and partnership with key industry players. It has led not only to the introduction of innovative sale models and to the expansion of the brand portfolio operating at Milan airports, but also to using analytic tools (including customer profiling, specific marketing plans and quality control systems) to help identify and better meet customer needs.



Points of sale to public

In 2016, there were 129 points of sale in our airports, corresponding to 16,604 m² of shopping space (+467 m²), of which 13,020 m² at Malpensa (10,829 at T1 and 2,191 at T2) and 3,584 m² at Linate.

Points of sale at Milan airports

	m ² 2016	m ² 2015	Points of sale 2016	Points of sale 2015
Malpensa Terminal T1	10,829	10,270	72	90
Malpensa Terminal T2	2,191	2,280	18	18
Linate	3,584	3,587	39	42

Source: SEA

Food & Beverage

In 2016, there were 61 cafés and restaurants in our airports, occupying a surface area of approximately 11,516 m² (-636 m²), of which 8,578 at Malpensa (6,741 m² at T1 and 1,837 at T2) and 2,938 m² at Linate.

Food & beverage businesses at Milan airports

	m ² 2016	m ² 2015	Food & Beverage points 2016	Food & Beverage points 2015
Malpensa Terminal T1 ^(*)	6,741	7,521	29	31
Malpensa Terminal T2	1,837	1,693	14	11
Linate ^(*)	2,938	2,938	18	18

Source: SEA

^(*) VIP lounges and outdoor areas are not included.

Economic performance of Non Aviation business

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 rental, management of spaces for the carrying out by third parties of banking activities);
- management of parking;
- management of cargo spaces;
- management of advertising spaces;
- other activities, included under the account “services and other revenues” (such as ticketing, vehicle maintenance, real estate, including rentals and concessions of sections of the airport and technological and design services and also non-regulated security services).

Percentage of revenues from Non Aviation activities

	2016	2015
Non Aviation management revenues (thousands of Euro)	216,900	214,864
Non Aviation revenues (% of total revenues)	31.0	30.9
Other revenues (% of total revenue)	69.0	69.1

Source: SEA

Type of revenues from Non Aviation activities

	2016 (thousands of Euro)	2015 (thousands of Euro)	% of total 2016 Non Aviation Revenues
Retail	90,088	88,468	41.5
Car parks	6,226	57,150	27.8
Cargo	12,688	12,572	5.8
Advertising	10,451	12,137	4.8
Premium service	17,874	16,806	8.2
Real estate	3,179	2,610	1.5
Services and other revenues	22,394	25,121	10.3
Total	216,900	214,864	100

Source: SEA

Non-Aviation Business operating revenues reported by SEA in 2016 totalled 216,9 million Euro (up 0.9% from the previous year), accounting for approximately 31.0% of total Group revenues. The most significant Non Aviation business revenue comes from retail activities (41.5% of the total), followed by car parks

(27.8%), up 1.8% and 5.4% compared to 2015. For retail revenues in particular, shop income rose by 1.9%, while food and beverage sales increased by 4.5% compared to last year.



Retail

The most significant retail revenues come from shop sales (52.2% of the total), followed by food and bev-

erage (21.1%), car rental (16.4%) and banking services (10.3%).

Type of Retail revenues

Retail services turnover	2016 (thousands of Euro)	2015 (thousands of Euro)	% of total 2016 Retail
Shop	47,070	46,190	52.2
Food & beverage	19,039	18,211	21.1
Car Rental	14,761	14,472	16.4
Banking services	9,218	9,596	10.3
Total Retail revenues	90,088	88,469	100

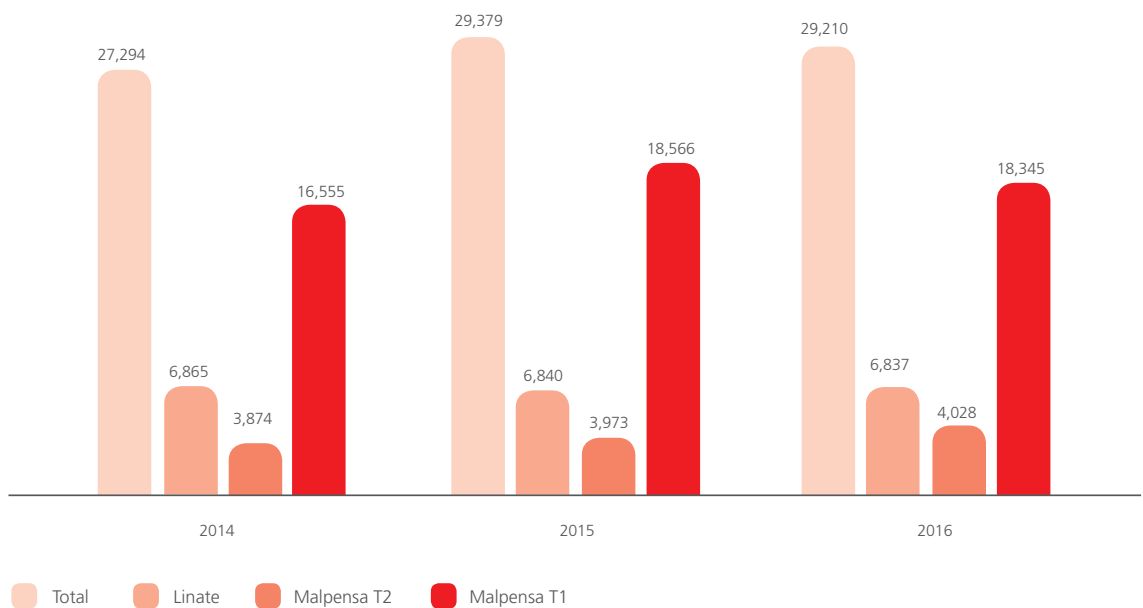
Source: SEA

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

Retail sector activities carried out at Milan airports offer the public and passengers a wide range of products and brands and are differentiated at each terminal:

- Milan Malpensa 1 dedicated to luxury and duty free shopping;
- Milan Malpensa 2 dedicated to low cost;
- Milan Linate terminal of specialised high-end range offer focusing on business customers.

Shopping areas of Milan airports - shops + food & beverage (m²)



Source: SEA

Retail areas of Milan airports per million passengers (m²/passengers)

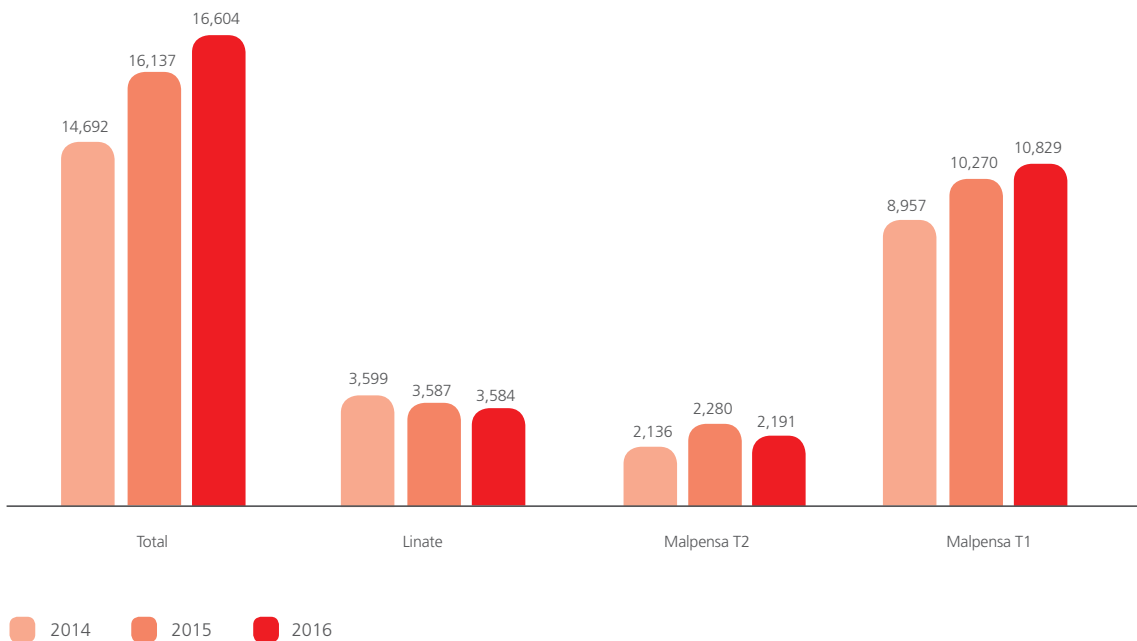
	2016	2015	2014
Malpensa T1	1,461.9	1,583.4	1,357.0
Malpensa T2	595.5	591.3	596.0
Linate	709.5	709.6	762.7

Source: SEA

We do not directly carry out retail activities directly (duty-free and duty-paid sales to the public, catering, car rental, management of spaces for third parties to

carry out banking activities), but we allocate to third parties with the use of commercial spaces in Milan airports.

Areas intended for sales to the public (m²)



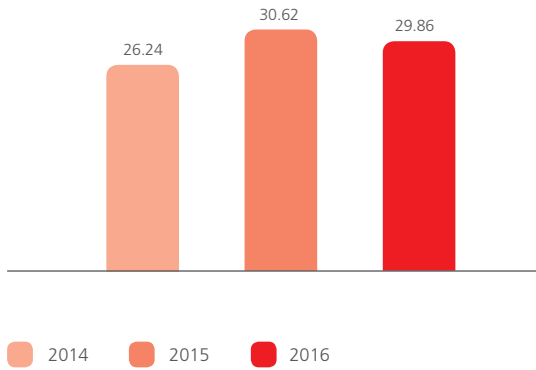
Source: SEA

In terms of commercial strategy, 2016 was affected by the start of works in Schengen Terminal 1 boarding area, which involved a number of shop closings and relocations.

The average sales receipt per passenger at Terminal 1 decreased by 2.5%, going from 30.62 to 29.86 Euro.



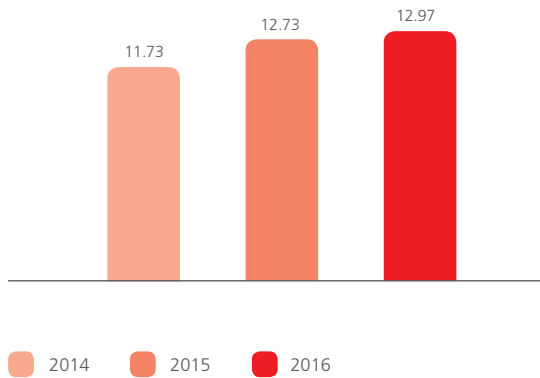
Malpensa T1 - Average sales receipt per passenger in sales to the public (Euro)



Source: SEA

At Terminal 2, the average sales receipt per passenger rose by 1.9% from 12.73 to 12.97 Euro compared to last year.

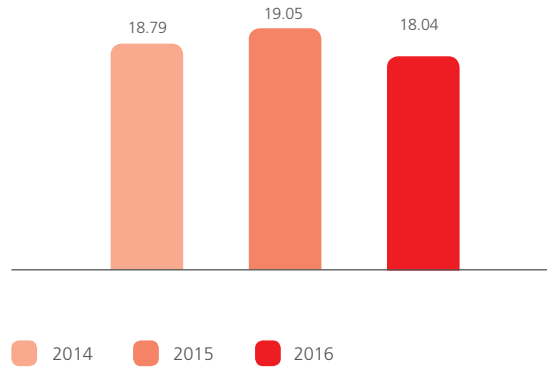
Malpensa T2 - Average sales receipt per passenger in sales to the public (Euro)



Source: SEA

Linate recorded an average spend for passenger dropping of 5.4%, going from 19.05 to 18.04 Euro.

Linate - Average sales receipt per passenger in sales to the public (Euro)



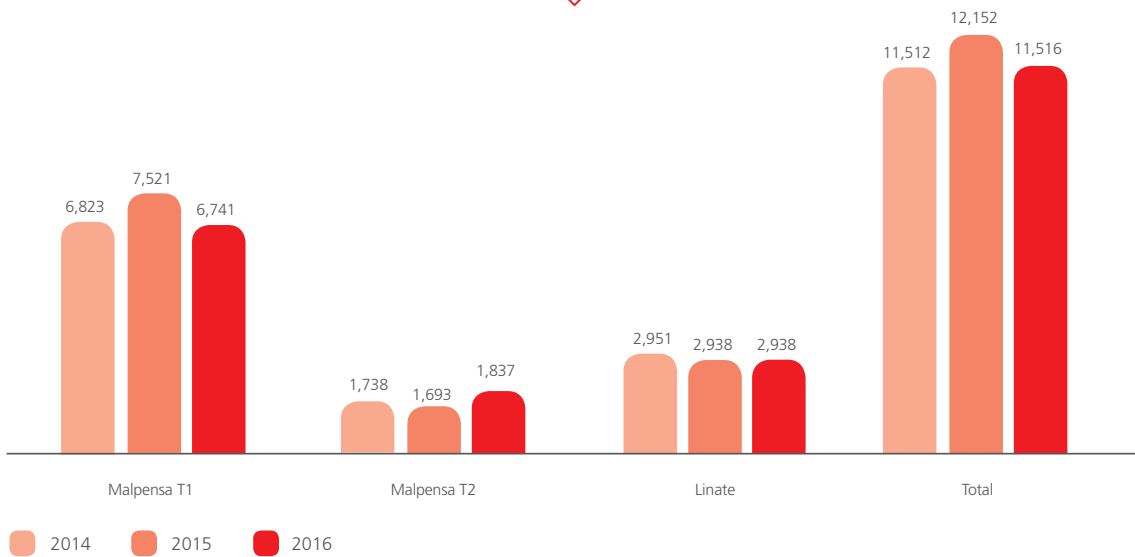
Source: SEA

■ VALUE GENERATED BY NON AVIATION BUSINESS

Catering activities are entrusted by SEA in sub-concession to SEA Services, a subsidiary company, and to other third parties. In particular, contracts with specialized operators (including Autogrill, Chef Express

and MyChef) are in force, according to which SEA has entrusted to them catering activities in sub-concession, thereby granting to these operators some spaces within the airports.

Areas intended for food & beverage (m²)



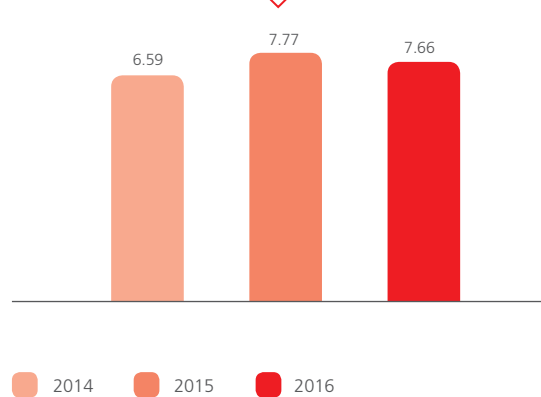
Source: SEA

Note: VIP lounges and outdoor areas are not included.

Malpensa's Terminal 1 consolidated its performance thanks to the expansion of its offer and the quality of the existing formats. The average sales receipt per passenger in 2016 increased by 1.4%, from 7.66 to 7.77 Euro.

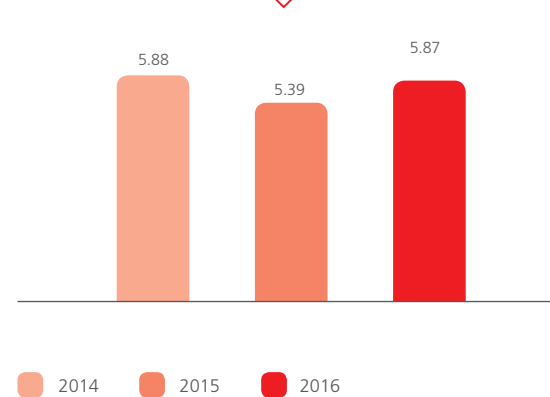
At Terminal 2 there was an 8.9% increase in the average passenger sales receipt, which goes from 5.39 to 5.87 Euro.

Malpensa T1 - Average sales receipt per passenger in food & beverage segment (Euro)



Source: SEA

Malpensa T2 - Average sales receipt per passenger in food & beverage segment (Euro)



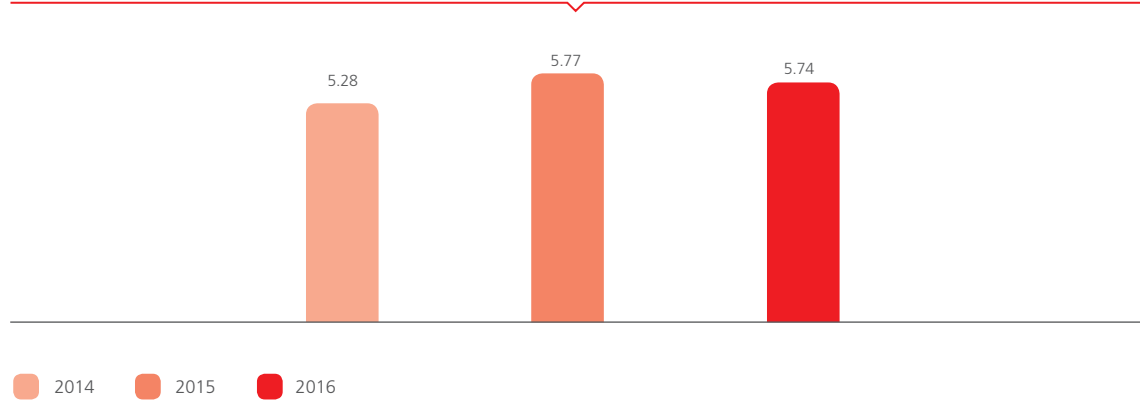
Source: SEA



Linate reconfirms the good performance of existing formats, in particular Sweet & Bagel Factory, Panino Giusto and Ferrari Spazio Bollicine wine café.

The average passenger sales receipt in 2016 is in line with the previous year (-0.5%), going from 5.77 to 5.74 Euro.

Linate - Average sales receipt per passenger in food & beverage segment (Euro)



Source: SEA

Car parking

Parking management in Milan airports is carried out partly by SEA and partly in sub-concession to the third-party operator APCOA Parking Italia. We manage directly all Linate airport parking and Malpensa Terminal 2 parking.

Parking at Malpensa Terminal 1 however has been managed since April 2007 by APCOA. Year performance was marked by the restoration to full operation of Malpensa car parks, which had been affected in 2015 by the construction of the railway station at Terminal 2.

Number of car parks (parking spaces)

	2016	2015	2014
Malpensa T1	7,279	6,642	7,457
Malpensa T2	2,440	2,000	1,490
Linate	3,736	3,736	3,779
Total	13,455	12,378	12,726

Source: SEA

Note: the figures refer only to the available parking spaces.

In general, the growth of parking business was supported by ongoing communication activities focused on establishing product positioning on the market,

accompanied by campaigns featuring significant price cuts, mainly through the online channel during the seasonal traffic peaks.

Malpensa T1 - Parking service performance indicators

Year	Capacity (No. of spaces)	Paying car stays (No.)	Average stay (days)
2016	7,279	675,811	3.3
2015	6,642	662,398	3.3
2014	7,457	928,088	2.6

Source: SEA

Note: capacity data refers to spaces available and usable during the year.

Malpensa T2 - Parking service performance indicators

Year	Capacity (No. of spaces)	Paying car stays (No.)	Average stay (days)
2016	2,440	210,458	2.5
2015	2,000	190,363	2.4
2014	1,490	295,987	3.2

Source: SEA

Note: capacity data refers to spaces available and usable during the year.

Particular attention was given to communication and marketing supporting the growth of ViaMilano Parking, through promotional campaigns linked to the seasonality of the offers and the enhancement of the brand itself.

We used media visible while approaching the airports and road signage, as well as direct communication to

intended target, especially in Milan, but also in Lombardy and the nearby regions.

Business to Business market was also targeted, with activities aimed at the leisure segment (tour operators), the professional segment (large companies) and participation in industry exhibitions and events.

Linate - Parking service performance indicators

Year	Capacity (No. of spaces)	Paying car stays (No.)	Average stay (days)
2016	3,736	664,742	2.7
2015	3,736	660,756	2.6
2014	3,779	725,093	1.6

Source: SEA

Note: capacity data refers to spaces available and usable during the year.



Quality of Non Aviation services provided to passengers

Non Aviation services provided to passengers in 2016 also recorded a very positive performance, meeting

the targets in almost all cases.

