



CONSOLIDATED NON-FINANCIAL STATEMENT 2019 PURSUANT TO ITALIAN LEGISLATIVE DECREE 254/2016

**SUSTAINABILITY
REPORT**

SEA MilanAirports

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LETTER TO STAKEHOLDERS

This Sustainability Report – the tenth produced by our Group – takes shape while a terrible pandemic wages war on Italy and the world, leaving human and familiar crises in its wake, which risk being further amplified by the economic and social impact of the measures taken to stem its spread.

To claim that tangible assets should be measured and valued, while intangibles should not is like stating that "things" are valuable while "ideas" are not.

Baruch Lev

The air transport sector is currently suffering the most serious crisis in its history, worse than September 11th, 2001 and the Great Recession of 2008. The airport sector, in Italy in particular, is facing significant losses due to the drastic reduction in air transport.

ACI Europe (the airport operator association for Europe) has estimated that the airport system will have already seen a 700 million drop in passenger numbers and lost revenues of around Euro 14 billion, even if air transport restrictions are optimistically lifted at the end of April.

Given the current situation, SEA's accountability in its journey towards sustainability needs to be framed

within a new perspective that retains its intrinsic value, as does the way in which future steps are analysed and planned.

2020 will undoubtedly be a watershed year, and SEA's ESG commitments will see us forced to review the hierarchy of our priorities, and to question what can be defined as "material" as we search for a model of sustainability that is able to support us as we begin afresh after this emergency, restarting our business and the economic and social dynamics it drives.

This readjustment should not be seen as an abandonment of previous commitments, but as a value: we are adapting our strategy so that we can remain firm on our objectives.

What is more, we are not yet fully aware of the extent of the damage caused to the economy, society and, consequently, the air transport sector. As such, we must be ready to align our response with the wide spectrum of potential outcomes, ranging from the progressive restoration of prior conditions, to the structural metamorphosis of the market in which we operate.

The information contained in this document offers a few clear pointers and ideas on which to reflect, despite being characterized by profound uncertainty and a concrete need to look for new means of development.

The first important point to highlight is that air transport is a powerful catalyst for growth. There is no doubt that regions affected by the lockdown will see their economies kick-started by the aviation sector's restored functionality. This is evidenced by data on the impact generated by our airports in 2019, which have benefited both the region of Lombardy, and Italy as a whole. It has been estimated that each air movement managed by our airport system indirectly generates approximately Euro 150 thousand of value for the local production basin. In addition, for every Euro of turnover generated by SEA, the local area receives Euro 58, while the work of each of our 2,800 employees activates that of another 136 employees working both at and external to our airports in the manufacturing, tourism, commerce and service industries.

The second important point relates to the risk prevention systems we will need to put in place with regard to future pandemic resurgences. To do so, we will have to identify key global mobility hubs, such as airports, and embrace an important qualitative leap by making significant use of investments in digital technologies. In this sense, the technological infrastructure work we are carrying out at our airports (see the section on Intellectual Capital for more details) to introduce biometric ID systems such as e-Gates and Face Boarding will be very useful. We have also installed a platform to centrally manage sensors in our terminals, allowing us to geo-locate users and enable advanced indoor navigation experiences. Initiatives intended to improve customer experience will also prove invaluable when it comes to strengthening airport safety, security and operations.

Similarly, during the recent emergency, we were able to explore a range of new benefits deriving from the Group's smart working system, which has already been made available to 62% of SEA's non-shift workers to date. Said organizational

flexibility, established to improve well-being and to balance work-life commitments, will also be a good starting point for consolidating "resilient" working methods in case of future contingency situations.

On an environmental front, the correlation (accredited by leading scientific circles) between the spread and increase in lethality of COVID-19 and the deterioration of our ecosystem due to climate change and atmospheric pollution will see us reconfirm our commitments with further determination in 2019 to become a group of airports with "net zero carbon emissions" by 2050. We are also committed to recalibrating our airline tariff system from a "green" perspective and reshaping the accessibility of our airports (Malpensa, in particular) to allow for better use of public transport systems, which are more eco-friendly. We are comforted in our decision by having successfully come through a particularly severe stress test in the summer of 2019, when Linate Airport was closed for three months for renovation works. Said closure increased movements at Malpensa by 44%, without generating significant inconvenience for the local population, either in terms of noise and air pollution or road congestion.

The final factor concerns our social commitment, and we hope to consolidate our achievements via an articulated partnership plan in the years to come, which will allow us to multiply financial resources and dedicate them to corporate citizenship projects in the local area.

The damage caused by the pandemic to the local productive basin and public welfare system will make our contributions even more necessary. We intend to contribute by adopting criteria that guarantee the efficient targeting of resources and the scrupulous measurement of results, which will be coupled with a sense of solidarity and sharing. This will be even more necessary in a situation in which the gap between the number of resources needed and those readily available will be felt throughout Italy.

In addition to all this, we will work at a cultural level to generate a renewed awareness of the fact that the best response to complex and uncertain scenarios such as the one we are currently experiencing can only come from a systematic vision and capacity for action. And we will start by focusing on the SEA Group and its community.

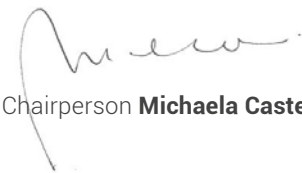
We will have to learn to better manage the trade-offs, because the solutions will almost never be readily available and will require us to reconcile conflicting interests.

We will have to get even better at identifying areas for innovation and change.

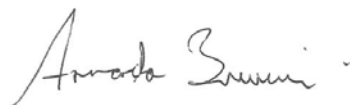
Over time, we will have to assume and maintain a clear and transparent position towards all our stakeholders.

Finally, we must be aware that in order to raise the quality of our responses, it will no longer suffice to take responsibility for the results, but to take responsibility for the route we take to achieve said results.

We have the skills and expertise to succeed. And by embarking on this journey together, we will rediscover our lost enthusiasm.



Chairperson **Michaela Castelli**



Chief Executive Officer **Armando Brunini**

METHODOLOGICAL NOTE

The SEA Group (hereinafter also the "Group") has published an annual Sustainability Report since 2010.

The 2019 Non-Financial Statement (hereinafter the "NFS") – which is in its third edition – concerns the Group's performance during the year ended December 31, 2019, in accordance with Legislative Decree 254/2016. Pursuant to Article 5 of this Decree, it takes the form of a separate report that includes specific wording so as to be considered an NFS as per the regulatory requirements.

This NFS was prepared in compliance with the "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016 by the Global Reporting Initiatives (GRI), in compliance with option "in accordance - core". We have also taken into consideration the "Airport Operators Sector Disclosures" (2014), defined by the GRI in 2014. The GRI Content Index has been included at the end of the document, with the aim of providing a full account of the coverage of the GRI indicators associated with each topic identified as material.

The document has been prepared in order to ensure an understanding of business activity, its performance, results and impact on the topics deemed material set out in Art. 3 of Legislative Decree 254/2016.

The non-financial disclosures contained in the NFS reflect the principle of materiality or relevance, a key characteristic of the GRI Standards that is also defined in the reference legislation: the materiality analysis process is described in the section "Prioritizing our commitments: the materiality matrix". The materiality matrix was approved by the Board of Directors on December 20, 2018, after a deep review of the materiality analysis process. Said analysis was shared with the Board of Directors upon approval of the 2018 Non-Financial Statement on February 28, 2019.

The same analysis was discussed by the SEA Group Control, Risks and Sustainability Committee on September 24, 2019. Since corporate situations requiring an update did not occur between September and the end of the financial year, the materiality analysis carried out in 2018 has not undergone changes for the purposes of preparing this report.

This document thus contains a description of the major policies applied by the undertaking, the management models and results achieved by the Group in 2019 relating to the topics expressly cited in Legislative Decree 254/2016 (environmental, social, personnel-related, respect for human rights and the fight against corruption), as well as the main risks identified, generated or incurred, relating to the above topics and management methods.

It should be noted that the human rights topic was not found to be highly material in the materiality analysis process. It should also be emphasized that SEA has established procedural and organizational safeguards for managing and monitoring matters relating to applicable legislation.

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

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

The boundary of information and data regarding social and environmental aspects includes companies consolidated line-by-line in the Group's 2019 Consolidated Financial Statements.

The financial reporting boundary is the same as for the Group's 2019 Consolidated Financial Statements.

In 2019, no significant changes in relation to the size, ownership structure and supply chain of the Group took place.

In order to permit an assessment of performance over time, a comparison with the figures from the years 2018 and 2017 has been included where possible. In addition, in the interest of providing an accurate account of performance and ensuring the reliability of the data, the use of estimates has been kept to a minimum and appropriately disclosed where applicable.

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

This document was approved by the Board of Directors on April 2, 2020.

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

The document also uses the following terms:

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

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

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

Company

COMPANY OVERVIEW

Overview

COMPANY

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

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

KEY FACTS

- Foundation of SEA:** May 22, 1948
- Registered office:** Milan Linate Airport – 20090 Segrate (MI)
- Milan company registration office No.:** 00826040156
- Share capital:** Euro 27,500,000
- No. Group workers at December 31, 2019:** 2,853

HIGHLIGHTS 2019

- Total revenues:** Euro 758.0 million
- EBITDA:** Euro 274.7 million
- Net profit:** Euro 124.4 million
- Passengers:** 35.2 million
- Aircraft movements:** 295.3 thousand
- Cargo:** 551.4 thousand (tons)

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

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

Mission

The mission of SEA is to create value for all parties directly involved in the Group activities: shareholders, customers, employees, and its stakeholder audience as a whole.

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

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

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

Ownership

The share capital of SEA SpA amounts to Euro 27,500,000, comprising 250 million shares of a par value of Euro 0.11, of which 137,023,805 Class A shares, 74,375,102 Class B shares and 38,601,093 other shares. The Class A shareholders upon majority divestment must guarantee Class B shareholders a right to co-sale. Class A shareholders have a pre-emption right on the sale of Class B shares.

Public Shareholders

8 entities/companies

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

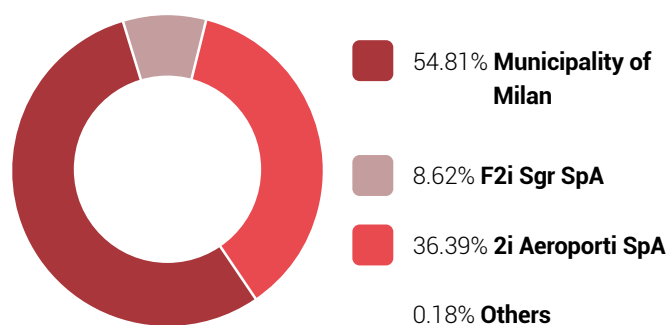
Private Shareholders

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

^(*) Holder of Class A shares

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

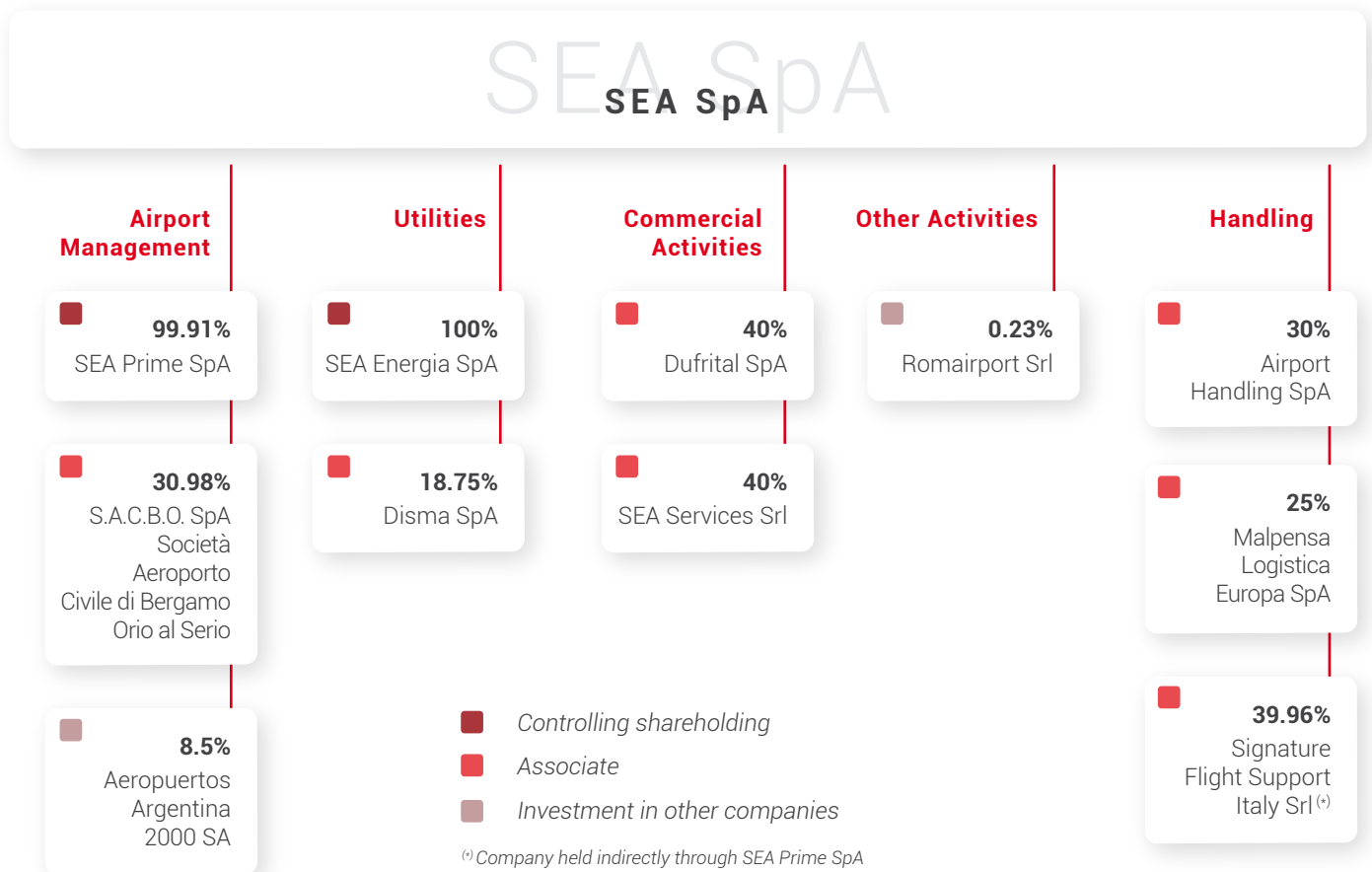
Share Capital Structure



SEA, following the issuance of the bond designated "SEA 3 1/8 2014-2021" on April 17, 2014 and the admission to listing of the notes on the regulated market organized and managed by the Irish Stock Exchange, qualified as a Public Interest Entity (PIE) as defined in Article 16, paragraph 1, letter a) of Legislative Decree No. 39/2010.

SEA GROUP STRUCTURE AND INVESTMENTS IN OTHER COMPANIES

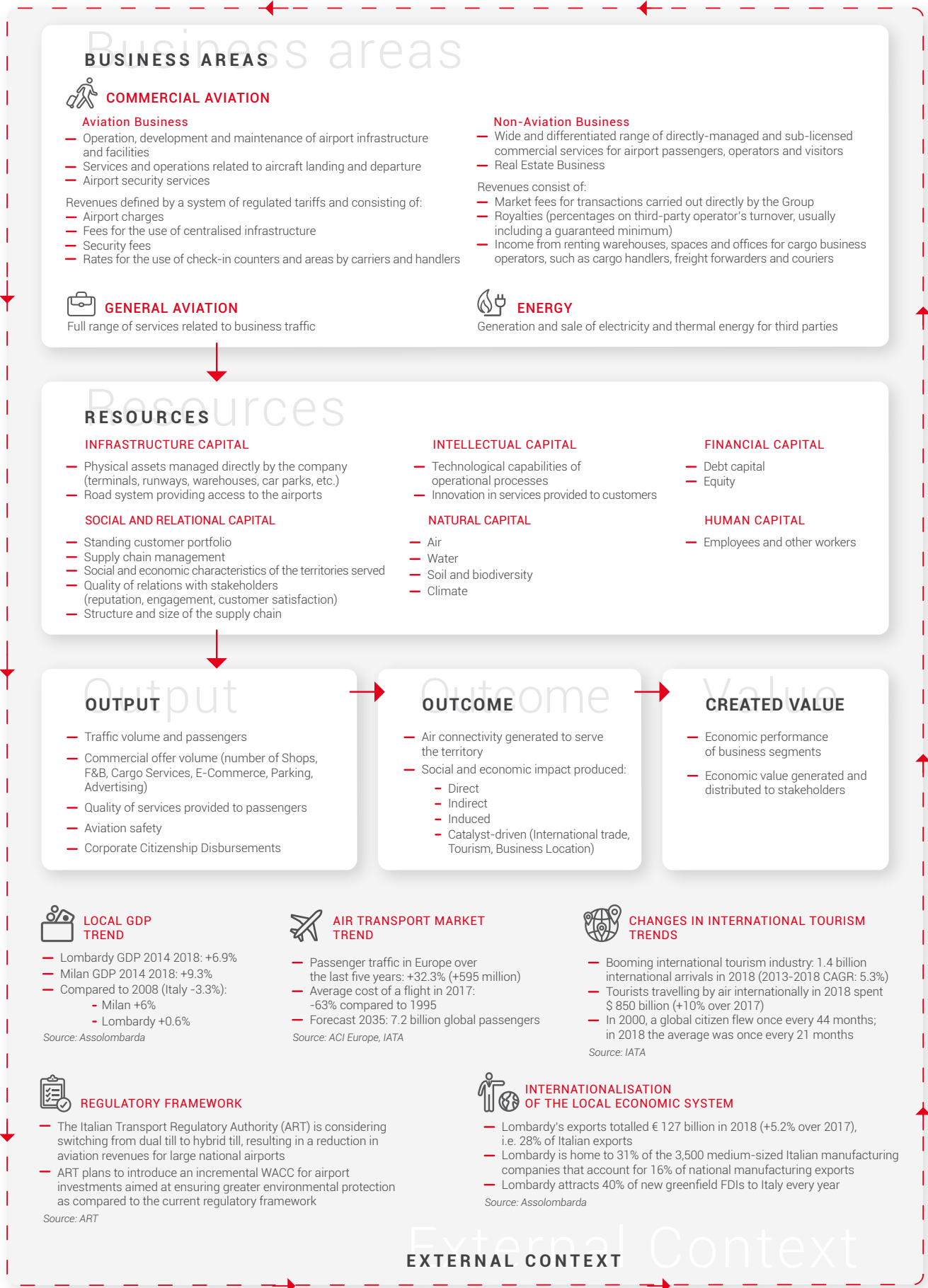
Direct and indirect investments of SEA SpA at December 31, 2019



Value creation model

SEA considers the successful generation of corporate value to be highly dependent on its ability to formulate effective responses to pressures deriving from the context in which it operates (the aviation sector is one of the industries most conditioned by external trends), by virtue of the conscious and balanced management of the capital governing the generation of said value. Increasing shareholder value is a goal which involves extensive co-interests with the socioeconomic players active in the regions in which SEA operates. The Group manages infrastructure capable of ensuring global accessibility and connectivity that act as catalysts within the local socioeconomic context for of trade, tourism, foreign investment, and the productivity of the manufacturing system.

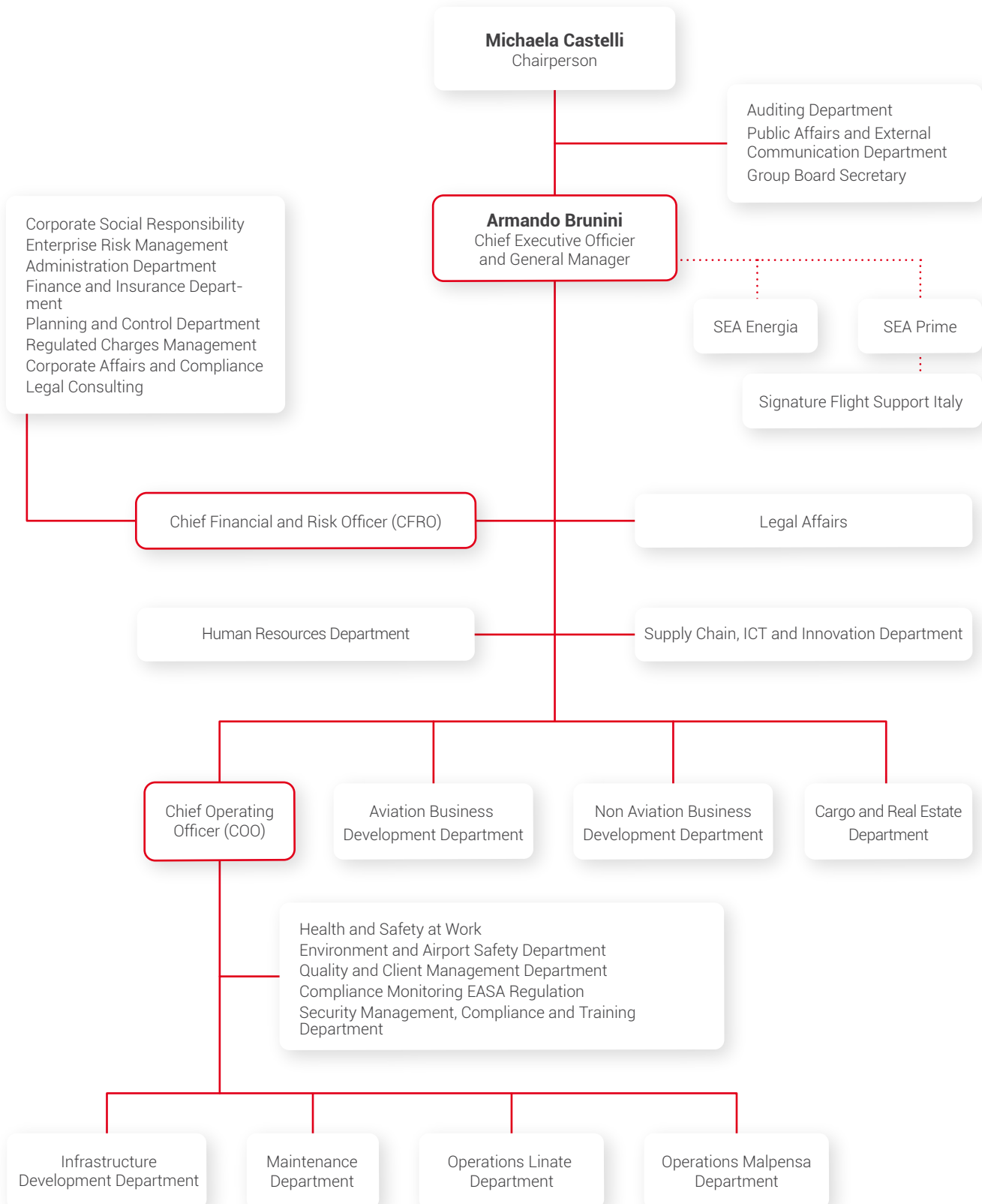
SEA's sustainable value creation model



Organizational structure

The SEA organization is structured into various departments and staff functions, each of which is subject to the control of the Chairperson, Chief Executive Officer and General Manager.

Departmental structure



SEA Group Airport System

LINATE AIRPORT

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

The airport is dedicated primarily to a frequent flyer type client, on domestic and international routes (these latter both within the European Union and outside). In 2019, Linate handled 3.4% of passengers, 5.2% of aircraft movements and 0.7% of cargo in Italy.²

MALPENSA AIRPORT

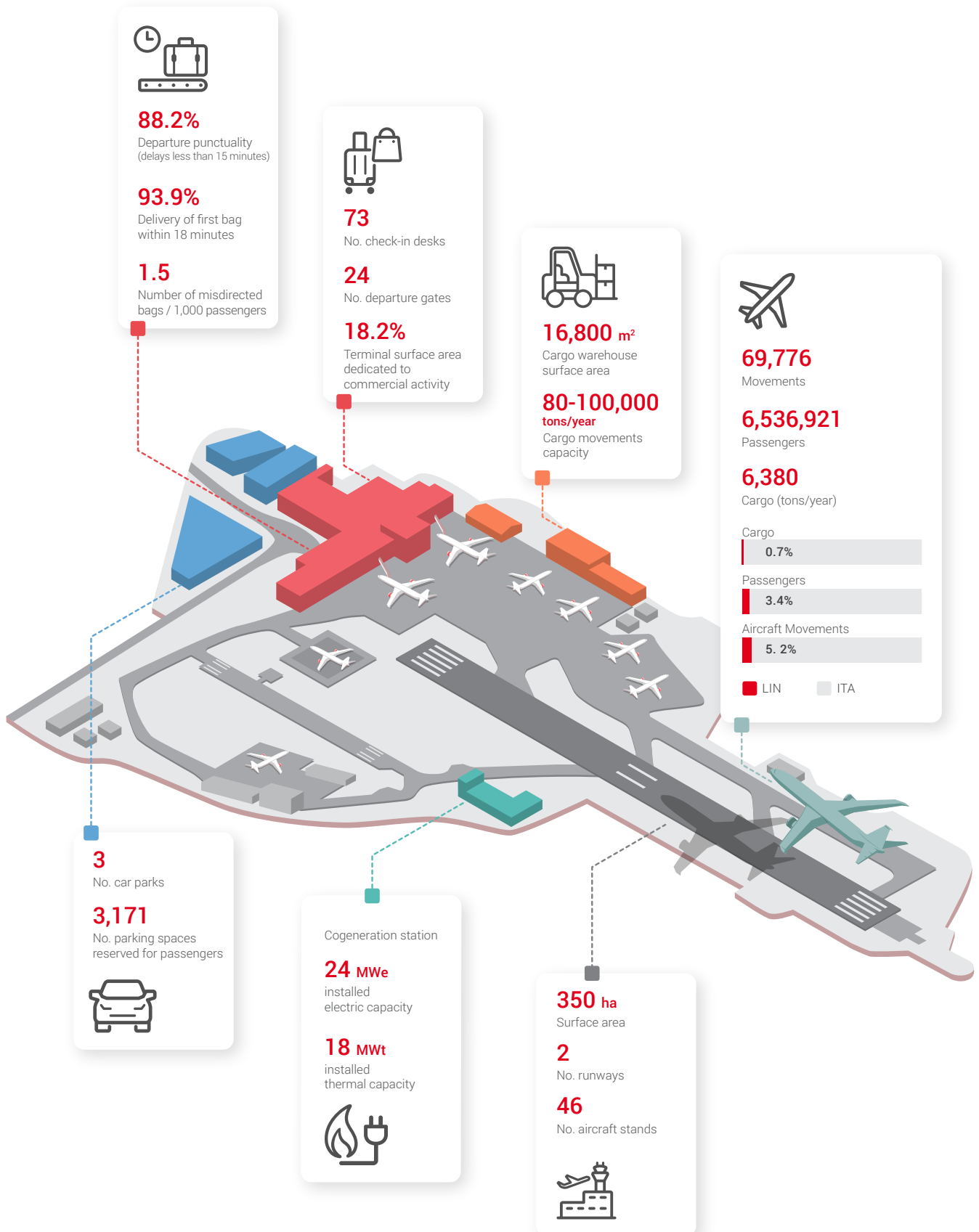
Malpensa Airport is located in the south-west of Varese province, 48km from Milan, with rail connections to the city and a road system, including a motorway, which connects the airport with the major regions of Northern Italy and Switzerland. The airport covers 1,220 hectares within 7 municipalities: Somma Lombardo, Casorate Sempione, Cardano al Campo, Samarate, Ferno, Lonate Pozzolo and Vizzola Ticino. All airport grounds are within the Lombardy Valle del Ticino Park, the largest regional park in Italy, created in 1974.