Travel safety indicators and personal and property security

Indicator	Unit of measure		Malpensa T1	Malpensa T2	Linate
Overall perception of the personal and hand baggage security check service	% of satisfied passengers	Target 2016	94.0%	94.0%	94.0%
		Result 2016	95.5%	93.2%	97.3%
Overall perception of the personal and property security level at the airport	% of satisfied passengers	Target 2016	94.0%	94.0%	94.0%
		Result 2016	97.3%	94.6%	97.5%
Airports in numbers			T1	T2	Linate
Internal security monitoring service			24h	24h	24h

Source: SEA, CFI Group

Perception expressed by passengers regarding the level of personal security and hand baggage checking service is very positive both at Malpensa and Linate. At the latter airport, in addition to providing a fast track for VIP customers and “facilitators” (personnel aiding passengers at security filters), there is also a dedicated

passage for passengers of Milan-Rome route. Airport operator’s attention is constantly focused on reducing queuing wait time, without losing sight of thoroughness of the checks. Monitoring is constant, to identify and implement any corrective actions.

Indicators of comfort during the stay at airport

Indicator	Unit of measure		Malpensa T1	Malpensa T2	Linate
Perception of the availability of baggage trolleys	% of satisfied passengers	Target 2016	91.0%	91.0%	95.0%
		Result 2016	98.1%	99.4%	98.3%
Perception of the efficiency of the passenger transfer systems (escalators, lifts, people movers, etc.)	% of satisfied passengers	Target 2016	92.8%	92.0%	93.0%
		Result 2016	94.3%	97.2%	91.8%
Perception of the efficiency of the HVAC systems	% of satisfied passengers	Target 2016	95.0%	93.0%	95.0%
		Result 2016	97.5%	94.6%	97.0%
Perception of the overall level of comfort of the terminal	% of satisfied passengers	Target 2016	97.0%	93.0%	97.0%
		Result 2016	99.2%	97.6%	92.4%
Airports in numbers			T1	T2	Linate
Available space (m ²)			146,500	30,000	33,600
Seats in the waiting areas			5,249	874	1,268
Baggage trolleys (€)			2	2	2

Source: SEA, CFI Group

Comfort perceived by passengers in airport is considered of great importance and the overall opinion ex-

pressed is satisfactory for Malpensa, while below the target for Linate.



Indicators of cleanliness and hygienic conditions

Indicator	Unit of measure		Malpensa T1	Malpensa T2	Linate
Perception of the level of cleanliness and functionality of the toilets	% of satisfied passengers	Target 2016	91.0%	85.0%	89.5%
		Result 2016	94.7%	90.3%	95.0%
Perception of the level of cleanliness at the terminal	% of satisfied passengers	Target 2016	95.0%	95.0%	95.0%
		Result 2016	98.4%	96.4%	96.5%
Airports in numbers			T1	T2	Linate
Total number of toilets			546	147	250
Number of toilets for the disabled			57	13	15

Source: SEA, CFI Group

At Malpensa and Linate airports, spaces available to passengers and toilets facilities are constantly monitored, so that cleanliness and decorum are ensured throughout the day. There are toilet facilities dedicated to people with reduced mobility in all areas of the

airport. The level of passenger satisfaction regarding cleanliness and functionality of toilets is slightly lower than the level of satisfaction about terminal cleanliness, but still higher than the target.

Indicators of additional services

Indicator	Unit of measure		Malpensa T1	Malpensa T2	Linate
Perception of the wi-fi connectivity inside the airport	% of satisfied passengers	Target 2016	85.0%	85.0%	92.0%
		Result 2016	82.3%	87.6%	96.1%
Perception of mobile phone/laptop charging station availability in public areas, if present	% of satisfied passengers	Target 2016	70.0%	70.0%	83.0%
		Result 2016	74.2%	75.4%	89.7%
Compatibility of the café opening hours with airport opening hours	% of flight arrivals/departures compatible with the opening hours of the cafés in their respective areas	Target 2016	100.0%	100.0%	100.0%
		Result 2016	100.0%	100.0%	99.0%
Perception of the adequacy of smoking rooms, if present	% of satisfied passengers	Target 2016	75.0%	70.0%	80.0%
		Result 2016	61.6%	55.6%	78.2%
Perception of the availability, quality and prices of shops and news stands	% of satisfied passengers	Target 2016	90.0%	90.0%	90.0%
		Result 2016	96.8%	95.5%	95.9%
Perception of the availability, quality and prices of cafés and restaurants	% of satisfied passengers	Target 2016	78.0%	70.0%	70.0%
		Result 2016	79.1%	67.4%	73.3%
Perception of the availability of beverage and snack dispensers, if present	% of satisfied passengers	Target 2016	90.0%	90.0%	90.0%
		Result 2016	90.2%	94.0%	98.4%
Airports in numbers			T1	T2	Linate
Baggage storage capacity (m ²)			130	Not present	107

Source: SEA, CFI Group

In 2016, pre- and post-sales support provided by call centre for e-commerce services that can be purchased through a multi-site platform (mainly for car parks, as well as for fast track and VIP lounges) generated a 9% increase in total calls, rising from 130,000 to 142,000. Given the type of services sold online, telephone service is increasingly becoming a service for passengers already at airport in the stages before the trip. Along with the development of e-commerce services,

evolution of the support is also evident thanks to the features of new apps. Call centre operators are also available to passengers through a web chat channel and can call customers who activate a call back request. Since December 2016, the call centre also responds promptly to passengers via Facebook, which SEA has used for a few years now, recently allocating it to Customer Care for passenger assistance.



Indicators of modal integration

Indicator	Unit of measure		Malpensa T1	Malpensa T2	Linate
Perception of the clarity, comprehensibility and effectiveness of the external signage	% of satisfied passengers	Target 2016	93.0%	93.0%	90.0%
		Result 2016	96.4%	96.2%	95.3%
Perception of the upgrading of city/airport links	% of satisfied passengers	Target 2016	93.0%	93.0%	90.0%
		Result 2016	96.2%	97.9%	96.3%

SEA has the task of supporting and promoting action plans for the upgrading of road and rail links to and from airports, in synergy with the relevant institutional bodies. Malpensa Airport is accessible from Milano Cadorna Station via the “Malpensa Express” rail service, with travel times starting from 29’ and frequencies every 30’, or by Trenitalia (arriving at Gallarate and continuing by bus or taxi). The road link is provided by

the SS 336 (Busto Arsizio exit of the A8 motorway) and by the highway linking the A4 Turin-Milan motorway (Marcallo Mesero exit). Malpensa’s two terminals are linked by a free shuttle service, and a rail link has recently been inaugurated. Linate airport, very close to the city of Milan, is served by bus to the city centre and by shuttles to the Central Station and Malpensa Airport.

Quality of commercial offer

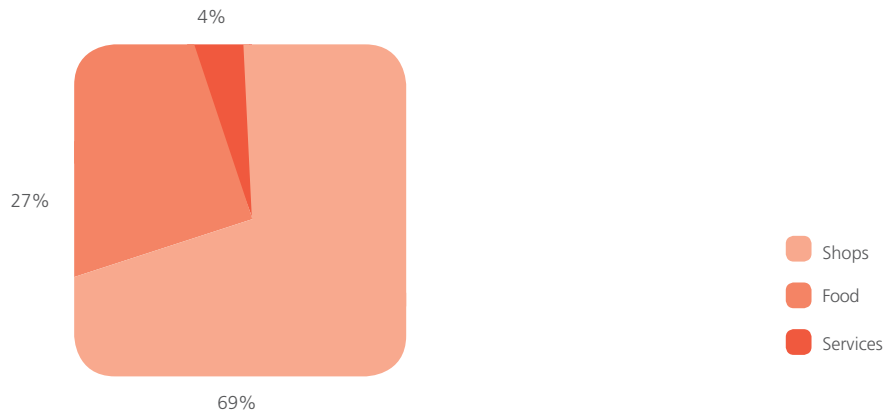
In 2011, SEA introduced the “Mystery shopping”, a quality-assurance tool for commercial services, based on visits and interviews by “incognito” personnel, with the aim of gathering structured information on the shopping experiences of airport users. At the sales point, the mystery shopper, undertaking the experience of a “typical client” focuses upon:

- attitude and conduct of sales personnel;
- level of knowledge and professional ability;

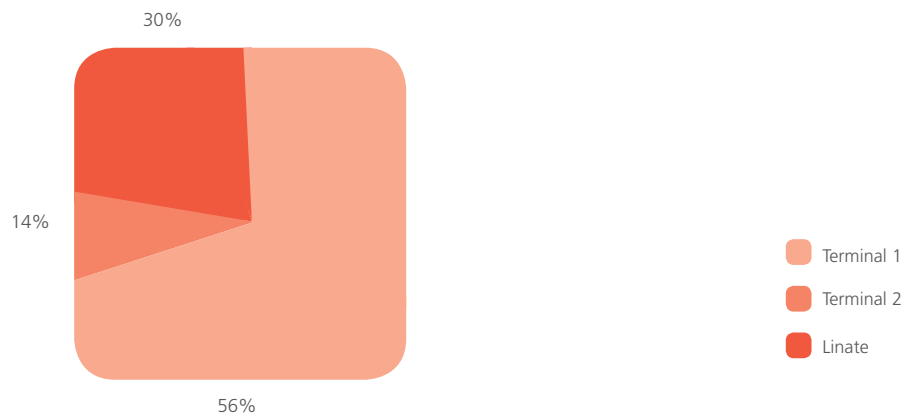
- problem solving capacity;
- sales skills, customer attention ability and proposal of complementary purchases;
- capacity to listen, empathy and demeanour;
- fulfilment of corporate philosophy;
- in-store feel.

During 2016, the session involved 219 commercial enterprises for a total of 795 visits, broken down by type of shop and location in the airports.

Mystery Shopping - Visited shops by type of business



Mystery Shopping - Visited shops by location



Source: SEA

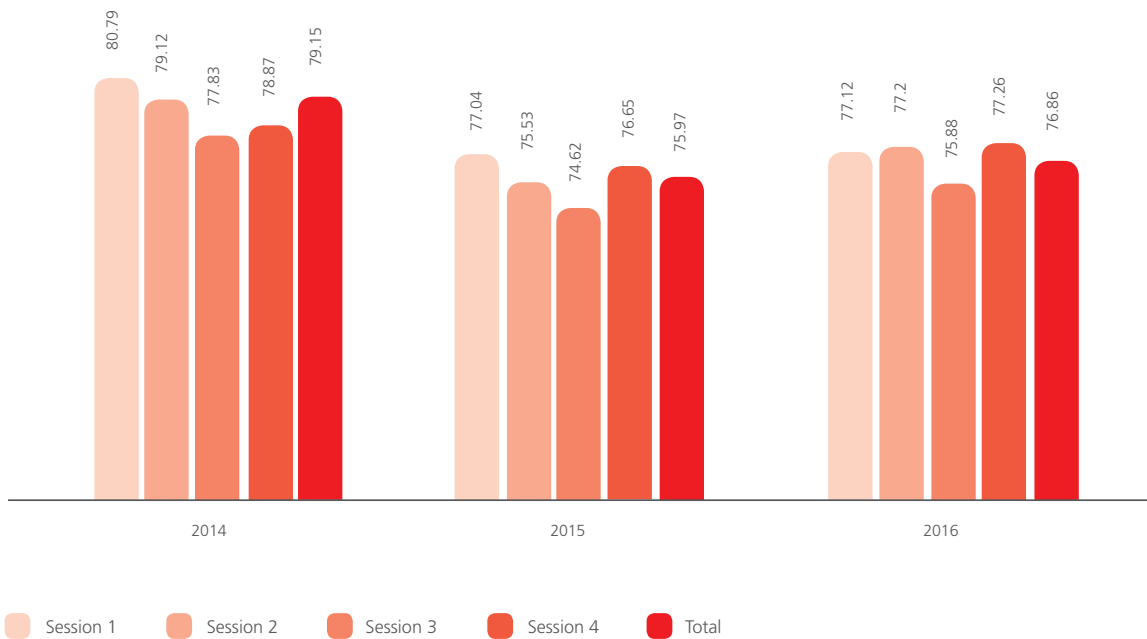


Perceived quality of commercial activities at the airports operated by SEA in 2016 stood at an average of nearly 76.86/100, slightly higher than the previous year.

Impression that customer is left with is overall positive in over 4 out of 5 cases.

At all airports, the share of those who say they are "satisfied" with the experience (especially at Malpensa Terminal 1) has grown, although at Malpensa Terminal 2, the share of passengers who said they were "very satisfied" has slightly dropped.

Mystery Shopping - Average perceived quality (scale 1-100)



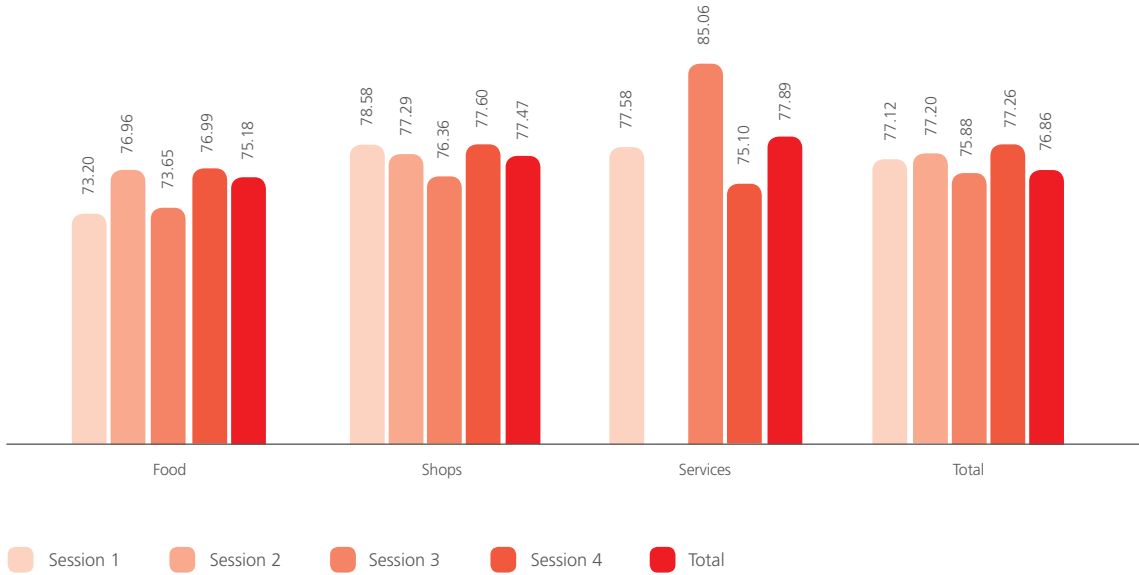
Source: SEA

Looking at data according to the type of business, services and shops are above the general average (77.89 and 77.47 respectively), while food category (75.18) is

lower than the general average (76.86), even though it improved compared to the 2015 figure (72.77).

■ VALUE GENERATED BY NON AVIATION BUSINESS

Mystery Shopping - Average perceived quality by type of business (scale 1-100)

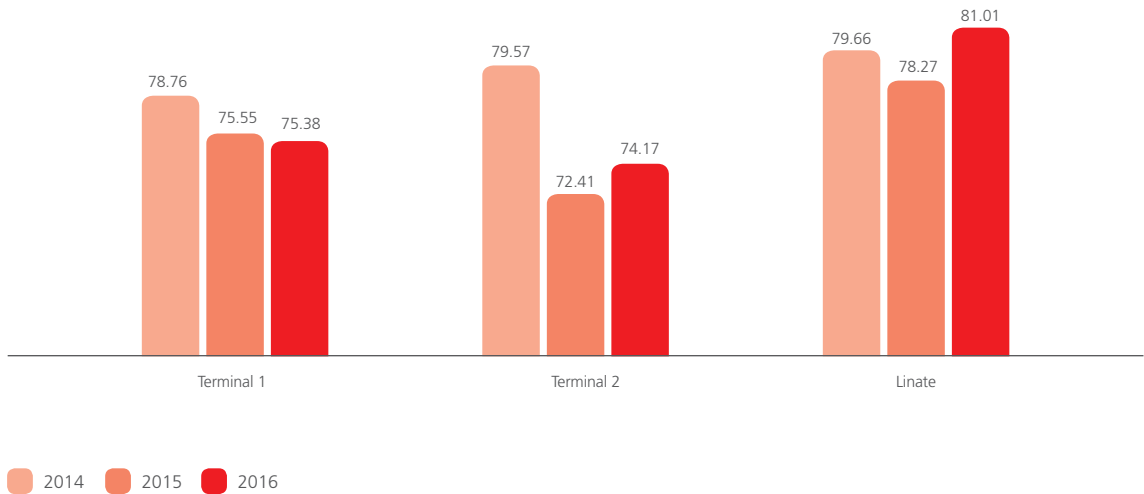


Source: SEA

Regarding the performance of the various airports, Linate has improved, Malpensa Terminal 1 has remained essentially stable, while Malpensa Terminal 2 also made some progress.

Comparing average values, value perceived by the customer compared to the value provided confirmed the 2015 trend: the perceived value is on average higher than the provided value. The exceptions are the Food businesses.

Mystery Shopping - Average perceived quality by airport (scale 1-100)

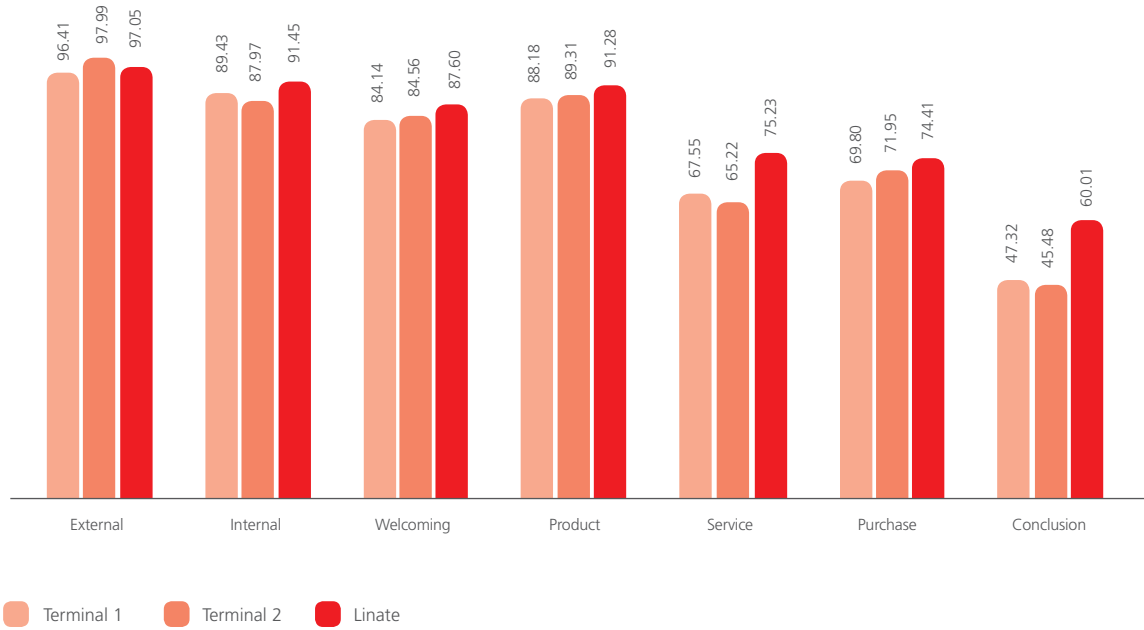


Source: SEA



Observing the average value of perceived quality in the 2014-2016 three-year period, there is a more marked decrease for Malpensa airport, while Linate airport shows a trend reversal in 2016.

Mystery Shopping - Drivers of perceived quality by airport (scale 1-100)



Source: SEA

2016 Mystery Shopping survey reports an average improvement compared to 2015. Shopping experience at the three airports highlights a good result for facilities, product and reception, while declining on issues such as service, purchase and conclusion of sale.



SEA

MANAGEMENT AND
PRODUCTIVITY
EFFICIENCY

Focus Point

We consider efficiency a complement to effectiveness: opposing unproductive consumption of resources (time, money, equipment, materials); goal achievement while reducing waste as much as possible through the right amount of resources; a way to unlock value, previously redundantly incorporated in procedures and processes, to make it available both to our shareholders and to our mission requirements.

Such strategic pillar of our business plan is combined in three main fronts:

On organisational level:

- promoting personnel management policies to create a working environment where know-hows and professional skills are constantly fed and encouraged;
- designing career paths centred on expertise, contribution generated for the company and the person's margin of development.

In managing environmental resources:

- subordinating our choices to a careful environmental impact assessment;
- identifying and designing innovative solutions for waste production and water consumption reduction, also through research programmes and international partnerships;
- promoting actions and investments aimed at ensuring high rates of energy efficiency of processes.