In 2019, Malpensa managed 14.2% of overall movements, 14.9% of passenger traffic and 50.6% of cargo transported in Italy.³

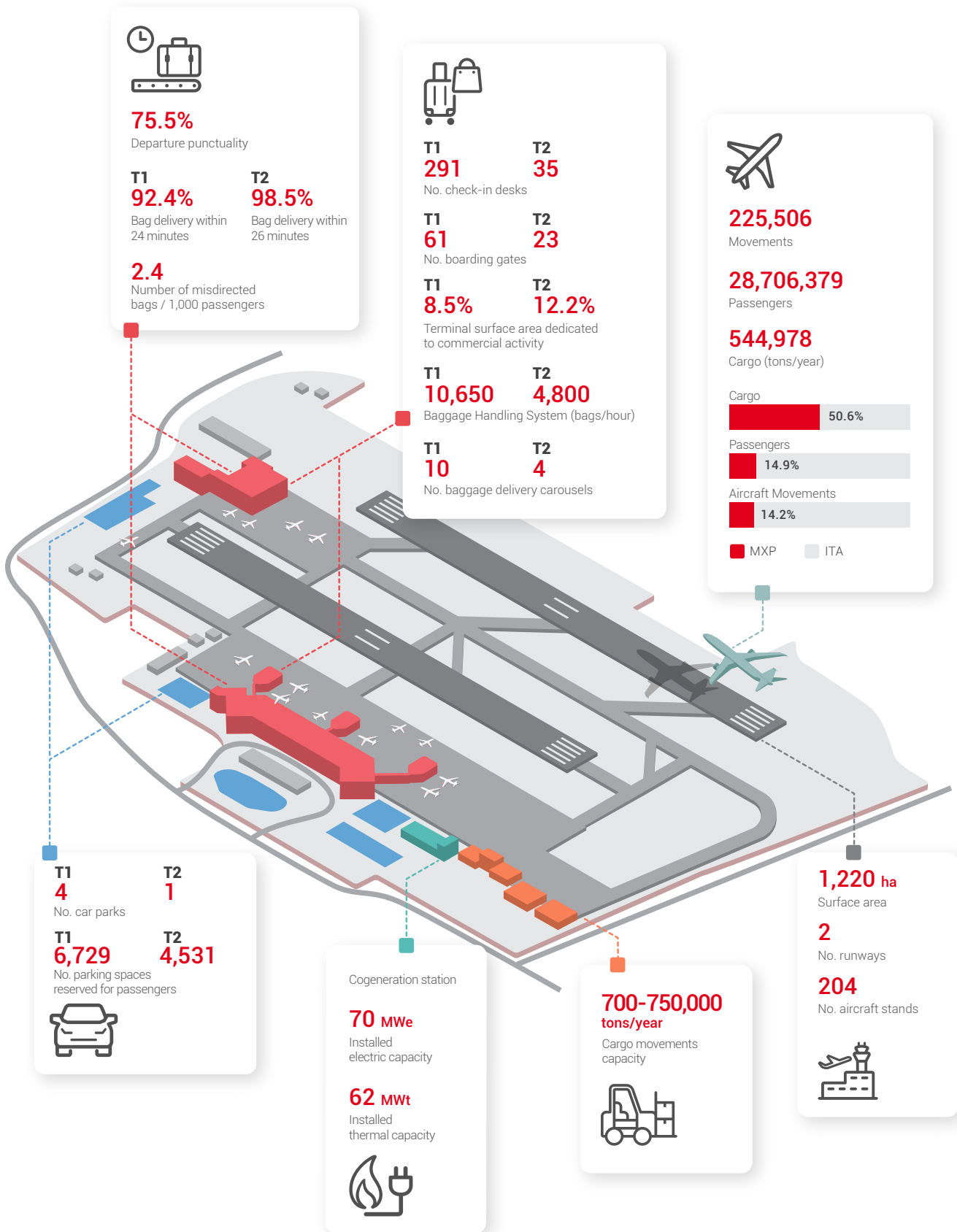
² Source: Assaeroporti (www.assaeroporti.it).

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

LINATE AIRPORT



MALPENSA AIRPORT



CORPORATE GOVERNANCE

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

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

The structure of powers and duties complete the Governance structure.

Board of Directors

The Board of Directors of SEA is composed of 7 executive and non-executive members. The Board of Directors in office at December 31, 2019 was appointed by the Ordinary Shareholders' Meeting of April 19, 2019. The Company is not subject to particular rules in terms of the composition of the Board of Directors in relation to minority shareholders or the number of Independent Directors. The Board of Directors of SEA has established the remuneration of the Chairman, the Vice Chairman and the other Directors on the basis of that agreed by the appointing Shareholders' Meeting. The remuneration of the Board of Directors in 2019 was Euro 435 thousand.

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

Structure of the Board of Directors and of the SEA Committees at December 31, 2019

Office	Board of Directors			Control, Risks and Sustainability Committee	Remuneration and Appointments Committee	Ethics Committee	Indep.	Age group	
	Members	Executive	Non-Exec.	*	*	*		30-50	>50
Chairperson	Castelli Michaela		X			X	X	X	
Vice Chairman	Corritore Davide		X		X	X	X		X
CEO/GM	Brunini Armando	X							X
Director	Barletta Pierfrancesco		X	X			X	X	
Director	Giangualano Patrizia		X	X			X		X
Director	Mazza Rosario		X	X	X		X	X	
Director	Rovelli Luciana		X		X		X	X	

* Membership of the Board member on the Committee.

The Board monitors the general operating performance, particularly in relation to conflicts of interest, paying specific attention to information received from the Chairman and from the SEA Control, Risks and Sustainability Committee, in addition to periodically reviewing results in comparison with forecasts. In addition, the Board of Directors examines and approves the operations of strategic, economic, equity or financial significance, the strategic, industrial and financial plans of the company and the group in general, the corporate governance system and the group structure.

INTERNAL COMMITTEES TO THE BOARD OF DIRECTORS

The Board of Directors of SEA, in line with the recommendations of the Self-Governance Code, has internally set up through resolutions additional committees comprised of Non-Executive Independent Directors, with proposal and consultation functions and has set the number of members and relative duties. These committees regularly carry out their duties through meetings, with minutes prepared and maintained by the Company.

Meetings held by the Board of Directors and the Committees in 2019

Board of Directors	Control, Risks and Sustainability Committee	Remuneration and Appointments Committee	Ethics Committee
15	7	6	3

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

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

Board of Statutory Auditors

The Board of Statutory Auditors comprises 5 Statutory Auditors and 2 Alternate Auditors. Two Statutory Auditors are included by law: one of which as Chairman of the Board appointed by the Treasury Ministry and the other by the Ministry for Infrastructure and Transport. The appointment of the remaining three Statutory Auditors and the two Alternate Auditors takes place through the slate voting system, presented by shareholders with holdings of at least 20%. The Statutory Auditors are appointed for a period of three years (and may be re-elected), which expires on the date of the Shareholders' Meeting called for the approval of the financial statements relating to the final year in office.

SEA Board of Statutory Auditors Structure 2019

Office	Members	In office from	In office until
Chairperson	Cotroneo Rosalba	16/11/2016	Approval 2021 FS
Statutory Auditor	Casiraghi Rosalba	04/05/2016	Approval 2021 FS
Statutory Auditor	Manzoni Andrea	19/04/2019	Approval 2021 FS
Statutory Auditor	Pozzoli Stefano	19/04/2019	Approval 2021 FS
Statutory Auditor	Scuteri Valeria	19/04/2019	Approval 2021 FS
Alternate Auditor	Coppola Antonia	19/04/2019	Approval 2021 FS
Alternate Auditor	Contessi Daniele	19/04/2019	Approval 2021 FS

In 2019, the total remuneration of the Board of Statutory Auditors was Euro 294 thousand.

Systems of powers and duties

On January 8, 2019, the Board of Directors appointed a Chief Executive Officer to whom powers were granted for the ordinary management of the Company, within certain limits, and with the faculty to sub-delegate the appointed powers, as well as to implement directives voted on by the Board of Directors. This power system is based on a clear and formalised internal structure, subdivided into distinctive units, each one with a specifically identified and respective line of hierarchical subordination, roles and responsibilities.

Remuneration of Management

SEA's remuneration policy reflects its position as a service-based company focused on operating performance excellence and the quality of the service provided to customers, in order to aligning the corporate interest with the objective of creating value for shareholders.

The policy seeks to attract, motivate and retain highly qualified and skilled individuals, capable of achieving the Groups' objectives: The variable incentive system (MBO) for Group Management is in line with new strategic targets and seeks to further its achievement. The variable remuneration component recognizes the results achieved, drawing a correlation between performance and remuneration. The annual objectives are pre-set by the budget approved by the Board of Directors and allocated to the positions in relation to the result and responsibility areas of each role. Group profitability is the principal objective of Management, shared at all levels and is the condition upon which the individual bonus is based. Performance is measured on, in addition to the economic-financial aspects, also the reaching of objectives in terms of operating excellence and customer service level indicators.

Internal control system

SEA's internal control and risk management system was recently reorganized, adopting the Enterprise Risk Management (ERM) Model as a reference, comprising regulations, procedures and an organizational structure aimed at monitoring:

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

ORGANIZATION AND MANAGEMENT MODEL AS PER LEGISLATIVE DECREE 231/01

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

This Organizational and Management Model was modified to integrate the new offences listed by Decree 231/2001 until December 20, 2019 (the date of the Model's last approval), and summarises the actions undertaken by the company with regard to the Decree. The Model also indicates the procedures adopted to prevent the offences listed under the Decree, which could result in the company's administrative liability.

The Supervisory Board is allocated the role of overseeing the function and compliance with the Model, ensuring it is up to date. It was appointed by the Board of Directors on May 22, 2019 and as at December 31, 2019, comprises 4 members (a SEA Director without operational powers, two independent external members, one of whom functions as Chairman of the Body and an internal member - Auditing Director).

The Supervisory Board complies with the prerequisites of independence and autonomy, professionalism and continuity in its actions and is invested with the powers to initiate and to control, as well as availing of sufficient financial resources to carry out its actions.

The company has a dedicated channel for employees, corporate boards and third parties to report unlawful conduct or situations, including anonymously, to the Supervisory Board - even if there is only a potential risk or offence (so-called "Whistleblowing"). This channel guarantees the confidentiality of the reporting party's identity in accordance with Law 179 of 2017.

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

- the Code of Conduct;

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

The SEA Supervisory Board met 11 times in 2019; minutes were drawn up for each meeting. The SEA Organization and Management Model includes offences relating to occupational health and safety, the environment, the violation of human rights and associated preventive measures adopted by the company to prevent them, in addition to all the other offences envisaged by Legislative Decree 231/2001 and relative preventive protocols. The Group companies SEA Energia and SEA Prime also adopted their own Organization and Management Model pursuant to Legislative Decree No. 231/2001 and appointed their own Supervisory Board. The Supervisory Boards of SEA and its subsidiaries, SEA Energia and SEA Prime, perform audits, including through the Auditing Department, on the suitability and effectiveness of protocols adopted by the company to prevent the offences set out in the Decree.

RISK MODEL

The creation of sustainable value for stakeholders cannot exclude taking risks, which is a fundamental component of doing business. The SEA Group, in its capacity of airport operator, is exposed to a broad spectrum of potential risks impacting on the achievement of the business strategies. In order to reduce exposure to such events, the Group adopted specific processes and procedures to safeguard airport safety and the quality of services offered, for the protection of tangible and intangible assets of interest to stakeholders and to ensure the long-term creation of value.

To better support and integrate the aforementioned systems, the SEA Group has introduced an Enterprise Risk Management (ERM) model, which takes inspiration from the main national and international best practice (e.g. the Self-Governance Code for Listed Companies, the CoSO ERM - Integrating with Strategy and Performance). The objective of this model is to identify and assess homogeneously and transversally

the risks linked to the development of corporate activity, and those which may have a significant impact on the medium-long-term sustainability of the business. It also ensures the constant monitoring of these risks, in order to support management strategic choices, decision-making processes and stakeholder assurances. The ERM model, drawn up in the ERM Policy approved by the Board of Directors in 2017, is based on an approach that spans all types of risk/opportunities that may be significant to the Group, and targets the risks/opportunities with the greatest impact on SEA's strategic objectives and corporate value drivers.

The SEA Group Risk Model is a list of all the potential risks to the Company, and consists of four categories:

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

During 2019, areas of risk within the ESG (Environmental, Social and Governance) area were integrated into the Risk Model in order to facilitate the interception during Risk Assessment meetings with management of ESG risks that could compromise the creation of value over time for the Group's stakeholders. Identified events are assessed and subsequently "prioritised" on quali-quantitative metrics in terms of impact, probability of occurrence and maturity of the risk management system. Said assessment takes into account the mitigation actions in place to manage individual risk events. Impact is assessed on the basis of four different dimensions: economic-financial, HSE (Health, Safety, Environment), reputational, and operational factors. To integrate the mapping and evaluation of the ERM risks (Enterprise Risk Management), the SEA Group consolidated ad hoc functions responsible for specific management systems in compliance with the industry regulations. The risks monitored by these functions cover the environment, Occupational Health and Safety, and corruption. In fact, within the scope of each certification process (ISO 14001, ISO 50001, OHSAS 18001/ISO 45001 and ISO 37001), the Group is engaged in specific activities to identify, assess and manage risks, which in conjunction with the activities of continuous improvement and the policies implemented, allow the Company to effectively manage them.

CODE OF CONDUCT AND ETHICS COMMITTEE

The SEA Code of Conduct – also a component of the Organization, Management and Control Model as per Legislative Decree 231/2001 - is a self-regulation tool, first adopted in April 2000 and updated latterly in August 2019. The Code identifies the values and rules of conduct that SEA intends to embrace in its activities and which must be followed by the members of the corporate boards, employees and collaborators linked to SEA and its Group companies by employment contracts of any nature (including occasional or temporary), as well as other specific categories of stakeholders (particularly, suppliers and main trading partners), which are required to comply with certain rules of conduct set out in the Code of Conduct and formalized through specific provisions in the relevant contracts.

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

SEA has set up an Ethics Committee that is designated to ensure the Code of Conduct's dissemination, compliance, correct interpretation and updating. As of May 22, 2019, the Committee is composed of the Chairman representing the company's Board of Directors (who functions as Chairman of the Committee), a Non-Executive Director and managers from the "Human Resources and Organization" and "Auditing" departments. The Ethics Committee met 3 times in 2019 to discuss the dissemination and implementation status of the Code of Conduct and to examine reports received.

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

The dissemination and publication of the Organization and Management Model, pursuant to Legislative Decree 231/2001, and the Code of Conduct continued in 2019 through the following initiatives:

- The publication of the Model's General Section (XII Edition) on the company website;
- The publication of the Model's General Section (XII edition) and Special Section (IX edition) on the com-

pany intranet, and the provision of an updated version to employees (managers, employees and workers) in the "Communications" section of their "Online Payslip";

- The updating of information relating to the Model's various components on the company intranet;
- The updating of information on Legislative Decree 231/2001, the Model and F.A.Q.'s on the company intranet;
- The provision of the Code of Conduct and the Organization and Management Model in the dedicated intranet section for newly-recruited employees.

In 2019, information and training on Legislative Decree 231/2001 and the SEA Model was structured as follows:

- refresher sessions on the Decree, Organization and Management Model, anti-corruption measures and whistleblowing for Executives on January 18 and 29, 2019;
- training on the Decree, Organization and Management Model, anti-corruption measures and whistleblowing by two Directors of the Supervisory Board for two newly-appointed SEA Executives;
- information/training brochures for all employees (excluding Executives) on Model 231/2001, anti-corruption measures and whistleblowing, distributed via the company intranet with a "read and sign" notification.

ANTI-CORRUPTION POLICY

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

- The Ethical system, whose components - Ethical Vision, Diamond of Values and the Principles of Relationships with Stakeholders - have the nature of strategic policies and are designed to identify the decision-making values and principles which the company aspires to and undertakes to consistently preserve in pursuing its mission;

- The Code of Conduct that defines the principles and rules of conduct which must inspire the work of the company, its employees and collaborators, members of its corporate boards and, more generally, its stakeholders;
- The Organization and Management Model pursuant to Legislative Decree No. 231/2001 that also includes corruption offences.

SEA's Corruption Prevention Policy requires staff to adhere to the principles of transparency, clarity, correctness, integrity and fairness in the performance of their activities. In particular, behaviours and practices that may also only appear illegal or collusive, payments that may seem to be unlawful, attempts at bribery and favouritism, direct or indirect solicitation for personal and career advantages for oneself or for others and, more generally, acts that violate applicable laws and regulations in relationships and business relations, are prohibited. SEA proposes to apply correctness, fairness, integrity, loyalty and professional rigor to operations, behaviours and the way of working both in internal relations and in relations with external parties, by giving the utmost attention to full compliance with the law, in addition to the observance of company procedures. A focus on ethics (transparency, loyalty and honesty in the behaviour toward external and internal parties) is an indispensable approach for credibility in SEA's conduct toward shareholders/investors, customers and, more generally, the entire civil and economic context in which they operate, in order to transform the knowledge and appreciation of the values that widely inspire the company's mode of operation into competitive advantage. Those who work in the name and on behalf of SEA are aware that they are resorting to punishable offences, in the event of corrupt behaviour and violation of the Law on corruption – on the criminal level, the administrative level and the disciplinary level (in accordance with the provisions of the CCNL). SEA also requires its "Business Partners" to comply with applicable Laws, including Legislative Decree 231/2001, the Code of Conduct and the Organization and Management Model as per Legislative Decree 231/2001 - General Section, on the basis of clauses whose non-compliance will result in the contract's rescission. SEA considers reporting as an effective tool to counteract corruption and encourages the reporting of suspected corruption through dedicated "whistleblowing" channels. SEA guarantees that no employee shall be sanctioned, fired, demoted, suspended, or discriminated against for having refused to adopt unlawful conduct, even if such refusal were to result in adverse consequences for the Company's business, or for having made a report in good faith of any alleged corruption or violation of the SEA Corruption Prevention Management System.

Management System for the Prevention of Corruption

SEA, confirming its commitment to the prevention and combatting of illegal practices, has adopted a Management System for the Prevention of Corruption, approved by the Board of Directors on February 22, 2018, which integrates, through an organic framework, existing corruption prevention and combatting rules. SEA's Management System for the Prevention of Corruption was certified on March 8, 2018 according to the UNI ISO 37001:2016 "Anti-bribery Management System" standard, an authoritative international standard in this area. The certificate's validity was confirmed during an annual audit carried out by the certifying body in March 2019.

An analysis of company processes was carried out as part of the activities relating to SEA's Management System for the Prevention of Corruption and the 231/2001 Model of SEA and of the subsidiaries SEA Prime and SEA Energia, in order to identify the risks linked to corruption. 47 audits were also carried out (26 of which at SEA, 11 at the subsidiary SEA Prime and 10 at the subsidiary SEA Energia) - which also focused on the auditing of processes with a potential risk of corruption and the suitability and effectiveness of associated procedures. No critical issues emerged.

In 2019, information and training on anti-corruption measures and the SGPC was structured as follows:

- refresher sessions for Executives on anti-corruption measures, the SGPC and whistleblowing on January 18 and 29, 2019;
- "ad personam" training on anti-corruption measures, the SGPC and whistleblowing by an internal member of the Supervisory Body for two newly appointed Executives;
- information/training brochures for all employees (excluding Executives) on anti-corruption measures, the SGPC and whistleblowing, distributed via the company intranet with a "read and sign" notification.

Anti-Corruption Focal Point

The Company has employed an Anti-Corruption Coordinator since 2014, a role currently filled by the Corporate Affairs and Compliance Legal Counselling Manager. The Anti-Corruption Coordinator also acts on behalf of the subsidiaries SEA Energia and SEA Prime.

The anti-corruption focal point deals with any commu-

nication on corruption, including toward third parties; the role, prerogatives and responsibilities are therefore not comparable with those provided for by applicable legislation in relation to the Anti-Corruption Manager (namely, the person in charge pursuant to Law 190/2012).

WHISTLEBLOWING

SEA has implemented an IT reporting platform, managed by an external provider, through which employees and third parties can make so-called whistleblowing reports, also anonymously, on, for example, alleged violations of law, of corporate procedures or regulations, of rules of professional conduct, of the principles of the Code of Conduct, of the Organizational Management Model, as per Legislative Decree 231/2001, or of the Corruption Prevention Management System. The IT platform can be accessed via the Corporate Governance section of the website www.seamilano.eu or via the corporate intranet. The platform guarantees the confidentiality of personal data and the contents of reports in accordance with law. The management of the

reporting is governed by a specific company procedure.

COMPLIANCE WITH LAWS AND REGULATIONS

Regulatory compliance is ensured by the various corporate functions within their sphere of competence, with the support of specialist assistance from the Legal Affairs Department.

In 2019, no pending actions were registered in relation to competition and antitrust, nor were any significant penalties recorded for non-compliance with laws or regulations, or for defaulting on environmental and social obligations. Moreover, no corruption cases were confirmed during the year.

SUSTAINABILITY

SCENARIO

AND STRATEGY

Sustainability
Scenario &
Strategy

SUSTAINABILITY SCENARIO

In addition to arising from a growing awareness of the important role played by social and environmental variables in generating long-term value, SEA's sustainability strategy is also partly the result of investigations into the stimuli and pressures of its context of reference. In recent years – and in 2019 in particular – an increasing number of institutions, market players and organizations in the air transport sector have started preparing their frameworks, guidelines, recommendations and signs of change from an “ESG” perspective.

The main elements of this scenario are classified and briefly described below.

Aviation Industry Sustainability Scenario

Social context

Ipsos *Global views on air travel and its environmental impact.* August 2019

Tendency of international air travel passengers to choose more environmentally friendly travel options, and level of confidence in airlines' commitment and ability to reduce their carbon footprint.

UBS *Global Aerospace & Airlines. Consumers' climate awareness on the rise; assessing the impact on traffic and planes demand.* September 2019

Increased public awareness of the risks associated with climate change, and forecast of the potential impact on demand for air transport in developed markets.

citi *Flight shaming is a real threat to airline industry* November 2019

Flight shame encourages passengers to offset their CO₂ and choose alternative travel methods. In the next five years, the cost of carbon offsetting for leisure flights will grow significantly.

FitchRatings *Lower Traffic Growth Key for Aviation CO₂ Emission Cuts, but May Cause Sector Disruption.* November 2019

Growing public pressure regarding the air transport industry's contribution to climate change, potential legislative and financial consequences for the sector and a reduction in consumer propensity to travel by air.

Institutional context

UN AGENDA 2030
17 SDGs - 169 Targets



THE PARIS AGREEMENT
Limit global temperature increase to 1.5°



The European Green Deal



Aviation Industry Policies and Guidelines

ACT NORTH AMERICA AIRPORTS COUNCIL INTERNATIONAL

- Sustainability Strategy for Airports (2019)
- Net Zero CO₂ emission by 2050 Resolution (2019)
- Airport Carbon Accreditation (2009)
- Position on Aviation & Climate Action Market-Based Mechanism (2019)
- Policy Briefing (2019)
- Addressing the future of aviation noise (2018)
- Collaborative Environmental Management (2014)
- Airports and Environment (2010)
- Aircraft noise and community relations (2010)

ICAO - OACI - IATA

- Circular 351 – Community Engagement for aviation environmental management (2017)
- Balanced Approach Principle (2001)

Institutional context

UN 2030 AGENDA AND THE AIR TRANSPORT SECTOR

In 2015, the UN launched its Global Agenda for Sustainable Development with a set of related objectives (Sustainable Development Goals). The Agenda puts forward a development model that integrates a series of environmental, social and economic components. The strategy is monitored through a complex system based on 17 objectives, 169 targets and over 240 indicators.

Although there are no SDGs specifically dedicated to mobility, a high-level advisory group on sustainable transport set up by the UN has examined how transport could help support SDGs.

The group has developed 10 recommendations to promote access to safe and efficient mobility. These recommendations were introduced at the 2016 Global Conference on Sustainable Transport in Ashgabat and then by the UN's "Sustainable Mobility for All" (SuM4All) Task Force. This initiative brings together United Nations agencies, multi-lateral development banks, NGOs, academics and various

industries to establish a developmental path towards sustainable mobility.

The 17 SDGs have been analysed by experts at the ATAG (Air Transport Action Group) – a second-level air transport organization that groups together organizations representing various actors in the supply chain (the Airport Council International for airports) – which drew the following conclusions:

- The air transport industry plays a role in supporting at least 15 of the 17 SDGs.
- Aviation could have a large impact on 7 of the SDGs. The aviation industry could play a significant role in pursuing objectives such as "Economic Growth and Dignified Work," "Climate Action," and "Industry, Innovation and Infrastructure."
- 5 SDGs, on the other hand, are fairly significant, and the aviation sector may have little or no impact on the remaining 5.
- The ATAG experts concluded by stressing that their assessment is intended only as a general guideline and that each operator in the sector is invited to independently evaluate the "materiality" of each objective.

Aviation and the Sustainable Development Goals



THE PARIS AGREEMENT

A new agreement was signed at the climate conference held in Paris in 2015 to replace the Kyoto Protocol starting from 2021. The agreement commits all countries to reducing their greenhouse gas emissions for the first time. As such, the Paris Agreement is a legally binding instrument within the United Nations Framework Convention on Climate Change (Climate Convention, UNFCCC), and includes elements for the progressive reduction of global greenhouse gas emissions. For the first time, it is based on a set of shared principles that are valid for all countries. The Paris Agreement pursues the objective of limiting average global warming to well below the pre-industrial period, and to below two degrees Celsius, aiming for a maximum temperature increase of 1.5 degrees Celsius. In addition, it aims to direct public and private financial flows towards low greenhouse gas development and to improve adaptability to climate change. The Agreement legally binds all countries to present and comment on their national emission reduction targets every five years on an international level (Nationally Determined Contribution, NDC).

EU GREEN NEW DEAL

On December 11, 2019, the European Commission launched the "Green New Deal," a new economic policy address based on breaking down the SDGs of the UN's 2030 Agenda, and aimed at redirecting the EU's economic development by placing a focus on decarbonisation. The policy also focuses on a circular economy (with a consequent reduction in the consumption of natural resources and the dependence on the supply of these resources), and protecting natural capital and citizens from environmental risks. The preparation of a large package of measures has been planned, and will be launched in 2020. The measures are expected to have a large impact on the air transport sector.

Main Green New Deal measures affecting air transport

Measure	Description	Expected release
European climate law	This law will sanction the goal of climate neutrality by 2050. It involves making binding, irreversible targets for countries and providing legal certainty/predictability to investors and businesses.	March 2020
Circular economy	A new EU industrial strategy and circular economy action plan to support product design based on the reduction, reuse and recycling of raw materials.	March 2020
Review of carbon reduction objectives	A plan aimed at making the EU's goal to reduce greenhouse gas emissions by 2030 (-50-55% compared to 1990 levels) more ambitious, with a review and extension of the ETS system.	Summer 2020
Sustainable and intelligent mobility strategy	Interventions to achieve a 90% reduction in transport emissions by 2050.	End 2020

Source: European Commission, European Green Deal

The Green New Deal actually exceeds the targets included in the European Commission document of December 2015, dedicated to "A Strategy for Aviation in Europe."

With the Green Deal, EU aviation policy focuses primarily on decarbonisation and sustainability. The sustainable and smart mobility strategy due to be presented by the Commission in 2020 will mitigate the special treatment that has characterised the aviation sector thus far. The political priorities announced by the EU for aviation are:

- The completion of a Single European Sky (SES), which could lead to a 10% reduction in the carbon footprint of aircraft.
- The removal of tax exemptions on kerosene, applying a principle that shifts its environmental impact onto the price of transport. However, this action entails modifications to the current EU directive on energy taxation, which requires the unanimous agreement of all EU Member States. The chances of this initiative being successful do not currently seem very high. The most likely risk is the proliferation of national aviation taxes (such as in France in 2019).
- To promote multi-modal transport and shift part of the demand for air travel onto rail for short-haul journeys. More details are available in the "Smart and Sustainable Mobility Strategy." Eurocontrol has carried out an analysis in this regard, which highlights how the latter has the potential to capture only 0.4% of the demand for continental air transport by 2040, based on the current and planned capacity of Europe's high-speed rail network.

- To strengthen the Emission Trading System (ETS) for EU air routes (in parallel with CORSIA for air routes to/from non-EU destinations), with a reduction in the free quotas provided to airlines (currently equal to 85% of the total). This will increase costs for airlines, especially if the cost of carbon credits increases significantly compared to current levels (around €20/tonne).
- To increase the production and distribution of sustainable aviation fuels (SAF). While the Green Deal does not define SAF as a priority, this is the most promising way to reduce the aviation sector's carbon footprint in the medium term. The EU has not yet specified how it intends to support SAF, but it can be assumed that the mandatory mixing criteria for airlines flying to/from Europe will be reviewed, along with other incentives for R&D and production financing. The current SAF price levels (2 to 7 times that of kerosene) are currently not accessible for airlines – both in terms of availability and cost.
- Actions to improve air quality near airports, addressing the pollutants emitted by airplanes and airport operations. These actions have not yet been specified, but the EU is likely to revise its air quality standards to try to align them with the WHO's recommendations, which are currently under review.
- In addition to these new aviation policy objectives and actions, the Green Deal also shows a strong conviction that the aviation economy will have to change and, in particular, that ultra-low-cost air fares are not compatible with the EU's climate ambitions.

“EU labelled” green bond in the airport sector

In support of the Green Deal, the EU is adopting legislation on how to classify/label “green” investments and financial instruments. This new sustainable finance classification system establishes a framework that includes the EU Green Bond Standard, according to which companies will only be able to issue EU-recognised green bonds if they align with the classification.

Airport financing should, in principle, be able to benefit from the opportunity to issue green bonds and other sustainable financing instruments under this new classification. This has been ensured by allowing the so-called “enabling and transition sectors” (which includes air

transport) to be included in the scope of the classification, on the basis of the significant CO₂ reductions that could be achieved by these sectors. The EU Commission's next step will be to identify what exactly qualifies as “sustainable investment” in the aviation sector.

Social sphere

Rising concerns about climate change are also drastically changing social attitudes towards the air transport industry. Until a few years ago, public opinion automatically associated the growth of air connectivity with improved well-being, an economic drive for emerging regions, and the development of the tourism sector and global trade chains. Nowadays, the aviation sector seems to be sliding into the symbolic territory of industrial sectors that can no longer take their “licence to operate” for granted, driven by shifting opinion that advocates “flight shame” and policymakers ready to launch tax and financial measures to penalise air transport. As such, a cause-and-effect connection seems to have been established between the aviation sector's growing carbon footprint, critical reactions and the questioning of air mobility by opinion movements and frequent flyers, government actions to tighten the tax burden on air transportation, and recent legal guidelines opposed to the expansion of airports as going against commitments to reduce climate-changing emissions.

CONTRIBUTION OF AIR TRANSPORT TO CO₂ EMISSIONS

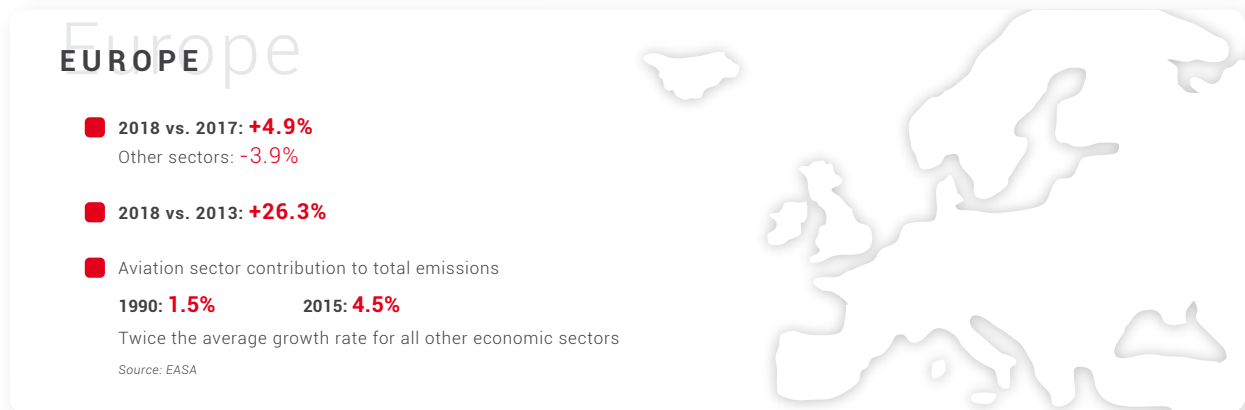
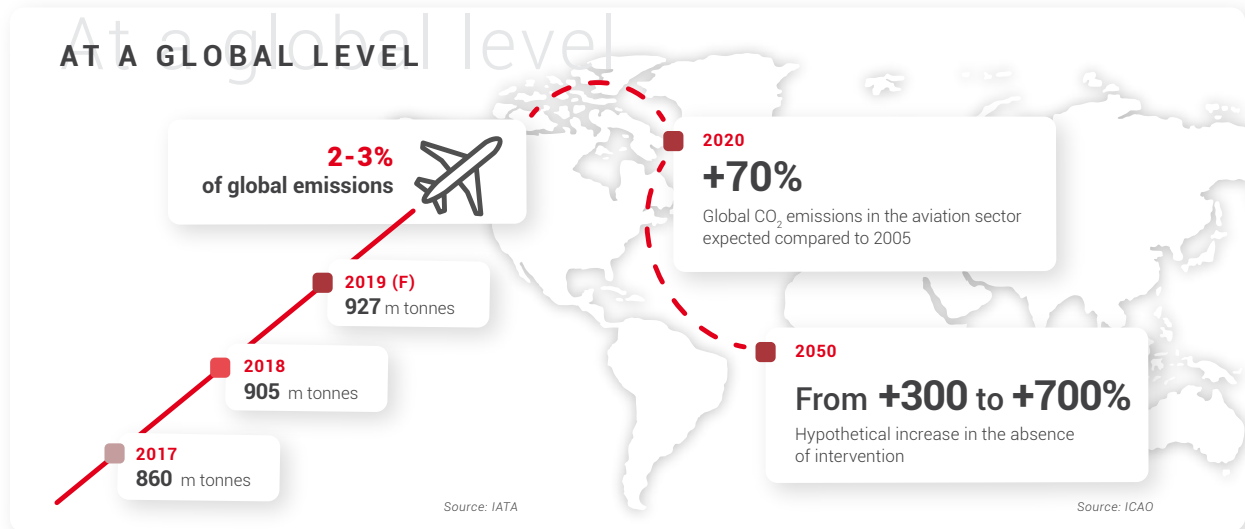
Faced with the aviation industry's increasing contribution to the total emissions generated overall, the effort to contain Europe's carbon footprint is substantiated through two tools:

- Emissions from intra-European flights have been included in the EU ETS since 2012. However, this inclusion is considered unsatisfactory by many, due to an excessive allocation of free emission allowances. Airlines receive 85% of their allowances for free.
- The emissions produced by flights between Europe and non-European destinations are part of an initiative promoted by ISAO called “CORSIA”, which proposes growth in the “carbon neutral” sector starting from 2020, thereby halving the emissions

⁴Eurocontrol, “European Aviation in 2040,” 2018

produced between 2005 and 2050. The sector's strategy to achieve these objectives includes four pillars: more efficient air traffic management, improvements in aircraft fuel efficiency, the introduction of sustainable fuels and an economic compensation mechanism. CORSIA foresees a pilot phase starting in 2021, a voluntary phase from 2024, and a compulsory regime from 2027 to 2035.

Climate change: the role of the aviation sector



FLIGHT SHAME

This international opinion movement (born in Sweden) – which sees taking flights as one of the human activities that most compromises the fight against climate change – experienced strong growth in 2019. In Sweden, "flight shame" is having a significant impact, and is negatively affecting the demand for air travel. The "Flight Free" campaign, launched in 2018 with the aim of encouraging 100,000 people not to fly for a year, has made the public more sensitive to the urgent climate crisis, and has thereby motivated people to travel by train more often.

The consequences of "Flight Shame"

- Air traffic at Swedish airports fell by 4% in 2019 compared to 2018 (against +3.2% recorded at a European level), decreasing on domestic routes in particular (-9%) (source: Swedavia). A May 2019 survey by Swedish railways (SJ) shows that 37% of respondents are choosing to travel by train rather than by plane, compared to 20% at the beginning of 2018.
- Domestic air traffic in Germany has been decreasing since August 2019, down by -12% in November compared to the previous year (source: ADV - German Airport Association). In parallel, the railway company Deutsche Bahn AG is registering record numbers of passengers (20 million more between 2014 and 2018) and aims to double its traffic volume in the next 20 years, reaching 260 million passengers by 2040 (source: Deutsche Bahn AG).
- The Austrian state-owned railway company has ordered 13 new trains to be used for long-distance overnight routes. The Swedish government has announced plans to expand night trains to many European destinations. Swiss railway operator SBB said it is considering new overnight routes due to growing market demand (source: Transport & Environment).
- With the rise of flight shame, several airlines are mobilising to reassure customers of their commitment to reducing emissions. Purchases of carbon credits by airlines increased by 80% in 2017 compared to 2013, reaching 26.8 million tonnes, and are expected to grow to 31.5 million in 2020 (source: EASA). Total costs for the purchase of emission rights by EU airlines totalled Euro 189 million in 2017 and are estimated to reach Euro 787 million in 2020 based on the current price of carbon credits (source: Fitch Ratings). Some initiatives launched by airlines:
 - British Airways has announced that it will begin 2020 by offsetting 400,000 tonnes of carbon emissions generated by its flights to the UK, at a cost of GBP 3 million a year.
 - The IAG Group has committed to investing Euro 400 million in developing alternative fuels over a 20-year period.
 - United Airlines has said it will spend up to USD 2 billion a year on low-consumption aircraft and is working with biofuel producers.
 - SAS has said it will cut emissions by 25% by 2030 and aims to operate all domestic flights using biofuel that same year.
 - KLM has launched a campaign called "Fly Responsibly" to invite people to fly less. It includes tips such as "consider making video calls instead of meeting face-to-face" and "exploring other travel options," such as the train for shorter routes.

(source: websites of the companies mentioned)

Findings on the propensity for Flight Shame



UBS EVIDENCE LAB

- **14%** of those surveyed would chose means of transport with a reduced carbon footprint even if they were less convenient or more expensive.
- **29%** would do so only if the alternative were as convenient and cheap as flying.
- **1/3** of respondents are quite/very confident in airlines' ability to reduce their environmental impact, while 1/3 had little or no confidence.
- **3 out of 5 frequent flyers** trust airlines to reduce their impact on the environment, but are willing to consider forms of transport with fewer environmental repercussions.
- In the preceding twelve months, respondents had flown an average of **3.9** times for holidays and **4.5** times for work.
- Around **21%** of those surveyed stated that they had flown less frequently for environmental reasons: in France, Germany and the United States this figure was **23-24%**, while in the UK it was around **16%**.
- Compared to an identical survey carried out in 2019, the percentage of respondents from the USA who had flown less often in the last year increased from **19% to 24%**. The same figure for Germany grew from **23% to 25%**.

IPSOS - Global Views on Air Travel and Its Environmental Impact
Survey of 19,023 consumers in 27 countries for the World Economic Forum - July 2019

UBS Evidence Lab - Consumers' climate awareness on the rise; assessing the impact on traffic and planes demand

Online survey of 6,097 consumers in the USA, the UK, France and Germany - July-August 2019.

Forecast of the impact of Flight Shame on the air transport market



- Growth in European traffic could fall to 1.5% per year (compared to the 3% per year forecast by Airbus in their GMF 2019) as a result of an annual increase in the number of passengers flying less frequently for environmental reasons.
- Consumer concern regarding climate change will continue to grow, especially in developed markets. The aviation industry must implement solutions to reduce climate change before 2035.
- Alternative fuels seem the most promising mitigation technology for long-haul flights.
- Large aircraft that are entirely electric are unlikely to be introduced before 2030-2035.



- Pressure to decarbonise will continue to grow in the aviation sector.
- CO₂ reductions are not possible without a combination of controlled growth in aviation traffic and strong financial regulation of airlines.
- Government policies could help limit air travel and incentivise the use of alternatives to flying.
- Rail travel may emerge as the main beneficiary of changes in consumer habits and of government environmental policies, albeit in the medium to long term.
- Forecasts for airports predict lower growth rates. Base forecasts predict traffic growth at European airports of around 2% by 2021.



- Flight shaming is a real phenomenon and will increase costs for airlines, consumers and businesses.
- For leisure flights alone the cost of CO₂ offsetting could reach USD 3.8 billion by 2025, reducing airline profits. The cost could, however, be up to 10 times greater.
- Transferring these offsetting fees entirely to passengers would result in a 0.4% reduction in annual traffic growth compared to previous forecasts.
- Every 1% increase in average flight costs due to increased environmental taxes could reduce traffic volumes by 0.65%.

TAX POLICY INTERVENTIONS

In Europe, the measures applied to deal with the environmental impact of air transport have so far been limited in scope. But in 2019, several signs suggested an acceleration on this front.

Some national governments moved independently to introduce carbon tax on airline tickets in 2019. Examples include:

- In France, tax starts at Euro 1.50 per ticket for domestic flights, and up to Euro 18 for long-haul business tickets.
- Germany has doubled passenger tax for flights departing from German airports from January 1, 2020. The additional revenue stream will finance a corresponding tax reduction on rail tickets, the VAT of which will drop from 19% to 7%.
- In Switzerland, an increase in flight tax from 30 to 120 Swiss francs has been approved, depending on the class and distance travelled.

The new European Commission intends to address the issue of aviation emissions under the "European Green

Deal," placing the cancellation of fuel tax exemption enjoyed by airlines at the heart of the action. The Netherlands has formed a "willing coalition" with France, Germany and the Nordic countries to end the tax exemption, but has met opposition from countries such as Greece, Cyprus and Malta. EU tax legislation requires a unanimous agreement, whereby the outcome of tax exemption abolition is currently uncertain. This could take several years of negotiations. However, a series of bilateral agreements between Member States to tax kerosene appears more likely.

A study commissioned by the EU⁵ analysed the impact of taxes and tax exemptions on the aviation sector in all EU member states. The introduction of an excise duty on jet fuel of Euro 330/tonne would entail:

- a 10% increase in the average ticket price
- an 11% reduction in passenger demand
- an 11% reduction in aviation employment
- an 11% reduction in industry CO₂ emissions.

CO₂ emissions would therefore be reduced at a high social cost, corresponding to a decrease in internation-

⁵European Commission, Taxes in the Field of Aviation and Their Impact, 2019

al mobility (and related trade) and a loss of jobs in the aviation sector.

OPPOSITION TO AIRPORT EXPANSION IN EUROPE

The consequences of the mounting criticism of the aviation sector, given the climate emergency, are also becoming evident at Europe airports, and involve capacity expansion projects in particular.

- In 2017, an Austrian court blocked the Vienna Airport Master Plan, which involved the construction of a third runway on the grounds that it would lead to an increase in Austria's total CO₂ emissions by around 2%. In 2018, it was decided that a third runway could be built, provided that the airport became "carbon neutral" (Source: ClimateHome News).
- In 2019, the French environment authority asked Marseille Airport to review its expansion project (7.5 million more passengers per year from 2027) and to specify what measures will be taken so that the traffic increase can be reconciled with the 2050 "net zero carbon" commitment adopted by the French parliament in June 2019 (Source: ClimateHome News).
- With a ruling of February 27, 2020, London's Court of Appeal rejected a proposal for a third runway at Heathrow Airport on the grounds that it had not taken into account the commitments made by the government to deal with the climate crisis. This is the first ruling in the world based on the Paris Agreement and may also set a precedent internationally. For the first time, a court has confirmed that the objective set by the Paris Agreement has a legally binding effect. The Court of Appeal dismissed all appeals against Heathrow's third runway project, including those referring to the increase in noise and the deterioration of air quality as negative effects. It only accepted one appeal concerning the impact on climate change. The ruling fits into a context that sees the UK trying to limit its aviation growth to no more than 25% by 2050, as part of efforts to reduce emissions. This is in stark contrast with the expansion plans drawn up by UK airports, which foresee a growth of almost three times that considered acceptable by the Committee on Climate Change set up by the British government. The

Master Plans drawn up by the 21 largest airports in the UK declare traffic growth targets totalling 192 million additional passengers, which would add to the current 286 million passengers over the next 10 to 20 years (Source: The Guardian).

Aviation policy and guidelines

In the past ten years, the air transport sector has begun to promote policies and guidelines aimed at encouraging actors in the supply chain to guide their decision-making processes and operational models towards sustainability. The most relevant documents for airport operators have primarily been produced by two entities: ACI Europe – the European association of airport operators, which leads the sector on environmental issues around the world – and the ICAO (the UN aviation agency). Most actions focus on environmental aspects, such as noise, climate-changing emissions, air quality and protecting biodiversity. In recent years, stakeholder engagement has become a more prominent issue, both with regard to the need to coordinate airport managers and the supply chain (airlines, air-space managers, handlers) in order to effectively reduce environmental impact, and in terms of managing relations with the communities and regions local to the airports in question.

In 2019, ACI Europe issued its first framework for European airport sustainability strategies, which moves past the initial idea of having one dominant environmental theme, and instead establishes an approach centred on the three dimensions of sustainability, highlighting the role of air connectivity as a catalyst for economic and social development.

ACI Europe - Sustainability strategy framework for airports



Main aviation sector policies, guidelines, positions and recommendations on ESG issues



SUSTAINABILITY STRATEGY FOR AIRPORTS



Achievement of net zero CO₂ emissions for operations under direct airport control (Scopes 1 and 2) by 2050.
Support for the spread of sustainable aviation fuels (SAF).
Adaptation of infrastructure and processes to climate change, assessing risk and adopting contingency plans.



Extension of local air quality monitoring coverage and definition of measures to reduce third-party emissions (LTO cycles, vehicles etc.).



Adoption of the ICAO's "balanced approach" with the participation of all the parties involved, and above all airport operators. Raising awareness and involving local communities in issues related to noise is crucial.



Reduction in the amount of water used by employees and passengers.

Careful consideration of wastewater, especially as a result of de-icing operations.



Reuse of waste, involving main stakeholders (most importantly carriers).

Integration of the economic principles of the circular economy into infrastructural projects.



Development projects should offset biodiversity loss, restoring habitats in other areas, and aim for a net positive effect overall.



Stakeholder management is essential at every stage to understand the community's needs and the challenges it faces. Definition of an action plan and assessment of its findings. social entrepreneurship to offer innovative solutions.

ADDRESSING THE FUTURE OF AVIATION NOISE



The adoption of the ICAO's Balanced Approach to mitigating noise includes technical and operational improvements as well as the search for socially acceptable solutions. Involving local communities in noise management is a key factor for success.

AVIATION & CLIMATE ACTION MARKET-BASED MECHANISM



Sharing the aviation sector's inclusion in the EU's emission trading system (ETS)
Support for the implementation of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) adopted by the ICAO. Calls for the EU to concretely incentivise the use of sustainable airline fuels (SAF) in Europe. Commitment to facilitate and encourage, where possible, the supply of SAF.
Requests for access to public finance to stimulate research and innovation in decarbonising technologies.

COLLABORATIVE ENVIRONMENTAL MANAGEMENT



Airport operators must inform their partners of the processes for monitoring and tracking key environmental parameters, and support the work of the authorities in ensuring compliance with environmental regulation. A minimum number of meetings and the establishment of dialogue with stakeholders is also useful in improving understanding of the inter-dependencies between airports, airlines and ANSPs regarding environmental management.

AIRPORTS AND ENVIRONMENT



Reduced aircraft emissions through fleet upgrades, replacement of APUs with ground energy supply, and by minimising taxiing times.
Reduction of ground vehicle emissions can be achieved through fleet modernisation, use of alternative vehicles with zero/low CO₂ emissions, and increased operating efficiency.
Increased public transport reduces emissions linked to ground-side accessibility. ACI Europe supports the implementation of landing fees and awards that incentivise carriers to reduce their emissions.



Reduction in water usage through modern hydraulic practices (sensors, flow regulators, maintenance, identification of leaks). For industrial uses, replacement of drinkable water with water from other sources (rainwater, treated wastewater, recycled cooling water).



Adoption of the environmental hierarchy for waste management: Reduce, Reuse, Recycle.
This starts with a reduction in the use of resources.
Next, materials should be reused or recycled wherever possible.
The last method for waste management is disposal.



NET ZERO CO₂ EMISSIONS BY 2050



Commitment to achieving “zero emissions” for sources under direct control by 2050. 203 airports managed by more than 47 operators in 42 European countries subscribed to date.

AIRCRAFT NOISE AND COMMUNITY RELATIONS



A landing fee with a noise-based component can encourage carriers to use quieter aircraft. The fee may be “income-neutral” and not generate additional income for the airport. Income from the fee should be directed to acoustic isolation projects.



Residents' perception of environmental impact may be as important as levels of physical noise. Promoting community relations can make a vital contribution to the reduction of aircraft noise disturbance.

AIRPORT CARBON ACCREDITATION



Voluntary CO₂ management programme which provides a technical framework and recognises airport management companies' commitment to obtaining independent certification.

Now the global standard, with 274 accredited airports across the world as of June 2019. In December 2019, 147 airports were ACA accredited, 50 of which were recognised as “carbon-neutral”



BALANCED APPROACH PRINCIPLE



The ICAO provides guidance for management of airport noise. ACI supports this approach, which is based on four pillars: reduction of noise at source; usage of the local area; measures to reduce noise; operative restrictions at airports.

COMMUNITY ENGAGEMENT FOR AVIATION ENVIRONMENTAL MANAGEMENT



Commitment to the community must be proactive, and ideally incorporated into the CSR programme, rather than as a response to complaints, criticisms, or community pressure.



CO₂ EMISSIONS



NOISE



CIRCULAR ECONOMY



STAKEHOLDER INVOLVEMENT



AIR QUALITY



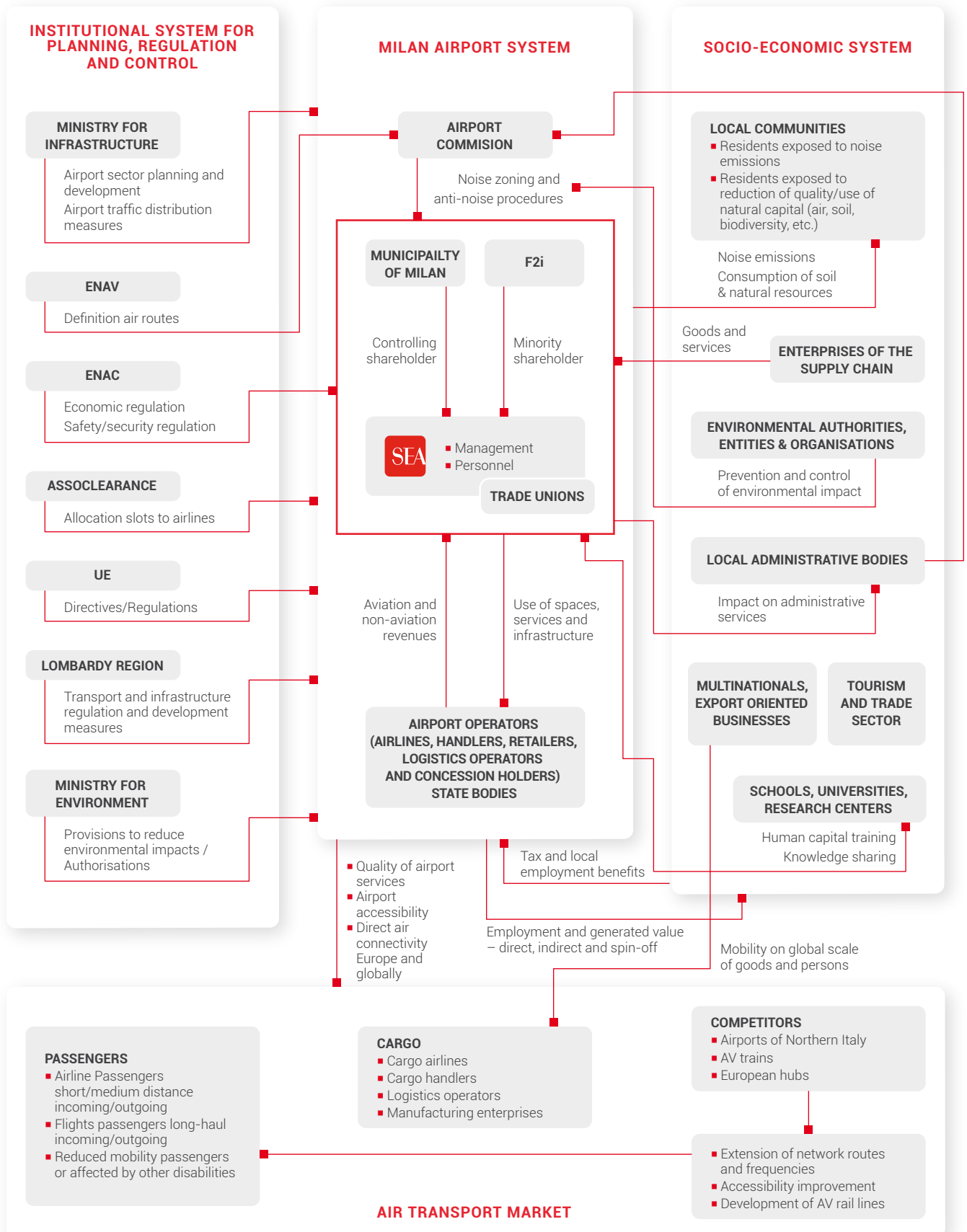
WATER



SOIL AND BIODIVERSITY

SUSTAINABILITY STRATEGY

SEA GROUP 1ST LEVEL STAKEHOLDER MAP



Socioeconomic ecosystem

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

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

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

Sustainable development vision

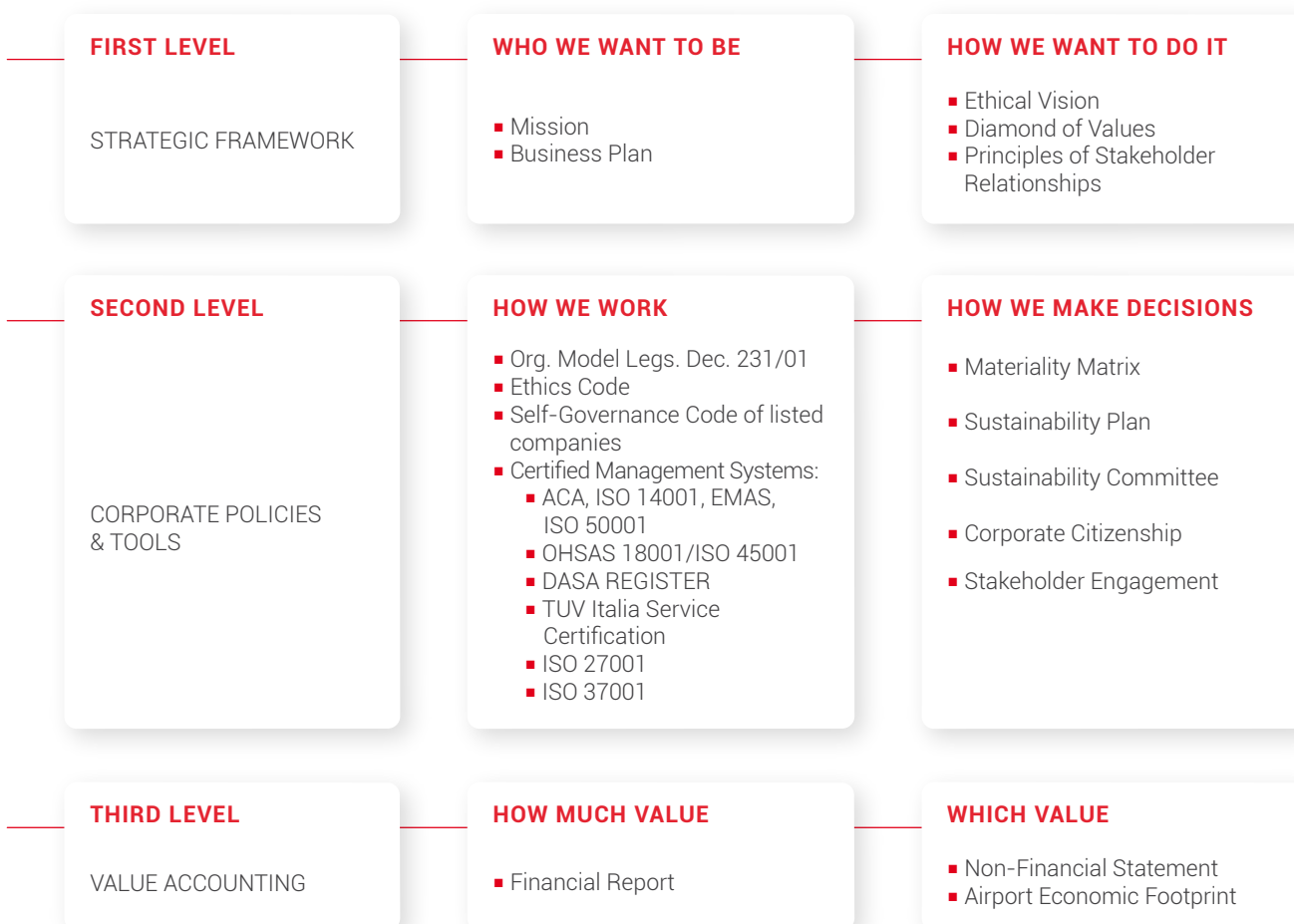
SEA pursues a strategy of creating value, protecting shareholders' return on capital, based on the following principles:

- prioritizing choices that help grow the Company's value in the medium to long term;
- constantly striving to align financial objectives with the quality of the connectivity offer delivered to the region, due to the public interest role underpinning the role carried out;
- careful systematic analyses and assessments of both strategic and operational risks;
- support for systematic interaction with stakeholders for the definition and the implementation of our development plans, whilst seeking to create widespread benefits and minimizing negative externalities.

ESG strategy and sustainability governance model

SEA's ESG strategy aims to govern social and environmental business variables, enhancing relationship dynamics with stakeholders so that the latter, rather than simply receiving a share of the value generated by the Company, can become real and truly qualified contributors to the main strategic choices which significantly impact them. This objective is the most practical response to the serious and delicate interdependencies which characterize choices and decisions for Companies such as the SEA – who are required to design, realize, develop and manage airport transport infrastructure - and which significantly impact on its medium to long-term results.

Sustainability governance model



At SEA, responsibility for dealing with ESG issues at a board level is entrusted to the Control, Risks and Sustainability Committee. A Sustainability Committee was established at a managerial level in 2012, and it was in operation until 2018. The Sustainability Committee was suspended in 2019 as a result of a managerial reorganization. Sustainability issues did however come up in discussion and managerial planning activities, mainly by way of the establishment of a working group dedicated to preparing a set of sustainability objectives. The group was composed of 10 managers belonging to different departments (mainly Environment and Airport Safety, CSR, Infrastructure, Operations, and SEA Energia). The team worked from March to June 2019.

At the beginning of 2020, the Sustainability Committee was re-established and was entrusted with the following tasks:

- to examine the trends of the main sustainability indicators, including in reference to other comparable airport operators;
- to evaluate the effectiveness of the actions taken, and to examine potential improvement actions to be taken.

The Committee is chaired by the Chief Executive Officer/General Manager and makes use of the CSR department's technical office, which oversees technical logistics and planning matters. In addition to the CEO, the Sustainability Committee is composed of the Chief Financial and Risk Officer, the Chief Operating Officer and the Directors of the following departments: Administration, Aviation Business Development, Cargo and Real Estate, Environment and Airport Safety, Human Resources, Infrastructures Development, Maintenance, Non-Aviation Business Development, Operations Linate, Operations Malpensa, Public Affairs and External Communication, Quality and Client Management, Security Management, Compliance and Training, Supply Chain, ICT and Innovation, Corporate Affairs and Compliance Legal Counselling, Corporate Social Responsibility, Health and Safety at Work and by representatives of the subsidiaries SEA Energia and SEA Prime.