In managing the supply chain:

- inducing the supply chain to adopt a virtuous dynamism towards environmental and social sustainability;
- promoting virtuous conducts within our company, such as consumption models focused on reducing waste and preferring environmentally and socially qualified supplies;
- basing selection and choice of plants, equipments and technological systems to be installed at our airports by assessing their characteristics of reduced energy consumption and low environmental impacts.

Organizational management

2016 activities and projects related to organising and managing human capital have been defined to support our 2016-2021 Business Plan, with a 2016-2023 time horizon. The Plan outlines the actions aimed at consolidating the streamlining path, particularly in terms of workforce size.

At the same time, we implemented professional retraining courses for personnel coming from handling sector, which has essentially been reassigned to Security services.

A training and retraining course with over 200 people was designed and launched. 175 of these have been confirmed in the new profession of "security officer", with Special Security Guard certification. Deconsolidation of Prime AviationServices company was completed, involving the exit of 37 people from the Group. At the same time, in line with our approach in terms of development and engagement of our people, we implemented projects both to strengthen customer orientation skills for front end staff and to develop new Welfare services.



Our people

At December 31, 2016, our Group's total resources amounted to 2,850 units (2,866 if we also consider leased staff), decreased by 37 units compared to the end of 2015 (-1.3%).

29% female presence, concentrated in white-collar category characterized by front end jobs, is distributed as

follows: 3.6% executives, 23.4% white-collar, 1.8% blue-collar. The overwhelming presence of men in blue-collar category is motivated by the specific rules on airport operations, which penalizes the female working population compared to male workers.

Workforce by job category and gender as of December 31 (No.)

	2016			2015			2014		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Executives and managers	104	221	325	106	220	326	100	220	320
White-collar workers	666	1,157	1,823	678	1,164	1,842	624	1,026	1,650
Blue-collar workers	52	650	702	52	667	719	52	637	689
Total	822	2,028	2,850	836	2,051	2,887	776	1,883	2,659

Source: SEA

Workforce and supervised workers by location and gender as of December 31 (No.)

	2016			2015			2014		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Linate	356	826	1,182	365	837	1,202	345	772	1,117
Malpensa	466	1,218	1,684	467	1,222	1,689	427	1,125	1,552
Other locations*	-	-	-	4	10	14	4	11	15
Total	822	2,044	2,866	836	2,069	2,905	776	1,908	2,684

Source: SEA

^(*) Personnel at Rome Ciampino, Venice, Catania airports for 2014 and at Rome Ciampino and Venice airports for 2015.

The overall Headcount Equivalent¹ for January-December 2016 compared with all 2015 is up 10 units from 2,812 to 2,822 (+0.4%). This increase is due to retaining personnel from Airport Handling to cover new workforce needs within the SEA Group, especially for airport security services.

There were 31 employee departures for SEA, divided into 61% white-collar workers, 7% blue-collar workers, and 32% executives and managers.

⁽¹⁾ The Headcount Equivalent (HDE) is the monthly average of all managed personnel, re-proportioned according to the paid time category (full-time or part-time) and monthly hirings/departures.

Empowerment policies

Training

In 2016, more than 17,000 hours of training were provided to SEA employees. The number of per capita training hours for female

personnel increased, also due to efforts to improve customer orientation of our personnel dedicated to front end, security and customer care.

Average number of hours of training per capita by gender

	2016	2015	2014
Women	7.1	5.8	4.4
Men	5.8	8.2	2.6

Source: SEA

Note: the data does not include mandatory training hours and refers to SEA.

In particular, we note the following initiatives:

- “The Value of Security”, dedicated to Security team. The course involved Shift Manager, Supervisor and Officer, with a view to improving the effectiveness of their role, with particular attention to integrating compliance, customer experience and personal motivation. The 2016, the course saw the participation of 270 people, of whom about 50 were women, for a total of over 3,500 hours of training.
- “Yes I Care” was addressed to Customer Care staff, 50 units who work as “Customer Information Operators” in call centres and information counters located in the airports. The purpose of the course was to teach people to make passengers live a “value relationship”, to improve their perception of quality of service and, more generally, their airport experience. The goals of the course included increasing well-being while carrying out their work, further developing a multicultural approach, and recognizing and disseminating best practices.

One of the most popular initiatives of 2016 was the corporate meeting organised in October, dedicated to team and process managers (over 200 people) in a day-to-day training and networking event. The “Smart in Everyday Action” initiative was aimed at enabling a vision of strategic goals and corporate evolution trends, focusing on the managerial role for ever-increasing professional effectiveness. During the meeting, the course devoted to

“Excellence in Daily Activities” was launched, intended for SEA team and/or corporate leaders. The initiative, consisting of two days of training to share the concepts of routine, unexpected event and critical issue in the company, was aimed at strengthening managerial skills such as job scheduling and deadlines, feedback to employees, and the decision-making process.

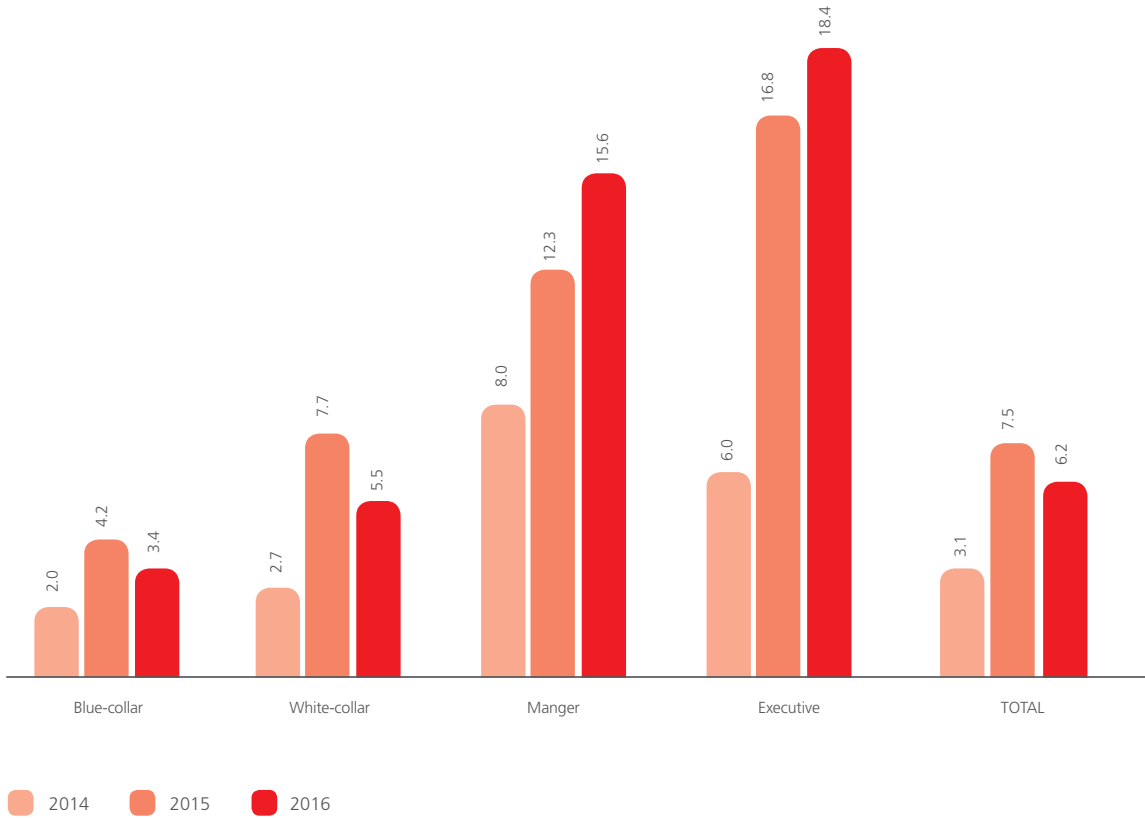
As usual, a significant amount of hours was devoted to Operations training, with over 2,000 hours of training focused on new processes and licensing to use new equipment.

Over the course of 2016, many training sessions were also held on the topics of European Regulation 139 of 2014 on Airport Safety.

In 2016, the average number of training hours per capita by professional category recorded an increase in the occupational categories of “Manager” and “Executive”, due to training initiatives addressed to management population. The aim was to strengthen effectiveness of skills such as work planning and decision-making, and to act more consciously in the role of team manager.



Average annual number of training hours per capita by professional category



Source: SEA

Note: the data does not include mandatory training hours and refers to SEA.

Among the activities of knowledge development and enhancement, note the initiative dedicated to “Business English”, a pilot project involving a dozen units in a semester course. Through an online platform and a tailored service with a virtual coach, these people implemented and consolidated their language skills,

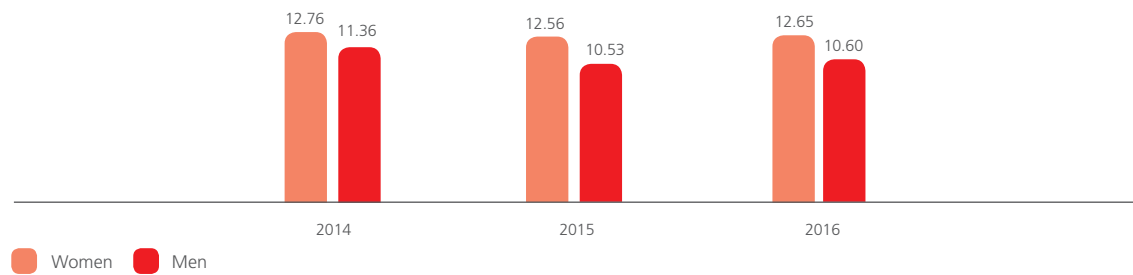
focusing in particular on the use of spoken language in different professional situations without, however, neglecting linguistic aspects of grammar, words, reading and listening.

Growth

The percentage of colleagues, by gender, involved in performance assessment is in line with the data of the previous two years and concerns Executives and Managers.

Again for 2016, percentage change is proportional to the increase or decrease of personnel with those qualifications in that year.

Employees involved in formalized performance appraisals by gender (%)



Source: SEA

Diversity

As far as the gender pay gap is concerned, data for 2016 is in line with 2015: average pay for men and

women differs mainly with respect to overall pay (annual income).

Women/men salary and remuneration ratio by category

	RAL 2016 ^(a)	Reddito 2016 ^(b)	RAL 2015 ^(a)	Reddito 2015 ^(b)
Executives and Managers	81%	75%	79%	71%
White-collar	97%	90%	97%	90%
Blue-collar	83%	83%	84%	84%
Total	97%	90%	96%	89%

Source: SEA

^(a) Ratio of the Gross Annual Remuneration of women and that of men. The Annual Remuneration is the fixed gross annual salary, paid to the employee on the basis of his/her duties or for specific appointments.

^(b) Ratio between the Average Annual Income of women and that of men. The Gross Annual Income is the gross annual salary plus annual variable amounts, such as bonuses related to individual performance and/or corporate productivity, attendance allowances, additional payments for night work, overtime and holidays, etc.

The data refers to SEA.

Gap between men and women in the Executives-Managers category is a consequence of the reduced female presence in the most senior positions.

Pay gap for the category of white-collar and blue-collar employees is influenced by the overwhelming presence

of shift personnel (especially male) and in particular by the recognition of allowances related to less desirable (and better paid) working shifts covered by male personnel.



Safety

SEA Group's corporate policy for protection of occupational health and safety of its employees and third parties (operators, users, passengers) present in the workplace for various reasons is based on several principles:

- compliance with national and EU legislation on occupational health and safety, including technical regulations and international standards;
- carrying out prevention activities in field of occupational health and safety management, focusing on proactive and predictive capabilities for corporate risks, in order to avoid accidents at work and the onset of occupational diseases;
- identifying residual risks in workplaces, setting up the most appropriate measures for their reduction, also by continuously updating information methods and media aimed at their assessment and analysis;
- enhancing human resources through the development of specific skills and training activities, key elements characterizing all the choices of the SEA Group, with the aim of making workers aware of their responsibilities and the need to comply with current legislation and internal regulations;
- informing all those present (employees, contractors, suppliers, customers) about the organisation for safety and emergency management, as well as existing risks and adopted prevention and protection standards;
- selecting suppliers while also taking into consideration aspects related to occupational health and safety and promotion of coordination activities for managing and resolving possible risk situations with a view to mutual cooperation;
- promoting involvement of employees on corporate targets for occupational health and safety, including through their Safety Representatives;
- promoting integration of the principles of occupational health and safety into the management of all the corporate activities, including design and maintenance of buildings and systems;
- promoting initiatives aimed at spreading a culture of occupational health and safety and interaction between corporate structures for a collaboration aimed at achieving company efficiency also in terms of safety.

As airport operator SEA Group is also engaged in terms of occupational safety, providing advantage to operators, bodies and handlers present in airport grounds for various reasons.

OHSAS 18001 certification

In 2016, SEA Group kept the certification of its Occupational Health and Safety Management System (SGSSL) issued by TÜV Italia - Accredia (National Accreditation Body), in line with the BS OHSAS 18001/2007 regulation, as set forth by Article 30 of Italian Legislative Decree 81/08 for organizational models not covered by Italian Legislative Decree 231/2001. The SGSSL was monitored through 8 internal audits, conducted by specifically trained and qualified personnel, which initiated follow-up activities in agreement with the Managers of the areas involved, as well as 5 days of monitoring audits by TÜV Italia. The activity involved almost all corporate areas and led to confirming the validity of the current Certificate.

The outcome of such activities found that the System is properly implemented and kept active, and it is functionally useful in the pursuit of corporate targets.

Employee participation in safety

Workers' involvement in corporate occupational health and safety activities takes place mainly through the institutionalized channel, led by the Workers' Health and Safety Representatives (RLS).

So, aside from the regular annual safety meeting, participation, as usual, took place during a period of important changes in the company organization, including spaces, machines and equipment and more generally for any request made by the Workers' Health and Safety Representatives or, in some circumstances, directly by workers.

In compliance with the provisions of the current legislation (Article 47 of Italian Legislative Decree 81/2008 and the multi-industry agreement of 22/06/95), the Workers' Health and Safety Representatives of the SEA Group were elected and are fully operational, based on the breakdown shown in the table below.

Number of Workers' Health and Safety Representatives (RLS)

Company	LINATE	MALPENSA	Notes
SEA	6	6	6 for the production units with over 1,000 employee
SEA Prime	1		1 representative in the companies or production units with up to 200 workers
SEA Energia	1	1	1 representative in the companies or production units with up to 200 workers

Source: SEA

Occupational safety at SEA in 2016

Among the many activities carried out during the year, we point out the following:

- updating the Risk Assessment Documents for SEA Workers;
- preparing the DUVRIs (Interference Risk Assessment Documents) for preventive management of interference-related hazards involved in various activities carried out on airport grounds by third parties under contract;
- 13 exercises on implementation of Emergency and Evacuation Plans and fire alert and detection systems;
- activities related to fire prevention and management, including implementation of a specific internal audit

system to verify the correct conduct and compliance according to fire prevention standards in the premises entrusted to retailers in the two Malpensa terminals;

- in order to implement the preventive management of risks associated with the use of equipment and machines introduced to support the work activities, preventive evaluation and analysis was carried out at the time of purchase, as part of the acceptance test committee in which SEA's Prevention and Protection Service is also involved.



Accident indicators

Analysis of accidents in 2016 shows that:

- accidents in transit account for 32% of all accidents;
- of the remaining accidents (so-called occupational), over 40% are due to walking dynamics (slipping,

stumbling, uncoordinated footstep) and are therefore largely or entirely unrelated to more typically professional risks.

Safety indicators by gender and location

		Linate		Malpensa		Other locations*	
		Men	Women	Men	Women	Men	Women
Injury rate	2015	1.89	2.10	3.97	4.43	27.79	0.00
	2016	4.51	1.77	3.21	3.09	-	-
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	-	-
Occupational disease rates	2015	0.00	0.00	0.09	0.00	0.00	0.00
	2016	0.00	0.00	0.00	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	-	-
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	-	-

Source: SEA

^(*) Personnel at the Rome Ciampino, Venice and Catania airports in 2015. The 2016 data for other locations is not available following the transfer of 60% of the capital of Prime Aviation Services SpA, which is therefore no longer part of the Group.

Note: The accident indicators are calculated as follows:

- Overall accident rate: no. of accidents at work and in transit/hours worked *200,000.
- Transit accident rate: no. accidents in transit/hours worked *200,000.
- Occupational disease rates: no. of occupational diseases/hours worked *200,000.
- Overall severity index: no. of days lost due to accidents at work and in transit/workable hours *200,000.
- Severity index: no. of lost days due to accidents in transit/workable hours *200,000.

Only employed personnel is included.

The accident data refers to all events that involved at least one day of absence from work beyond the day of occurrence. In the count of lost work days, the calendar days in which the worker was absent were considered, with the exception of the one in which the accident occurred. The occupational disease data refers to cases reported in the year in question and not to the number of occupational diseases actually recognized by INAIL for the same period.

As a whole, accidental events in 2016 are essentially in line with those of the previous year. Increase in rates and

indexes referring to Linate's male personnel is overall offset by the decline recorded in the remaining situations.

Engagement policies

Welfare

In 2016, our corporate welfare policies have confirmed our focus and commitment to ensure initiatives and activities dedicated to colleagues and their families, aiming at a continuous renewal of services, in line with new needs expressed by the people.

The following table summarizes the data regarding access to Welfare services by full-time and part-time employee during the last three years.

“SEA for you”: access to services

Initiative	No. of Beneficiaries		
	2016	2015	2014
Health care fund	1,863	1,829	1,731
Toy vouchers	1,080	1,082	1,125
Flexible hours (average annual figure)	849	854	840
Study grants	721	735	670
Health care fund (check-up)	355	337	384
Leave for medical visits	310	302	272
Summer centres	215	219	214
Collective home-work mobility	181	183	181
Flu prevention	150	122	194
Future Lab: Push to Open, I learn to study	142	37	-
Spa holidays	110	82	80
Social services (personal loans)	99	173	239
Maternity part-time (average annual data)	17	28	30
Accident insurance	4	14	11

Source: SEA



Over the year, in addition to managing traditional welfare services (home-work mobility, flu prevention, check-up etc.), based on the data of the previous year and the favourable feedback for new initiatives introduced as part of Future Lab project, we focused on developing and continuing initiatives dedicated to increasing the occupational skills of our colleague's children.

Specifically:

- "Push to Open" school and professional orientation path for secondary school students, who have been able approach the world of work by attending an online community and workshops in person at the companies in the project network;
- "Talent Days", vocational guidance workshop classes in collaboration with HRCommunity dedicated to near-graduates and graduates;
- call for entries for scholarships abroad from the "Intercultura Foundation", which was enhanced by the addition of a summer stay in Ireland, in addition to the summer stay in China and the annual one in a European country;
- "I Learn to Study with SEA", the new project launched in 2016 and dedicated to young people of the First Grade Secondary School and the Biennium of Second Grade Secondary School, aimed at transmitting useful and immediate tools to be applied to home and school studying, an initiative appreciated by over 100 young people enrolled between Linate and Malpensa;
- finally, still about school, the new initiative "Alternating School and Work", addressed to the territory nearby. Following the decision by the Ministry of Education, University and Research (MIUR) to include in second grade secondary school education the project "Alternating School and Work", SEA decided to participate, designing a course at schools and a summer on-the-job training at the airport, involving our colleagues through the opportunity to involve their children's school to carry out an "alternating school and work" experience at Linate and Malpensa. 4 schools have been identified in the provinces of Milan, Varese and Novara, which will be able to take part in classroom lessons of SEA "trade masters" and send about 30 students to summer job;
- the merit "Grants" for the promotion of first and second grade students were awarded this year with higher amounts, rewarding the most deserving students, with the aim of promoting commitment and consistency in studying;
- as part of life-work-reconciliation initiatives, Pink

Parking is a new service dedicated to pregnant women who can now use dedicated parking spaces close to the terminals until the last day of work before maternity leave;

- like last year, summer centres were set up in collaboration with the NoiSea Association to accommodate the children of our colleagues during school holidays; stays were also organised at mountain and sea facilities, as well as the dedicated sport camps in the Umbrian hills, registering a turnout far exceeding that of recent years;
- finally, great effort was devoted to activities involved in SEA's participation in "Family Audit" certification process, with the preparation of a working group that contributed to point out innovative solutions about flexible work, smart working and a culture of work-life balance.

Complementary Pension Fund

The Pension Fund of Società Esercizi Aeroportuali - FONSEA, a complementary individual capitalisation Pension Fund for employees of participating companies, provides complementary pension benefits beyond

statutory pension as per Italian Legislative Decree 5/12/2005, no. 252.