STRATEGY DRIVERS

The ESG strategy developed by SEA in the last few years is based on four principal operational pillars:

Integrated decision-making

Moving from a “set of actions and projects devoted to sustainability” to a “sustainable strategy,” empowering the management team to adopt a consistent approach, with the aim of accentuating the capacity to single out the interrelationships between business dynamics and the set of contextual and scenario variables, and ultimately improve the quality of corporate decision making.

SEA aims to gradually incorporate socio-environmental sustainability issues into its Vision, strategic options, business plans, budgets, risk system, and how it measures managerial performance. The aim is to guarantee the company’s ability to create long-term value while taking into account all the variables that affect it.

Listening and Stakeholder engagement

Periodically, SEA carries out sample surveys with corporate stakeholders subdivided into categories, to assess their perception of the quality of the relationships with the SEA, to assess SEA’s management skills and the direct impact of its actions on them. In addition to these surveys – especially in connection with the launch of important projects such as the Master Plans – meetings were arranged to engage with the most representative corporate stakeholders. The involvement of internal and external stakeholders in recent years was of particular importance in the implementation of company projects such as the development of the Ethics Code, The Social Challenge, Mind the Future and the Family Audit.

Measuring impacts

Accountability in relation to strategies, processes and impact is not restricted to solely creating a Sustainability Report. An 8-year partnership with the Centre for Territorial and Industry Development of the LIUC Business School is in place, which measures more precisely and reliably the socioeconomic externalities created by Malpensa and Linate airports on various territorial scales. The goal, on the one hand, is to acquire in-depth knowledge of the economic role played by the airports in the local and national context and on the other, to support informed methods of engaging with the region.

Social Citizenship

A Corporate Citizenship Policy was developed in 2012 and a detailed procedure was launched in 2019 to govern the ways in which the company plans, manages and reports on its donations and sponsorships. The policy was created to define efficient and progressive strategic social and organic investment strategies in sync with the Company’s business profile. The social investments realised in the last eight years have reaffirmed that SEA’s role as a company is not limited to the optimal management of its airports but also entails the ability to create symbiotic relationships:

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

Ethical Vision and Diamond of Values

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

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

The substantial revision of both the contents and the role of the Ethics Code, since 2000, was dictated by the need to add-on value-based content to the pre-established and prevalently rule-based content, based on the Company’s and the stakeholders’ mutual commitments, seeking to guide its target audience towards adopting decision-making criteria and behaviours based on a self-driven and responsible implementation of a nucleus of shared ethical principles.

The Ethics Code seeks to highlight the organization’s entrepreneurship style to its audience, so that when involved in related decision-making and operational contexts, a certain degree of discretion can be used, guided towards delivery models inspired by the fundamental nucleus of corporate values, potentially resulting in the equal distribution of costs and benefits across the Company and stakeholders (so-called ethical dilemmas).

From mission to ethical vision

Mission

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

This is achieved through providing services and solutions which serve the growing demands of the marketing, ranging from **passengers to airlines, airport operators and the commercial partners at Malpensa and Linate airports.** The airport infrastructures managed by SEA ensure air access to the major international destinations for a large numbers of users and are located in one of the most developed catchment areas in Europe – providing a **key hub for economic growth in the North Italy region as a whole.**

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

Ethical vision

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

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

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

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

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

DIAMOND OF VALUES

- These are the result of the best practices deployed over time and which have supported the organization in the various phases of its development.
- They are also paradigms capable of creating practices which have not yet or have not been completely implemented and which require that the Company engages in change.
- They imply the concept of the Company as being "part of a complex and interdependent system".

Diamond of values



Materiality matrix

WHAT IS MATERIALITY?

Materiality is the extent that a given element of the Company-stakeholder relationship can influence the capacity to create value. These are the two characteristics that need to be considered to assess the materiality of an element of the Company's business:

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

Determining the material aspects of the Company-stakeholder relationship is not only important solely from a point of view of identifying which topics of value should be included in the sustainability report, but also

to establish what are the key areas governing the stakeholder relationship which will deliver long-lasting sustainability in terms of its financial and competitive value to the Company. To be able to make an assessment relating to the materiality of an element, it is necessary to start from the broadest recognizable range of factors that determine the features of the Company's relationship with its audience. In defining materiality, strong emphasis is placed on both external stakeholders and members of management representative of SEA, given that their reasonable expectations and interests must be taken into account as an important reference point. Through a joint Company-stakeholders assessment of the relevance of these factors in terms of impact on their mutual point of view, as well as their usefulness, a range of items are defined that constitute the areas of primary commitment for sustainable development.

DEFINING THE MATERIALITY MATRIX

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

2018 therefore saw a deep review of the materiality matrix, as envisaged in the SEA Board's resolution of January 25, 2018, which was organized along the following lines:

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

Said analysis was shared with the Board of Directors upon approval of the 2018 Non-Financial Statement on February 28, 2019.

The same analysis was presented to the SEA Group Control, Risks and Sustainability Committee on September 24, 2019. Since corporate situations requiring an update did not occur between September and the

end of the financial year, the materiality analysis carried out in 2018 has not undergone changes for the purposes of preparing this report.

Materiality Analysis and Business Challenges

The starting point of the materiality matrix review process established in 2018 is represented by the five business challenges defining the company's strategic vision in the medium term.

Business challenges

BUSINESS CHALLENGES

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

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

2. Aviation Business Development

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

3. Growth of the Non-Aviation Business

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

4. Quality and digitalization of passenger services

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

5. Efficiency and productivity

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

The material topics indicate the social, environmental and stakeholder implications relating to strategic areas. They describe areas for monitoring and intervention crucial for making key business options effective and efficient in the medium to long term. To the five aforementioned areas, a sixth has been added concerning the governance of the sustainable development process.

Mapping of material topics

The identification of relevant issues, for the subsequent identification of material topics within those issues, was implemented by adopting three different views, with the support of adequate documentary sources. These three views were:

- Company View: identifies business development lines, consistency between corporate values and organizational practices and the mapping of main risks;

- Stakeholder View: identifies, through studies, surveys, workshops and opportunities for interaction, key themes in the company's relationship with stakeholders;
- Context View: identifies emerging or rapidly developing Environmental, Social and Corporate Governance issues within the reference industry, through: a) In-depth analysis of the most common issues in the reports of main aviation and infrastructure sector players; b) Examination of national and international legislative sources (hard and soft law); c) Collection of circulating international public debate news (in particular through the social media platform of Twitter) focused on sustainability and the aviation world's main players.

COMPANY VIEW

Business Challenges

- Development of the capital infrastructure
- Quality and digitalisation of passenger services
- Efficiency and productivity
- Aviation Business Development
- Growth Non-Aviation Business

"Ongoing Values"

Survey on organisational practices and application of values for 190 company top managers

ERM

Assessment of main strategic, financial, operating and reputational risks

STAKEHOLDER VIEW

Stakeholder Survey

Quantitative surveys with: aviation customers, cargo customers, retailers, suppliers, regional representatives, socio-economic actors, financial community

Stakeholder quality survey

20 structured interviews with: aviation customers, cargo customers, retailers, suppliers, regional representatives, socio-economic actors, financial community

Community Engagement Master Plan MXP

6 workshops and 3 public meetings in 2016-2017 with: institutions, local committees and regional associations of Malpensa, dedicated to analysing the guidelines of the 2030 Master Plan

CONTEXT VIEW

Aviation players

Airport managers

AENA - ANA - SCHIPHOL - COPENAGHEN - MONACO - FRAPORT - MAG

Airlines

AIR FRANCE - KLM - DELTA - LUFTHANSA

Transport & Infrastructure DJSI

ADP - ATLANTIA - ANA HOLDING - CANADIAN NATIL RAILWAY - DEUTSCHE POST - LATAM - POSTNL NV - ROYAL MAIL PNC - TRANSUBURBAN GROUP - UNITED PARCEL SERVICE

95 Issues

Financial & Sustainability Report

Regulations

94 Issues

152 Sources

64 transversal rules
37 sector rules
40 voluntary guidelines
11 on commute rules

2,726 Topics

Issuers

EU - STATO ITALIANO - ILO - ONU - OCSE - UNICEF - LONDON STOCK EXCHANGE - UNEP - WORLD BANK - IPCC - ICGN - ICAO - ENAC - FAO - UNCTAD - ISO - UNHCR - FEDERAZIONE BORSE MONDIALI - WBCSD - FINANCIAL STABILITY BOARD

News

33 Issues

1,508 Articles

30 milion tweets

Mentioned players

Ryanair Holding PLC	281
United Airlines	217
American Airlines Group INC	176
Heathrow Airport Holdings LTD	168
IAG - International Consolidated Airlines Group SA	139
easyjet PLC	105
Deutsche Lufthansa	96
Qatar Airways LTD	60
Air France-KLM	55
Jetblue Airways Corp	46
Qantas Airways LTD	45
Air Canada	27
Turkish Airlines	20
Westjet Airlines LTD	20
Etihad Airways	19
Norwegian Air SH	14
Amsterdam Airport Schiphol (NV Luchthaven)	12
ADP	10

The mapping process led to the identification of 43 issues for potential consideration as “material topics”, to be submitted for assessment by SEA management and stakeholders.

Distribution of ESG issues relevant to strategic areas

Strategic area	N° Issues
Sustainability Governance	5
Quality of the management and development of the capital infrastructure	8
Aviation business development	8
Growth Non-Aviation Business	6
Quality and digitalization of passenger service	10
Efficiency and productivity	6

Assessment and prioritization of issues

The assessment and prioritization of issues involved:

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

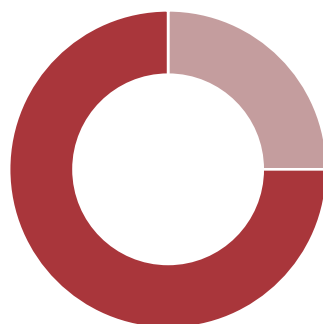
The various parties were given an online questionnaire indicating the 43 starting issues, subdivided into the six strategic areas described above. The questionnaire asked for the issues to be ranked in terms of their importance (highlighting the first three per strategic area), understood as the potential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

Categories of external stakeholders involved in the review of the materiality matrix

59 Surveyed 75%

Stakeholder business

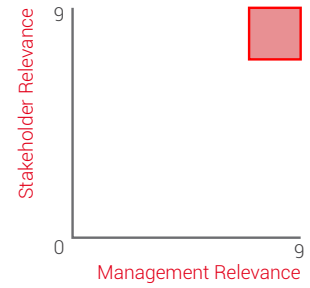
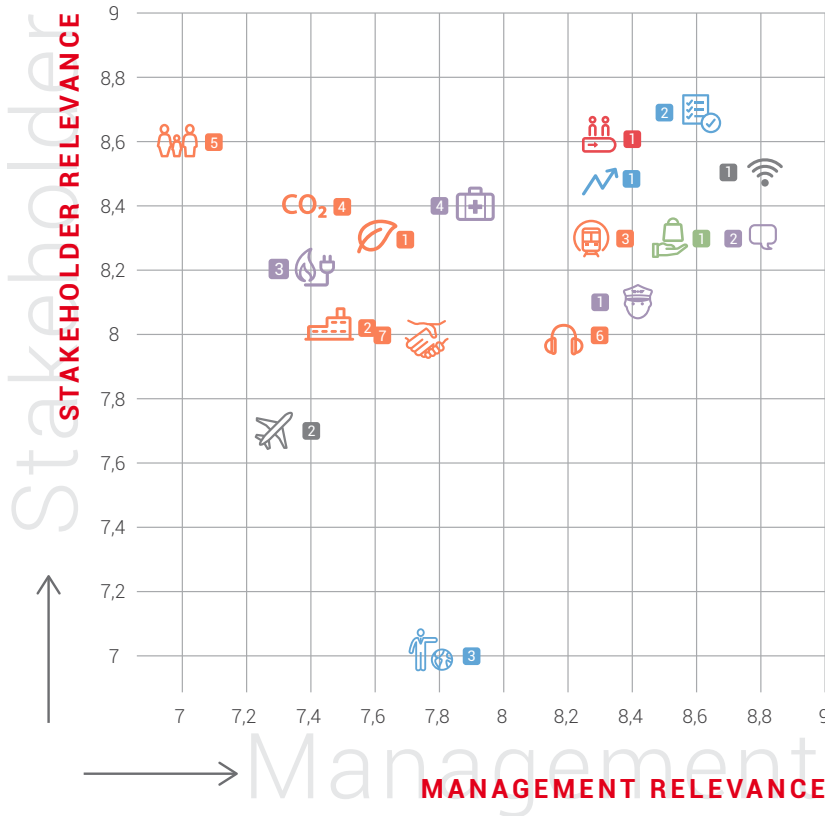
- Shareholders
- Aviation Clients
- Non Aviation Clients
- Banks/Financing
- State Authorities/Bodies
- Suppliers



19 Surveyed 25%

Social Stakeholder

- Trade unions
- Environmentalists
- Local bodies
- Consumer associations
- Media



MATERIALITY MATRIX 2019

Business Challenges

Materiality Issues

SDGs

Sustainable Governance

- 1 Strategic orientation to the creation of long-term value
- 2 Periodic Sustainability Plan
- 3 Corporate culture inspired by ethical values



Quality of the management and development of the capital infrastructure

- 1 Eco-sustainable construction methods
- 2 Containment of land consumption
- 3 Local area involvement in infrastructure projects
- 4 CO₂ emissions reduction
- 5 Promotion of sustainable airports accessibility
- 6 Containment of noise impact
- 7 Transparent communication to stakeholders



Aviation Business Development

- 1 Increase in air connectivity
- 2 Environmental criteria for aviation charges



Growth of the Non-Aviation Business

- 1 Quality and innovation in the shopping experience



Quality and digitalization of passenger services

- 1 Quality of the customer experience in the terminals



Efficiency and productivity

- 1 Employees training/empowerment
- 2 Employees dialogue/involvement
- 3 Energy efficiency measures
- 4 Occupational health and safety



Alignment of Business Challenges, Material Topics and Sustainable Development Goals

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

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

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

Issues of the materiality matrix

Strategic orientation to the creation of long-term value

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

Corporate culture inspired by ethical values

Constant fostering of corporate culture and business practices inspired by the reference ethical values, investing in work methods and relations favouring the application of such values in daily operations. Commitment to verify, through periodic surveying of the corporate community and stakeholders, the perceived level of alignment of practices with the values.

Periodic Sustainability Plan

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

Increase in air connectivity

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

Quality of the customer experience in the terminals

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

Quality and innovation in the shopping experience

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

Promotion of sustainable airports accessibility

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

Transparent communication to stakeholders

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

Local area involvement in infrastructure projects

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

Occupational health and safety

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

and an awareness of risks and promoting responsible behaviour.

Energy efficiency measures

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

Environmental criteria for aviation charges

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

Containment and correct utilization of land consumption

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

Eco-sustainable construction methods

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

CO₂ emissions reduction

Commitment to a series of actions for the control and reduction of direct and indirect emissions of CO₂ at the airport and deriving from airport management activities.

Containment of noise impact

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

Employees training/empowerment

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

Employees dialogue/involvement

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

The issue of "Security and Safety"

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

Corporate Citizenship

The main points of our "Corporate citizenship" policy are:

- the value of the Company's corporate citizenship is defined more by the robustness of its link with the company's strategy than by the quantity of resources invested;
- the corporate citizen activities are carried out in order to protect the interests of:
 - shareholders, in relation to the most correct, efficient and beneficial use of employees by management;
 - the non-profit stakeholders, in relation to the

need for transparency and objectivity in terms of the criteria under which the company chooses its partners for social investment;

- it is defined by the Company itself in terms of its own credibility and reputation to act transparently in accepting requests for contributions from non-profit organizations;
- the touchstone of our corporate citizenship activities revolves around the financed project, whose credentials (completeness, endorsement by national and international institutions, scalability, clarity of objectives, measurability and accountability) are added to those of its proponents;
- projects in line with the identity, features and distinctive characteristics of SEA are preferred, which carries out an active role (not simply a donator, but rather a partner) in the management of initiatives,

considering therefore, as important factors for the choice of the project, the possibility to mobilise the involvement of employees, in addition to the opportunity to reconcile the needs within the region of the airports with international dimension initiatives.

Main non-financial risks

The most significant risks inherent to ESG issues are shown below. In particular: external risks – such as events deriving from factors external to the Group – and operational and business risks, which are strictly connected to airport operations that may have an impact on the environment and social context, thereby limiting the company’s ability to generate long-term value.

External Context

Risk	Risk description	Prevention/mitigation measures
Climate change		
Interruption of airport activities due to extreme weather events (cloudbursts, snow)	Temporary interruptions to airport activities may occur due to the growing intensity and frequency of extreme weather events such as storms and strong winds.	Processes, systems and the structures which the Group has already set up in the past, enable the better management of these events. Investments and improvements are also envisaged for the plants and infrastructure deemed most critical.
Changes in passenger preferences		
Contraction in estimated air traffic growth due to the “flight shame” phenomenon	The climate of increasing general hostility towards air transport, particularly in terms of the “flight shame” movement, and discussed in the media as one of the main contributors to climate change, may have an impact on demand, with a consequent reduction in intra-EU air traffic, both in terms of commercial and general aviation. This may also result from the introduction of international and/or national tax policies penalising the air transport sector as a whole.	The issue is addressed both at an industry level and that of individual airport management companies. In the first instance, communication campaigns have been launched (e.g. “Fly Aware” by IATA, ATAG and ACI) to reduce the negative perception of aviation as the main producer of emissions and to inform consumers/passengers of the efforts that are underway to make the air transport industry more sustainable. At SEA, action is underway to support the reduction of emissions by airlines, with proposals for a differentiated pricing system for quieter and less polluting aircraft.

Operating and business risks

Risk	Risk description	Prevention/mitigation measures
Safety and Security		
Terrorist attack at Malpensa or Linate	A potential terrorist attack in one of the Group airports could have serious consequences for passengers and airport operators.	SEA invests enormous effort in the management of this risk. Similar to all Italian airport managers, safety procedures applied by the Company are based on the National Security Program (PNS) measures. In order to ensure compliance with the provisions in the PNS, the airport operators draft, implement and keep an updated Security Program which outlines the processes and procedures followed to apply the aspects of the National Security civil aviation program for which they are responsible. To this end, SEA carries out periodic drills involving all the competent entities and provides ongoing support to the Security Forces in defending the airside/landside borders and the landside area. The perimeters of both airports are equipped with a video surveillance and access control system.

Risk	Risk description	Prevention/mitigation measures
Air crash	A ground accident between two aircraft may result in casualties or damage to airport infrastructure.	In terms of aviation safety, the Group's Safety Management System, which is also validated and controlled by the Italian Civil Aviation Authority (ENAC), maintains the highest levels of safety and service quality, acting in line with the fundamental principles of the SEA Airport safety policy. Through the Ground Safety Report and its related indicators, SEA constantly monitors daily operations carried out in aircraft-related areas, to detect any potential incidents which might cause an air incident (e.g. failed right of way, technical problems). For further information, reference should be made to the "Aviation safety" section.
Business interruption due to fuel depot fire	A fuel depot fire at Malpensa Airport may cause the closing of airport areas and air traffic suspension due to damage to airport infrastructures, facilities, neighbouring civilian areas, as well as to the environment due to subsoil fuel absorption.	In addition to occupational health and safety policies aimed at preventing accidents of this type, a shared emergency management plan is in place between SEA and the depot manager, DISMA.
Information Technology		
Interruption of operational services due to cyber attack	The vulnerability of airport systems may increase with increasingly aggressive cyber-attack strategies and new Digital Transformation technologies. Computer attacks or unauthorized system access may compromise business-critical processes or result in data loss.	To protect against potential critical issues such as these, the Group will continue to invest significantly in IT security, and data integrity and security. An ISO 27001 certification was obtained for core processes in 2019.
The environment		
Environmental risks generated by SEA group activities	Ordinary activities and a potential future increase in night flights may cause noise pollution in areas adjacent to the airport grounds. Other risks are the consumption of natural resources such as energy and fuels, with consequent impacts on the atmosphere in terms of the production of dangerous waste and spillages affecting the territory. Planned infrastructure interventions involve waste recovery and disposal activities.	Environmental risks include both internal risks generated by Group activities with potential environmental effects, and external risks that may significantly affect Group operations. These risks are managed and constantly monitored by the Environmental Management System. For further information, refer to our "Environmental and energy policies" section.
Natural and Energy Resource Management		
Ineffectiveness of consumption/emissions reduction actions envisaged with a view to compliance with the "zero emission 2050" commitment	Together with all airports belonging to the ACI Europe network, SEA has committed to the Net-Zero 2050 target of zero CO ₂ emissions by 2050. Linate and Malpensa have participated in ACI Europe's Airport Carbon Accreditation certification program since 2009. The SEA Group has implemented initiatives to reduce consumption, but the road map towards eliminating emissions is still being defined at an airport industry level.	Investments are envisaged in this area, such as the gradual replacement of the company's endothermic fleet with electric/hybrid vehicles, and the design of a photovoltaic system by SEA Energia for Linate Airport.
Waste Management		
Failure to achieve the Group's separate waste collection objectives due to difficulties involving third parties	The aim to increase the Group's percentage of separate solid waste collection requires the involvement of airlines and sub-concessionaires. The lack of involvement on their part makes it impossible to increase the percentage of separate collection and to achieve the targets that the SEA Group has set itself.	Increasing the Group's percentage of separate waste collection requires the involvement of a number of players operating at the airports, with which SEA has initiated and is still pursuing specific initiatives.
Infrastructure investment		
Failure to authorise the new Malpensa Master Plan	In 2017, the new Malpensa airport Master Plan was presented to ENAC (National Civil Aviation Authority). After an initial favourable opinion received by ENAC in November 2019, the approval process is still ongoing. The Master Plan is a long-term strategic planning tool for managing airport developments.	The Master Plan envisages a 60-hectare expansion south of the current airport structure. As this plan involves part of the Ticino Park area whose transformation may have potential environmental and economic impacts on the surrounding municipalities, the Group has focused strongly on the local communities in designing the project, currently in the approval stages.

Risk	Risk description	Prevention/mitigation measures
Human Resources		
Decline in productivity due to an ageing corporate population	The ageing of the company workforce is also due to the extension of the working age introduced under recent pension reforms and could impact operations in terms of reduced efficiency/productivity (particularly the use of new technologies, higher absenteeism and/or health problems).	In order to better manage this risk, SEA has implemented numerous initiatives, aimed, on the one hand, at recruiting younger staff (including the drafting of a recruitment plan for the under-35's) and, on the other, at developing and maintaining skills, and the physical and psychological well-being of employees at the Group.

Other considerations

Considering the nature and the geographic location of the activities carried out by the Group, as well as the preparatory controls for obtaining mandatory airport passes for anyone working in the airport, we do not indicate any human rights breach risks regarding the supply chain. Legal and compliance risks are related to compliance with internal policies and regulations (e.g. personnel conduct not in line with the company's ethical values, failure to respect delegated powers), and applicable general laws and regulations (e.g. failure to comply with privacy and data protection legislation). The potential risks of corruption offences are managed by the Group through the adoption of its 231 Model and ISO 37001. For further information, please see the "Internal control system" paragraph.

Resources

RESOURCES

INFRASTRUCTURAL CAPITAL

SEA's Infrastructural Capital covers all forms of physical capital that define SEA's operational capacity and how it carries out its business.

This includes both physical assets managed directly by the company (terminals, runways, warehouses, car parks, etc.) and those not managed by the company but that form part of its airports' "value proposition" (roads, railway access to airports, etc.).

Airport infrastructure development

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

The Master Plan is the long-term planning instrument for the upgrade and expansion of the airport infrastructures. Beginning with the airport development expectations (in terms of role, traffic, types of flights served, needs expressed by the region etc.), it identifies and describes the general situation, analysing the functional allocation of the various areas of the airport and identifies the main infrastructure which need to be constructed, assigning different priority levels and quantifying the extent of the investment required. The Master Plan prepared by the airport manager was approved by ENAC in relation to the technical-aeronautic aspects and by the Ministry for the Environment for the environmental impact aspects. The authorization process then involves an assessment of the planning elements expressed by

the "Conference of Services", in which all the regional entities interested in the development of the airport participate.

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

Development of infrastructure investments

In the 2017-2019 three-year period investments were carried out for a total value of Euro 298.3 million, principally focused on the development of infrastructure, in order to improve the service offered to passengers and the cargo transport service, guaranteeing high quality, security and operational efficiency levels and protecting the environment to an even greater degree.

Infrastructural investments (millions of Euro)

	2019	2018	2017	Total 2017-2019
Malpensa Terminal 1	18.5	7.8	10.3	36.6
Malpensa Terminal 2	1.9	2.3	1.6	5.8
Malpensa Cargo	1.1	4.8	5.6	11.5
Linate	24.2	7.4	8.5	40.1
Flight infrastructure	34.0	14.0	12.4	60.4
Various actions	30.4	20.7	28.5	79.6
Plant & Equipment	24.0	22.3	18.1	64.4
Total	134.1	79.2	85.0	298.3

Note: The 2019 total does not include the "IFRS 16 fixed assets" account amounting to Euro 11.9 million; in addition, Terminal 1 includes Euro 3.3 million relating to the construction of a new General Aviation Terminal at Malpensa Airport.

Source: SEA

INVESTMENTS IN MALPENSA AIRPORT

The main work carried out in 2019 on airside infrastructures at the airport mainly concerned:

- repaving various taxiway sections;
- non-routine maintenance on numerous bright visual aids;
- upgrading lighting systems with a view to energy efficiency (e.g. replacing lights with LED units);
- work designed to optimize the use of existing infrastructure (e.g. restructuring some aircraft parking stands) and improve system functionality.

As for Terminal 1, work was carried out to ensure adequate system functionality during the months Linate was closed. The following aspects in particular have been improved:

- check-in areas;
- areas intended for security checks on departing passengers;
- passport control stations (installation of new automatic "e-Gate" stations);
- boarding areas;
- baggage sorting system.

Two new gates were created at Terminal 2 for Schengen flights in the former "group area," and general works were carried out to upgrade the access road.

Work continued on the new cargo area warehouse managed by DHL, which is expected to come into operation in the spring of 2020.

Works completed in 2019 include those on the new general aviation terminal and related airside and land-side work.

INVESTMENTS IN LINATE AIRPORT

Significant renovations and development work was carried out – and to a large extent completed – on airside infrastructures and the passenger terminal at Linate Airport in 2019, which primarily took place during the airport closure period.

The most significant work involving airside infrastructures concerned:

- relaying paving on the main runway and various sections of the taxiway;
- adapting the connection between taxiway "N" and

the aircraft maintenance apron to EASA (European Aviation Safety Agency) standards.

- carrying out civil work in preparation for the future installation of 400 Hz electricity supply systems at "remote" stands in the northern apron;
- upgrading numerous AVL systems (bright visual aids) located on the main runway.

Constructing the new "F body" in the passenger terminal. This entailed the construction of a temporary building in which to manage boarding operations for Schengen flights while the new spaces were being built. Work was also carried out to adapt the baggage control system for departures.

The "Ambience" project has been launched (to redevelop terminal spaces directly affected by passenger flows, in order to increase customer satisfaction), as well as a project to redevelop and standardise public toilets, which will continue in 2020.

Linate Master Plan

The Linate Master Plan 2030 is based on SEA's strategy, over recent years, to consolidate the Linate Airport as a city airport, gradually modernizing its facilities and adapting areas for new airport activity services, both inside and outside of the airport grounds. In line with this strategic vision is the redevelopment of the east side of the airport facing the Idroscalo park, the so-called 'waterfront', which, in addition to creating new spaces for activities directly connected and complementary to the airport, has the potential to promote important synergies with the other planned territorial transformations. Under the current reference framework and future development prospects, significant increases in traffic levels served by the airport are not expected. This is due to current regulatory limitations (maximum 18 runway movements per hour) and the airport's configuration in a geographical area where significant infrastructural developments are limited.

The future development of the airport aims, above all, to gradually improve qualitative aspects, including, for example:

- Improvements in the safety, efficiency and reliability of operations through the development of innovative technologies;
- Greater comfort and a wider range of services offered to users;
- Improved integration with the surrounding territory,

also promoted by the improvement of access systems (e.g. the new metro line);

- Improvements in environmental protection and energy saving.

The Environmental Impact Study (SIA) relating to Linate's 2030 Master Plan took approximately three years to receive authorisation. The plan was submitted to the Ministry of the Environment on March 1, 2017. After a window of time required by legislation for the submission of observations, SEA agreed to provide addenda to the study on the basis of the observations received and deemed useful for the improvement and clarification of the document. The main observations came from municipalities in the local area of Lombardy. In order to go above and beyond regulatory compliance, SEA has also tried to cover technically less critical areas in the region (such as a study into airport noise by taking measurements in areas already covered by the calculation model). The addenda were published on February 6, 2018. In the following months, opinions from various Ministries were obtained prior to the issuance of the EIA decree, which had a positive outcome with some limitations on December 5, 2019.

The main limitations mainly concern accessibility, the study of related traffic, airport noise and the water environment. SEA has already launched several preparatory initiatives related to the content of the EIS, such as air quality monitoring campaigns and the definition of preliminary actions to mitigate the impact of aviation noise. The Company is ready to define a framework agreement with the entities concerned to monitor and verify the requirements set out in the EIA decree.