Of the 5,045 members at 31/12/2016, 2,920 belong to the SEA Group, and 2,125 to other airport operators.

Data on the Pension Fund

Pension fund	2016	2015	2014
Number of members	5,045	5,113	5,183
Net assets intended for pensions (millions of Euro)	189	177	165
Fund performance	2.30%	2.97%	3.50%

Source: SEA

The Pension Fund is a fund established as an unrecognised association with a legal personality and operating under defined contribution arrangements (the amount of pension benefit is determined on the basis of contribution made and related returns).

Membership is free and voluntary. Participation in complementary pension schemes governed by Italian Legislative Decree no. 252 allows the member to benefit from a favourable tax treatment on paid contributions, gains and benefits.

**Contribution shares
(workers employed after 28/04/1993 and enrolled since 01/01/2013)**

Severance pay shares	Worker	Company
100% of the accruing severance pay	1% on the base pay, plus cost-of-living allowance, plus periodic seniority increases for 12 months. Any additional voluntary contribution calculated on the % of the gross taxable amount.	2% on the base pay, plus cost-of-living allowance, plus periodic seniority increases for 12 months. With temporary validity 01/01/2013-31/12/2015, +0.5% increase of the contribution set forth in the CCNL (National Collective Bargaining Agreement).

Source: SEA



Parental leave management

SEA Welfare guarantees the right for all mothers to benefit from the reduction of working time to five hours per day until the end of child's fifth year.

Use of parental leave in 2016 increased for both women and men.

Right and use of the optional leave of absence (No.)

	2016		2015		2014	
	Women	Men	Women	Men	Women	Men
Right ⁽¹⁾	260	374	280	364	196	247
Use ⁽²⁾	108	204	92	164	79	130

Source: SEA

⁽¹⁾ The optional leave may be requested for each child during the first 12 years of life (until the day of their 12th birthday). Employees with a child at or under the age of 12 in the year in question are therefore considered eligible.

⁽²⁾ This figure reflects all eligible persons who used at least one day of optional leave during the year in question. The data refers to SEA.

Parental leave absence tables show that:

- almost all users return on schedule to work after the birth of a child;
- fathers extensively use the option and increasingly assist mothers in taking care of children;
- only in a small percentage of cases absence is not followed by a return to work, but rather by an absence for other reasons.

Retention rate after parental leave - 2016 ⁽¹⁾

	Women	Men	Women	Men
Total Beneficiaries in 2016	108	204		
Status at December 31, 2016				
Still on leave ⁽²⁾	9	9	8%	4%
Absent for other reasons after the leave ⁽³⁾	1	1	1%	1%
Left during the year	0	0	0%	0%
Total returned to work and still employed	98	194	91%	95%
Retention rate at 31/12/2016 (%) ⁽⁴⁾	100%	100%		

Source: SEA

⁽¹⁾ The data relating to the employees eligible for and beneficiaries of the optional leave only relate to SEA.

⁽²⁾ For the purposes of identifying absences/leaves still under way, we take into consideration the two weeks following December 31 of the year in question.

⁽³⁾ Employees "absent post-leave for other reasons" are those who are still absent following the period of parental leave for various reasons (e.g. child's illness, holidays, etc.).

⁽⁴⁾ The retention rate indicates the percentage of employees remaining in the company at the end of a parental leave period. This figure is calculated taking into account the employees who benefited from at least one day of parental leave and who have returned to work and are still employed at the end of the year in question and the following year.

Retention rate after parental leave - 2015 ⁽¹⁾

	Women	Men	Women	Men
Total Beneficiaries in 2015	92	164		
Status at December 31, 2015				
Still on leave ⁽²⁾	6	13	7%	8%
Absent for other reasons after the leave ⁽³⁾	1	1	1%	1%
Left during the year	1	1	1%	1%
Total returned to work and still employed	84	149	91%	90%
Return rate at 31/12/2015 (%) ⁽⁴⁾	100%	100%		
Status at December 31, 2016				
Still on leave ⁽²⁾	0	0	0%	0%
Absent for other reasons after the leave ⁽³⁾	0	0	0%	0%
Left during the year	0	0	0%	0%
Total returned to work and still employed	91	163	100%	100%
Return rate at 31/12/2016 (%) ⁽⁴⁾	100%	100%		

Source: SEA

⁽¹⁾ The data relating to the employees eligible for and beneficiaries of the optional leave only relate to SEA.

⁽²⁾ For the purposes of identifying absences/leaves still under way, we take into consideration the two weeks following December 31 of the year in question.

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⁽⁴⁾ The retention rate indicates the percentage of employees remaining in the company at the end of a parental leave period. This figure is calculated taking into account the employees who benefited from at least one day of parental leave and who have returned to work and are still employed at the end of the year in question and the following year.



Work-life balance: Family Audit

In 2016, an accreditation process to obtain the “Family Audit” certification was completed.

Family Audit is a management tool adopted on a voluntary basis by organizations, such as private companies, public bodies and non-profits, that want to certify their ongoing commitment to work-life balance. By adopting the Family Audit certification we intend to launch a virtuous cycle of continuous improvement by introducing innovative organizational solutions in terms of work flexibility, smart working and a culture of work-life balance.

In 2016, the Family Audit implementation process included the design phase, consisting of the creation of two distinct internal Working Groups.

The Audit Working Group, consisting of 17 employees representing all professional classifications, analysed and proposed improvements in family-work issues taking into account different family structures.

A platform of 28 reconciliation measures was prepared during 6 meetings held by the Group. The Management Working Group, consisting of 8 managers from different Departments and Functions, played a role in steering and evaluating the proposals received (whose conditions and methods of application will be further assessed during the implementation phase), which led to acquiring the Base Certification in February 2017.

PLATFORM OF ACTIVITIES 2017-2019

Activity title	Description	Expected results
USABLE WORK REDUCTIONS IN HOURS	Introducing the option to use the work reductions even by the hour, for all personnel, with the manager’s authorization.	<ul style="list-style-type: none"> • Decrease in absenteeism • Personnel satisfaction
PATERNAL PART TIME	Introducing part time hours also for fathers, who for reconciliation needs may choose to reduce their working time until the fifth year of their child’s life.	<ul style="list-style-type: none"> • Greater focus on male parenting • Abolishing potentially discriminating policies
OVER-60s PART TIME	Introducing part time work for the over-60s, voluntary and with no additional expenses for the company.	<ul style="list-style-type: none"> • Care for the personnel nearing retirement • Care for intergenerational relations
DEFINING CORPORATE POLICIES FOR ORGANISING HOLIDAYS WITH A FAMILY-FRIENDLY APPROACH	Defining and disseminating a corporate policy that favours the management of joint holidays for members of the same family, if requested by the interested parties and where compatible with the service requirements and the current shift mechanism.	<ul style="list-style-type: none"> • Satisfaction of the personnel with children from 6 to 14 years of age
2 DAYS OF SPECIAL LEAVE TO NEW FATHERS	Introducing 2 days of special leave offered by the company in addition to those provided by law for new fathers.	<ul style="list-style-type: none"> • Greater focus on male parenting • Abolishing potentially discriminating policies
ANNUAL MEETINGS IN THE SERVICES WITH SHIFT PERSONNEL	Introducing offline and online internal communication tools between a large number of colleagues working shifts in the same department to share specific topics, events, problems and solutions.	<ul style="list-style-type: none"> • Greater sharing of goals and knowledge • Increased participation from the base

Activity title	Description	Expected results
PERIODIC TEAM MEETINGS FOR NON-SHIFT WORKERS	Introducing offline and online internal communication tools between a large number of non-shift working colleagues in the same department to share specific topics, events, problems and solutions.	<ul style="list-style-type: none"> • Greater sharing of goals and knowledge • Increased participation from the base
STUDY TO INCREASE THE INTERCHANGEABILITY OF ADMINISTRATIVE PERSONNEL	Defining of a policy for improving the interchangeability rate of administrative personnel and the activation of an experiment on at least two departments where there are people with strong work-life reconciliation needs.	<ul style="list-style-type: none"> • Increase of people's interchangeability
ACTIVATION OF SPACES FOR REMOTE WORKING AND COWORKING	Identifying remote working spaces for administrative personnel to allow greater work-life reconciliation if the residence is closer to SEA locations other than the one where the official workstation is located. Opening these spaces also to other transferring administrative colleagues as co working spaces.	<ul style="list-style-type: none"> • Increased efficiency and time savings • Increased sense of belonging to the company
PARKING-OFFICE MOBILITY IMPROVEMENT	Studying different systems to enable SEA working at Malpensa airport to move from the car to workplace through eco-friendly and innovative means of transport.	<ul style="list-style-type: none"> • Increased efficiency and time savings
INCREASING VIRTUAL MEETINGS	Increased use of videoconferencing or conference calls instead of phone, for training, internal meetings or simple communications between people.	<ul style="list-style-type: none"> • More confidence in digital media • Cultural change
EXPERIMENTS IN SMART WORKING	Progressive trials of smart working for administrative personnel.	<ul style="list-style-type: none"> • Increased efficiency and time savings
INTERVENTION ON MIDDLE MANAGEMENT TO SPREAD A CULTURE ORIENTED TOWARDS A WORK-LIFE BALANCE	Organising training and cultural awareness-raising initiatives directed at the "community of leaders" on topics related to a management of human resources more oriented to a work-life balance.	<ul style="list-style-type: none"> • Improving direct personnel management skills
IDENTIFYING GUIDELINES FOR GROWTH WITHIN THE COMPANY	Defining and communicating the corporate growth policies more thoroughly, in particular by fostering correct expectations about the possibilities for growth of the part-time personnel.	<ul style="list-style-type: none"> • Dissemination of meritocratic development modalities
IMPROVEMENT OF THE SKILL ASSESSMENT SYSTEM	Reviewing the methods for assessing personnel skills, particularly as regards the mechanism for discussing and reporting the results.	<ul style="list-style-type: none"> • Dissemination of meritocratic development modalities
MAINTAINING THE WORKING GROUP	Stabilization of the Working Group, with the aim of spreading the plan's actions and monitoring the state of progress.	<ul style="list-style-type: none"> • Checking and monitoring the activity plan
IMPROVING THE VISIBILITY OF SEANET TO THE SHIFT PERSONNEL	As part of restructuring the portal, make Seanet the compulsory landing page, and/or activate systems that invite the shift personnel to read and verify the corporate news.	<ul style="list-style-type: none"> • Greater circulation of information



Activity title	Description	Expected results
CREATING AN INTRANET SPACE WITH FAQ ON INSTITUTIONS AND OPPORTUNITIES	Identifying a space on Seanet to enter information useful to the personnel regarding the use of corporate institutions and opportunities, interpretation of certain information or regulations, identification of requests and basic forms.	<ul style="list-style-type: none"> • Greater circulation of information
REDEFINING THE PARAMETERS OF MEDICAL AND HEALTH STANDING AGREEMENTS	Renegotiating the standing agreements in use to update procedures, fees and services.	<ul style="list-style-type: none"> • Greater effectiveness of the welfare measures
FEASIBILITY STUDY TO EXPAND THE DEFINITION OF FAMILY IN IDENTIFYING THE BENEFICIARIES OF THE CONTRIBUTIONS, INCLUDING THE "NEW FAMILIES"	Expanding the measures in favour of family members also to non-dependent children or partners' children, in order not to exclude non-traditional families.	<ul style="list-style-type: none"> • Greater circulation of information
CREATING AN ONGOING CUSTOMER SATISFACTION SYSTEM FOR WELFARE SERVICES	Creating an immediate customer satisfaction system to measure the personnel's satisfaction and improve the offer over time.	<ul style="list-style-type: none"> • Greater circulation of information
IDENTIFYING A SPACE FOR PICK-UP AND DELIVERY OF PACKAGES AND SERVICES	Identifying a space at each company location where products and/or services purchased in e-commerce might be delivered and picked up easily by SEA personnel.	<ul style="list-style-type: none"> • Greater circulation of information
INTRODUCING INTER-COMPANY WORK PLACEMENTS FOR THE CHILDREN OF EMPLOYEES	Defining agreements with other local companies to reserve work placements for the children of employees, aimed at facilitating their employment.	<ul style="list-style-type: none"> • Support for families with older children
INCREASING BATHROOMS EQUIPPED FOR NURSERY NEEDS	Fit 100% of the bathrooms with changing tables and baby points.	<ul style="list-style-type: none"> • Greater focus on male parenting • Sharing family friendly policies
MAXIMUM EXPLOITATION OF THE FAMILY AUDIT CERTIFICATION ON FUTURE SUSTAINABILITY REPORTS	Better promote SEA's local initiatives to improve sense of belonging.	<ul style="list-style-type: none"> • Greater circulation of information
INCREASING THE NUMBER OF LAPTOPS	Progressive fix devices replacement with laptops, especially in such areas where smart working is desirable.	<ul style="list-style-type: none"> • Progressive removal of obstacles to smart working
STREAMLINING ACCESSES AND PASSWORDS STREAMLINING	Defining a policy that allows access to the various internal corporate services using as few passwords as possible.	<ul style="list-style-type: none"> • Facilitating access for operating personnel
IMPLEMENTING A FREE WI-FI NETWORK FOR EMPLOYEES	Implementing a wi-fi network with which the personnel can access the intranet and enterprise applications also with private devices.	<ul style="list-style-type: none"> • Facilitating access for operating personnel

The quality of relationship with our people

In the second half of the year, an opinion survey was conducted among the employees, mostly bringing up once again items for which the corporate community opinion's was first recorded in 2010.

Survey was carried out on a digital platform, with the aim of recording the viewpoints of SEA's people on some of the most important issues of occupational well-being, such as welfare, work organisation, identity and values.

The questionnaire was completed by 595 employees, accounting for 21% of the company's population.

Employee relationship with SEA

The feedback showed an overall improvement in the relationship between company and employees, and a more positive climate.

All indicators are associated with growing trends, with some significant deviations (pride and belonging). The essential stability of other indicators expresses a more favourable climate, given the downsizing policies that the SEA Group has put in place for the last five years. Compared to the 2010 evaluation, there is particular improvement in the sense of pride for what the company is able to do and in the sense of belonging.

Employees' relationship with SEA - Comparison of 2010-2016 findings

2010		2016
7.0	I am proud to tell people that I work here BELONGING	7.7
6.6	I am proud of what we can do at SEA PRIDE	7.4
6.8	I trust SEA TRUST	7.0
6.9	I am happy about my job at SEA FULFILMENT	7.0
6.0	SEA is close to its employees CARE	6.2

The more internal aspects of engagement, personal motivation (satisfaction with one's work), care and closeness remain stable.

We must point out that strengthening of relationship between the company and its people benefits particularly from SEA's reputation, i.e. external and market positioning that the company has gained over time.

Reinterpreting the data in relation to the socio-professional profile allows us to see how senior functions (executives and managers) and the more operational roles (workers) express greater positivity in their relationship with the company, while shift

workers (category with a large concentration of white-collar workers) are more critical on average.

Similarly, people with more than 15 years of service express more frustration and dissatisfaction. There is no noticeable divergence between Linate and Malpensa employees, although Malpensa shows more unease on the issues related to trust.

Finally, younger people stand out for their overall more favourable approach, while women and more educated people have a more critical attitude.



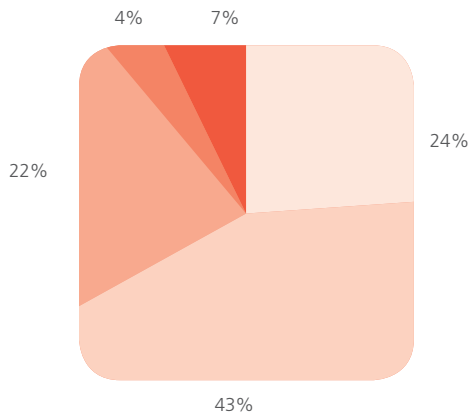
Work-family reconciliation and occupational health indicators

Reconciliation is an important issue for employees involved in the survey, and SEA has been very engaged on this issue, although there is further room for improvement. A large majority of respondents (67%) recognize SEA's engagement in the field of reconciliation, which continues to represent an item with strong demand for

investment, despite the non reconcilable objective or organizational constraints.

Women, employees with children, blue-collar workers and shift workers appear more critical of the company's concrete desire to offer solutions to employee reconciliation needs.

The reconciliation of employees' life and work is an important issue for SEA

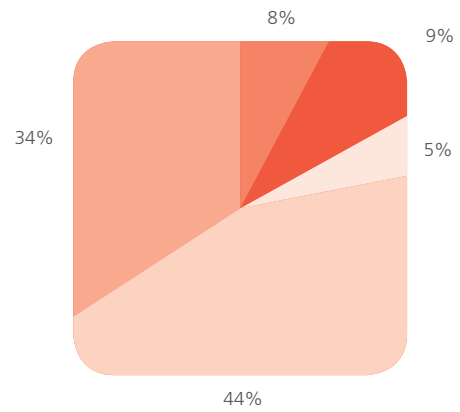


- Strongly agree
- Agree
- Disagree
- Strongly disagree
- Not responding

Source: MPS Research

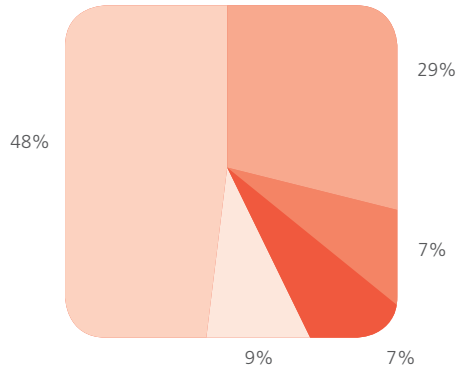
Most people find that their working time does not cause problems with family-work reconciliation (57%). However, a considerable percentage (36%) of respondents

Compatibly with the needs associated with operational needs, SEA is always trying to help employees reconcile their life and work time



believe that working hours represent a major issue in the relationship with the company.

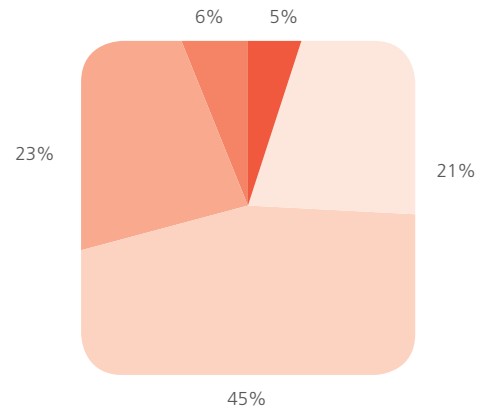
You agree or disagree with the statement: "the working hours do not create problems in reconciling my life and work time" ?



- Strongly agree
- Agree
- Disagree
- Strongly disagree
- Not responding

Source: MPS Research

Without prejudice to the contractual obligations and organisational requirements, your working hours could be improved:



- Much
- Somewhat
- Little
- Not at all
- Not responding

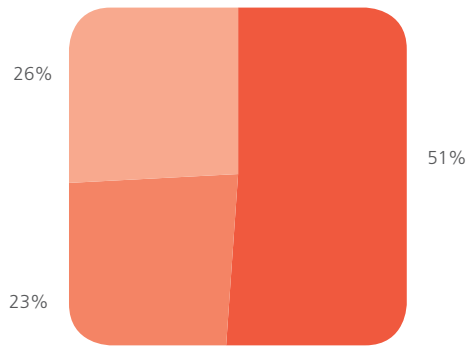
Among the most represented categories, we point out shift workers, women and population aged between 35 and 44 with families and one or two children. The majority of employees (66%) considers working time an upgradable organization factor: blue-collar and shift workers are the strongest supporters of working time improvement. The evaluation of a set of workflow-related methods at SEA offers a satisfactory overall picture. Group work appears to be a positive and consolidated practice for a large majority of respondents (59%). Similarly, about

half of the employees involved express a positive opinion about meeting schedules, work scheduling methods and tools, and people's interchangeability rate. Some criticisms arise only in the field of work scheduling: in this field, the average satisfaction percentage is 51%. Percentage among executives and managers is higher than the average (71%). Among the least satisfied we find blue-collar, whose assessments are inverse than the general sample (41% satisfied compared to 43% critical).

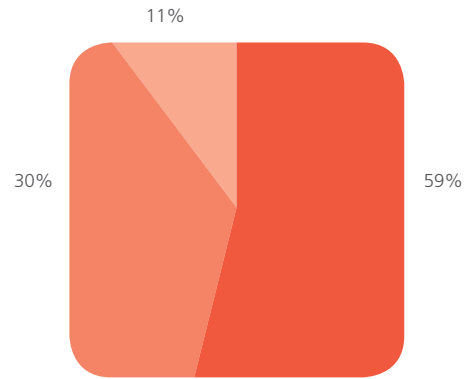


I will now list for you a set of workflow-related methods at SEA.
Based on your personal experience, express an assessment on each:

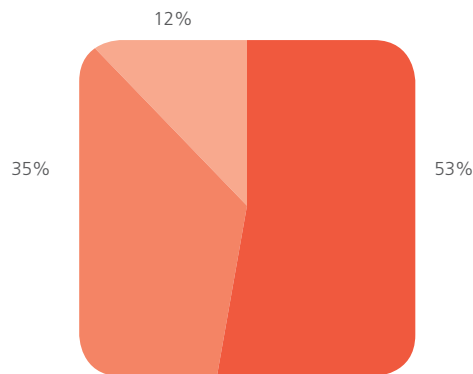
meeting schedules



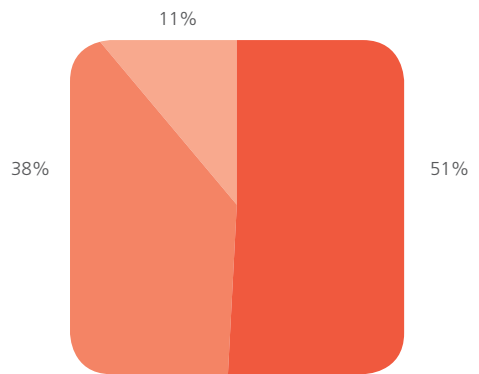
group work



interchange rate



work planning



Non responding
 Dissatisfied
 Satisfied

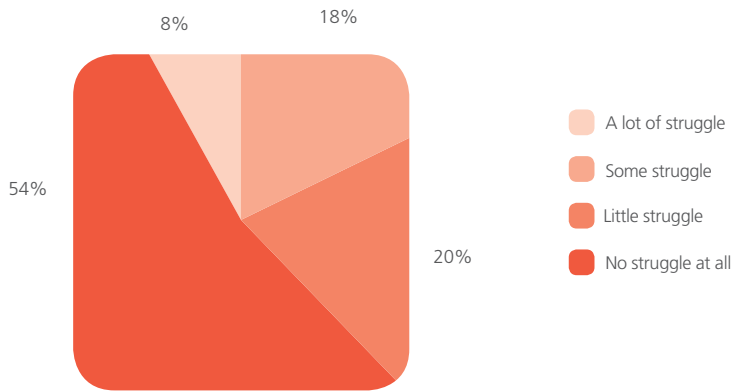
Source: MPS Research

According to respondents, improving the work flow requires strengthening the relationship of trust between SEA and its people, together with a shared system for scheduling, prioritization and management of work. In both cases, the majority of respondents (54% and 52% respectively) highlights the need to strengthen the agreement between company and employees. This pact is based on the sense of responsibility that must characterize people's actions on one side, and delega-

tion processes based on SEA's trust in its people on the other. The topic of trust and responsibility is particularly dear to more senior people and employees at Malpensa than to those at Linate.

On the topic of parental leave, it appears that 2 out of 10 respondents have made use of this tool during the last 5 years.

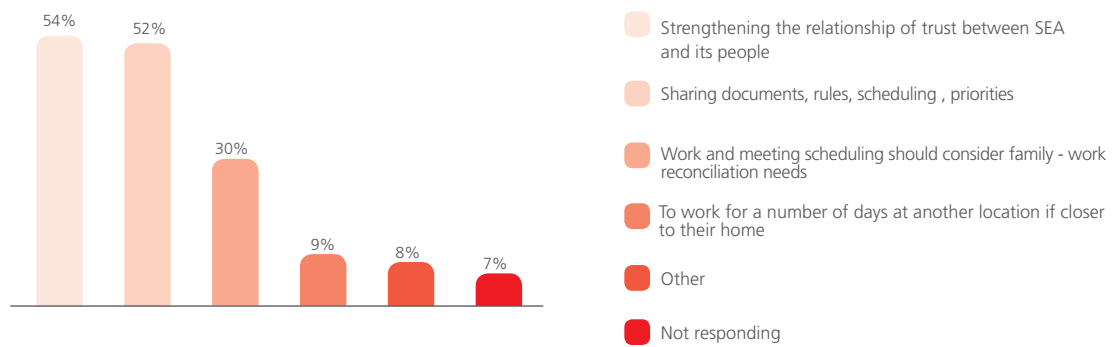
**Have you used any parental leave during the last 5 years?
And when you returned to work, did you struggle a lot, a little or not at all?**



Source: MPS Research

Most users were employees and families with three children. When returning from leave, a large majority had no difficulty (74%); the percentage of those who expressed critical issues was higher than the average among executives.

According to you, the SEA workflows could be improved:



Source: MPS Research

Sharing of documents, rules, and scheduling is mostly pointed out by executives and managers. A small minority (30%), practical and pragmatic, especially employees with more than three children, cite

their reconciliation needs. Finally, 9% of the respondents suggest the option for employees to work for a number of days a year at another location, if closer to their home.



Absenteeism

As confirmation of quality of our relationship with our people, we note how absenteeism rates remain stable at low values. At Linate, the trend for 2016 is in line with the previous year, while Malpensa records a slight decrease (from 3.78 in 2015 to 3.74 in 2016).

Interpreting data based on gender reveals an increase in the absenteeism rate only for male population

(Linate from 3.45 in 2015 to 3.71 in 2016, Malpensa from 3.41 in 2015 to 3.59 in 2016). For female population, rate is falling (Linate from 4.55 in 2015 to 4.00 in 2016, Malpensa from 4.86 in 2015 to 4.15 in 2016).

Absenteeism rate by gender and location

	2016	2015	2014
Linate	3.80%	3.79%	3.71%
Women	4.00%	4.55%	3.20%
Men	3.71%	3.45%	3.94%
Malpensa	3.74%	3.78%	4.45%
Women	4.15%	4.86%	5.44%
Men	3.59%	3.41%	4.09%
Other locations*	0.44%	1.76%	3.22%
Women	0.18%	4.00%	3.39%
Men	1.18%	1.11%	3.15%

Source: SEA

^(*) Personnel at Rome Ciampino, Venice, Catania airports for 2014 and at Rome Ciampino and Venice airports for 2015.

Note: The absenteeism rate is calculated as follows: no. of days of absence/working days * 100.

Only employed personnel is included.

The absences included in the calculation are the unplanned ones (e.g., illness, accident), while the planned ones (such as holidays, maternity) are excluded.

Managing environmental resources

Energy consumption

As part of SEA's Energy Management System and its ISO 50001 certification, SEA Group's energy consumption management is based on the following principles:

- energy must be produced while respecting and protecting the environment;
- reducing environmental impact and improving environmental performance are among the criteria of our business strategies, including infrastructural development;
- awareness among employees, partners, suppliers, contractors and stakeholders regarding environmental impact of their activities is a central item for environmental performance improvement at both airports.

System provides for the settlement of an Energy Team and, for the integrated management of most technical aspects, a Technical Group (which also includes representatives of SEA Energia). Involvement of all functions directly related to different aspects (design, implementation, maintenance and environmental management structure) ensures the necessary overview of processes and thus the identification of the most appropriate intervention proposals.

The main energy-saving measures for the year 2016 were:

- switching off unused flying runway lights at night, according to noise reduction scenario;
- introducing energy-efficient lighting;
- optimizing air conditioning plants (reduction of "minimum external air flow" depending on presence of passengers, addition of inverters on heat sub-stations, optimization of UTAs and mixing boxes, optimization of set-points for optimizing the micro climate);

- introducing energy-efficient and LED lamps to optimize the lighting of aprons and roadways;
- modifying the automatic switch-off system of night lights to optimize the lighting of aprons;
- completing the computerization of the energy consumption data and introducing additional field meters, in order to subdivide and analyse consumption more accurately;
- almost completely eliminating decentralised production poles (boilers, refrigerator units, direct uses of methane) resulting in further improvement of the environmental impact as well;
- introducing small electric cars for operators, in addition to eliminating diesel vehicles in aviation area.

At both airports, we operate co generation/trigeneration plants that constantly generate energy savings that benefit the SEA Group, the quality of the environment and the citizens of neighbouring areas. We offer high-efficiency performance that generate savings for both company and customers who, thanks to the use of district heating, reap the savings related to heat recovery.



Energy consumption of the SEA Group

Unit of measure	2016		2015	
	Malpensa	Linate	Malpensa	Linate
Petrol (GJ)	5,040	1,641	4,927	1,603
Heating oil (GJ)	1,963	-	2,548	73
Methane (GJ)	2,141,443	1,111,063	2,068,399	1,032,663
Diesel fuel (GJ)	21,030	9,610	22,434	9,554
Purchased electricity (GJ)	2,855	784	1,027	796
Sold refrigeration energy (GJ)	20,021	-	17,507	-
Sold heat energy (GJ)	21,444	284,550	19,722	238,489
Sold electricity (GJ)	251,253	246,751	231,144	237,448
Totale(GJ)	1,879,612	591,797	1,830,963	568,753

Source: SEA

Energy intensity (GJ/no. of passengers)

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

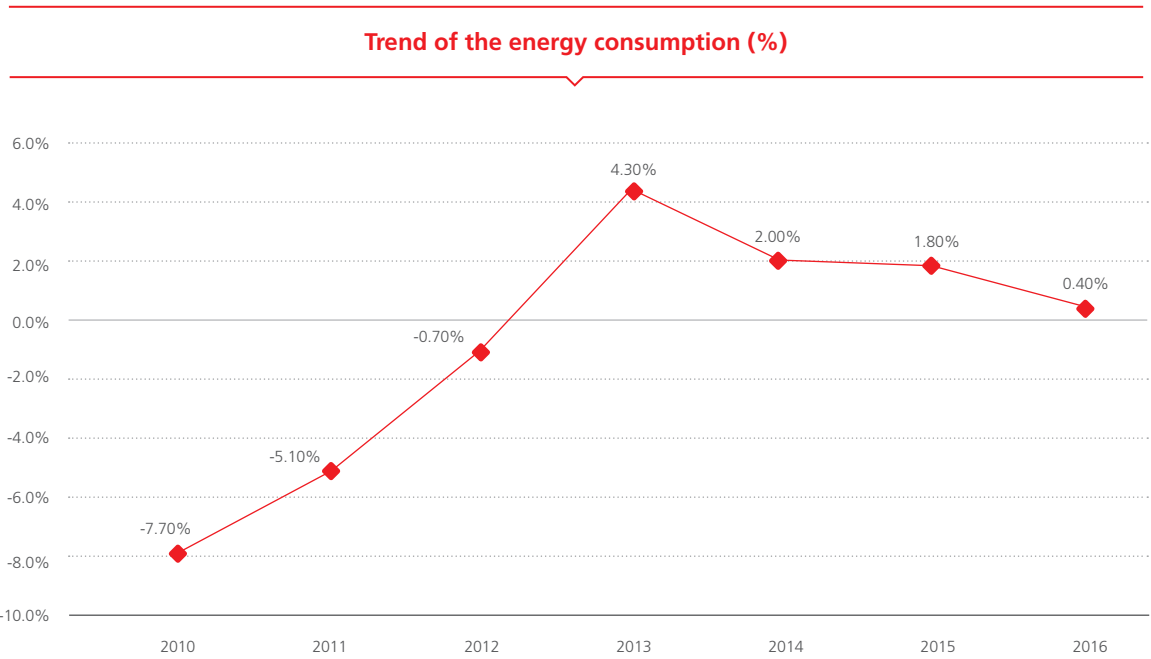
Source: SEA

■ MANAGEMENT AND PRODUCTIVITY EFFICIENCY

Interventions carried out at both airports led to energy savings of 13,589 MWh in 2010 (-7.7% compared to 2009), 8,353 MWh in 2011 (-5.1% compared to 2010) and 1,080 MWh in 2012 (-0.7% compared to 2011). During 2013, 2014 and 2015, even though SEA had expanded Malpensa's Terminal 1 with new infrastructure spaces of 49,600 m² (2013), 18,500 m² (2014) and 4,950 m², for the operation of the third satellite and the

north one, it still managed to achieve significant energy savings compared to 2009.

Consumption in 2016 stabilized at 2015 levels, and energy consumption remained 9,478 MWh lower than 2009 (-5.3%), the year when SEA began its energy-saving measures.



Source: SEA



Water consumption

As long-standing committed in water management, SEA has an independent approach to water supply thanks to the construction of a number of self-managed wells, meeting hygienic, sanitary, fire and “industrial” needs of both airports.

The main water sources affected by water withdrawals are the aquifers, tapped through the 12 wells located at Malpensa and the 8 wells at Linate.

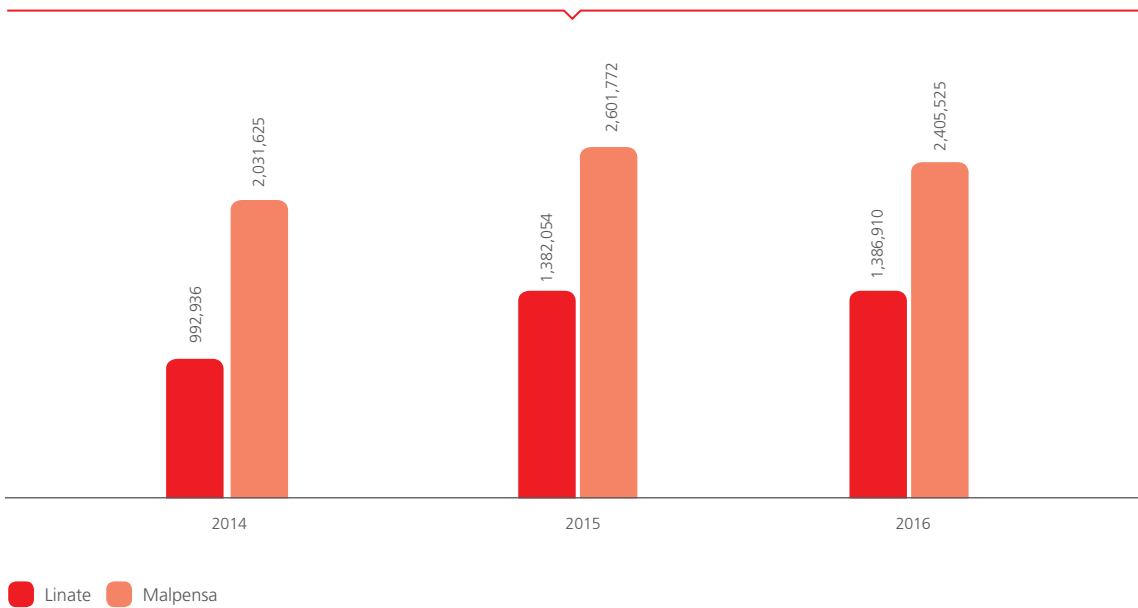
At Malpensa, the aquifer is 51 metres below the surface (from the water table measurements made on wells G and L), while at Linate the aquifer is about 5 metres down. Water volumes taken from wells at Malpensa and Linate airports are distributed for consumption through internal aqueducts.

Chemical, physical and quantitative control, as well as the rationalization of consumption, guarantee the greatest attention to this important shared asset.

Water supply of our airports comes through 12 wells located at Malpensa and 8 at Linate, operated independently, meeting hygienic, sanitary, fire and industrial-level needs of both airports.

Water volumes taken from wells at Malpensa and Linate airports are distributed for consumption through internal aqueducts.

Water consumption (m³)



Source: SEA

Note: The consumption includes SEA Energia.

Linate’s water needs have confirmed their tendency to stabilize at 1,350,000 - 1,400,000 cubic metres per year, while Malpensa’s water needs, in spite of rising

passenger traffic, showed a slight decrease in 2016, probably also due to less construction site needs.

Waste management*

Waste produced as part of airport activities of office management, aircraft cleaning, infrastructure maintenance, retail and catering are mostly similar to those produced in a city and are divided into:

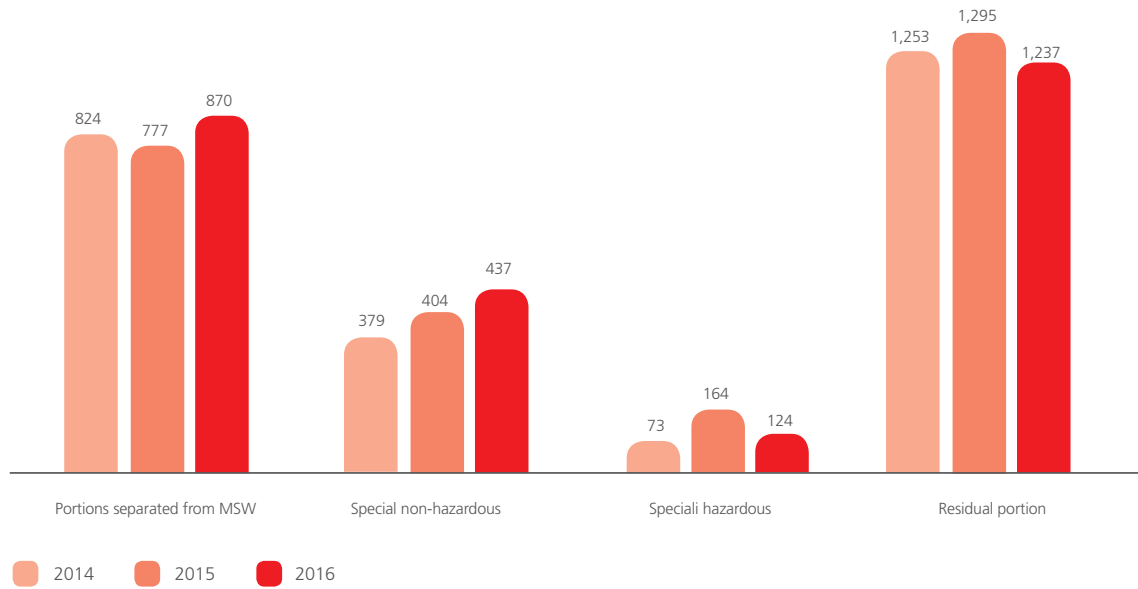
- municipal solid waste and similar, generated by cleaning activities in terminals and auxiliary buildings and aircraft cleaning activities. Such waste is collected in special equipment (skips and bins) appropriately distributed around the airport grounds and disposed of by companies appointed by local authorities. Municipal solid waste and the like consists of a dry portion and several separated portions;
- hazardous special waste (e.g. used oil, oily emulsions, oil and diesel filters, sanitary waste, etc.) and non-

hazardous (e.g. ferrous scrap, expired pharmaceuticals, alkaline batteries, etc.) resulting from SEA's maintenance activities;

- food waste consisting of leftover meals consumed by passengers on aircraft, which are managed and disposed of directly by catering companies and which are not dealt with by the airport operator.

^(*) The data does not include SEA Energia.