Framework of limitations provided by the EIA Decree and corresponding SEA initiatives

MATERIAL	MEMBER	ACTIONS TAKEN	ACTION TO BE TAKEN
Regional Agreement/ Monitoring Plan definition	Noise: checks at fixed points along flight paths and near buildings with exposed populations	Start of activities with an update to the ARPA monitoring network	Installation of a control unit in San Giuliano (60LVA) as requested but not mandated by ARPA
		Definition of specifications for mitigation measures	Specification closure, audit of receptors and tender planning
	Air: checks at fixed points along flight paths	Monitoring of Bridge period	Start of activities with ARP, construction, monitoring with mobile or fixed control points
	Compliance with region of Lombardy point N provisions (environmental monitoring)		Traffic: monitoring before and after traffic flows generated by Linate Airport
			Parking: Effective monitoring of parking needs
			Road noise: installation of two monitoring stations on the Forlanini SP14 axis during the pre-construction phase, followed by quarterly checks. Traffic flow estimates and monitoring performance assessments during construction works
			Aviation noise: preparation of documentation on EMP T.01 measuring points
		Construction site noise: sharing with ARPA of an EMP on the potential to continuously monitor the construction phases with the greatest impact	
	Groundwater: qualitative monitoring at IDR SOT points 11, 12 and 13		

MATERIAL	MEMBER	ACTIONS TAKEN	ACTION TO BE TAKEN
Regional Agreement/ Monitoring Plan definition			Surface water: Biological and morphological monitoring plan for the Lambro with two monitoring stations; invertebrate monitoring. Monitoring every five years
		Compliance with the region of Lombardy's provisions on points G, L, F, E and K (mitigation)	Atmosphere (G): construction site mitigation with yard wetting, speed reduction and suspension of excavation activities on windy days
			Evaluation of fixed pollution control unit in San Giuliano
			Landscape (S): improvement of waterfront with the addition of trees
			Viability (F): assessment of the option to remove the road on the south-western bank; number of parking spaces
			Biodiversity and mitigation (L): strengthening of greenery along the edge of the Lambro, strengthening of pedestrian paths in green areas, restoration of Monluè-Forlanini cycle-pedestrian connection
		Compliance with the region of Lombardy's provisions on points A and I	Landscape (K): improvement of extension tables for aircraft aprons, parking areas, airside roads, further details on renovation of architectural features
			Accessibility (A)
		Lambro water environment safety design	Accessibility (A): evaluation of M4 terminus in Novegro, evaluation of new south-east road for public use
Water environment		Compliance with the region of Lombardy's provisions on points B and D	Water monitoring with annual SMEs in agreement with ARPA
			B: Review of underground car parks
		Compliance with observation submitted by the Municipality of San Donato	D: Hydraulic compatibility assessment of the "General Aviation" area
		Acquisition of relevant opinion with reference to the Flood Risk Management Plan	Analysis of potential flooding of the River Lambro, with new risk scenarios
Usage Plan for excavated rocks		Drafting of a Usage Plan for excavated rocks pursuant to Presidential Decree 120/2017	
Water environment		Complete design of new fuel area	
		Compliance with the region of Lombardy's provisions on point C	Complete design in accordance with waterway constraints
		Technical report on draining of overflow water to avoid groundwater pollution	Identification of an alternative area to the storage area
Accident risk		Definition of accident risk analysis estimates prepared by ENAC	

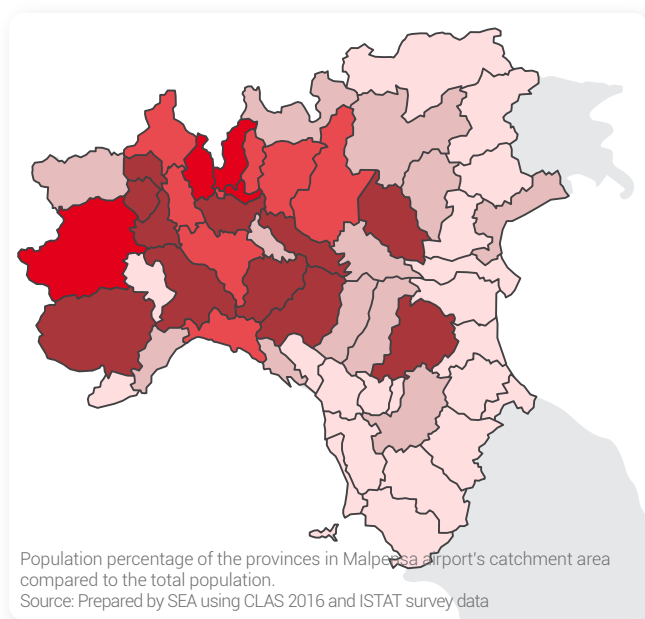
Catchment area of the airport system

According to the established international standards, an airport's catchment area is determined as including all points within the territory from which the airport can be reached in a given amount of time using any mode of transport available. The Milan airport system's catchment area principally comprises, in declining order of attractiveness, the Milan metropolitan area, the Region of Lombardy and north-western Italy. Extends – albeit with a reduced ability to capture demand – to the regions of north-eastern Italy (excluding Friuli Venezia-Giulia), Emilia Romagna and Tuscany. Within the Milan airport system, Malpensa is one of two airports in Italy (the other is Rome Fiumicino) serving a significant network of long-haul destinations. Accordingly, passengers from northern Italy who wish to travel to intercontinental destinations have two choices: travel from Malpensa or depart from the nearest regional airport and change planes at a European hub.

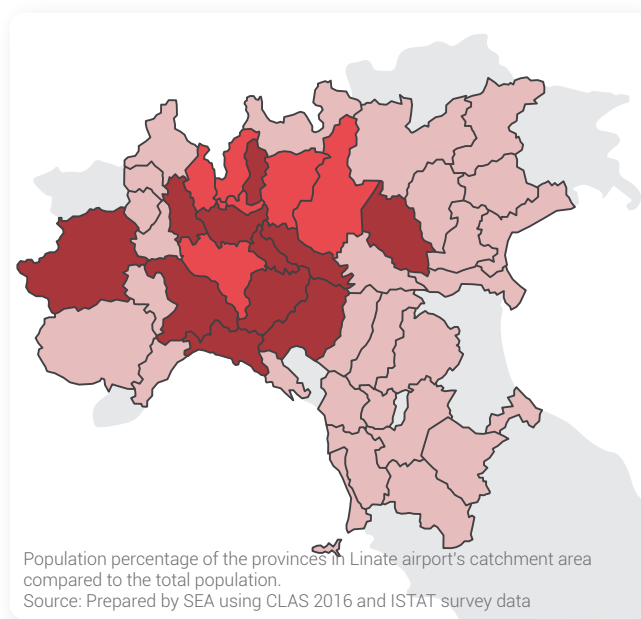
In the short and medium term, it can therefore be stated that all of northern Italy is a potential catchment area for Milan's airports, and in particular for Malpensa with regard to long-haul destinations.

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

Malpensa airport's catchment area



Linate airport's catchment area



Socioeconomic features of the Milan airport system catchment area

	Catchment area	% of Italian total
Area (km ²)	135,319	44.8
Population (2017)	30,260,534	49.66
GDP 2018 (Euro mil.)	1,070,969	61.1
No. companies 2017	2,442,472	55.7
No. employees 2017	10,586,219	62.1
Exports 2017 (Euro mil.)	342,437	79.6

Source: SEA on ISTAT data

Capacity

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

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

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

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

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

CAPACITY OF MALPENSA AIRPORT

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

- 39 similar movements (therefore movements of the same type, take-off or landings separately) and 31 opposing movements (therefore movements of a differing type, take-offs or landings jointly) every hour;
- 6/7 similar movements every 10 minutes, 6/7 similar movements in the subsequent 10 minutes (for a maximum of 13 similar movements every 20 minutes) and 5 opposing movements every 10 minutes.

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

CAPACITY OF LINATE AIRPORT

The Linate airport infrastructure is capable of managing a capacity of approx. 32 movements/hour, although traffic limitation is imposed by the "Bersani" and "Bersani bis" Decrees which establish a cap of 18 movements/hour. This capacity was fixed for commercial flights, without including regional continuity agreement flights (therefore flights to and from particular regions located off the Italian mainland, such as Sicily and Sardinia, which guarantee flights with the main peninsular airports) and General Aviation flights.

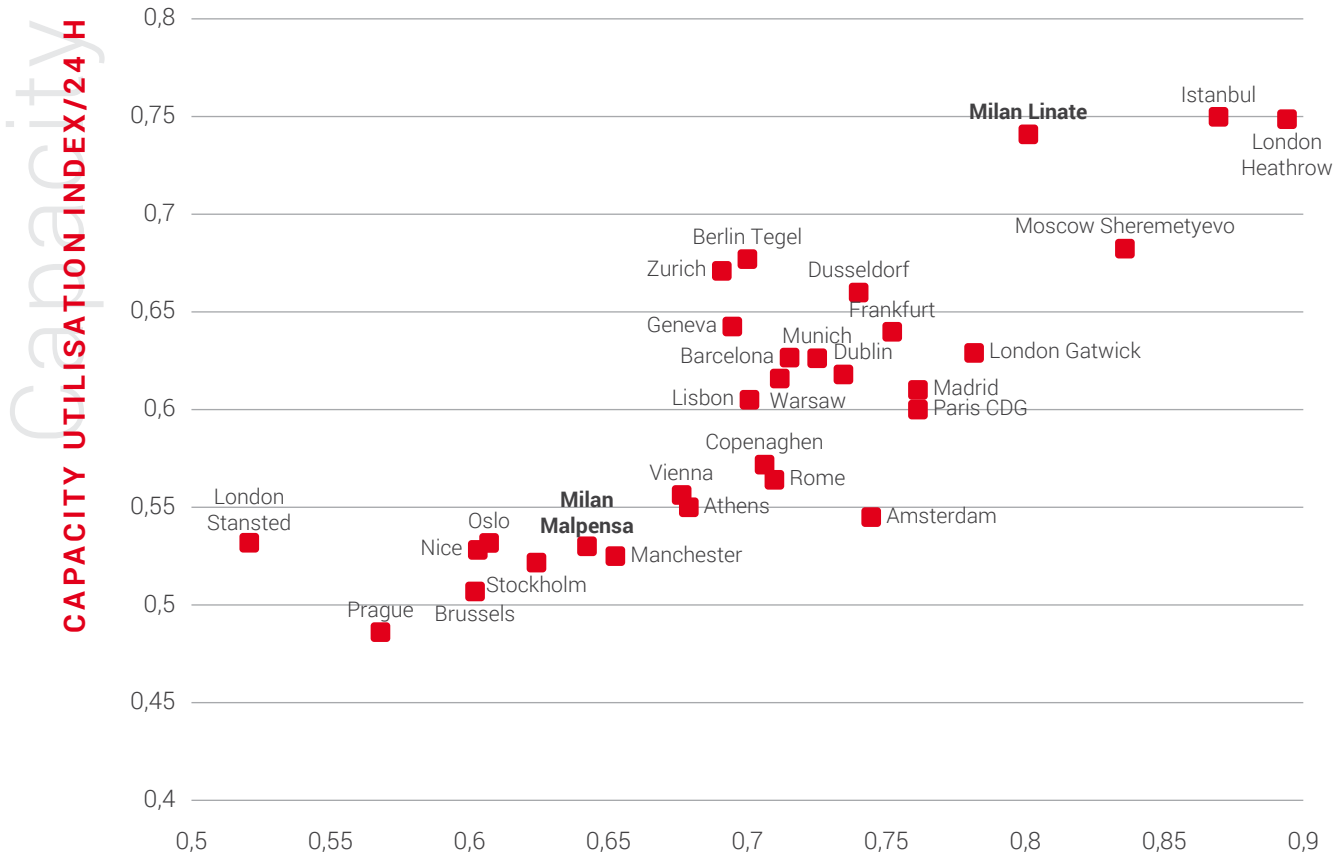
MILAN AIRPORTS AND THE EUROPEAN CAPACITY CRUNCH

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

Eurocontrol⁶ predicts that there will be more than 30 congested European airports by 2035.

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

Positioning amongst selected European airports by capacity utilization rate



Source: SEO Amsterdam Economics, 2017

CAPACITY UTILISATION INDEX (CUI)

Even today, these airports already operate at 80% or more of their capacity for more than three hours a day. According to the traffic growth scenario deemed "most likely" by Eurocontrol, in 2035 it will not be possible to accommodate approximately 1.9 million flights (12% of demand). The airport capacity shortfall will not be distributed uniformly throughout Europe. The United Kingdom, Turkey, Belgium, the Netherlands and several Eastern European countries are likely to be more severely affected than others.

The lack of capacity at European airports is also cause for concern due to the scale of the negative externalities that will be borne by passengers. In a situation in which airport capacity demand exceeds supply – and in which airports have considerable market leverage over passenger traffic – prices will be used to balance demand and available capacity. If an airport's prices are reflected efficiently in airport fees, the lack of slots will result in higher rates and thus in higher costs for airlines, which in turn will charge their passengers higher

fares for flights during peak times, on the basis of the market situation. According to Eurocontrol's estimated traffic growth figures, the total amount of fees charged to airlines at congested airports is expected to reach Euro 6.3 billion by 2035. Essentially, European passengers will inevitably pay an increasingly higher price for insufficient airport capacity.

To reduce the negative impact of the capacity shortfall on passengers' income, constant investments are required, in addition to regulatory reform to combat disincentives for airlines to increase capacity.

The capacity utilization index (CUI) estimates an airport's use of its capacity compared to the peak level of the busiest 5% of hours. In other words, it is an indicator that measures the intensity at which an airport operates at its full capacity.

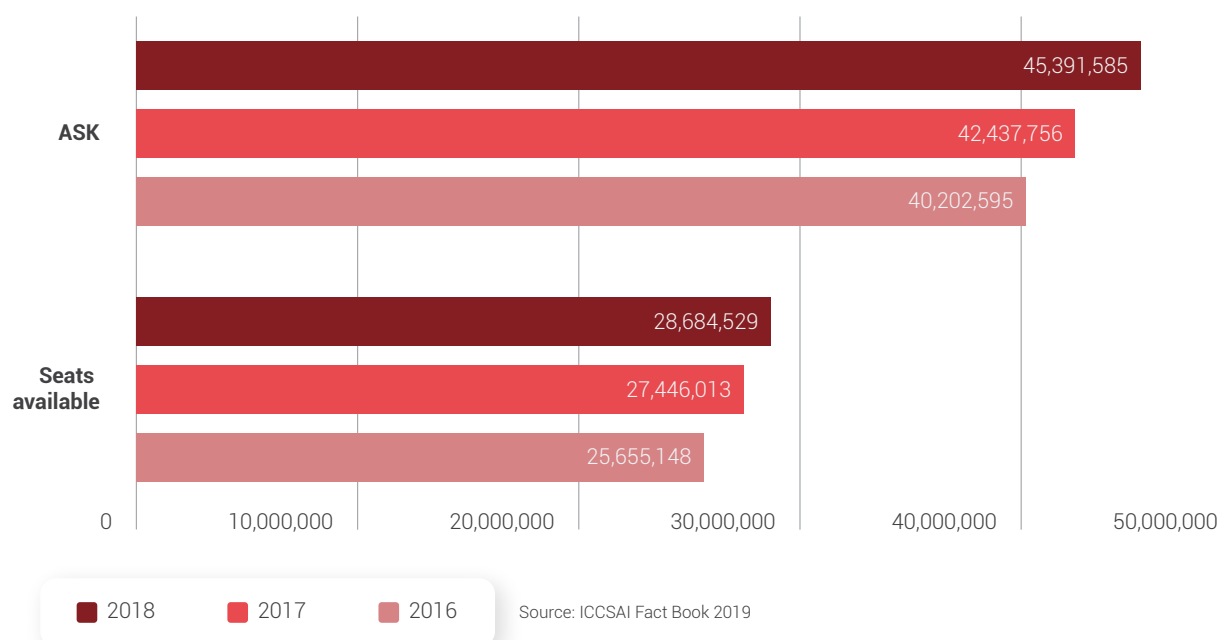
The matrix shows the positioning of 30 major European counterparts in terms of CUI and 24-hour CUI. Linate

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

Air transport supply

In 2018, the Milan metropolitan area ranked eighth in Europe (it was ninth in 2017) for the overall level of air transport available, with 45.4 billion ASKs (Available Seat Kilometers) offered annually (+3 billion on 2017). ASKs correspond to the total seats available on each flight, multiplied by the number of kilometers flown: a measure of an airport's capacity in terms of passenger transport supply. The overall airport system – inclusive of Malpensa, Linate and Orio al Serio – offered 28.7 million seats.

Air transport supply in the Milan metropolitan area (ASK, '000)



Malpensa airport ranked sixth in Europe (after London Heathrow, Paris CDG, Frankfurt, Amsterdam and Zurich, and joint with Rome) in terms of the weight of ASKs relating to non-EU destinations out of the total ASKs offered. Destinations lying outside Europe accounted for 71.8% of Malpensa's weighted offerings.

Air transport supply at Malpensa airport ('000)

	2018	2017	2016
ASK	32,415,679	29,855,668	28,086,906
ASK inter-EU	9,127,744	8,448,170	7,463,899
ASK non-EU	23,287,935	21,407,498	20,623,007
ASK non-EU/ASK total	71.8%	71.7%	73.4%

Source: ICCSAI Fact Book 2019

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

Airport accessibility

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

- connections with the major local city, which accounts for most transport demand (in this case, the city of Milan);
- connections with the metropolitan area surrounding the major local city or the “narrow” catchment area (within 60 minutes from the airport). In the case of the Milan airports, this area corresponds to greater Milan, the region to the south-west of Milan that extends to Piacenza, the most developed portion of the foothills (stretching from the Province of Varese to the Province of Bergamo), the provinces of Eastern Piedmont (Verbano-Cusio-Ossola, Novara and Vercelli) and Canton Ticino;
- connections with other medium and large cities located at larger distances but served by modes of transport (particularly high-speed rail) that offer travel times of less than two hours. In the case of Malpensa, such cities include above all Turin and lower Piedmont (Alessandria and Astia), as well as Genoa, Emilia (from Piacenza to Bologna), Florence, Eastern Lombardy (Brescia) and western Veneto (Verona).

MEANS OF PASSENGER GROUND TRANSPORT TO MILAN'S AIRPORTS

The airports are connected to their catchment area by various means of transport. Milan's airports intend to develop a specific strategy to improve accessibility. They have already taken concrete steps to achieve this goal, with the aim of improving the quality of services on offer and expanding the catchment area. The airports also hope to promote more sustainable forms of transport to and from the airport.

The current modal split reveals that private vehicles are the main means of transport used by passengers to travel to SEA's airports.

Mode of ground transport used by passengers to reach Milan airports (%)

	Malpensa T1	Malpensa T2	Linate
TRANSPORT MODE			
Public road transport (bus)	17%	15%	23%
Public road transport (taxi)	7%	4%	29%
Private road transport	59%	70%	48%
Public rail transport	17%	11%	-

Source: Malpensa Masterplan on CLAS Group survey (2016) and REDAS Engineering transport study (2018)

CURRENT AND FUTURE ACCESSIBILITY TO LINATE AIRPORT

Promoting landside accessibility by connecting the airport to the surrounding area and implementing innovative transport practices are both enabling factors for the sustainable development of the airport itself.

Airport accessibility – best practices

	Milan Linate	London Heathrow	Amsterdam Schipol	Vienna Schwechat	Frankfurt am Main	Naples Capodichino
Type of airport	International	Intercontinental	Intercontinental	International	International	International
Total passengers	9 million (2018)	80 million	71 million	27 million (2018)	70 million (2018)	10 million (2018)
Distance from city centre	8 km	24 km	26 km	18 km from Mitte station	12 km	4 km
Journey time in a private car from the central station	25'	43'	30'	16'	14'	15' – 20'
Journey time by public transport from the central station	45'	20' (train)	18'	15' (train)	14'	29' (bus)
Landside accessibility	Car, bus, taxi	Train, car, bus, metro, taxi	Train, car, bus, bicycle, taxi	Train, car, light rail, taxi	Train, car, bus, taxi	Car, taxi, bus
Areas for innovation		Cycle access for employees	100%-electric taxi fleet	City check-in	Cycle access for employees	

Source: "New Milan Linate Intermodal Hub Traffic Forecasting Study and Functional Layout Analysis," NET Engineering, 2019

A few airports with innovative transport solutions have been selected to inspire best practices for airport accessibility at Linate Airport.

Linate Airport is one of Italy's main city airports and is being called upon to respond to new challenges and opportunities, in a context of continuous evolution, both with reference to accessibility to the Milan and regional metropolitan areas, and with reference to new production and commercial hubs (Westfield), which will be built in the area adjacent to the airport. As such, Linate will become a gateway for public transport travel thanks to the new M4 metro line, and the new network and services defined by the Milan, Monza, Brianza, Lodi and Pavia Bacin Program.

Linate airport is currently accessible solely via road, from both the city centre and outlying areas, through the Milan ring road system – the foundation for all major road infrastructure serving the local area and connecting to the national motorway system.

The airport is connected to the city both via a metropolitan public transport route and two shuttle services departing from Milan Centrale Station. Additional urban and suburban public transport routes connect the airport to neighbouring municipalities.

The user base for Linate airport primarily consists of the entire central portion of the region of Lombardy. This area is characterized by significant road congestion due to the central role played by Milan in the regional economic system. Accordingly, various efforts to develop and enhance the existing infrastructure system have been planned.

Developments envisaged for road accessibility for Milan Linate

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

Source: "Strategic Plan for the Accessibility and Mobility of Milan Linate and Milan Malpensa Airports," PWC, 2018

Linate Airport can also benefit from this network scheme because a significant quota of "passing" traffic, currently concentrated in Milan, would use these new routes, thereby reducing the congestion that Milan's road system suffers from now. Additional capacity would be released on the current road system, improving the level of service on the access routes to the city centre in addition to access to the immediate and surrounding areas (particularly Linate). Works to connect Linate with Milan's Metro system (the M4 line) include the construction of a station directly linked to the passenger terminal. This work will further improve the quality of the services offered by the airport, whilst at the same time improving the integration of the airport structure into the urban fabric. Such features of Milan's urban transport system (an efficient Metro line, a loop metro-style rail system linked both to the high-speed network and the regional railway networks, an efficient and broad overground public transport system) will ensure, and are, indeed, the prerequisites for an objectively successful airport rail link service.

Developments envisaged for rail accessibility for Milan Linate

Section	Description of the works
Start-up in 2022 forecast for Milan metro line 4 (San Cristoforo FS-Linate) or "Blue Line"	The line will extend across the city for approx. 15 KM from west to east, optimizing not only the airport connection but, more generally, also that with the entire metro and urban rail system.
Segrate Porta Est AV station	The project involves the construction of a new intermodal "Segrate Porta Est" rail-to-road station, which will be connected to Linate airport via the extended M4 metro line.

Source: "Strategic Plan for the Accessibility and Mobility of Milan Linate and Milan Malpensa Airports," PWC, 2018

In addition, among the infrastructure development works involving the area adjacent to Linate Airport is the "Segrate Porta Est metropolitan hub" project, which envisages the construction of a new intermodal rail-to-road station (Segrate Porta Est) and its connection to Linate Airport via the extended M4 metro line.

CURRENT AND FUTURE ACCESSIBILITY TO MALPENSA AIRPORT

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

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

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

In the coming years extensive infrastructural investments are scheduled for the Lombardy rail network – a priority for the development and competitiveness of Malpensa – whose conclusion should have a positive impact on the quality of connections with airport, both in terms of journey time reduction and ease of access.

Developments envisaged for road accessibility for Milan Malpensa

Road segment	Description of the works
SS341 bypass and Gallarate road link	Road link between the A8 motorway and the SS336.
Pedemontana Lombarda	Completion (segment A between the A8 and A9 motorways, segment B1 from the interconnection with the A9 to the SP35, and the Como and Varese ring roads have all been completed to date).
SS336	Upgrading works.
SS33 bypass	Sempione SS33 bypass between Rho and Gallarate.
SS336dir	A southward extension of the SS 336 section, beyond the Magenta link road to the A4 Milan-Turin motorway, towards the Tangenziale Ovest (West Ring Road) with branching to Vigevano.
A4	Upgrading of the A4 Turin - Venice urban segment.
Somma Lombardo ring road and Besnate-Malpensa connection	The project aims to create a road that bypasses Somma Lombardo and connects the SS33, SS336 and SP49 through the construction of an additional segment called the "Besnate-Malpensa connection."
Milan-Rho-Monza A52 North Ring Road	Motorway Development of the existing Rho-Monza road link at the A8 (Baranzate)-A52 (Paderno, Dugnano) segment, with the construction of a two-lane roadway in both directions, plus emergency hard shoulders and a parallel road for local traffic.
SP40 bypass	SP40 bypass (from SP14, to Via Aspesi in Samarate, to the new SS341).
A8	Fifth lane on the "Milano Laghi" A8 motorway.

Source: "Analysis, Evaluation and Technical Assistance to the Process of Involving Local Stakeholders in the Development of a Strategic Access Plan for Malpensa and Linate Airports," PTS CLAS, 2019

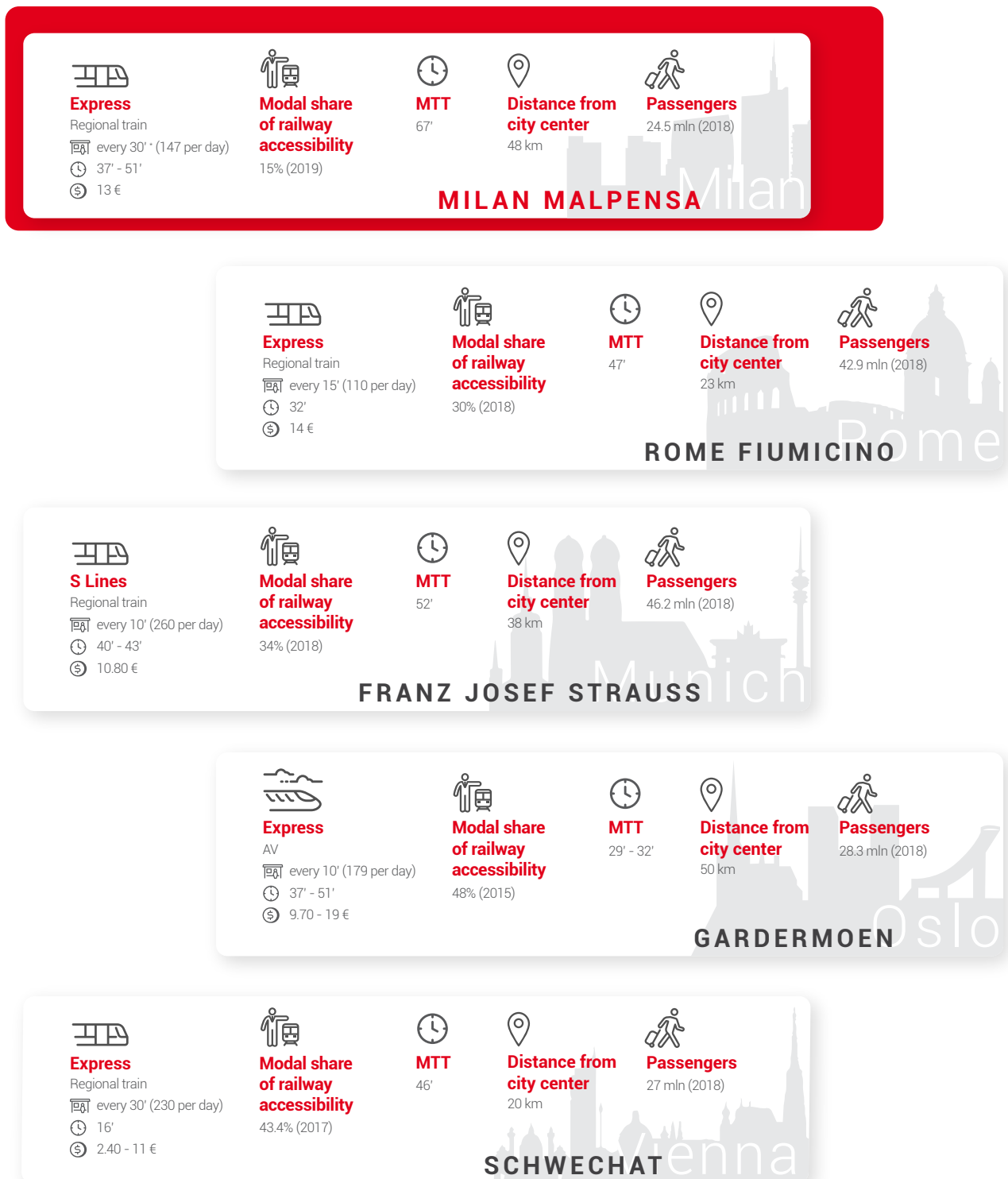
With regard to the quality and quantity of rail links, the "fire power" solution expressed by Trenord in its proposal to connect central Milan and Malpensa airport is undoubtedly significant. The offer consists of 146 daily return trips, of which 68 to/from Milan's Centrale Station, and 48 to/from its Cadorna Station, implying an overall frequency of 4 trains per hour.

The minimum journey time (37 minutes) is wholly adequate and competitive in terms of international standards (the center of Munich has two different airport link services respectively taking 43 and 53 minutes).