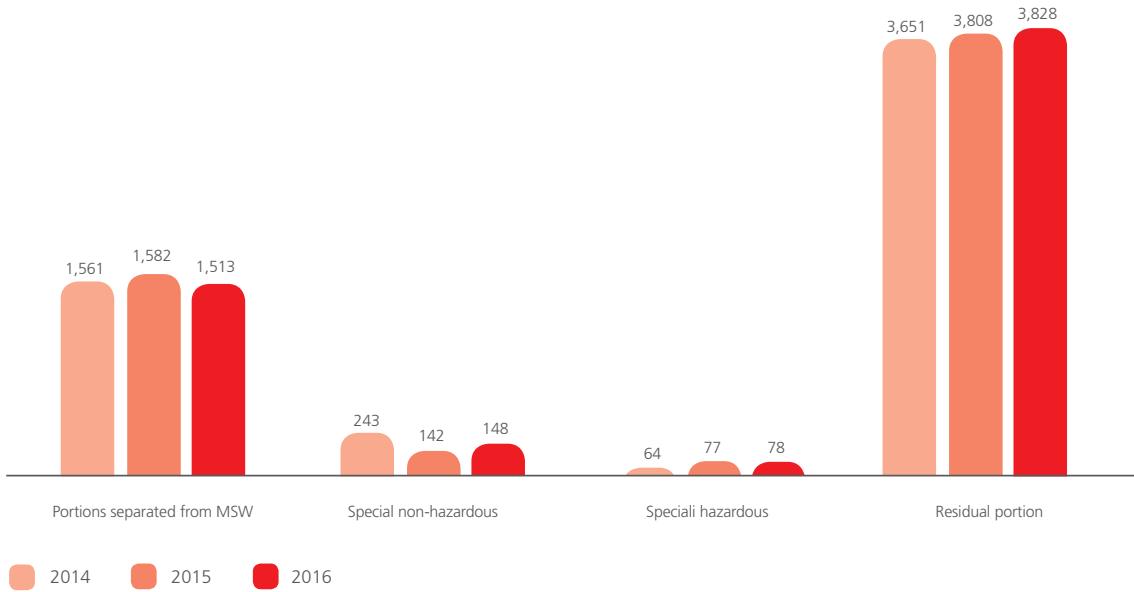
Linate - Waste produced by type (tons)



Source: SEA



Malpensa - Waste produced by type (tons)

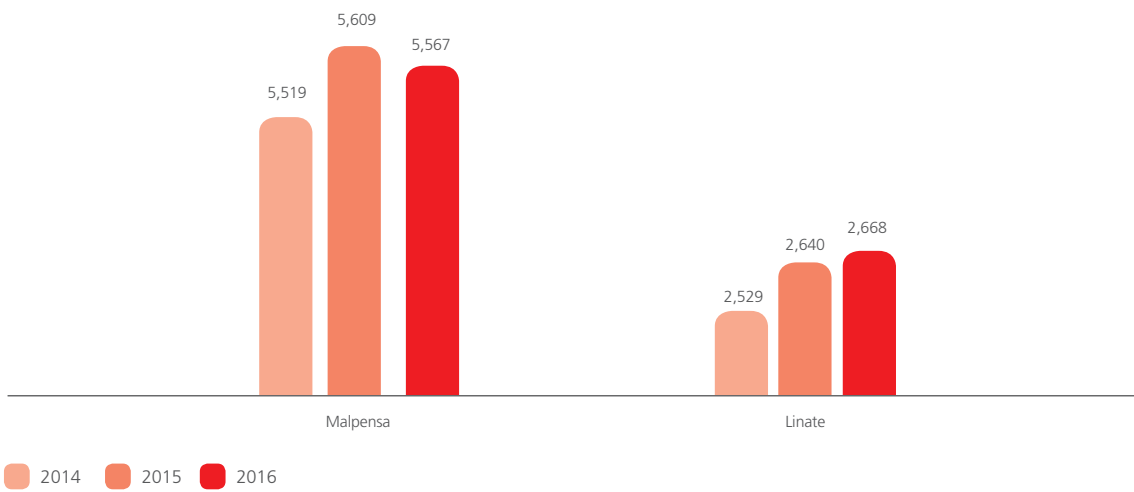


Source: SEA

The total production of waste at Linate for 2016 was 2,668 tons, an increase of 1.1%, while Malpensa's

overall production amounted to 5,567 tons, a decrease of 0,8% compared to 2015.

Total waste production (tons)



Source: SEA

In 2016 we continued our commitment to waste separation for recycling, accounting for 53.6% at Linate and 31.2% at Malpensa, considering also the separate collec-

tion of special waste. At Linate there was an increase compared to the previous year, while Malpensa had a slight decrease.

% Recycling collection

	2016	2015	2014
Malpensa	31.2	32.1	33.9
Linate	53.6	50.9	50.5

Source: SEA

Supply chain management

Purchasing policy

SEA Group considers its suppliers as an integral part of the sustainability process. Therefore, in selecting its partners, SEA Group – in addition to considering the qualitative and financial aspects of suppliers and compliance with regulatory obligations (including correct payment of contributions to employees) – considers also the sustainability aspects of suppliers. To this end, Suppliers List active since May 2011 requires specific information and assessments on suppliers’ sustainability management methods. In particular, regarding:

Environment

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

Safety

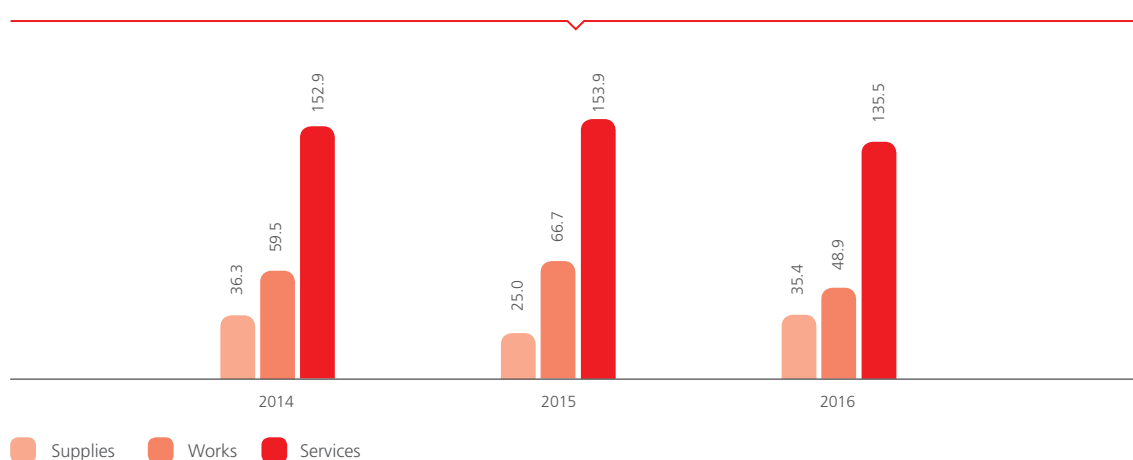
Level of attention and management of safety profiles through the Workplace Health and Safety Management System (if certified in accordance with Legislative Decree 81/2008, under the UNI-INAIL guidelines or the OHSAS 18001 regulation) are analysed, in addition to the presence or otherwise within the company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

Corporate Social Responsibility

Suppliers are requested to describe any company initiatives to develop a socially responsible approach to planning and management of business, in order to ensure that SEA may form a supply chain which contributes to achieve 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 (million of Euro)



Source: SEA

Note: the values refer to what was ordered in the period (multi-year orders are not broken down by relevance into the individual years).

Classification of suppliers according to CSR criteria

With a view to transparency and accessibility, SEA Group has established electronic registration to the suppliers' register (e-procurement) for a number of sub-contract procedures.

Over the course of 2016, 1,442 suppliers were qualified, broken down by CSR activities implemented in their respective business processes according to sustainability profiles, as shown in the table below.

Sustainability profiles of suppliers

Profile	Qualified		Under evaluation		Total	
Adoption of the Code of Ethics	416	28.8%	38	22.5%	454	28.2%
Benefit for INAIL rate reduction last three years	343	23.8%	36	21.3%	379	23.5%
EMAS certification	14	1.0%	2	1.2%	16	1.0%
ISO 14001 certification	256	17.8%	33	19.5%	289	17.9%
Environmental Product Declaration - EPD	23	1.6%	2	1.2%	25	1.6%
Organisational model under It.Leg.Dec. 231/2001	278	19.3%	33	19.5%	311	19.3%
Appointment of Safety Representative for individual contracts/orders	825	57.2%	101	59.8%	926	57.5%
Internal Prevention and Protection service	859	59.6%	72	42.6%	931	57.8%
Occupational Health and Safety Management system	346	24.0%	50	29.6%	396	24.6%
Total suppliers	1,442	100.0%	169	100.0%	1,611	100.0%

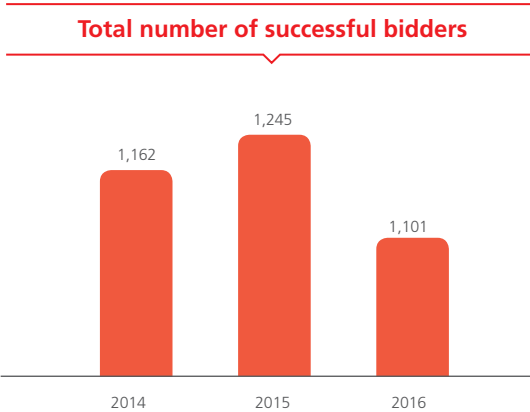
Source: SEA

Selection of suppliers

Selection procedures for suppliers depend on the typology of contracts and to their inclusion within one of the following macro-categories:

- public tender contracts, awarded following the publication of a tender notice;
- contracts which, based on their value or, as relating to specific services, are considered according to a specific “best offer” sub-threshold procedure.

With reference to public tenders, selection of competitors is based on specific criteria, in addition to economic, financial and technical capabilities of the applicant, in compliance with Legislative Decree 163/2006 or sector regulations, in addition to the principles of competition and transparency.



Source: SEA

Note: successful bidders means suppliers that have provided at least one service during the period (even on a previously existing purchase order). The data includes the incentives granted to carriers.

In relation to the “best offer” sub-threshold contracts, internal procedures provide for the application of at least five suppliers, among those included in the Suppliers’ Register in compliance with the principle of rotation and considering their characteristics in line with the offer. In addition, for works exceeding the amount of Euro 3 million and for certain service categories of an amount greater than the EU average, the procedure requires the publication on the institutional website of a notice requesting a manifestation of interest. For qualified suppliers of product categories within certified areas and for suppliers with a significant or strategic economic commitment towards SEA, an evaluation during execution of the contract is carried out, in which an opinion is drawn up by the internal user managing the contract, which analy-

ses the operational, organisational and conduct profile of the supplier within the supply contract execution.

Any negative outcome of the assessment involves a suspension from the Supplier Register for product category, or an exclusion in the case of serious failure.

Once the contract has been signed, the supplier must comply with several contractual requirements. In addition to qualitative and performance requirements, the supplier is also required to comply with SEA procedure regarding ecological and environmental principles and criteria for suppliers.

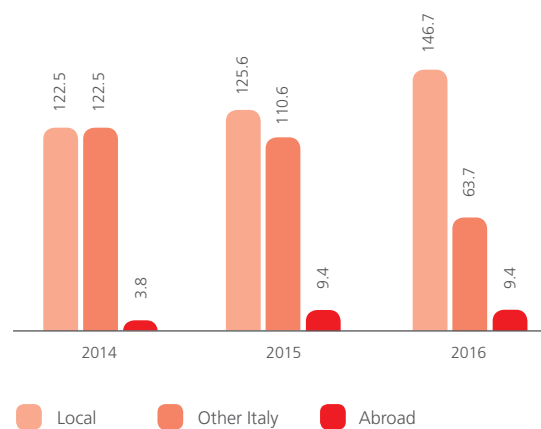
In terms of protection of employees, workplace safety laws are strictly enforced, with obligatory reporting of serious infractions and the application of sector labour contracts which provide for, in addition, the application of any supplementary contracts in force at the time or in the location where work is carried out.

In the contracting phase, compliance with contributory payments previously declared in the qualifying, awarding and contract signing phases is verified.

Value generated for the supply’s induced business

Regarding geographic origin of supplies, SEA Group does not have specific tools to favour suppliers by geographical origin, due to constraints arising from public tenders and a precise choice by the Group to prioritize the qualitative, economic and sustainability aspects of the supply.

Value of orders by geographical origin (million of Euro)



Source: SEA

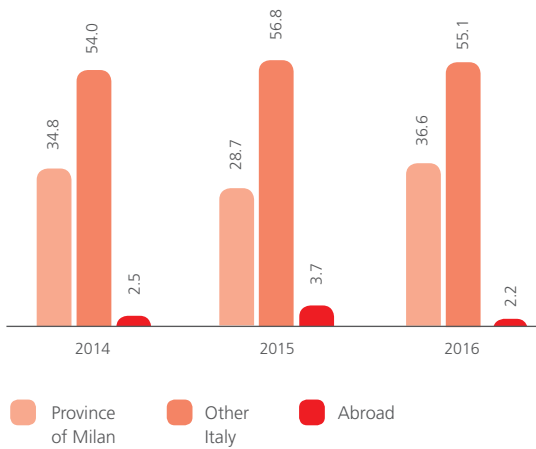
Note: “local” means vendors based in the provinces of Lombardy, Novara and Piacenza.



Nonetheless, the economic impact generated by the SEA Group's activity on the surrounding area in terms of supply of goods and services in 2016 was equal to 66% of the total value.

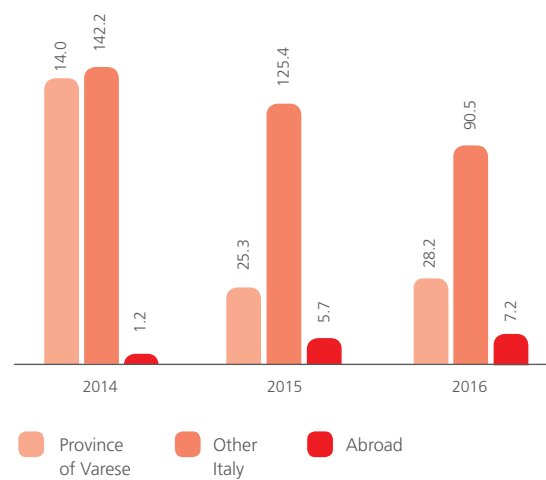
At Linate airport, the value of orders placed with suppliers located in province of Milan was 39%, while at Malpensa the value of orders from suppliers in province of Varese was 22%.

Linate - Value of orders by location (million of Euro)



Source: SEA

Malpensa - Value of orders by location (million of Euro)



Source: SEA

Note: With regard to SEA Energia's orders, common to Linate and Malpensa, the allocation between the two airports has been estimated.



SEA

THE STAKEHOLDERS' VIEWPOINT

The stakeholders' viewpoint

In 2016 our stakeholders were interviewed by research company SWG about some features of our reputation profile.

Two surveys were carried out at the same time:

- a quantitative survey on a sample of 1,016 individuals living in Northern Italy, aged 25 years or over, responsible for the purchase of financial services and products
- a qualitative survey on a sample of 53 stakeholders subdivided as follows:

Stakeholder categories involved in the qualitative survey

Opinion Leader & Policy Makers

Politicians	13
Entrepreneurs' Organisation	6
Print and academia	3
Transport sector	3
Associations	2

Financial operators

Private banker	10
Directors, Chief Executives and Investment Managers	10
Financial advisers and financial managers	6

Source: SWG

Results of the quantitative survey

The quantitative survey reflected a SEA image that is mainly characterized by the role the company plays for the Lombardy economic system - in particular by its job creation abilities - and the ability to meet travellers' requirements.

How much does each of the following sentences describe SEA?



Source: SWG

Compared to the past, public opinion's assessment of SEA is markedly improved, mainly thanks to greater innovation and efficiency in the provision of services to passengers.



Compared to previous years, what is your overall assessment of SEA...?



Source: SWG

Qualitative survey's findings

The assessment from the 53 interviews carried out with stakeholders confirms - among the elements that characterize SEA's reputation in a positive way – the quality of the services at the airport it operates, its economic importance for the region and its solidity in terms of ability to create value.

A certain dynamism aimed at achieving improvements is also appreciated. Critical points, instead, are perceived as low aptitude to communication and a profile not fully aligned with modern standards.

SEA's reputation profile with stakeholder



- Good service quality:** particularly in recent times and in comparison with Central and Southern Italian airports
- Dynamism:** invests to improve
- Economic relevance:** is important, a major player in the economic landscape
- Soundness:** the financial statements are positive
- Positioning:** is a "natural" monopoly
- Well entrenched in the area.**

Source: SWG



- Unevenness/ internal competition**
- Limited communication**
- Not modern**
- Service quality: leaves room for improvement** moreover:
- Too "Italian":** sluggish procedures, excessive bureaucracy, old style
- Lower level of professionalism:** compared with European standards
- Limited organisational capabilities:** in event planning and passenger logistics



SEA

**ANNEX:
OTHER SUSTAINABILITY
PERFORMANCES**

Annex: other sustainability performances

Chapter 6 - Sustainable development governance

Positions and participation in public policy

SEA is a member of the following national and/or international trade associations:

Assaeroporti - Italian Airport Operators Association, with the task of protecting and strengthening the position of airport operators, enhancing their function and interacting with government institutions to ensure the development of air transport. It also promotes collaboration between its members in order to contribute to the process of improving airport management techniques and procedures.

Assoclearance - Italian Association of Clearance and Slot Management, consisting of airlines and Italian airport operators, with the task of optimizing the distribution of time slots and the allocation of slots to carriers, taking into account requests and history.

Assolombarda - National Association of Small, Medium and Large Enterprises with the aim of safeguarding the interests of its members in the relationship with external counterparts active in various areas, such as institutions, training, environment and territory, culture, economy, labour and civil society, providing a wide range of specialist services that contribute to the development of companies.

ATAG Air Transport Action Group - Association representing all the players involved in the airline industry production chain, with the aim of implementing communication between the various stakeholders and promoting the sustainable development of air transport.

UNIVA Varese - Association of companies that are part of the Confindustria System, aiming to foster progress in provincial industry by promoting collaborations between companies.

ACI Europe - Airport Council International - Association of European airports, representing over 400 airports in 46 member countries. Ensures effective and negotiation communication on legislative, commercial, technical, environmental, passenger aspects and other interests.

IGI - Istituto Grandi Infrastrutture (Large Infrastructure Institute) is a study centre dedicated to examining the issues of public procurement. The evolution of the public works market, which tends to favour private funding of public works, has led the Institute to expand its membership base, with the entry of major motorway concession holders, airport authorities, banks, insurance companies and business sectors complementary to the traditional manufacturers.

AIGI - Associazione Italiana Giuristi (Italian Association of Legal Experts) with the purpose of promoting, training and developing Company Legal Experts and their role in Italy.



Chapter 7 - Environmental externalities linked to the activity of our airports

Financial implications for activities related to climate change

To join Airport Carbon Accreditation project and

achieve the “Neutrality” level, SEA affords the following costs:

Costs for participating in the ACA project and the purchase of offsets (Euro)

	2016	2015	2014
ACA membership/certification	11,200	9,800	13,850
Purchase of offsets	16,230	19,362	12,540

Source: SEA

Green certificates

In 2016, thanks to the production of co-generative heat energy at Linate production site for the district heating of the airport and Santa Giulia borough, SEA Energia reconfirmed its qualifications for obtaining green certificates: 47,000 will be requested from the State-controlled Energy Services Manager, of which 34,169 for the Company and 12,831 for a2a, by virtue of a contract that recognizes a percentage of district heating green certificates to a2a, since the investment related to heat distribution network was entirely carried out at the cost, care and responsibility of a2a.

awareness reached its peak with the adoption of European Directive 2002/49/EC, transposed in Italy by Italian Legislative Decree no. 194. The above-mentioned Directive and its decree of implementation introduce the concepts of noise mapping and strategic noise map: with these, the legislator set the objective of easily and comprehensively representing noise pollution situation in major urban agglomerations and near major sources of pollution, as well as having available information and tools to handle noise pollution problems on a national and European scale.

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

Awareness of noise pollution issues in the last ten years has vastly increased, leading to the issuance of many European, national and regional regulatory acts. Such

The tables below show the results of noise mappings in 2014. (The census data set used by Bicocca University for the population calculation is made up of the domiciles provided by Arpa Lombardia).

Linate - Exposed population numbers by municipality

Municipalities	Acoustic band	
	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

Source: SEA

Malpensa - Exposed population numbers by municipality

Municipalities	Acoustic band	
	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

In June 2014, European Regulation no. 598/2014 came into force, laying down rules and procedures for the introduction of noise-limiting operating restrictions at EU airports and repealing Directive 2002/30/EC. Regulation applies only to airports with a civil traffic of more than 50,000 movements/year where a noise pollution problem has been detected and establishes procedures to be followed to contain sound emissions and reduce the number of people exposed to noise according to a balanced approach principle.

Biodiversity

Protection of biodiversity and ecological wealth has great importance for sustainable development and to ensure a fair balance between human activity and the natural environment. SEA Group is aware to be part of a green environment, especially with regard to Malpensa, thus requiring careful monitoring of the impact of the company's business and the use of actions aimed at mitigating its effects.

Some portions of the area surrounding Linate airport are part of the South Milan Agricultural Park (established by Regional Law no. 24 of 23/4/1990), a large territory extending over almost the entire southern semicircle of the Province of Milan. Furthermore, Forlanini Park, one of the largest parks in Milan metropolitan area and the

Idroscalo are adjacent to airport grounds.

Malpensa Airport lies within the Ticino Valley Regional Park. The Park encompasses ten of the eleven municipalities involved in the Malpensa Area Territorial Plan. The only external municipality is Busto Arsizio.

The natural reserves of the park and its protected areas, concentrated in the river valley from the Villoresi and Naviglio Grande canals, are far from the airport, separated by wooded areas alternated with protective cultivated areas of low naturalistic value, but of high ecological value also for their attenuating effect on the airport's impact. Areas of environmental interest of the Park represent the landscape far from the airport, filtered by the settlement of Somma Lombardo, Arsago Seprio and Casorate Sempione.

The area involved in the Malpensa airport expansion plan, described in the Master Plan, contains analyses of the quality of the flora and fauna.

With regard to the first aspect, the analysis can be summarized as follows:

- presence of high quality oak trees and heaths, which are the most important formations in naturalistic terms and represent about 45% of the area;
- pine forests, of good quality, but not very widespread (0.6%);
- significant presence of black locust and late cher-



ry forests, covering about 40% of the area, whose quality is negatively affected by the poor floristic quality and the poor level of naturalness;

- finally, the remaining area is classified as poor quality.

The analysis of the fauna component, carried out both in the area involved in the expansion of the airport and in the Ticino Valley Regional Parks in Lombardy and Piedmont, found that the site in question hosts 84 species of birds, compared to the 257 in the parks, while there are no amphibians, reptiles and mammals.

Fauna species of interest present in the airport expansion area are the red-backed shrike and the european nightjar, although the former is present in extremely small numbers, while the presence of the latter is only potential, since it is only generically documented.

Other eight nesting species are recorded in the area, none of which are in Annex 1 to Directive 2009/147/EC or any particular endangered category of the IUCN Red List.

Specifically:

- three species in Annex II of Directive 2009/147/EC and in the Least Concern category of the IUCN Red List (a wood pigeon pair, a blackbird pair, a hooded crow pair);
- six species not included in Directive 2009/147/EC and in the Least Concern category of the IUCN Red List (a buzzard pair, two swift pairs, four nightingale pairs, a common blackbird pair, a warbler pair, a whitethroat pair, a chaffinch pair);
- an allochthonous species, introduced for hunting purposes, in the Black Threatened category of the IUCN Red List, not included in Directive 2009/147/EC (two virginia quail pairs).

As regards the aspects related to vegetation and ecosystems, the area in question interacts directly with habitats of conservation interest outside the Natura 2000 sites and indirectly with some nearby Natura sites.

Habitats in the area falling within the list in Annex 1 to Directive 92/43/EEC are:

- Dry land - (4030) heaths;
- Sub-Atlantic and medio-European oak or oak-hornbeam forests of the *Carpinus betuli* (9160);
- Old acidophilous oak woods with *Quercus robur* on sandy plains (9190);

and constitute natural habitats of EU interest.

Mitigation measures were defined in:

- measures for re-establishing the heath (about 180 hectares);
- measures for re-establishing the forest and meadow

vegetation (about 600 hectares);

- measures for restoring and enhancing the ecological functionality.

In addition to being required as equivalent replacement of extracted trees, forest redevelopment measures positively affect the quality of forests by eliminating large quantities of areas covered by allochthonous species.

Chapters 8-9 - Quality of services provided to passengers

Passengers with reduced mobility (PRMs)

Since July 2008, SEA has implemented all the aspects of EU Regulation No 1107/06 and the related ENAC Circular, which assigned to airport operators the responsibility and provision of assistance to passengers with reduced mobility (PRMs).

From that moment on, service is no longer in competition, but rather a centralised service remunerated by a fee applied to all departing passengers.

Below is the 2016 performance shown in the Service Charter.

Assistance service efficiency indicators

Indicator	Unit of measure		Malpensa T1	Malpensa T2	Linate
Departing PRM: Waiting time to receive assistance from one of the airport's designated points, with pre-booking	Waiting time in minutes in 90% of cases	Target 2016	20'	20'	10'
		Result 2016	27'	24'	4'20"
Departing PRM: Waiting time to receive assistance from one of the airport's designated points, once the passenger has notified their presence, without pre-booking	Waiting time in minutes in 90% of cases	Target 2016	25'	25'	15'
		Result 2016	28'	25'	4'
Arriving PRM: Waiting time on-board for disembarking the PRM, after the last passenger has disembarked, with pre-booking	Waiting time in minutes in 90% of cases	Target 2016	10'	10'	7'
		Result 2016	5'	5'	4'50"
Arriving PRM: Waiting time on-board for disembarking the PRM, after the last passenger has disembarked, without pre-booking	Waiting time in minutes in 90% of cases	Target 2016	15'	15'	15'
		Result 2016	7'	7'	5'

Source: SEA

Personal safety indicators

Indicator	Unit of measure		Malpensa T1	Malpensa T2	Linate
Perception of the state and functionality of the vehicles/equipment provided	% satisfied PRM	Target 2016	90.0	90.0	90.0
		Result 2016	95.4	97.7	90.6
Perception of the adequacy of the personnel training	% satisfied PRM	Target 2016	90.0	90.0	90.0
		Result 2016	100.0	100.0	97.1

Source: SEA, CFI Group



Indicators of information at the airport

Indicator	Unit of measure		Malpensa T1	Malpensa T2	Linate
Accessibility: no. of essential information accessible to visual, auditory and motor disabilities compared to the total no. of essential information	% essential information accessible on the total no. of essential information	Target 2016	100.0	100.0	100.0
		Result 2016	100.0	100.0	100.0
Completeness: no. of information and instructions about the services offered available in accessible format compared to the total no.	% information/instructions about services in accessible format on the total no. of information/instructions	Target 2016	100.0	100.0	100.0
		Result 2016	100.0	100.0	100.0
Perception of the effectiveness and accessibility of information, notifications and internal airport signage	% satisfied PRM	Target 2016	90.0	90.0	90.0
		Result 2016	97.9	94.9	94.2

Source: SEA, CFI Group

Indicators of communication with passengers

Indicator	Unit of measure		Malpensa T1	Malpensa T2	Linate
No. of responses provided within the set times compared to the total no. of requests for information received	% responses provided in the set time on total no. of requests	Target 2016	100.0	100.0	100.0
		Result 2016	100.0	100.0	100.0
Number of complaints received compared to total PRM traffic	% complaints received on total PRM traffic	Target 2016	0.05	0.05	0.05
		Result 2016	0.004	0.013	0.011

Source: SEA

Indicators of airport comfort

Indicator	Unit of measure		Malpensa T1	Malpensa T2	Linate
Perception of the effectiveness of PRM assistance	% satisfied PRM	Target 2016	90.0	90.0	90.0
		Result 2016	96.3	96.8	95.7
Perception of the accessibility and usability of airport infrastructures: parking, intercom call, dedicated rooms, toilet facilities, etc.	% satisfied PRM	Target 2016	90.0	90.0	90.0
		Result 2016	92.4	97.0	93.9
Perception of the dedicated spaces to host the PRMs (e.g. Sala Amica)	% satisfied PRM	Target 2016	90.0	90.0	90.0
		Result 2016	95.8	91.9	89.3

Source: SEA, CFI Group

Indicators of relational and behavioural aspects

Indicator	Unit of measure		Malpensa T1	Malpensa T2	Linate
Perception of the personnel's courtesy (info point, security, personnel dedicated to special assistance)	% satisfied PRM	Target 2016	90.0	90.0	90.0
		Result 2016	94.4	98.1	97.4
Perception of the professionalism of personnel dedicated to providing special assistance to the PRMs	% satisfied PRM	Target 2016	90.0	90.0	90.0
		Result 2016	94.3	99.0	97.3

Source: SEA, CFI Group

Certification of assistance service

SEA's airport assistance service for passengers with reduced mobility is certified (TÜV IT 005 MS).

The certification of service, based on a Technical Regulation created in accordance with UNI CEI EN 45011 and validated by a Technical Committee, chaired by Professor Mario Melazzini and composed of the leading associations for the protection of people with disabilities (LEDHA and FAND) and by Malpensa Users Committee, representing airlines and airport operators at Milan airports. The Technical Regulation commits SEA to maintaining a level of service at its Linate and

Malpensa airports above that prescribed by European regulations.

The Technical Regulation can be consulted on the site www.seamilano.eu, under the section: airports - useful information - passengers with reduced mobility. This result supplements the one obtained by SEA in 2010 from the Dasa-Rägister certification body for the compliance of Linate and Malpensa with standard D-4001: 2008, which defines the requirements a site must have to be usable by people with motor impairment, in compliance with equal opportunities (Certifi-

cate IA-0510-01).

Both initiatives are aimed at giving objectivity and transparency to the quality of the service provided and to establish a stable collaboration between the people involved in these delicate care processes.

All services for passengers with reduced mobility are carried out free of charge by Sala Amica and include full assistance to passengers with temporary or permanent reduced mobility. This service must be requested at least 48 hours in advance to the carrier. Passengers with reduced mobility find easy access to all airport spaces: parking spaces close to entrances, lifts equipped with visual and sound signals and suitable ramps; for blind or visually impaired passengers, Braille code buttons are installed on the telephones

and some lifts, and priority routes were created with the LOGES system (yellow rubber strips with embossed codes to indicate direction, obstacles and hazards).

Airport Passenger Contingency Plan

SEA Contingency Plan for Malpensa and Linate airports has been in operation since 2011, to respond to the needs of airport in situations of operational disruption that lead to flight delays and/or cancellations and to assist passengers staying at the air terminal for long periods of time, through targeted measures (temporary overnight stay at the airport, catering, etc.).

Chapter 10 - Organizational management

Our people

SEA Group workforce and supervised worker by gender as of December 31 (No.)

	2016			2015			2014		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Employed personnel	822	2,028	2,850	836	2,051	2,887	776	1,883	2,659
Agency personnel	-	16	16	-	18	18	-	25	25
Total	822	2,044	2,866	836	2,069	2,905	776	1,908	2,684

Source: SEA

Employees of SEA Group by contract type and gender as of December 31 (No.)

	2016			2015			2014		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Permanent	821	2,027	2,848	834	2,047	2,881	771	1,879	2,650
Fixed term	1	1	2	2	4	6	5	4	9
Total	822	2,028	2,850	836	2,051	2,887	776	1,883	2,659

Source: SEA

SEA Group's permanent employees by type and gender as of December 31 (No.)

	2016			2015			2014		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Full time	634	1,992	2,626	649	2,011	2,660	610	1,847	2,457
Part time	187	35	222	185	36	221	161	32	193
Total	821	2,027	2,848	834	2,047	2,881	771	1,879	2,650

Source: SEA

The contract types show a marginal part of fixed-term employees, while part-time workers account for 7.8% of total workers, who at 31/12/2016 account for 0.1% of total

Employees turnover of SEA Group by location, gender and age group (No.)

	2016									
	<30			30-50			>50			Total
	Women	Men	Total	Women	Men	Total	Women	Men	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
	Women	Men	Total	Women	Men	Total	Women	Men	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
Totale	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%
	2014									
	<30			30-50			>50			Total
	Women	Men	Total	Women	Men	Total	Women	Men	Total	
Linate	1	2	3	10	14	24	9	28	37	64
Malpensa	-	-	-	14	18	32	2	23	25	57
Other locations*	-	1	1	1	5	6	-	-	-	7
Total	1	3	4	25	37	62	11	51	62	128
Turnover	12.5%	15.0%	14.3%	4.1%	2.7%	3.1%	7.3%	10.5%	9.7%	4.8%

Source: SEA

Note: intercompany transfers are not included.

(*) Personnel at Rome Ciampino, Venice, Catania airports for 2014 and at Rome Ciampino and Venice airports for 2015.



New employees hires of SEA Group by location, gender and age group (No.)

2016

	<30			30-50			>50			Total
	Women	Men	Total	Women	Men	Total	Women	Men	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
	Women	Men	Total	Women	Men	Total	Women	Men	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%

Source: SEA

Note: intercompany transfers are not included.

(*) Personnel at Rome Ciampino, Venice, Catania airports for 2014 and at Rome Ciampino and Venice airports for 2015.

Employees of SEA Group by job classification, gender and age group as of December 31 (No.)

2016										
	<30			30-50			>50			Total
	Women	Men	Total	Women	Men	Total	Women	Men	Total	
Executives and managers	-	1	1	56	89	145	48	131	179	325
White-collar workers	7	4	11	468	714	1,182	191	439	630	1,823
Blue-collar workers	-	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
	Women	Men	Total	Women	Men	Total	Women	Men	Total	
Executives and managers	-	1	1	64	98	162	42	121	163	326
White-collar workers	8	6	14	527	807	1,334	143	351	494	1,842
Blue-collar workers	-	5	5	43	492	535	9	170	179	719
Total	8	12	20	634	1,397	2,031	194	642	836	2,887
2014										
	<30			30-50			>50			Total
	Women	Men	Total	Women	Men	Total	Women	Men	Total	
Executives and managers	-	-	-	65	105	170	35	115	150	320
White-collar workers	8	10	18	508	766	1,274	108	250	358	1,650
Blue-collar workers	-	10	10	44	507	551	8	120	128	689
Total	8	20	28	617	1,378	1,995	151	485	636	2,659

Source: SEA

Note: intercompany transfers are not included.

(*) Personnel at Rome Ciampino, Venice, Catania airports for 2014 and at Rome Ciampino and Venice airports for 2015.



Industrial relations

The unionisation rate in the Group is in line with the previous year.

SEA Group union membership rate

	No. of trade unions	Trade unions	% unionisation
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%
31/12/2014	12	CGIL; CISAL; CISL; COBAS COORD.P. VARESE; CUB-TRASPORTI; FLAI; SEL; SIN.PA; U.G.L.; UIL; USB; ADL VARESE	59%

Source: SEA

2016 major agreements with Trade Unions

In 2016, ongoing consultations with legally-recognized Trade Unions continued, dealing with issues emerging in individual departments. With the aim of reducing labour costs, increasing productivity and introducing a more efficient organization, the following agreements were also reached:

- July 2016 - signing of a project framework agreement, with a 2016-2023 time horizon, support the Company's development and streamlining plans;
- November 2016 - signing of an agreement to confirm the economic and regulatory conditions of the resource management during the "snow emergency plan".

	2016	2015	2014
Number of agreements signed with the Trade Unions.	2	6	5

Source: SEA

During 2016, there were no specific trade union agreements related to workers' health and safety.

In relation to the minimum notice period for operational amendments, the time necessary for the adoption of such may significantly vary, according to the issue for which the amendment is necessary and the availability of the Trade Union Organisations – in line with that established by the regulation in force at the time – or where no regulation is in force (and therefore a trade union agreement or where sufficient a communication campaign is applied). In the first case, the average quantifiable notice time is one month and in the second case two weeks.

In relation to the change of shifts, company practices (in line with the Confindustria interpretation of Article 3 point three, first paragraph of the Inter-confederal Agreement of April 18, 1996 between Confindustria, Intersind, Asap and Cgil, Cisl, Uil and Cinal and Cinal and Confail), SEA provides 15 days of notice between communication to the Trade Unions and implementation.

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.

Chapter 10 - Managing environmental resources

Raw materials

As SEA is a service supplier, the main raw materials consumed, in addition to energy consumption, (including gasoline and petrol used for operations at the airport)

are aircraft de-icing liquids used during the winter season amid particular conditions.

Malpensa - Raw materials consumption	2016	2015	2014
Kilfrost ABC3 TYPEII (Lt)	677,035	841,566	326,905
Solid de-icer (Kg)	3,710	9,290	70
Liquid de-icer (Kg)	79,270	494,720	111,488

Linate - Raw materials consumption	2016	2015	2014
Kilfrost ABC3 TYPEII (Lt)	223,699	344,277	98,170
Solid de-icer (Kg)	-	-	-
Liquid de-icer (Kg)	36,200	7,981	29,230

Source: SEA



Water quality

Quality of the water distributed through the airport aqueducts is submitted, in addition to inspections by the Sanitary Board, to an internal programme of frequent checks which includes the evaluation of numerous chemical/physical and microbiological parameters.

The following tables outline that the parameters analysed are significantly lower than the maximum levels permitted by law and highlight the good quality of water distributed at both airports.

Linate - characterisation of drinking water

Indicator	Unit of measurement	Average yearly value			Values of reference It. Leg. Dec. 31/01
		2016	2015	2014	
pH	pH unit	7.9	8.1	7.8	$6.5 \leq \text{pH} \leq 9.5$
Conductivity	$\mu\text{S/cm}$	388.6	387.7	400.7	2500
Hardness	$^{\circ}\text{f}$	22.8	21.7	22.5	$15 \leq ^{\circ}\text{f} \leq 50$
Nitrates	mg/l	11.9	11.1	10.8	50
Chlorides	mg/l	7.4	7.8	6.9	250
Sulphates	$\mu\text{g/l}$	32.5	31.3	31.8	250
Iron	$\mu\text{g/l}$	10.0	10.0	13.2	200
Sodium	mg/l	7.7	5.9	5.8	200
Trichloroethylene + Tetrachlorethylene	$\mu\text{g/l}$	1.1	1.0	1.4	10
Total Trihalomethanes	$\mu\text{g/l}$	1.0	1.0	1.1	30
Benzene	$\mu\text{g/l}$	0.1	0.1	0.1	1
Coliform bacteria at 37°C	n/100ml	0	0.0	0.0	0
Escherichia coli	n/100ml	0	0.0	0.0	0
Enterococcus	n/100ml	0	0.0	0.0	0

Source: SEA

Malpensa - characterisation of drinking water

Indicator	Unit of measurement	Average yearly value			Values of reference It. Leg. Dec. 31/01
		2016	2015	2014	
pH	pH unit	8.1	8.1	8.0	6.5 ≤ pH ≤ 9.5
Conductivity	µS/cm	314.0	307.0	344.7	2500
Hardness	°f	17.4	17.0	18.3	15 ≤ °f ≤ 50
Nitrates	mg/l	22.5	21.7	21.9	50
Chlorides	mg/l	10.3	10.2	10.8	250
Sulphates	ug/l	15.3	15.4	16.2	250
Iron	ug/l	11.3	11.2	14.9	200
Sodium	mg/l	8.0	7.5	7.6	200
Trichloroethylene + Tetrachlorethylene	µg/l	1.1	1.1	1.5	10
Total Trihalomethanes	µg/l	1.0	1.0	1.1	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
Enterococcus	n/100ml	0.0	0.0	0.0	0

Source: SEA

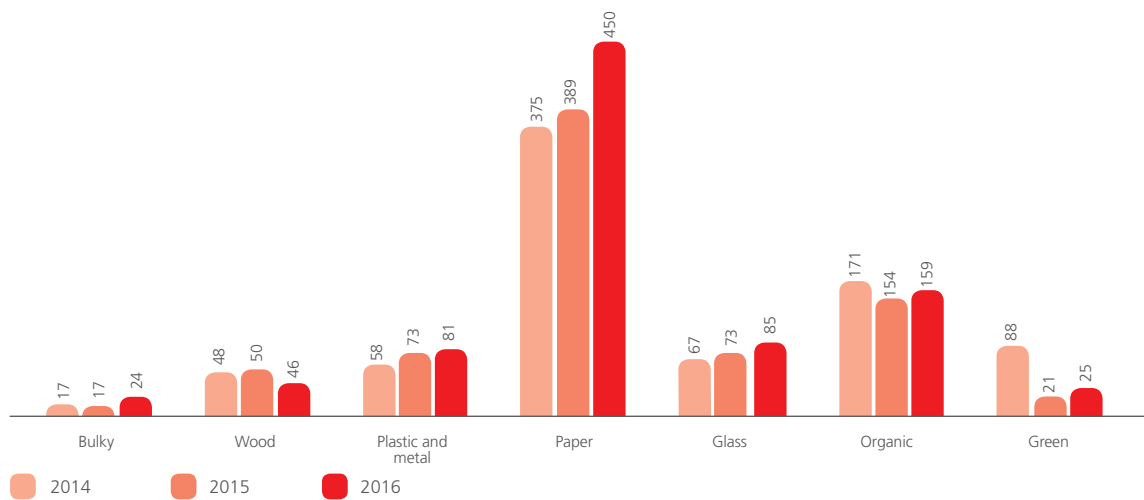


Waste management

In 2016, SEA Group confirmed its commitment to separated collection of municipal solid waste at Linate and Malpensa airports. Currently, separated collection is im-

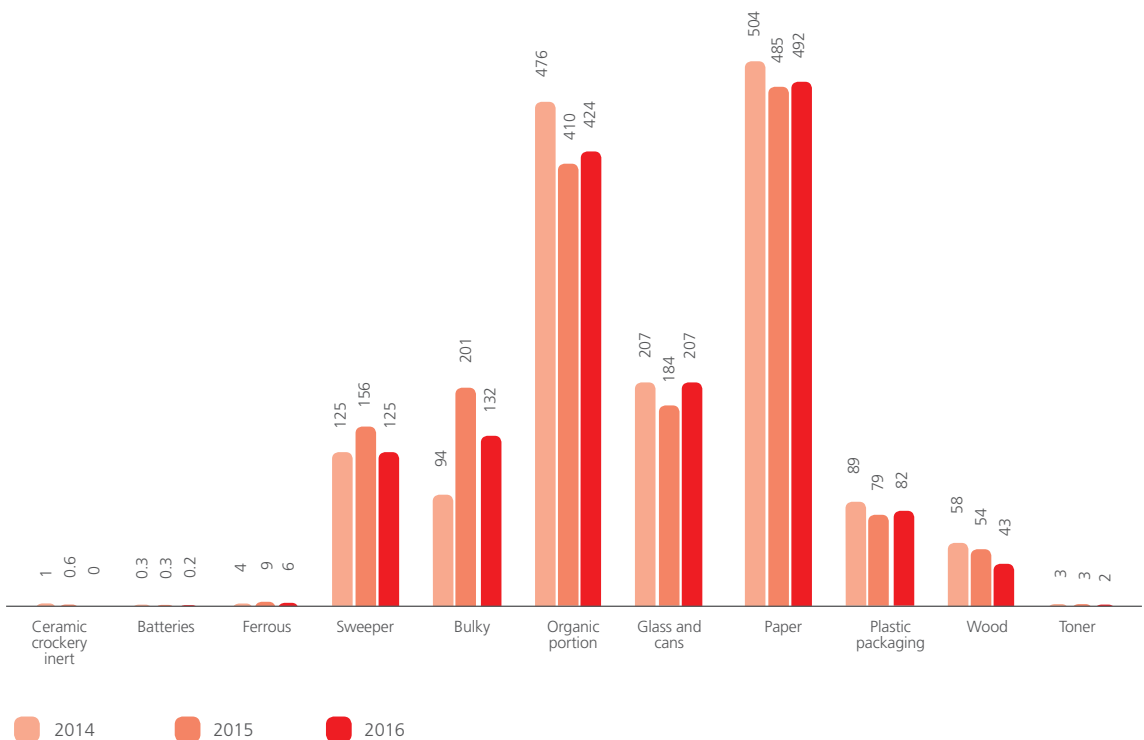
plemented for: paper, cardboard, wood, glass, plastic, metal, toner, organic waste and, finally, for batteries in airport areas open to the public.