All the routes will operate with new rolling stock designed specifically for an airport service, with good services and high levels of comfort.

With the introduction in 2016 of the Terminal 1 and Terminal 2 link, rail access to Malpensa drastically improved, thus significantly increasing the potential user base, resulting in rail services becoming more cost-effective than any other means of transport to access T2, despite an extensive amount of negative externalities, and it now transports over 6 million passengers *per annum*.

Surface accessibility - benchmarking city-airport connections between Malpensa and a selection of European airports



*Milan Centrale and Milan Cadorna

Source: "The Development of Railway Intermodality to Milan Malpensa - Scenarios and Operational Proposals," CERTeT Bocconi University, 2017; ACI Europe, ASQ, DOXA, 2018

Surface accessibility - benchmarking other railway connections between Malpensa and a selection of European airports

Airport	Railway connections
Milan Malpensa	S connection services with Switzerland (S50 Bellinzona-Lugano-Varese-Gallarate-Malpensa Terminal 1/Terminal 2 line).
Rome Fiumicino	Regional connections to/from other stations in Rome (Ostiense, Tiburtina). Daily high-speed trains connecting the airport to other Italian cities (Florence, Bologna, Padua, Venice, Pisa, La Spezia, Genoa).
Munich	Airport served by two suburban lines (S1 to Passau, S8 to Ismaning).
Vienna	Suburban connections (S7 line to locations east of Vienna). Long-distance lines connecting all main Austrian cities (Linz, Salzburg, Innsbruck, Bregenz).
Oslo	Regional connections (R10, R11) with southern Norway and with some locations north of Oslo. Long distance line (L12) connecting the suburban area of Oslo.

Source: "The Development of Railway Intermodality to Milan Malpensa Scenarios and Operational Proposals," CERTeT Bocconi University, 2017

Road access to Malpensa was compared with a selection of comparable European airports: Leonardo da Vinci (Rome Fiumicino), Franz Josef Strauss (Munich), Gardermoen (Oslo) and Schwechat (Vienna). These airports are comparable in terms of:

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

The only other case in Europe with a highly successful rail-to-airport transport system approximately 50 km from the city center is Oslo, with its high-speed express service (up to 210 km/h, at times 250 km/h), and high-frequency trains (a train every 10 minutes, with trip times of 19 to 22 minutes). The development of rail access to Malpensa is considered a priority both from a planning point of view, as shown in the Connecting Europe Facility program and detailed in the EU regulation No. 1315 of 2013, where the priority of including core airports such as Malpensa into the system of priority transport corridors is highlighted, as well as from a national planning point of view, where the Malpensa Airports in the National Plan are indicated as strategic intercontinental gateways. Even at a regional level, both the Regional Development Program (PRS) of the 2013 10th Legislature and the 2016 Regional Mobility and Transport Program (PRMT) identified the development of the railway infrastructures as well as the development of Malpensa as two priority goals.

The infrastructure measures deemed crucial by SEA to encourage the integration of Malpensa into the local and medium/long-distance transport network include the construction of the Malpensa T2 - Gallarate railway connection and the development of the Rho - Gallarate line.

The development of a railway network is an enabling factor that will help reduce the bottlenecks limiting current operations, while the consequent reconfiguration of the service as a whole will make it possible to exploit the new infrastructure network to its full capacity.

Developments envisaged for rail accessibility for Milan Malpensa

Section	Description of the works
RHO-Gallarate Line	Quadrupling of the Rho-Parabiago section and tripling until Gallarate. The works will directly connect two of the Lombardy economic system's most significant points: the new Rho-Pero Events center and Milan Malpensa airport. Development of the section between Parabiago and Gallarate, with the quadrupling of the line, will follow.
Milan Malpensa Terminal 2-Gallarate connection	Double track connection between Milan Malpensa and RFI's Gallarate-Varese Line. The definitive plan was completed and delivered to the Lombardy Region at the beginning of 2018. The region of Lombardy also expressed a favourable opinion on the EIA procedure at the Services Conference held on December 18, 2019. SEA will submit an application for EU co-financing at the end of February 2020 for the joint work contract.

Source: "Strategic Plan for the Accessibility and Mobility of Milan Linate and Milan Malpensa Airports," PWC, 2018

NEW INITIATIVES FOR SUSTAINABLE ACCESSIBILITY TO AIRPORTS

Carpooling for employees

Since 2018, SEA has participated in the LairA Interreg Central Europe project (Landside Airports Accessibility), which aims to reduce energy consumption and the environmental impact of activities related to travel to and from airports.

Promoting changes in the way both passengers and employees travel to and from the airport is one of the ways through which to pursue this goal.

The company's employee carpooling service fits into this context. This is a one-year pilot project (started in July 2019) at Linate and Malpensa airports that allows SEA employees and all those who work at the airport to find colleagues with whom to pool journeys to and from work.

An app facilitates matches between colleagues, who can form travel groups according to their route and working hours. The app also allows members to accumulate points to access benefits made available by SEA, as well as discounts offered by the service provider.

In addition to saving money related to vehicle wear and tear and fuel consumption, this form of shared transportation could significantly contribute to the reduction of negative externalities attributable to road travel to airports, including the emission of polluting gases, dust and road congestion.

Employee carpooling project indicators

KPI	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dic-19	Jan-20	TOTAL
Shared journeys (no.)	50	34	68	76	66	132	64	490
Vehicle occupation rate (no. of passengers)	4	4	4	6	4	2	2	2
CO ₂ emissions saved (kg)	74	58	101	118	98	184	102	735
Car parking spaces saved (no.)	25	17	35	38	33	66	32	246

Source: Results of carpooling monitoring at Linate and Malpensa as at January 20, 2020

The first six months of the pilot project recorded results below expectations when comparing the percentage of employees who said they were willing to use carpooling for home-work travel (58% of respondents to the survey sent out when preparing the Home-Work Travel Plan) with the number of "active" users who actually travelled by carpooling from July to January. SEA's goal for the future is to improve the service and implement further actions to increase employee engagement.

Mobility as a Service for airports

Milan's airports are increasingly playing the role of intermodal mobility hubs and gateways to the city and the local catchment area. In order to meet the developing mobility needs of passengers – who often use multiple means of transport to complete journeys – Milan's airports now provide arriving and departing passengers with a travel planning tool that allows them to calculate their route to and from the airport depending on their needs. In particular, the tool:

- displays all the available travel solutions, such as multi-carrier, multi-modal and private operators who are not listed on other existing platforms;
- lists transport schedules and provides real-time updates, where available;
- suggests "greener" and more eco-friendly travel solutions in terms of CO₂ emissions, such as travelling to the airport using public or shared transport services.

By doing so, passengers can build their own "tailor-made" journeys in line with a new way of viewing mobility as a service

that adapts to the needs of individual users. SEA's end goal is to implement MaaS (Mobility as a Service). This service will manifest itself as a digital platform that integrates all modes of transport into a single mobility service, which users can access on demand, choosing the mode of transport or combination of routes that best meets their travel needs (in terms of timings, price and other parameters), with the option to book and purchase travel tickets on their mobile device.

The tool made available to passengers on the SEA website and the Milan Airports app represents the first step towards achieving this goal.

Analysing user interest in travelling to and from the airport reveals that web pages dedicated to travel planning are among the most visited of SEA's websites.

In fact, the new travel planning widget has attracted over 20,000 page views in the four months since its launch (September-December 2019).

NATURAL CAPITAL

All environmental resources that are involved in the airport processes, both in terms of input and as receptors of polluting emissions (climate, water, soil, air, biodiversity, and waste), and that are therefore subject to potential degradation or a decrease in stock, with a knock-on effect on the ecological balance. This includes noise emissions, which also involve a strong socio-relational component.

Environmental and energy policy

It is a precise commitment adopted by SEA to combine the fundamental value of protecting our environmental heritage with development. Its environmental and energy policy is based on the following principles:

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

The commitment to reduce environmental impacts increases the need to integrate key issues of environmental management into the strategies and economic/financial management of the Company. Through peri-

odic monthly committees, SEA provides stakeholders working in the aviation sector with information on the environment and operational safety, externally, this ensures a correct relationship with the local territory and institutions.

Environmental externalities

CO₂ EMISSIONS

SEA has been committed for over a decade to reducing its carbon footprint through a series of measures and interventions for the control and reduction of direct and indirect CO₂ emissions at the airport, and in particular those deriving from direct activities.

Airport Carbon Accreditation

Since 2009 SEA has been a member of the Airport Carbon Accreditation initiative launched by ACI Europe (Airport Council International) to promote airport contribution to the fight against climate change.

The project required the introduction of a series of actions for the control and reduction of direct and indirect CO₂ emissions by airport managers, operators, aircraft and by all those working within the airport system.

The Airport Carbon Accreditation established four possible levels for accreditation:

- Mapping – checking of emissions under the direct control of the airport manager (scope 1 and 2);
- Reduction - creation of an emission reduction plan (scope 1 and 2);
- Optimization – calculation of the emissions produced by the airport stakeholders and their involvement in the reduction plans (scope 3);
- Neutrality - the achievement of Carbon Neutrality

in terms of emissions under the direct control of the airport operator (Scopes 1 and 2), with the purchase of offsets.

In 2019, SEA confirmed its European leadership positioning for both Linate and Malpensa airports within the 3+ neutrality grouping, together with 51 other airports, of which 4 are Italian (Naples, Rome, Treviso and Venice), representing 26.2% of European traffic.

NetZero2050

In June 2019, SEA committed to the "NetZero2050" resolution promoted by ACI Europe, which requires its 500 members to reach "net zero" CO₂ emissions by 2050.

This commitment is accompanied by a need for the aviation sector to develop a shared long-term goal and vision towards achieving zero carbon emissions.

Operators at zero emissions airports will not be able to purchase "off-set credits" to achieve neutrality.

Offsetting is considered a temporary measure to deal with residual emissions, which airports will gradually have to replace with the use of renewable energy as new technologies and decarbonisation opportunities arise.

NetZero2050 has been signed by over 200 airports managed by more than 47 airport operators in 42 European countries.

Based on current European airport traffic volumes (2.34 billion passengers welcomed in 2018) and the estimated carbon footprint, this commitment to zero emissions will hopefully reduce annual emissions by 3.46 million tons by 2050.

As such, SEA and the European airport industry are aligning themselves with the Paris Agreement and the latest reports from the IPCC, which reaffirm the need to guarantee a temperature rise of no more than 1.5°C.

CO₂ emissions trend

Carbon dioxide emissions are subdivided as follows:

Scope 1 - Direct emissions associated with sources owned or controlled by the group's companies, such as fuels used for heating and operational means necessary for airport activities.

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

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

The trend in Scope 1 emissions in 2019 is substantially in line with previous years.

The increase in Scope 2 emissions at Malpensa Airport compared to 2018 is owed to work on the SEA Energia co-generation plant and the consequent purchase of energy from the grid, while the decrease at Linate Airport is owed to the emergency supply of electricity for safety reasons in 2018.

CO₂ EMISSIONS of the SEA Group (tons)

	2019		2018		2017	
	Malpensa	Linate	Malpensa	Linate	Malpensa	Linate
Scope 1 ⁽¹⁾	122,172	59,051	121,816	60,809	128,878	66,566
Scope 2 Location-based	529	43	90	172	142	66
Scope 2 Market-based	809	66	133	255	163	76
Scope 3	2,103	802	2,149	809	2,298	854

⁽¹⁾ It should be noted that Scope 1 emissions in 2018 and 2019 include CO₂ emissions from the consumption of methane in Malpensa Terminal 2's canteen.

Note: The "Table of national standard parameters: coefficients used for the inventory of CO₂ emissions in the UNFCCC national inventory (average values for years 2016-2018). These data can be used for the calculation of emissions from January 1, 2019 to December 31, 2019" emission factors were used for Scope 1 emissions of 2019, for natural gas and heating oil. In line with previous years, the emission factors of the "GHG Protocol: Transport Tool V2_6" were used for transport diesel and petrol, while urea emissions have been calculated specifically.

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

The "location-based" method requires the use of average national emission factors related to the specific energy mix used to produce electricity. The emission factor used for electricity was updated for 2019 [316.4g CO₂/kWh. Source: Atmospheric emission factors of CO₂ and other greenhouse gases in the electricity sector, ISPRA 280/2019] compared to that used for 2018 [321.3g CO₂/kWh. Source: Atmospheric emission factors of CO₂ and other greenhouse gases in the electricity sector, ISPRA 280/2018]. The source changed in 2018 and 2019 compared to 2017 [406.309g CO₂/kWh. Source: Emission factor for grid electricity @ Airport Carbon Accreditation Guidance Document. Issue 9 v2: August 2015]. For data comparability, it should be noted that, using the ISPRA 280/2018 coefficient, Location-Based Scope 2 emissions were equal to 113 tons of CO₂ for Malpensa and 52 tons of CO₂ for Linate in 2017.

The market-based approach uses emission factors based on the contractual agreement for the provision of electricity. Given the absence of specific electricity agreements between the companies of the Group and the suppliers (e.g. a Guarantee of origin purchase), for this calculation an emission factor related to the national "residual mix" was used, which for Italy in 2019 was 483.33 gCO₂/kWh – Source: European Residual Mixes 2018, AIB; in 2018, equal to 476.53g CO₂/kWh, Source: European Residual Mixes 2017, AIB; in 2017, equal to 465.11g CO₂/kWh, Source: European Residual Mixes 2016, AIB).

Also in line with previous years, the emission factors of the "GHG Protocol Transport Tool, V2_6" were used for the Scope 3 emissions relating to employee business and commuter travel. It should be noted that the data used to calculate Scope 3 emissions relating to employee commuter trips have been estimated.

Finally, Scope 1, 2 and 3 emissions are expressed in tons of CO₂. However, the effect of methane and nitrous oxide on total greenhouse gas emissions (CO₂ equivalents) is negligible, as stated in the related technical literature.

Source: SEA

CO₂ EMISSIONS of SEA Group per traffic unit (Kg/traffic unit)

	2019			2018			2017		
	Malpensa	Linate	Total	Malpensa	Linate	Total	Malpensa	Linate	Total
Scope 1	3.58	8.95	4.45	4.04	6.54	4.63	4.64	6.92	5.22
Scope 2 Location-based	0.02	0.01	0.01	0.00	0.02	0.01	0.01	0.01	0.01
Scope 3	0.06	0.12	0.07	0.07	0.09	0.07	0.08	0.09	0.08
Scope 1 + Scope 2 Location-based	3.59	8.95	4.46	4.04	6.56	4.64	4.64	6.92	5.23

Note: per traffic unit means the number of passengers plus goods transported (where 1 pax is equivalent to 100 kg of goods).

Source: SEA

AIR QUALITY IN THE MALPENSA AREA

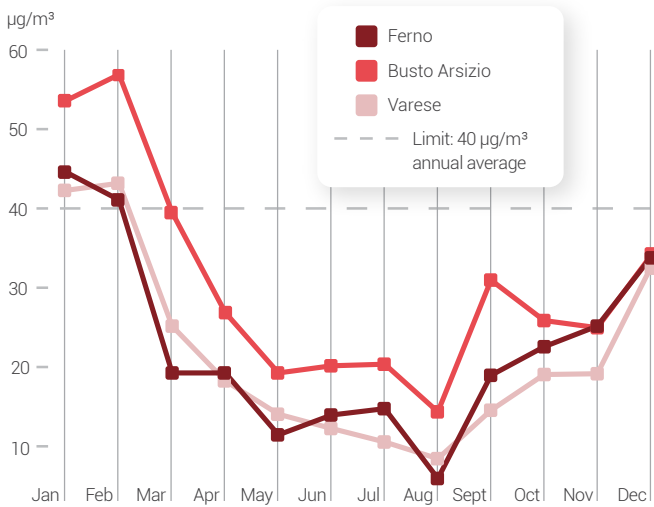
The atmospheric impact of airport activities relates to a series of main emission sources, including vehicular traffic inside and outside the airport grounds, means used for loading, unloading and ground handling operations and aircraft movements and their Landing and Take-Off (LTO) cycles.

As an airport operator, SEA is not directly involved and cannot control airline specific processes, such as the technological evolution of fleets, their emissions efficiency or the definition of flight routes and scenarios. Nor can it directly control the amount of external vehicular traffic that is closely correlated with the level of intermodality of the territorial context in which the airport is located.

To ensure effective air quality control the Regional environmental protection agency of Lombardy (ARPA) monitors on a daily basis the presence of atmospheric pollutants across the entire region through 158 monitoring stations.

In the province of Varese, the air quality recording network comprises 7 fixed stations, 2 mobile stations and 4 gravimetric sampling instruments for the measuring of soft dust. The average figures, established by the daily results published by ARPA for the Malpensa area, are collected from a monitoring station in the immediate vicinity of the airport (Ferno) and from the other stations located in urbanised areas (Busto Arsizio, Varese).

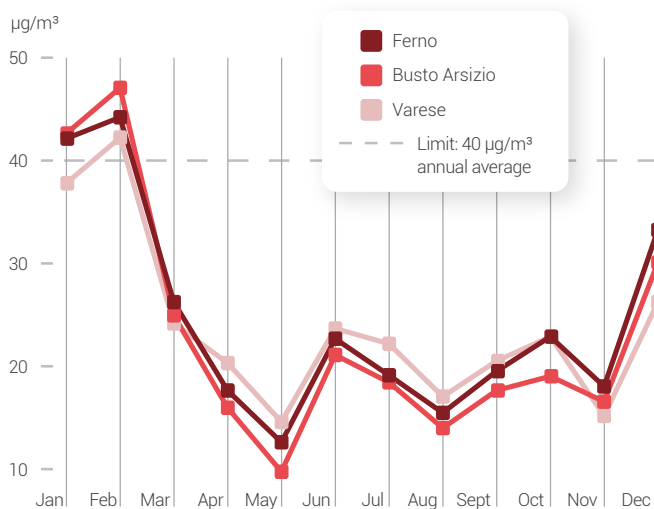
Malpensa surrounding area monitoring – average nitrogen dioxide (NO₂) monthly values



Source: Arpa Lombardia, 2019

Mono-nitrogen oxide in general (NO_x) is produced during the combustion process due to the reaction which, at high temperatures, takes place between nitrogen and oxygen in the air. Therefore, these oxides are directly emitted into the atmosphere following all high temperature combustion processes (heating plant, vehicle motors, industrial combustion, power stations, etc.), by oxidization of the atmospheric nitrogen and, only to a small degree, by oxidization of the oxygen particles contained in the combustible utilized.

Monitoring of the areas surrounding Malpensa – average particle (PM10) monthly values

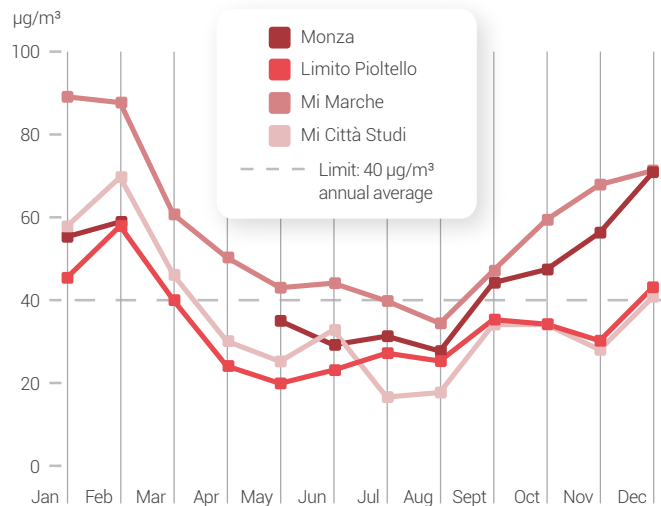


Source: Arpa Lombardia, 2019

AIR QUALITY IN THE LINATE AREA

For Linate the average monthly values are considered, established by monitoring stations in the immediate vicinity of the airport (Limite-Pioltello) and of other stations in urban areas (Milan-Città Studi, Milan-Marche, Monza).

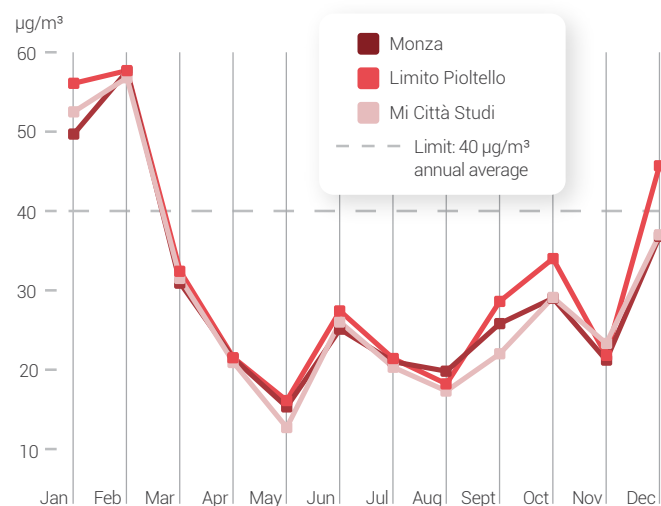
Linate surrounding area monitoring – average nitrogen dioxide (NO₂) monthly values



Source: Arpa Lombardia, 2019

Overall, based on the range of data collected from the areas neighbouring the two Milan airports, over the years - although the airports comprise a significant source of emissions - no significant differentiation exists between the quality of air compared with other areas of the provinces.

Monitoring of the areas surrounding Linate – average particle (PM10) monthly values



Source: Arpa Lombardia, 2019

NOISE EMISSIONS

Since 2001, SEA has guaranteed the monitoring of aeronautical noise origin at the airports of Linate and Malpensa, in compliance with current national legislation. The monitoring system is equipped with 14 permanent field stations (10 at Malpensa and 4 at Linate) and 4 mobile stations, the latter used for specific studies. SEA operates in collaboration and under the strict control of ARPA (Environmental Regional Protection Agency) in order to improve the monitoring actions and protect the areas which surround its airports. Italian Ministerial Decree of October 31, 1997 defined the index to be used for the measurement of airport noise as the Level of Assessment of Airport Noise, or 'Livello di Valutazione del Rumore Aeroportuale (LVA)'. Furthermore, it classified three zones around each airport by maximum thresholds of admitted noise, varying according to human settlement types:

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

Exposure to Linate airport noise emissions

In consideration of landing and take-off routes, the municipalities affected by aeronautical noise are: Milan, Peschiera Borromeo, Segrate, San Donato Milanese, San Giuliano Milanese, Pioltello, and, partially, Vimodrone. The following data represents the 2016 update to Linate's noise mapping in relation to population and buildings within the various noise zones in terms of day-evening-night noise exposure (LDEN), measuring the overall nuisance over a 24-hour period, and of night-time noise exposure (LNIGHT).

Linate - LDEN and LNIGHT exposure

db LDEN bracket	Population	Buildings	db LNIGHT bracket	Population	Buildings
55-59	22,317	2,168	50-54	15,916	1,380
60-64	14,043	1,185	55-59	483	250
65-69	469	213	60-64	1	7
70-74	1	7	65-69	0	0
Over 75	0	1	Over 70	0	0

Source: SEA

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

Exposure to Malpensa airport noise emissions

The Malpensa airport grounds are located in the municipalities of Cardano al Campo, Casorate Sempione, Ferno, Lonate Pozzolo, Samarate, Somma Lombardo and Vizzola Ticino. However, considering landing and take-off routes, other municipalities in the provinces of Varese, Novara and Milan are also affected by aeronautic noise.

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

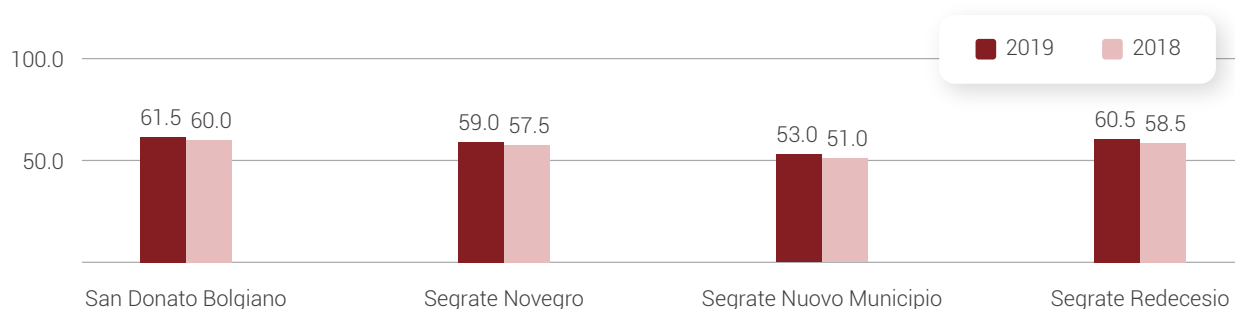
Malpensa - LDEN and LNIGHT exposure

db LDEN bracket	Population	Buildings	db LNIGHT bracket	Population	Buildings
55-59	29,467	17,248	50-54	13,219	7,947
60-64	2,760	2,416	55-59	756	955
65-69	535	507	60-64	104	235
70-74	2	60	65-69	0	20
Over 75	0	0	Over 70	0	0

Source: SEA

Based on population exposure data for each of the neighbouring municipalities in relation to 60-65 dB and 60-75 dB airport noise assessment level (LVA) zoning, it emerges that the greater impact is on populations in the municipalities of Somma Lombardo and Lonate Pozzolo. The boundaries of each zone are identified by the Airport Commissions, according to Italian Ministerial Decree of October 31, 1997. The Linate Commission approved zoning in 2009, while the Malpensa Commission is continuing works with the collaboration of all stakeholders. The solutions identified over recent years were consolidated, in 2017, in a shared reference scenario. The development of traffic naturally makes the work of the Commission a constant commitment over time to gradually identify the best possible ways to continue minimizing impacts on surrounding areas and populations.

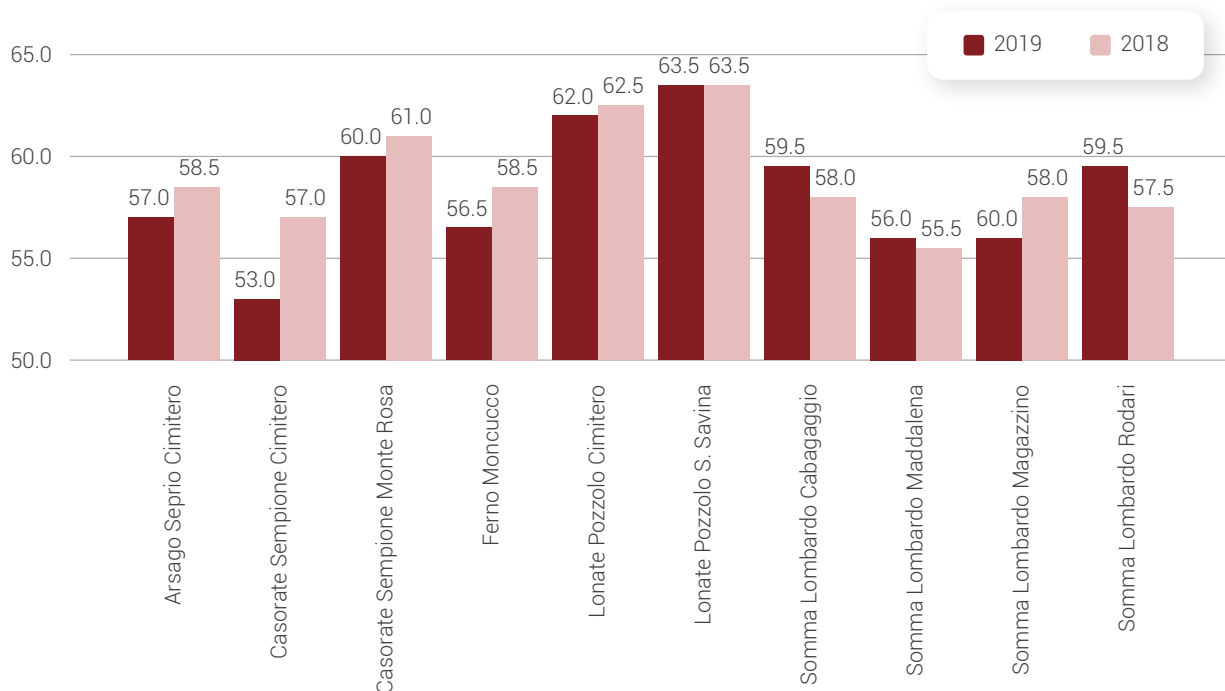
Linate - noise monitoring LVA dB (A)^(*)



Source: SEA

Note: LVA - Livello di Valutazione Aeroportuale: calculated, in accordance with Ministerial Decree 31/10/1997 – Airport noise measurement methodology, based on the AEL data relating to the three weeks with highest traffic identified in 2019.

Malpensa - noise monitoring LVA dB (A) (*)



Source: SEA

Note: LVA - Livello di Valutazione Aeroportuale: calculated, in accordance with Ministerial Decree 31/10/1997 – Airport noise measurement methodology, based on the AEL data relating to the three weeks with highest traffic identified in 2019.