Linate - Separate recycling collection of municipal solid waste and the like (tons)



Source: SEA

Malpensa - Separate recycling collection of municipal solid waste and the like (tons)



Source: SEA

■ ANNEX: OTHER SUSTAINABILITY PERFORMANCES

All special waste produced is separated by type, through specific contracts with companies authorised for the management of such waste (for example: IT equipment, oils, emulsions, iron, paints, etc.). It is therefore entirely separated by type and disposed or recycled according to applicable regulations and technological standards of

the treatment plant to which it is conferred. Disposal methods for various types of waste, as established by regulation (attachements B and C of Italian Legislative Decree 152/2006) are reported in the following tables:

Linate - Waste by disposal method (tons)

Method of disposal/recovery	2016	2015	2014
Main use as fuel or other means to produce energy (R1)	1,237	-	-
Ground incineration (D10)	0,5	1,296	1,254
Storage of waste to be allocated for one of the operations indicated in points R1 to R12 (R13)	971*	900	747
Recycling/recovery of unused organic substances as solvents (including composting and other biological transformations) (R3)	175	154	175
Preliminary storage of waste to subject it to one of the operations indicated in points D1 to D14 (D15)	46	51	151
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)	239	239	60
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)	-	-	142

() Figure net of the unscheduled production of special non-hazardous construction and demolition waste resulting from the cleaning of airport surfaces for a total of 1,417.36 tons.*

Malpensa - Waste by disposal method (tons)

Method of disposal/recovery	2016	2015	2014
Main use as fuel or other means to produce energy (R1)	3,832	-	-
Ground incineration (D10)	2	3,812	3,656
Storage of waste to be allocated for one of the operations indicated in points R1 to R12 (R13)	1,554	1,555	1,730
Physical and chemical 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	-	-
Preliminary storage of waste to be allocated for one of the operations indicated in points D1 to D14 (D15)	174	242	133

Note: The information was provided by the suppliers of the service.



The residual dry portion of municipal waste produced in both airports is sent to energy recovery plant; the separated portion of waste is, however, allocated to specific recovery and recycling facilities (collection, transport, disposal or recovery is handled by the municipality).

Special waste is mostly allocated to recovery plant; for waste with characteristics not suitable for recovery (for example: drainage outflow), waste is allocated to final disposal plant (disposal collection or transport or recovery by specialised/authorised companies).

The logo consists of the letters 'SEA' in white, set against a red square background. This square is part of a larger grid of light gray squares that spans across the middle of the page.

SEA

**ANALYSIS OF SCOPE
OF MATERIAL TOPICS
AND RECONCILIATION
WITH GRI ASPECTS**



Analysis of scope of material topics and reconciliation with GRI aspects

Material topics	Internal scope	External scope	GRI G4 Aspects and Airport Operators Sector Disclosures
Shared development	Group	All the stakeholders	Economic performance
			Indirect economic impacts
			Local communities
Dialogue with stakeholders	Group		
Transparent communication	Group		
Noise impact	Group	Airport operators	Noise
			Consumer health and safety
			Products and services
Environmental risk monitoring	Group	Airport operators	Biodiversity
			Noise
			Products and services
			Effluents and waste
			Intermodality
			Environmental complaint management mechanisms
CO ₂ Reduction	Group	Airport operators	Emissions
Quality of service to passengers	Group	Airport operators/ Public administration	Business continuity and emergency management
			Consumer health and safety
			Quality of the service
Public transport accessibility	Group	Airport operators/ Public administration	Intermodality
			Transport
Quality of work at the airport	Group	Airport operators	Worker health and safety



Analysis of scope of material topics and reconciliation with GRI aspects

Material topics	Internal scope		GRI G4 Aspects and Airport Operators Sector Disclosures
Passenger service offer	Group	Airport operators/ Public administration	Service offers to people with reduced mobility
Employee engagement	Group		Employment
			Industrial relations
			Diversity and equal opportunities
			Equal pay for men and women
Employee empowerment	Group		Training and development
Transparency and supplier selection	Group		Procurement practices
			Environmental assessment of suppliers
Energy efficiency	Group	Airport operators	Energy
Water consumption	Group	Airport operators	Water

Source: SEA



SEA

GRI CONTENT INDEX



General Standard Disclosure

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G4-9	Size of the organization	18
G4-10	Employees by type of contract, gender, geographical area and job classification	129; 171-172
G4-11	Percentage of employees covered by collective bargaining agreements	175
G4-12	Description of the organization's supply chain	156-159
G4-13	Significant changes to the size, structure, ownership structure or supply chain of the organization	8; 18; 20
G4-14	Applying the prudential approach to risk management	SEA undertakes to apply a prudential approach to the definition and management of environmental and social risks.
G4-15	Adoption of external principles and codes in the economic, social and environmental field	102-105; 118-122
G4-16	Membership in trade associations or organizations	164



General Standard Disclosure

General Standard Disclosure	Standard information	Page No.
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G4-17	List of entities included in the consolidated financial statements and those not included in the sustainability report	8
G4-18	Description of the process for defining the contents of the financial statements	8; 59-60
G4-19	Identified material aspects	59-60; 183-184
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Stakeholder engagement		
G4-24	List of stakeholder groups with which the organization pursues engagement activities	51
G4-25	Principles for identifying and selecting key stakeholders with whom to pursue engagement activities	50-53
G4-26	Approach to stakeholder engagement activities, specifying the frequency by type of activity developed and by stakeholder group	52-53; 74-78
G4-27	Key issues and critical aspects emerged from stakeholder engagement and how the organization responded to the critical issues that emerged, also in reference to what is stated in the sustainability report	57-58; 76-78; 144-148; 161-162



General Standard Disclosure

General Standard Disclosure	Standard information	Page No.
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G4-31	Useful contacts and addresses to request information about the report and its contents	200
G4-32	Indication of the selected "in accordance" option; GRI content index; references to the external audit	8; 198-199
G4-33	External assurance of the report	198-199
Governance		
G4-34	Governance structure of the organization, including members of the highest governing body. Identifying decision-makers on economic and social impacts	20-24
G4-35	Delegation process for economic, environmental and social issues from the highest governing body to executives or other employees of the organization	23; 28-29
G4-36	Executive positions or roles with responsibilities for economic, environmental and social issues, specifying whether they report directly to the highest governing body	23; 28-29
G4-38	Composition of the highest governing body and its committees	21-22
G4-39	Indicate whether the Chairman of the highest governing body also plays an executive role	21
Ethics and integrity		
G4-56	Mission, values, code of conduct and principles	18; 23-25; 54-57



Specific Standard Disclosure

DMA and Indicators	Standard information	Page No.
ECONOMIC PERFORMANCE INDICATORS		
Material aspect: Economic performance		
G4 - DMA	Generic disclosure on management approach	25-27
G4-EC1	Direct economic value generated and distributed	67-68
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	165
G4-EC3	Coverage of the organization's defined benefit plan obligations	138
G4-EC4	Financial assistance received from government	During 2016, SEA did not receive funding from government.
Aspect: Market presence		
G4 - DMA	Generic disclosure on management approach	92-99
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	This scope is governed by the CCNL and the supplementary agreements.
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	SEA guarantees equal opportunities during recruitment procedures and does not have a policy to favour local residents during the recruitment phase.
G4-A01	Total number of passengers annually, broken down by passengers on international and domestic flights and broken down by origin-and-destination and transfer, including transit passengers	94-96
G4-A02	Annual total number of aircraft movements by day and by night, broken down by commercial passenger, commercial cargo, general aviation and state aviation flights	94-96
G4-A03	Total amount of cargo tonnage	97-99



Specific Standard Disclosure

DMA and Indicators **Standard information** **Page No.**

Material aspect: Indirect economic impacts

G4 - DMA	Generic disclosure on management approach	63-67; 69-71
G4-EC7	Development and impact of infrastructure investments and services supported	63-67
G4-EC8	Significant indirect economic impacts, including the extent of impacts	69-71

Material aspect: Procurement practices

G4 - DMA	Generic disclosure on management approach	156-159
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	158-159

ENVIRONMENTAL PERFORMANCE INDICATORS

Material aspect: Energy

G4 - DMA	Generic disclosure on management approach	150
G4-EN3	Energy consumption within the organisation	151
G4-EN5	Energy intensity	151
G4-EN6	Initiatives to reduction of energy consumption	150
G4-EN7	Reductions in energy requirements of products and services	152



Specific Standard Disclosure

DMA and Indicators	Standard information	Page No.
Material aspect: Water		
G4 - DMA	Generic disclosure on management approach	153; 177-178
G4-EN8	Total water withdrawal by source	153
G4-EN9	Water sources significantly affected by withdrawal of water	153
G4-EN10	Percentage and total volume of recycled and reused water	85
G4-A04	Quality of storm water by applicable regulatory standards	85
Material aspect: Biodiversity		
G4 - DMA	Generic disclosure on management approach	166-167
G4-EN11	Operational sites owned, leased, managed in or adjacent to, protected areas and areas of high biodiversity value outside protected areas	166-167
G4-EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value areas for biodiversity outside the protected areas	166-167
G4-EN13	Habitats protected or restored	166-167
G4-EN14	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	166-167



Specific Standard Disclosure

DMA and Indicators	Standard information	Page No.
Material aspect: Emissions		
G4 - DMA	Generic disclosure on management approach	78
G4-EN15	Direct greenhouse gas emissions (Scope 1)	78
G4-EN16	Energy indirect greenhouse gas emissions (Scope 2)	78
G4-EN17	Other indirect greenhouse gas emissions (Scope 3)	78
G4-EN18	Greenhouse gas emissions intensity	79
G4-EN20	Emissions of ozone-depleting substances	The amount of ozone substances present in cooling and conditioning systems is irrelevant as it is present only in some residual equipment.
G4-EN21	NO _x , SO _x and other significant air emissions	79-81
G4-A05	Air quality level according to the concentration of pollutants in microgrammes per cubic metre (µg/m ³) or parts per million (ppm) provided by current legislation	79-81
Material aspect: Effluents and waste		
G4 - DMA	Generic disclosure on management approach	83-85; 154
G4-EN22	Total water discharge by quality and destination	84
G4-EN23	Total weight of waste by type and disposal method	154-156; 179-181
G4-EN24	Total number and volume of significant spills	86
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	The Group does not manage the transport, import and export of special waste considered hazardous under the Basel Convention.
G4-EN26	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	85; 166-167
G4-A06	Aircraft and pavement de-icing/anti-icing fluid used and treated by m ³ and/or metric tons	84; 176



Specific Standard Disclosure

DMA and Indicators	Standard information	Page No.
Material aspect: Products and services		
G4 - DMA	Generic disclosure on management approach	78-81
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	78-81
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	This indicator is considered non-applicable to the activities carried out by the Group.
Material aspect: Compliance		
G4 - DMA	Generic disclosure on management approach	The Group manages regulatory compliance through the Legal Function.
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental regulations and laws	During 2016, the SEA Group did not receive significant non-monetary fines and penalties for non-compliance with environmental regulations.
Material aspect: Transport		
G4 - DMA	Generic disclosure on management approach	The Group carries out incentive policies for employees by facilitating the use of public transport for the home-work route.
G4-EN30	Significant environmental impacts of transporting products and goods and materials used for the organisation's operations and transporting members of the workforce	The Group carries out incentive policies for employees by facilitating the use of public transport for the home-work route.
Material aspect: Supplier Environmental assessment		
G4 - DMA	Generic disclosure on management approach	156-158
G4-EN32	Percentage of new suppliers screened using environmental criteria	157
Material aspect: Intermodality		
G4 - DMA	Generic disclosure on management approach	45-48
Material aspect: Noise		
G4 - DMA	Generic disclosure on management approach	81-82
G4-A07	Number and percentage of people residing in areas affected by airport noise	165-166
Material aspect: Environmental Grievance Mechanisms		
G4 - DMA	Generic disclosure on management approach	107
G4-EN34	Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms	In 2016 it was not possible to monitor environmental impact reports. This activity will be implemented from 2017.



Specific Standard Disclosure

DMA and Indicators **Standard information** **Page No.**

SOCIAL PERFORMANCE INDICATORS

Subcategory: Labour practices

Material aspect: Employment

G4 - DMA	Generic disclosure on management approach	128-129
G4-LA1	Total number and rate of new employee hires and employee turnover by age group, gender and region	173
G4-LA2	Benefits provided for full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	136-137
G4-LA3	Return to work and retention rates after parental leave, by gender	139-140

Material aspect: Labour/Management Relations

G4 - DMA	Generic disclosure on management approach	175
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	175

Material aspect: Occupational health and safety

G4 - DMA	Generic disclosure on management approach	133
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help, monitor and advise on occupational health and safety programs	134
G4-LA6	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	135; 149
G4-LA8	Health and safety topics covered in formal agreements with trade unions	175



Specific Standard Disclosure

DMA and Indicators	Standard information	Page No.
Material aspect: Training and development		
G4 - DMA	Generic disclosure on management approach	130-131
G4-LA9	Average hours of training per year per employee by gender and by employee category	130-131
G4-LA10	Programmes for skills management and life-long learning that support the continued employability of employees and assist them in managing career ending	132
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	132
Material aspect: Diversity and equal opportunities		
G4 - DMA	Generic disclosure on management approach	132
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity	21; 132
Material aspect: Equal Remuneration for Women and Men		
G4 - DMA	Generic disclosure on management approach	132
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, divided by significant locations of operation	132
Subcategory: Human rights		
Material aspect: Security practices		
G4-DMA	Generic disclosure on management approach	The security personnel is trained and operates according to Italian and international airport regulations.
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	The security personnel is trained and operates according to Italian and international airport regulations.
Subcategory: Community		
Material aspect: Local communities		
G4 - DMA	Generic disclosure on management approach	53; 63
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments and development programs	63-65
G4-SO2	Operations with significant potential or actual negative impacts on local communities	81-82; 165-166
G4-A08	Number of persons physically or economically displaced, either voluntarily or involuntarily by the airport operator cases of voluntary or on its behalf by a governmental or other entity, or involuntary and compensation provided	During the reporting period there have been no cases of voluntary or involuntary displacement of persons.

Specific Standard Disclosure

DMA and Indicators	Standard information	Page No.
Subcategory: Product responsibility		
Material aspect: Customer Health and Safety		
G4 - DMA	Generic disclosure on management approach	81; 86-87
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	81-82; 86-87
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	No cases of non-compliance were reported during the reporting period.
G4-A09	Total annual number of wildlife strikes per 10,000 aircraft movements	87
Material aspect: Business continuity and emergency management		
G4 - DMA	Generic disclosure on management approach	171
Material aspect: Quality of the service		
G4 - DMA	Generic disclosure on management approach	102-105; 118-122; 123-126
Material aspect: Service offerings to persons with reduced mobility		
G4 - DMA	Generic disclosure on management approach	168-171

SEA

AUDITOR'S REPORT



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**INDEPENDENT AUDITORS' REPORT
ON THE SUSTAINABILITY REPORT**

**To the Board of Directors of
Società per Azioni Esercizi Aeroportuali - SEA S.p.A.**

We have carried out a limited assurance engagement on the Sustainability Report of the SEA Group (the "Group") as of December 31, 2016.

Directors' responsibility on the Sustainability Report

The Directors are responsible for the preparation of the Sustainability Report in accordance with the "G4 Sustainability Reporting Guidelines" (2013) and the "Airport Operators Sector Disclosures" (2014) both issued by GRI - Global Reporting Initiative, as stated in the paragraph "Methodological Note" of the Sustainability Report, and for such internal control as they determine is necessary to enable the preparation of a Sustainability Report that is free from material misstatement, whether due to frauds or unintentional behaviours or events. The Directors are also responsible for defining the SEA Group's objectives regarding the sustainability performance and the reporting of the achieved results, for the identification of the stakeholders and the significant aspects to report.

Auditors' responsibility

Our responsibility is to issue this report based on the procedures performed. We conducted our work in accordance with the criteria established in the "International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board for limited assurance engagements. The standard requires the compliance with ethical principles, including independence requirements, and that we plan and perform the engagement to obtain limited assurance whether the Sustainability Report is free from material misstatement.

The procedures performed on the Sustainability Report included inquiries, primarily with company personnel responsible for the preparation of the Sustainability Report, analysis of documents, recalculations and other evidence gathering procedures as appropriate.

These procedures consisted in verifying its compliance with the principles for defining report content and quality set out in the "G4 Sustainability Reporting Guidelines", and are summarized as follows:

- comparing the economic and financial information and data reported in the paragraphs "Model and business areas" and "Value distributed to our stakeholders" of the Sustainability Report with those included in the Group Consolidated Financial Statements as of December 31, 2016, on which Deloitte & Touche S.p.A. issued the auditors' report pursuant to articles 14 and 16 of Legislative Decree no. 39 of 27 January, 2010, dated April 12nd, 2017;
- analysing, through interviews, the governance system and the management process of the matters related to sustainable development regarding the strategy and operations of the Group;
- analysing the process relating to the definition of material aspects disclosed in the Sustainability Report, with reference to the methods used for the identification and prioritization of material aspects for stakeholders and to the internal validation of the process results;

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- analysing how the processes underlying the generation, collection and management of quantitative data of the Sustainability Report operate. In particular, we have performed:
 - views and discussions with the management of the SEA Group to gather information about the accounting and reporting systems used in preparing the Sustainability Report, as well as on the internal control procedures supporting the gathering, aggregation, processing and transmittal of data and information to the department responsible for the preparation of the Sustainability Report;
 - analysis, on a sample basis, of the documentation supporting the preparation of the Sustainability Report, in order to gather the evidence of processes in place, their adequacy, and that the internal control system correctly manages data and information in connection with the objectives described in the Sustainability Report;
- analysing the compliance and the internal consistency of the qualitative information disclosed in the Sustainability Report in relation to the guidelines identified in the paragraph "Directors' responsibility on the Sustainability Report" of this report;
- analysing the stakeholders engagement process, in terms of methods applied, through the analysis of the minutes of the meetings or any other available documentation about the main topics arisen in the discussion with them;
- obtaining the representation letter signed by the President of Società per Azioni Esercizi Aeroportuali - SEA S.p.A., on the compliance of the Sustainability Report with the guidelines identified in the paragraph "Directors' responsibility on the Sustainability Report" of this report, as well as the reliability and completeness of the data and information disclosed.

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.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of the Group as of December 31, 2016 is not prepared, in all material respects, in accordance with the "G4 Sustainability Reporting Guidelines" (2013) and the "Airport Operators Sector Disclosures" (2014) both issued by GRI - Global Reporting Initiative, as stated in the chapter "Methodological Note" of the Sustainability Report.

DELOITTE & TOUCHE S.p.A.

Signed by
Franco Amelio
 Partner

Milan, July 28 2017

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



The SEA Group's focus on environmental protection, through the adoption of targeted initiatives, has significantly reduced CO₂ emissions.

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

SEA Group - 2016 Sustainability Report

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