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

The acoustic data detected by the monitoring stations is analysed with the aid of a special information system. By using the radar paths of individual flights, provided by the Italian National Flight Assistance Agency (ENAV), it is possible to distinguish aeronautical noise from the total noise detected. Detailed information on the noise emissions and operations of our airports may be consulted in a specific section of the website www.seamilano.eu

DISCHARGES AND SPILLS

Management of discharges

The management of water discharge is principally related to the civil sewage filtering and collection systems (or related systems) from the airport infrastructure and from the meteorological wash away of impermeable areas. The collection and separation of domestic sewage from all buildings present at the airport is assured at Malpensa by the sewage network which delivers sewage to the San Antonio consortium filter system, while the Linate sewage network is linked to the Peschiera Borromeo filter system. Waters discharged into the sewer system (sewage and treated first rain waters) are subjected to systematic quality controls. At both airports the quality of the sewage is within the limits established by environmental regulations, as indicated in the tables reporting the parameters monitored.

Linate - sewer discharge data

Parameter	Measurement unit	Average annual value			Parameter values Legs. Decree 152/06
		2019	2018	2017	
COD	mg/l	101.6	101.2	110	500
BOD5	mg/l	45.7	46.7	52	250
Total phosphorus	mg/l	2.4	2.7	2	10

Source: SEA

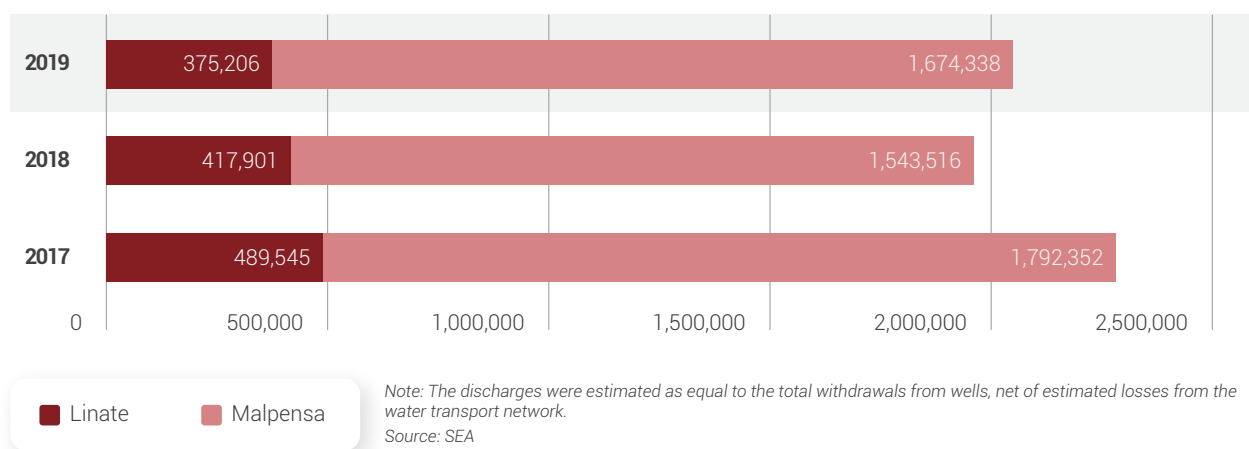
Malpensa - sewer discharge data

Parameter	Measurement unit	Average annual value			Parameter values Legs. Decree 152/06
		2019	2018	2017	
COD	mg/l	177	132	167.3	500
BOD5	mg/l	75.8	59	74	250
Total phosphorus	mg/l	3.5	3.7	2.9	10

Source: SEA

The following table reports the waste water disposed of through sewerage, with the remaining quantities disposed of.

Water discharge into the sewer system (m³)



De-icing treatment, relating to the defrosting of aircraft during the winter and when required by the airlines, is carried out at dedicated stands, equipped with a system for the collection of any water discharge from the activities and is treated as special waste. At the beginning of the 2018 winter season, a new de-icing fluid management system was activated at Malpensa, providing for its treatment and final discharge into sewerage. This resulted in a significant reduction in liquid disposed of during 2019. The data shown thus refers to the disposal of unused residual liquids. The figures for Linate increased compared to the previous year, and were affected by drainage times due to build-up in the accumulation tanks.

De-icing liquid drained (tons)

	2019	2018	2017
Malpensa	0.6	12.4	2.5
Linate	260.5	170.2	168.6

Source: SEA

Meteorological water from the airports is collected in service water vessels (Linate) and in the underground area (Malpensa), before, for the areas covered by the regional regulations, the separation of the first flush water (treated with oil removal systems and collected in public drainage collectors). Before final deliveries, meteoric waters are subjected to periodic quality checks for the parameters shown in the following tables, with qualitative characteristics amply compliant with relevant environmental regulations.

Linate – characteristics of the surface water discharge

Parameter	Measurement unit	Average annual value			Parameter value Legislative Decree 152/06
			2018	2017	
Chromium VI	mg/l	0.01	0.01	<0.01	0.2
Copper	mg/l	0.01	0.01	0.01	0.1
Lead	mg/l	0.01	0.01	0.01	0.2
Zinc	mg/l	0.12	0.17	0.09	0.5
Total hydrocarbons	mg/l	0.1	0.10	0.11	5.0

Source: SEA

Malpensa – characteristics of the soil discharges

Parameter	Measurement unit	Average annual value			Parameter value Legislative Decree 152/06
			2018	2017	
Ph	pH unit	7.2	7.3	7.4	8.0
COD	mg/l	22.6	10.4	15.0	100.0
BOD5	mg/l	11.4	10.0	11.0	20.0
Total suspended solids	mg/l	8.5	6.1	7.8	25.0
Total phosphorus	mg/l	0.2	0.1	0.1	2.0
Lead	mg/l	0.01	0.01	<0.01	0.1
Chromium VI	mg/l	0.01	0.01	<0.01	0.2
Copper	mg/l	0.01	0.01	0.01	0.1
Total hydrocarbons	mg/l	0.1	0.1	0.1	5.0
Zinc	mg/l	0.09	0.07	0.09	0.5
Total surfactants	mg/l	0.2	0.2	0.2	0.5

Source: SEA

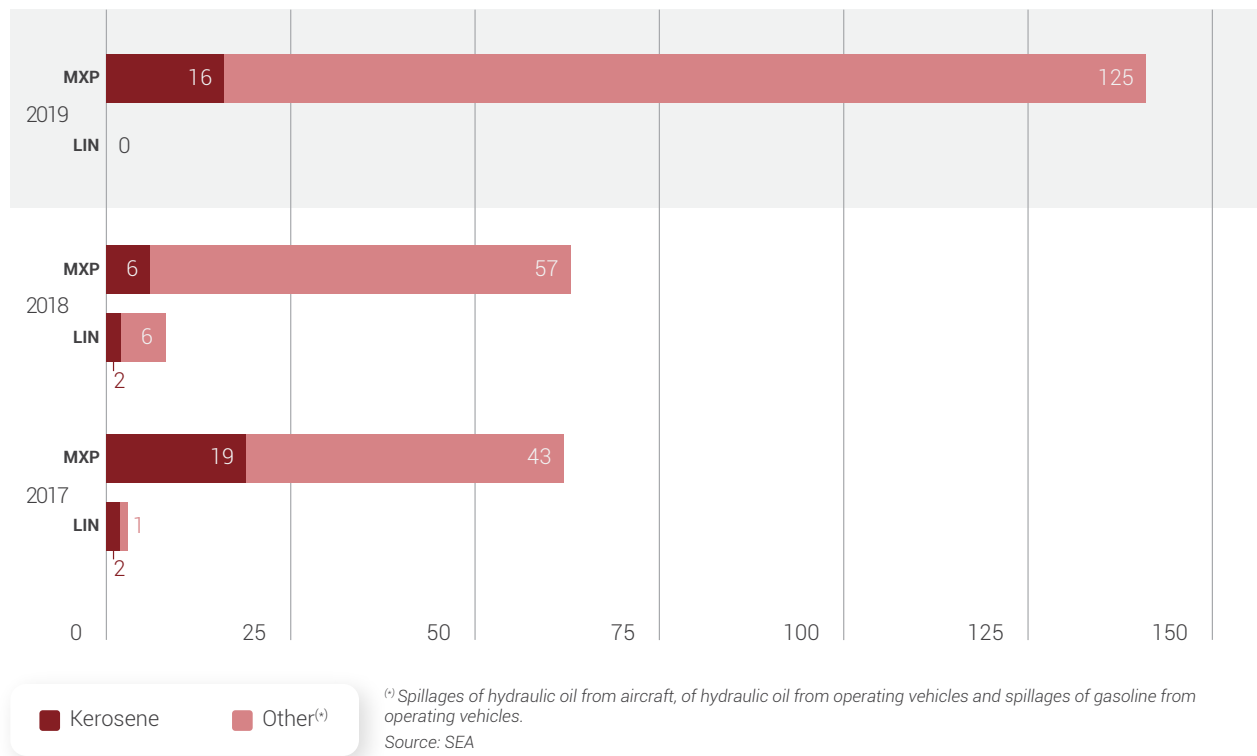
Currently, water re-usage systems are not in place at the airports. Together with other major European operators, we are exploring many aspects related to Water Saving systems and the possible re-usage of meteorological water, in order to save water and rationalise consumption.

Management of spillages

We commit to closely considering and ensuring the correct management of potential spillages. In the case of the accidental spillage of fuel or oil in operational areas, runways and stands, procedures are in place to intercept fluids before they reach the meteorological water drainage systems.

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

Significant spills (No.)



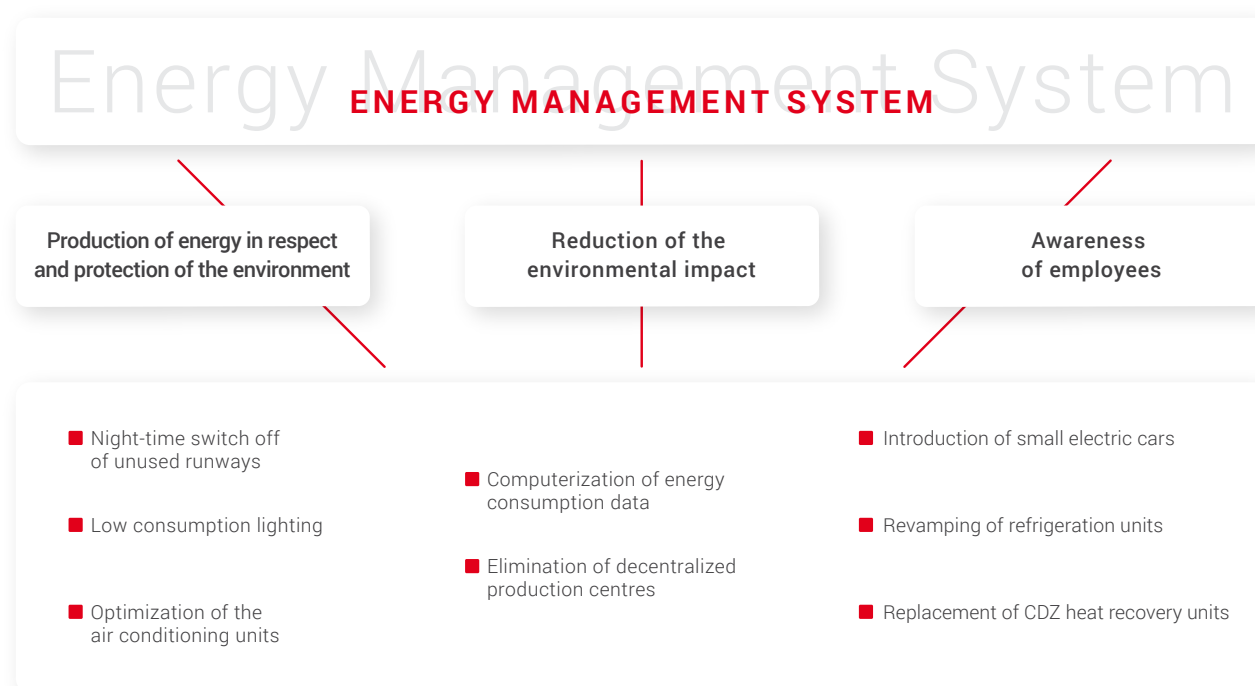
In these conditions, SEA departments are deployed to co-ordinate the cleaning, reclamation and restoration actions in the affected areas, and the compliance and security conditions after any containment in the affected area of spreading by the laying of a sufficient number of oil absorbent panels by the Fire Services.

The waste generated by the cleaning operation for each airport is transported to specific airport ecological islands, as established by company procedures, in compliance with environmental protection, safety and workplace hygiene rules. The spillages taken into consideration were those considered significant, in particular those which involved areas equal to or greater than 20 m². The phenomenon's trend follows that of 2017. It is important to underline how such values are absolute values unrelated to the number of movements, making the phenomenon frequency almost insignificant. None of these events had any impact on airport safety.

Consumption of natural resources

ENERGY CONSUMPTION

As part of SEA's Energy Management System and ISO 50001 certification, SEA Group's energy consumption management is based on the following principles:



Co-generation/tri-generation stations are in operation at both airports, constantly generating energy savings that benefit our Group, the quality of the environment and the inhabitants of neighbouring areas. These stations offer high efficiency services which allow the generation of savings both for the Company and for clients which, thanks to the use of district heating, achieve savings from heat recovery. No renewable source energy production facilities are in use within the Group.

SEA Group energy consumption

Unit	2019		2018		2017	
	Malpensa	Linate	Malpensa	Linate	Malpensa	Linate
Petrol (GJ)	5,017	1,649	4,533	1,629	4,372	1,547
Heating oil (GJ)	1,717	-	2,366	-	2,401	-
Methane (GJ) **	2,135,154	1,037,861	2,136,687	1,068,258	2,265,734	1,170,658
Motor vehicle diesel fuel (GJ)	29,616	10,262	24,369	11,381	23,596	12,221
Electricity acquired (GJ)	6,024	489	1,004	1,928	1,262	588
Refrigeration energy sold (GJ)	20,199	-	18,365	-	17,643	-
Thermal energy sold (GJ)	12,902	332,083	20,298	321,533	15,959	334,741
Electricity sold (GJ)	247,445	193,179	246,460	198,749	287,182	274,254
Total (GJ)	1,896,983	524,999	1,883,835	562,915	1,976,581	576,019

(**) 2018 and 2019, methane consumption of the Malpensa T2 canteen is also included.

NOTE: Conversion co-efficient sources used: "Table of national standard parameters: coefficients used for the inventory of CO₂ emissions in the UNFCCC national inventory (average values for years 2016-2018). This data can be used for the calculation of emissions from January 1, 2019 to December 31, 2019" for natural gas, petrol, motor vehicle diesel fuel and heating oil. For electricity and thermal energy, the translation coefficient utilised is equivalent to 0.0036 GJ/kWh (Source: GRI Sustainability Reporting Guidelines, Version 3.1).

Source: SEA

Energy intensity (GJ/unit of traffic)

Internal energy consumption	Malpensa	Linate	Totale
2017	0.07	0.06	0.07
2018	0.06	0.06	0.06
2019	0.06	0.08	0.06

Note: per traffic unit means the number of passengers plus goods transported (where 1 pax is equivalent to 100 kg of goods).

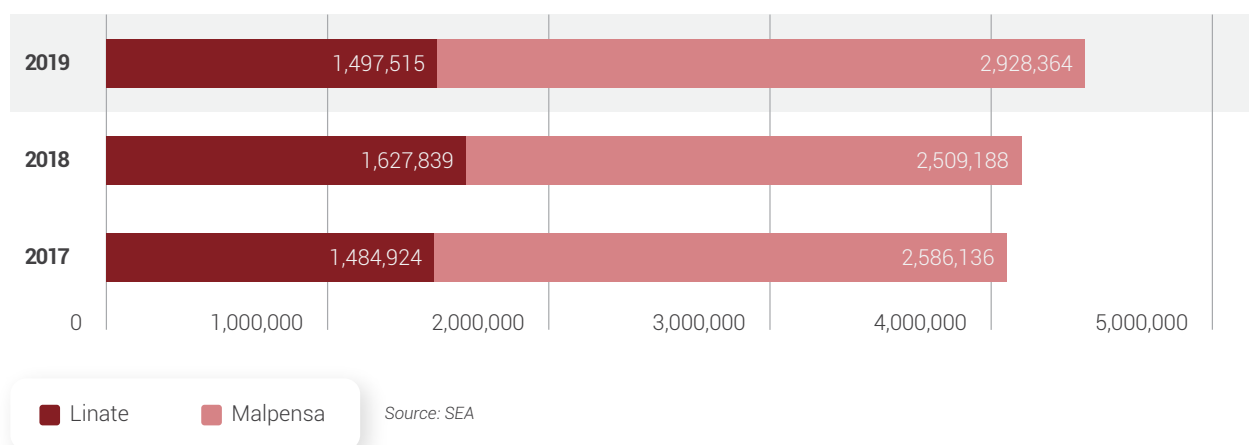
Source: SEA

There was a significant increase in the amount of electricity purchased for Malpensa Airport, relating to periods of work on SEA Energia's co-generation plant; the complete replacement of a gas turbine gas generator and power turbine led to the suspension of energy production, with the consequent purchase of electricity from the grid. In 2019, overall consumption registered by the two airports decreased by 1.0% compared to 2018, continuing the positive containment trend compared to 2009, the year in which SEA began energy-saving policy action.

WATER CONSUMPTION

The management of water resources is an environmental issue to which we have dedicated expertise and attention, following an undertaking to become entirely self-sufficient in the provision of water, through the construction of a series of independently managed wells which fulfil the hygiene/sanitary, fire control and "industrial" needs of both airports. The principal water sources utilized are the aquifers, to which the 12 wells located at Malpensa and the 8 wells located at Linate are linked. For Malpensa, the aquifer has a depth of approx. 51 meters (water table measures carried out on the G and L wells), while for Linate the aquifer has a depth of approx. 5 meters. The water drawn from wells at the airport sites of Malpensa and Linate are distributed for consumption through internal aqueducts. The chemical/physical and quantitative control, in addition to the consumption rationalization activities, ensure the highest level of attention to this important common resource. Increased water requirements registered at Linate pertain to higher low-value water consumption (superficial aquifer) used for the "cooling and conditioning" requirements of the airport infrastructure. The increase in volumes at Malpensa relates to the transfer of traffic as a consequence of the "Bridge" project. The quality of the water distributed through the airport aqueducts was subject, in addition to inspections by the Sanitary Board, an internal program of frequent checks which includes the evaluation of the numerous chemical/physical and microbiological parameters. The parameters analysed are significantly lower than the maximum levels permitted by law and highlight the good quality of the water distributed at both airports, both from a chemical and micro-biological viewpoint.

Water consumption (m³)

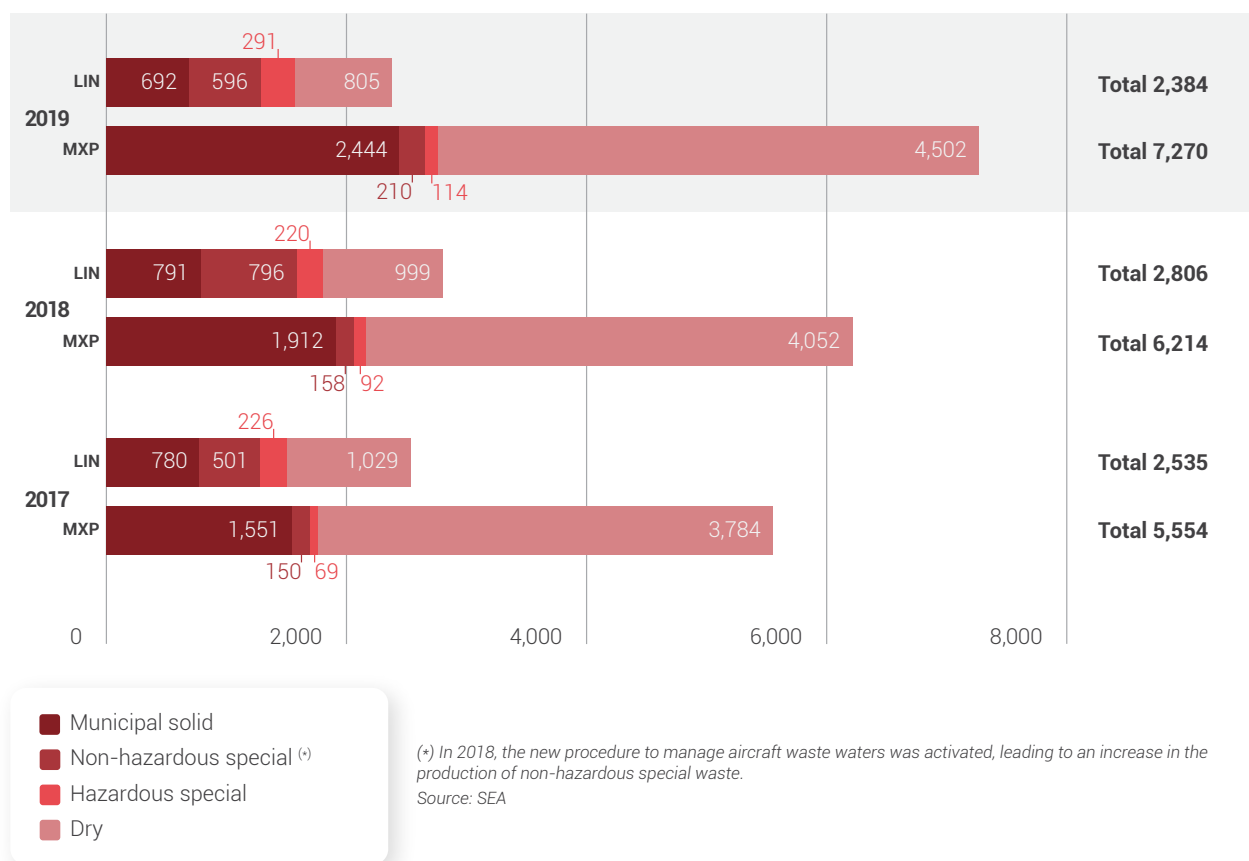


WASTE MANAGEMENT

Waste produced through airport office management, aircraft cleaning, infrastructure maintenance and commercial and catering activity are largely in line with that produced in general urban areas and are broken down into:

- Municipal solid waste and similar from cleaning and waste collection activities in air terminals, auxiliary buildings and aircraft. This waste is collected in dumpsters and bins, appropriately distributed across the airport and disposed of by companies appointed by the relevant regional administrations. Municipal solid waste concerns the dry portion and the separated portions;
- Hazardous special waste (waste oil, oily emulsions, oil and diesel filters, sanitary waste, etc.) and non-hazardous waste (ferrous scrap metal, expired drugs, alkaline batteries, etc.) from SEA maintenance activities;
- Waste from meals consumed by passengers on board aircraft, which are managed and disposed of directly by the catering companies and not handled by the airport manager.

Waste produced by type (tons)



The total production of waste, in 2019, was equal to 2,384 tons at Linate and 7,270 tons at Malpensa.

Again in 2019, SEA confirmed its commitment to the separated collection of municipal urban waste at the Linate and Malpensa airports. Currently, separated collection is implemented for: paper, cardboard, wood, glass, plastic, metal, toner, organic waste and batteries at the areas of the airport open to the public. Separate waste collection was equal to 65.8% at Linate and 37.9% at Malpensa, including the separate collection of special waste, registering an increase of 2.9 point at Linate and 3.3 at Malpensa compared to 2018.

% Separated collection

	2019	2018	2017
Malpensa	37.9	34.6	31.7
Linate	65.8	62.9	57.4

Source: SEA

All special waste produced is separated by type, with specific contracts with companies authorized for the management of such (for example: IT equipment, oils, emulsions, irons, paints, etc.). It is therefore entirely separated by type and disposed of, recycled according to the applicable regulations and the technological standards of the treatment plant to which it is conferred. The dry residual portion of urban waste produced at both airports is disposed of in energy recovery thermal-destruction plant; the separated portion of waste is however allocated to specific recovery and recycling plant (disposal collection and transport or recovery by the Municipality). Special waste is predominantly transferred, depending on its specific characteristics, to recovery plants. In case of waste with unsuitable properties (e.g. sewage purging), the waste is transferred to final disposal plants for collection, transport and disposal or recovery by specialized or authorized companies.

BIODIVERSITY AND LAND CONSUMPTION

One of the key factors in the sustainable development of airports managed by SEA (in particular Malpensa) – represented in the 2018-2020 materiality matrix – consists of conservation measures for the biodiversity present in natural areas adjacent to the airports themselves and land use efficiency, which translates into a commitment to assess and implement technological solutions and processes that allow an increase in the operational capacity of our airports without physically expanding the infrastructure beyond the currently occupied area.

Biodiversity

Because of its location within Ticino Park, Malpensa Airport must manage a more significant biodiversity situation.

As emerges from the Environmental Impact Study carried out in relation to the 2035 Master Plan, there are three types of habitat classified by Directive 92/43/EEC in the area affected by the proposed airport expansion: European dry heaths, old *Acidophilus* oakwood of

sandy plains with *Quercus robor*, and semi-natural dry grasslands.

The work proposed would lead to a reduction of these habitats, with repercussions on the local fauna (about 40 species). Most severely impacted would be a species of bird (*Anthus campestris*) and three lepidoptera (*Coenonympha oedippus*, *Maculinea arion*, *Zerynthia polyxena*), which are at risk of extinction.

A particularly complex aspect is the presence of the Bruggo moorland in this area. The proposed airport expansion involves two additional elements: the moorland's protected habitat status, and the presence of woodland. The first element represents a criticality in terms of the Environmental Impact Assessment, while the second relates to the need to draw up a Landscaping Report and implement mitigation measures pursuant to Regional Law 31/2008 (compensation for lost specimens in agreement with the Park Association - e.g. replanting on a ratio of 1:3).

SEA is considering four action areas with regard to these issues:

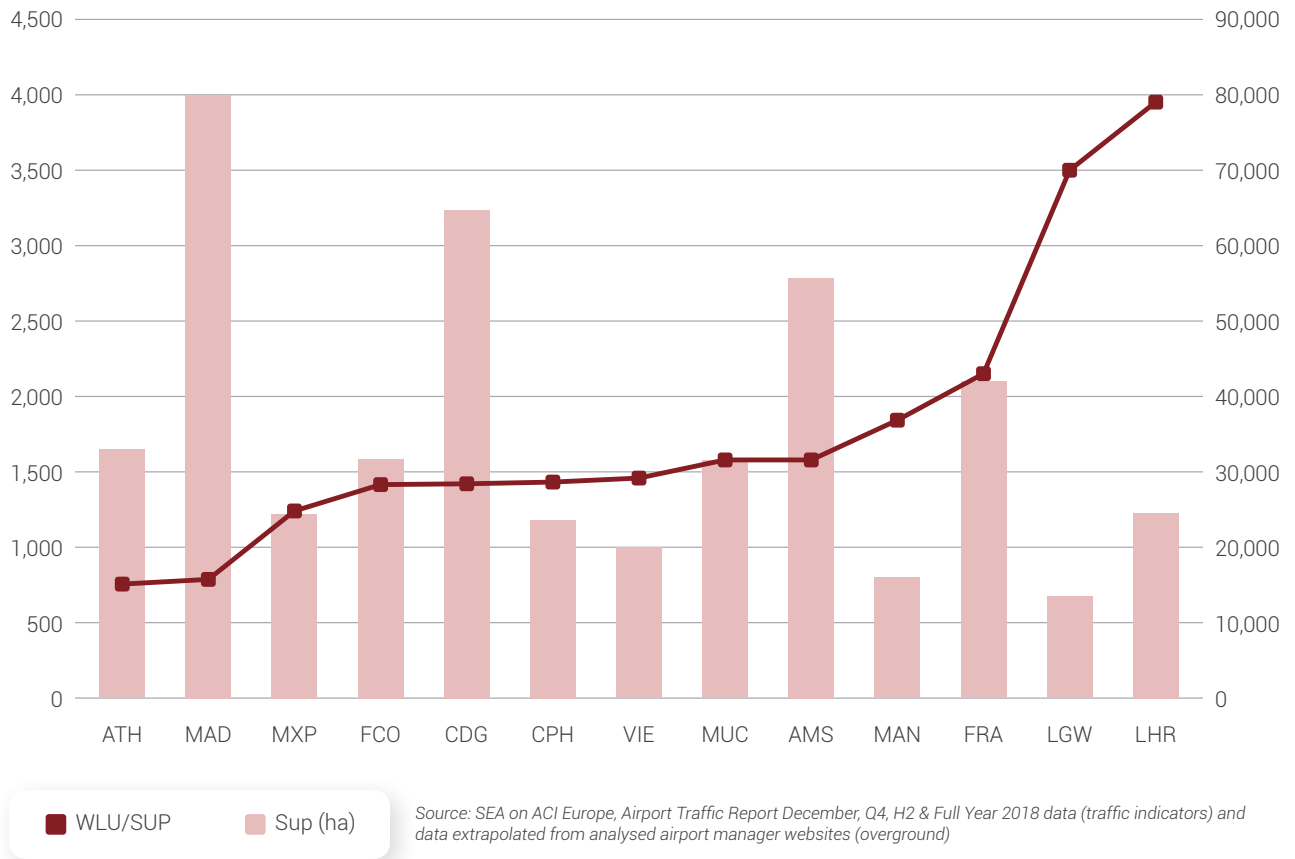
- limitation of the expansion area to areas strictly necessary for technical-operational functionality;
- optimisation and modification of SP14, which must remain in place to provide road continuity in the local area;
- maintenance of biodiverse areas and their enhancement within the future airport grounds;
- restitution (compensation) of lost woodland, reintroduction of moorland and redevelopment of wooded areas adjacent to the new airport grounds.

Land consumption

In comparison with various other major European airports, Malpensa currently has one of the lowest land use efficiencies (in terms of hectares per reference year movements), along with Athens and Madrid.

One of the reasons is certainly the infrastructure's underuse. Indeed, current operational capacities, on the same occupied grounds, have the potential to grow by up to 50% more, as highlighted by the Master Plan Guidelines.

Land use efficiency at various European airports



Another aspect is evidenced by UK airports, which combine capacity saturation with an optimized design and layout of occupied areas. In any case, such reflections highlight the importance of careful planning for the growth of airport capacity, including in terms of land protection.

HUMAN CAPITAL

Size and characteristics of the workforce, and the policies put in place for its empowerment (training, growth, health and safety, diversity) and engagement (welfare, communication, benefits).

Organizational management

The key employee and organizational management guidelines have been aligned with official medium-term plans, and subsequent amendments. Objectives have been broken down into short-term plans with the approval of the annual budget.

As such, SEA's development continues to be supported by its organizational management, with the implementation of new initiatives and HR processes, especially within the context of employee promotion and development, the need to establish a generational mix, and increased involvement and engagement.

As regards the latter, in 2019, the first "Your Voice" survey was launched to tackle employee engagement. With a response rate of 76.7%, the survey collected opinions and recommendations from employees on the main aspects of engagement (individual commitment, teamwork, leadership). The results of the survey were the subject of an extensive communication initiative, and will hopefully see the implementation of improvements across various company departments over the next two years.

As regards the generational mix, the first recruitment drive to bring young graduates into operational departments began at the end of 2019. A dedicated on-boarding project has been outlined to support the process.

At the beginning of 2020, the global COVID-19 (Coronavirus) pandemic resulted in the SEA Group activating its Crisis Response Protocol, with the development of a specific emergency management plan, and the implementation of a series of measures at every level of the organization to prevent risk, guarantee the health and safety of employees, customers and suppliers, and to ensure the continuity of operating activities in compliance with the provisions issued by the competent bodies.

Following the measures taken in response to the Covid-19 emergency, on March 13, 2020, an agreement was signed between SEA, the Trade Unions and the Trade Union Representative (RSU), activating the Ex-

traordinary Temporary Lay-off Scheme (CIGS) from March 16, 2020. For further information, please refer to the paragraph entitled "Significant Events" in the Directors' Report.

People management policies

SEA interacts with its employees in full compliance with legislation protecting workers and working conditions, guaranteeing the right to working conditions that fully respect the dignity of individuals. In this regard, measures are actively employed to prevent all conduct that may be discriminatory or damaging to individuals, safeguarding personnel from acts of physical and psychological abuse, sexual harassment, intimidation and hostile attitudes in work relations, both internally and externally.

SEA is also committed to opposing all forms of illicit work and requires that employees and contractors report any behaviour or action in violation of the principles of legitimate employment, for the protection of themselves, their colleagues and the company. It also promotes actions aimed at supporting the growth and professional development of personnel, with particular attention to issues of gender, age and disability.

On an organizational level, the hierarchy framework is considered functional to the effectiveness and efficiency of the organization, and, consequently, to the pursuit of corporate objectives. Accordingly, the SEA's managerial style is founded on the development of mutual trust, on the transparency of intentions and on openness to dialogue, and opposes abuses of authority, bias and the pursuit of undue personal benefit through the leveraging of hierarchical position.

Group employees

As at December 31, 2019, the total human resources of the group amounted to 2,763 employees (2,853 in-

cluding temporary staff), down by 33 employees since the end of 2018 (-1.2%). Women represented 29% of employees, predominately concentrated in administrative and front-end roles, and distributed among total staff as follows: 4% executives-managers, 23% white-collar, and less than 2% blue-collar.

The predominance of men in manual roles is motivated by specific legislation on airport operations, which penalizes women over men.

SEA Group personnel by role classification and gender as at December 31 (No.)

	2019			2018			2017		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Executives	6	46	52	7	48	55	7	49	56
Managers	103	188	291	103	187	290	98	176	274
White-collar	636	1,150	1,786	641	1,157	1,798	644	1,167	1,811
Blue-collar	45	589	634	46	607	653	47	612	659
Total	790	1,973	2,763	797	1,999	2,796	796	2,004	2,800

Source: SEA

SEA Group personnel and contractors by location and gender as at December 31 (No.)

	2019			2018			2017		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Linate	351	807	1,158	360	809	1,169	357	816	1,173
Malpensa	452	1,243	1,695	445	1,233	1,678	444	1,220	1,664
Total	803	2,050	2,853	805	2,042	2,847	801	2,036	2,837

Source: SEA

Empowerment policies

TRAINING

In 2019, training and development activities contributed to the strengthening of skills in support of company processes.

In 2019, training hours provided totalled 52,628, corresponding to 30.9 full time equivalent training hours.

SEA directly manages all airport-specific training (both mandatory and non-mandatory), making use of support from external suppliers limited to specific assistance on skills that are not available internally.

Mandatory training (including training relating to work and airport safety) constituted approximately 63% of total training in 2019.

SEA Group employees received 19,433 hours of non-mandatory training in 2019, dedicated in particular to innovation paths ("SEA Insight", 1,170 hours), the consolidation of leadership styles, and team work ("Switch to Excellence," more than 1,200 hours).

The Bridge project was launched in the latter half of the year and required action to reinforce key management and planning skills.

The very slight reduction in the average hours of non-mandatory training provided in 2019 compared to the previous year is a consequence of the four-month Bridge project, which "penalised" the provision of training in all categories, with the exception of blue-collar, who recorded a slight increase in average training hours.

Average number of per capita training hours by gender & category

	2019			2018			2017		
	Female	Male	TOTAL	Female	Male	TOTAL	Female	Male	TOTAL
Executives	29.7	50.7	48.3	33.7	56.2	53.3	23.1	17.9	18.5
Managers	17.2	19.8	18.9	19.8	22.4	21.5	32.3	27.6	29.3
White-collar	4.6	4.6	4.6	4.6	5.1	4.9	8.5	7.9	8.2
Blue-collar	3.4	5.1	5.0	3.7	4.3	4.3	2.4	5.4	5.1
Total	6.4	7.3	7.0	6.7	7.7	7.4	11.4	9.1	9.7

Note: The data does not include mandatory training hours.

Source: SEA

GROWTH

Systematic performance assessment is still only limited to managerial grades; an increase in the number of incentivized Manager positions was registered in the year 2019, affecting about 35% of the relevant employee workforce.

Skills assessment is widespread and addresses all SEA staff.

Employees involved in formalized performance evaluation processes by gender and category (%)

	2019			2018			2017		
	Female	Male	TOTAL	Female	Male	TOTAL	Female	Male	TOTAL
Executives	100%	100%	100%	100%	100%	100%	100%	100%	100%
Managers	40%	32%	35%	35%	29%	31%	33%	27%	29%

Note: Percentages refer to Executives and managers involved in formalized assessment processes on the basis of the Group MBO process.

Source: SEA

DIVERSITY

The values recorded in 2019 remain in line with previous years. The male/female differential is more marked in relation to overall income (annual income); in the Executive/Middle Manager categories, this is partly a consequence of the reduced presence of women in senior management positions; in the White-collar/Blue-collar categories, it is owed to the prevalence of male shift workers and the remuneration associated with working shifts at unsocial hours.

Ratio of average salary and female/male income by category

	GAS 2019 ^(a)	Income 2019 ^(b)	GAS 2018 ^(a)	Income 2018 ^(b)	GAS 2017 ^(a)	Income 2017 ^(b)
Executives & Managers	82%	79%	83%	80%	82%	74%
White-collar	95%	88%	95%	90%	97%	89%
Blue-collar	84%	85%	83%	83%	83%	82%
TOTAL	96%	90%	96%	91%	97%	89%

Note: the employees used to calculate the salary and female/male remuneration ratio by category include individuals employed as at December 31, 2019, and employees who had left the company as at December 31, 2019.

^(a) Ratio between average gross annual salary of women and men. Annual remuneration is considered to be the gross annual salary (GAS) paid to the employee on the basis of his/her specific duties or tasks.

^(b) Ratio of Average annual income between women and men. Gross annual income (GAI) is considered to be the gross annual salary plus annually variable amounts, such as bonuses related to individual performance, company productivity, night work supplements, overtime, paid holidays, attendance allowances, etc.

Source: SEA

SAFETY

The corporate policy in relation to occupational health and safety for its employees and third parties (operators, users and passengers) present in the workplace environment is based on a number of principles:

- compliance with national, local and European legislation on occupational health and safety, and with SEA's requirements for the achievement of company objectives, including voluntary models, where applicable;
- the carrying out of prevention activities aimed at reducing workplace accidents, injuries and diseases, through the identification and elimination of hazards, the reduction of risks, the implementation of corrective measures and the management of potential emergencies, to the benefit of workers, third parties and the community in which SEA operates;
- information for all those present in the corporate environment on individual risks and the relative prevention and protection regulations adopted, as well as details on the organization responsible for safety and emergency management;
- employee development through information/training activities aimed at developing specific skills, which are key to making workers aware of their responsibilities and the need to operate in compliance with legislation and in-house operational regulations;
- the constant involvement of employees in activities implemented by SEA and its corporate health and safety objectives, encouraging their consultation and participation, while also making use of the support of Workers' Safety Representatives;
- the availability of economic and financial resources to search for new technical, organizational and procedural solutions that reduce risks and allow for greater efficiency when managing prevention activities;
- selection and monitoring of suppliers, also considering occupational health and safety aspects and promoting co-ordination activities for the management and resolution of any risk situations, with a view to mutual collaboration;
- promotion by the management team of initiatives aimed at spreading a culture of health and safety throughout the company, with the aim of encouraging interaction and collaboration between various actors to make business processes more efficient and the SGSSL more effective.

The SEA Group's role as an airport manager involves also a particular commitment towards workplace safety,

which has benefited all operators, bodies and handlers, which in various roles are present at the airport.

OHSAS 18001 Certification

As regards SEA, in 2019 the Group retained its Occupational Health and Safety Management System certification, issued by TÜV Italia - Accredited in line with the BS OHSAS 18001/2007 regulation, as established by Article 30 of Legislative Decree 81/08 for effective organizational models in line with Legislative Decree 231/2001. The Occupational Health and Safety Management System was monitored by:

- internal audits, carried out by specifically trained and authorised company employees, resulting in follow-up interventions with the relevant Managers of the audited areas; by virtue of the planning and execution of these activities, issues highlighted by the SEA auditors were resolved, some improvements identified and improvement actions implemented to reduce and control OSH risks as envisaged by applicable law;
- 5 audit days by TÜV Italia, which involved almost all company operating areas, plus an additional day to check how construction site activities were being managed during the Bridge period; the audit led to the renewal of the Group's Occupational Health and Safety Management System Certificate.

The results confirmed that the system is correctly implemented, maintained operational and is functional in achieving corporate objectives. Improvements were also made to the effectiveness and punctuality of the Management System's monitoring activities in relation to the works to upgrade Linate's infrastructure.

The participation of employees in safety

The involvement of workers in company health and safety activities principally concerns the institutional channel, on the basis of the relationship with the Worker' Safety Representatives. In this regard, in addition to the annual safety meeting, involvement takes place upon significant changes to the workplace organization, spaces, machines and equipment and more in general following requests put forward by the Worker's Safety Representatives or, in certain circumstances, directly by workers.

In accordance with the applicable regulation (Article 47 of Legislative Decree 81/2008 and the Interconfederal Agreement of 22/06/95), the Worker's Safety Representatives of the SEA group companies are elected and operate on the basis of the breakdown in the following table.

Number of Worker Safety Representatives (WSR)

Company	Linate	Malpensa	Note
SEA	5	6	No. 6 for production units with over 1,000 employees
SEA Prime	1		No. 1 representative in companies or production units up to 200 workers
SEA Energia	1	1	No. 1 representative in companies or production units up to 200 workers

Source: SEA

Safety activities held

Among the wide range of activities carried out in the year we highlight in particular:

- a preventive assessment of the risks and mitigation measures in place for the activities planned for Linate employees at Malpensa Airport during the Bridge period;
- a comparative assessment of noise exposure related to the increase in activities and aircraft at Malpensa Airport during the Bridge period; measurements showed a slight increase in noise levels without altering the risk class;
- in relation to interference risks owed to the numerous construction sites at Linate, particular attention was paid to managing safety requirements which, combined with a series of additional measures (Safety Walk), achieved the expected targets: no significant accidents, no significant interference with airport operations and no provisions for safety irregularities;
- sampling and analysis of micropollutants dispersed at both airports during the Bridge period in comparison to previous levels. Sampling was carried out at Malpensa to assess the impact of the increase in activities and aircraft on the airport, and at Linate for comparison purposes during the shutdown of aviation activities; the data confirmed a decidedly satisfactory situation and full compliance with the limits indicated by the reference standards;
- updates to the mapping of electromagnetic fields generated by low-frequency sources for Malpensa Airport, which confirmed full compliance with the warning limits indicated in the reference standards;
- updates to the assessment of risks specific to pregnant workers and women who are breastfeeding. No unresolved problems were detected and the information document was updated and made available to all female staff;
- internal audits to confirm satisfactory fire prevention management and regulation compliance in spaces allocated to commercial retail operators (shops and depots) located inside the terminals, in accordance with the SEA Fire Regulations;
- 23 drills on the Emergency and Evacuation Plans and the fire alarm and detection systems, which received positive feedback both from an operational viewpoint and in terms of the measures introduced to date.

Accident indicators

Group accident indicators by gender and location

		Linate		Malpensa	
		Female	Male	Female	Male
Overall rate of accidents	2017	1.44	4.87	4.89	3.35
	2018	0.36	4.50	0.87	2.86
	2019	4.25	3.77	1.99	3.38
Commuting accident rate	2017	1.08	0.89	2.87	0.86
	2018	-	1.31	0.29	0.57
	2019	2.84	0.72	0.57	0.75
Occupational illness rate	2017	0.00	0.00	0.00	0.19
	2018	0.00	0.00	0.00	0.58
	2019	-	0.29	0.28	-
Overall gravity index	2017	56.27	95.41	158.17	67.44
	2018	3.14	95.12	16.79	56.28
	2019	125.40	78.43	28.17	88.16
Commuting gravity index	2017	33.99	18.98	75.01	26.40
	2018	0.00	39.98	11.35	22.71
	2019	66.57	11.52	6.45	32.10

Note: Accident indicators are calculated as follows:

- Total accident rate: no. accidents at work and commuting/ working hours worked*200,000
- Commuting accident rate: no. commuting accidents/hours worked*200,000
- Occupational illness rate: no. cases of occupational illness/hours worked*200,000
- Overall gravity index: no. days lost due to accidents at work and commuting/working hours*200,000
- Commuting gravity index: no. days lost due to accidents commuting/working hours*200,000.

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

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

SEA Energia's workable hours in December 2018 and 2019, and the hours worked in December 2018, used for the calculation of indices, were estimated on the basis of the previous year's data.

Source: SEA

2017 data does not include information relating to the occupational illnesses and accidents of temporary workers.

With regard to temporary workers, only two workplace accidents in the male category were registered at Malpensa airport in 2019, and no occupational illnesses. The accident rate is 3.20 for men (3.44 in 2018), 0 for women (0 in 2018) and 3.00 for total temporary workers (3.25 in 2018).

Overall, no fatalities were recorded with reference to all Group workers.

The analysis of employee accidents in 2019 highlights:

- an increase in the number of events at work compared to the previous year (which was particularly positive) and a relative increase in missed days, which led to an overall increase in accident rates in 2019;
- an accident record that can be broken down as follows:
 - 27% commuter accidents
 - 28% directly related to work operations
 - 45% events that have little or nothing to do with work operations, being related mainly to the dynamics of walking (tripping, slipping, sprains, bumps, etc.).

Engagement policies

WELFARE

In line with SEA's desire to place a key focus on its employees, the company's commitment to developing and designing corporate welfare initiatives and services continued into 2019, with various services renewed and numerous employee needs met, including those relating to their families. The following table summarizes the access to services by employees (full-time and part-time) over the last three years. Temporary workers do not benefit from these services (with the exception of the flu vaccine).

"Sea per te": access to services

Initiative	No. Beneficiaries		
	2019	2018	2017
Health Fund (general)	1,786	1,830	1,854
Gift Vouchers	892	1,033	1,089
Flexible hours	888	880	851
Study grants	648	659	647
Health Fund (check-up)	344	403	471
Medical visits	270	302	296
Summer centers	187	199	203
Home-work transport	272	190	183
Anti-flu injections	216	134	168
Future Lab: Push to Open - Learning to Study	48	79	80
Climatic stays	107	129	112
Welfare services	122	133	98
Part-time parenting (annual average data)	6	10	16
Accident insurance	12	18	13
Access to services	28	32	-
Appointments with the nutritionist	162	-	-

Source: SEA

As in 2018, established long-running welfare services have been proposed over the years, especially for employees with children, such as through summer camps at Linate and Malpensa, summer beach and mountain camps, and toy and game vouchers, in collaboration with the NoiSea Association. "Future Lab" – a repository of initiatives dedicated to educating the children of employees and promoting their employability – provided merit scholarships, international scholarships and "Push to Open Junior" and "Push to Open" orientation courses. In the Assistance and Care area: in addition to the 'Listening and Help' desks at Linate and Malpensa, the 'Fragibility' service for employees with elderly and disabled family members was re-confirmed. As regards "Collective home-work mobility," alongside annual season tickets (ATM and Trenord), the option to purchase monthly Trenord travel passes was introduced while Linate Airport was closed in 2019. The company agreed to contribute to the cost, and employees were given the option to pay via instalments taken out of their pay slips. The "Health and Prevention" area saw the confirmation of 2019's most popular initiatives (free flu vaccines, reimbursements for specialist visits and tests, appointments with the nutritionist, etc.) and a renewal of the health-check agreement made available to employees and their family members in collaboration with the Supplementary Assistance Fund. The various work-life balance initiatives (flexitime, part-time parenting, GP appointment permits) remained in place. In this regard, the inclusion of a smart working option in the company policy for administrative staff also deserves mention; the scheme is expected to be rolled out to this group in 2020.

The rating of welfare initiatives through structured feedback went fully operational, and was extended to all initiatives offered to employees, allowing the Group to learn about areas for improvement directly from the users who benefit from them.

Supplementary Pension Fund

The Pension Fund of Società Esercizi Aeroportuali – FONSEA, an individual complementary Pension Fund for employees of the participating companies provides a complementary pension to the obligatory pension, in accordance with Legislative Decree No. 252 of 5/12/2005.

Pension Fund figures

Pension Fund	2019*	2018	2017
Number of subscribers	5,181	4,979	5,001
Net pension assets (Euro millions)	239	219	204
Net fund yield	2.55%	2.32%	2.24%

^(*) 2019 data relating to the number of subscribers are provisional pending the approval of the FONSEA financial statements.

Source: SEA

The Pension Fund is set up as a non-recognized association with legal personality and operates on the basis of defined contributions (the size of the pension is based on the contribution made and the relative yields). Subscription is free and voluntary. Participation in the supplementary pensions covered by Legislative Decree No. 252 of 5/12/2005 allows subscribers to benefit from a special tax treatment for contributions paid, yields received and benefits gained.

Contributions (workers employed after 28/04/1993 and registered from 01/01/2013)

Post-employment benefit	Contributions	
	Newly-recruited worker	Company
100% of Post-employment benefit matured ^(*)	1% on the table minimum, plus contingency indemnity and plus 12-month periodic increases Any additional voluntary contribution is calculated at the % of the gross assessable tax base.	2.5% on the table minimum, plus contingency indemnity and plus 12-month periodic increases.

^(*) for newly-recruited staff

Parental leave

The welfare system guarantees the right of all mothers to benefit from the reduction of working hours to 5 hours per day until the end of the child's fifth year. The take-up of parental leave in 2019 decreased slightly for both men and women. Data shows how parental leave is also regularly and extensively utilized by fathers who increasingly assist mothers in taking care of the children.

Right and usage of voluntary leave (No.)

	2019		2018		2017	
	Female	Male	Female	Male	Female	Male
Right ⁽¹⁾	187	368	214	386	239	395
Usage ⁽²⁾	87	175	91	180	105	208

⁽¹⁾ Voluntary leave may be requested for each child in the first 12 years of life (until the end of their twelfth year). Employees with children less than or equal to 12 years of age in the year considered have such a right.

⁽²⁾ All those with such rights who have used at least one day of voluntary leave in the year are considered users.

Source: SEA

WORK-LIFE BALANCE: SMART WORKING

During 2019, the Smart Working project was extended to another 100 new employees and was renewed for the 400 smart workers who signed individual agreements the previous year. Six training sessions were held at Linate and Malpensa for new smart workers, which focused on the skills required for remote working. The sessions covered the various project steps, regulations, and information on occupational safety. A short technical training module on the basic IT equipment required to work remotely was also provided. After a year-long experiment that saw very satisfactory results both in terms of innovative working methods and work-life balance, it was decided to end the pilot phase by formalising permanent smart working agreements. Today, around 500 employees are engaged in smart working – 62% of the non-shift workforce. A second survey was sent out to 495 smart workers in November 2019, with a 93% response rate, up on last year's survey. The survey saw the provision of positive feedback on the initiative. The various smart worker pilot groups have shown an alignment between the perception of increased productivity resulting from greater independence and focus, and the better management of travel time, which has been reinvested in work activities. Employee work-life balance also benefited from the scheme. Benefits deriving from the use of information technologies were also evident.

Smart working activation impact indicators*

Monetary savings	98 €
Time savings	5.6 hours
Average untravelling distance	188 km

* Average monthly values pro-capita referable to 4 days/month of implementation

Source: SEA

Estimate of emissions and greenhouse gases linked to the activation of smart working

An estimation was made of the positive environmental impact - in terms of the reduction of emissions (carbon monoxide, nitrogen oxides and PM10) and greenhouse gases (CO₂) – generated by the activation of smart working and resulting from the reduction in commuting of the smart workers involved.

Reduction in emissions linked to the implementation of smart working

	2018	2019	
Reduction in distances (Km)	97,541.40	311,561.85	Linate
	59,056.80	206,621.84	Malpensa
	156,598.20	518,183.69	TOTAL
Reduction in CO ₂ emissions (tons)	15.907	50.81	Linate
	9.631	33.70	Malpensa
	25.538	84.51	TOTAL
Reduction in CO emissions (kg)	76.60	244.67	Linate
	46.38	162.26	Malpensa
	122.98	406.93	TOTAL
Reduction in NO _x emissions (kg)	41.51	132.60	Linate
	25.13	87.94	Malpensa
	66.65	220.54	TOTAL
Reduction in PM10 emissions (kg)	2.90	9.25	Linate
	1.75	6.14	Malpensa
	4.65	15.39	TOTAL

Note: The estimate was achieved on the basis of the following assumptions:

- in 2019, the commuting trips of 400 smart workers were considered for the January-December period and an additional 88 for the May-December period;
- in 2018, the commuting trips of 204 smart workers were considered for the April-December period and an additional 212 only for the month of December;
- in 2019, based on the statistics of the average use of smart working days per worker, it was considered that 400 smart workers in the January-December period used 29.39 smart working days per capita, while 88 who started the trial in May used 19.59;
- based on the statistics of the average use of smart working days per worker, in 2018 it was considered that 204 smart workers in the April-December period used 17.82 smart working days pro-capita in the 9 months, while 212 who started the trial in December used 1.98;
- it was assumed that all employees considered used a car to commute;
- a daily distance equivalent to the distance between the residential commune and the airport, multiplied by two, was allocated to each smart worker. The shortest route from among possible routes was taken into consideration;
- emission factors were calculated at an average value, derived from literature and industry statistical analyses.

Source: SEA

CONCILIATION: FAMILY AUDIT

During 2016, the 'Family Audit' certification accreditation process was finalized.

The Family Audit certification is a management tool adopted on a voluntary basis by organizations, including private companies and public and non-profit bodies, that has the purpose of certifying a continuous commitment to a favourable work-life balance.

By adopting the Family Audit certification, the group intends to start a cycle of continuous improvement with the introduction of innovative organizational solutions, such as flexible work hours and smart working, and of a culture of work-life conciliation. In 2016, the Family Audit application process involved the design phase, implemented through the establishment of 2 separate internal working groups.

The Family Audit Working Group, made up of 17 employees from all professional roles, carried out analysis and proposed actions to improve work, life and family conciliation, taking into consideration a variety of family types.

A three-year platform comprising 28 conciliation measures was drawn up during the 6 meetings of the Working Group. The Management Working Group, made up of 8 managers from various departments and roles, played a leading role in assessing the proposals received, leading to the achievement of Basic Certification in February 2017.

The process to obtain a Three-Year Certification commenced in 2019, following the implementation of all the measures defined in the plan. Below are the conciliation measures and results achieved.



COMPANY WELFARE

Measure

Results

Redefinition of medical and health agreement parameters - Check-up service renewal, with expansion of GP surgeries, as well as the specialist tests and appointments on offer.

Feasibility study to verify how to broaden the definition of family by including "new families" in the description of company welfare beneficiaries - Traceability and census problems identified for non-nuclear families.

Building a constant customer satisfaction system for services - A ratings service for welfare services has been implemented. In 2019, six surveys were issued to service users and the results were published on SEAnet.

Identification of an area for the collection and delivery of packages and services - Assessments are underway with regard to the offers provided by operators in the sector.

Introduction of inter-company internships for employee children - Workshop days on airport careers for high school students. In 2019, twelve students participated in a "summer job" experience at Malpensa Airport.



NEW TECHNOLOGIES

Increase in the number of laptops - 545 laptops allocated to administrative staff.

Optimization of access and passwords - Access to SEAnet for various devices using single sign-on (SSO).

Activation of a free wi-fi network for employees - Provision of a free wi-fi network for employee smartphones.



COMMUNICATION

Improved visibility of SEAnet for operations staff - New version of SEAnet introduced, with improved functionality and customizable settings.

Creation of an area on the Intranet with FAQs on institutions and opportunities - New SEAnet interfaces and functionality, with an updated information section on all welfare services.



WORK ORGANIZATION

Paid Time Off hours - A total of 5,767 hours were used (3,072 in 2019).

Part-time dads - The measure was included in a company agreement but no requests were submitted.

Part-time offer for over 60s (extended to all employees) - The automatic request to switch from full-time to part-time hours has been introduced. 101 requests accepted (34 in 2019).

Company policy definition for organizing family-friendly holidays for shift workers - Two days of "guaranteed holiday" provided, for a total of 1,599 days (of which 1,052 in 2019).

2-day special permit for new fathers - 40 employees took advantage of two additional days of leave (23 in 2019).

Annual meeting planning for shift-work services - Development of online communication on SEAnet and offline activities involving 1,918 employees.

Periodic team meetings for non-shift-workers - Development of corporate SEAnet communication, activities and strategies. A new regular "Word from the CEO" section has been introduced.

Study to increase rotation between administrative staff - An experimental job rotation initiative was launched, which saw three employees test themselves in another role in the department they belong to, with a positive outcome.

Activation of spaces for remote working/co-working - Reservation of 213 spaces, with a capacity of 3.54% at Linate and 5.63% at Malpensa.

Study for improved commuting and parking - Introduction of a shuttle service at Malpensa Terminal 2 for all employees.

Improved remote communication among personnel - Launch of an online training channel through the new FormAzione platform, which complements the usual classroom training in our Training Center. E-learning was used for two courses, involving 1,221 members of staff.

Smart working experiment - 12,710 smart working days were used in 2019, corresponding to 61% of the available days.



REGIONAL WELFARE

Increase of equipped nursing restrooms - Work to open new restrooms with Family Room areas has begun at airports in Milan.

Maximising benefit of certification in the Sustainability Report - Annual publication of the Non-Financial Statement.



CORPORATE CULTURE, DIVERSITY AND EQUALITY

Intervention at a middle management level for the dissemination of a work-life balance culture - Involvement of all management staff in the start-up phase of the smart working project; meetings were held for information and for the sharing of topics linked to the management of human resources from a work-life balance perspective.

Identification of guidelines for company growth - Introduction of a job posting tool to manage in-house job transfers, making vacant positions available and the subsequent candidate selection/assessment process accessible to all employees.

Improvement of the assessment system - Analysis is underway to create a "Smart" assessment system.

Working group maintenance - Regular meetings carried out.

Absenteeism

The total absenteeism rate for SEA Group employees in 2019 is more or less in line with 2018 (-0.01%). With regard to gender, there was a slight decrease in the absenteeism rate for women (Linate from 4.39% in 2018 to 4.23% in 2019, Malpensa from 4.67% in 2018 to 4.45% in 2019), while for men, the rate decreased only at Malpensa from 3.65% in 2018 to 3.57% in 2019 (at Linate from 3.81% in 2018 up to 4.10% in 2019).

Work absence rate by gender and location

	2019	2018	2017
Linate	4.14%	3.98%	3.82%
Female	4.23%	4.39%	4.43%
Male	4.10%	3.81%	3.56%
Malpensa	3.79%	3.91%	4.06%
Female	4.45%	4.67%	4.86%
Male	3.57%	3.65%	3.78%

Note: The work absence rate is calculated as follows: no. of days of absence/workable days*100.

Only employees are included.

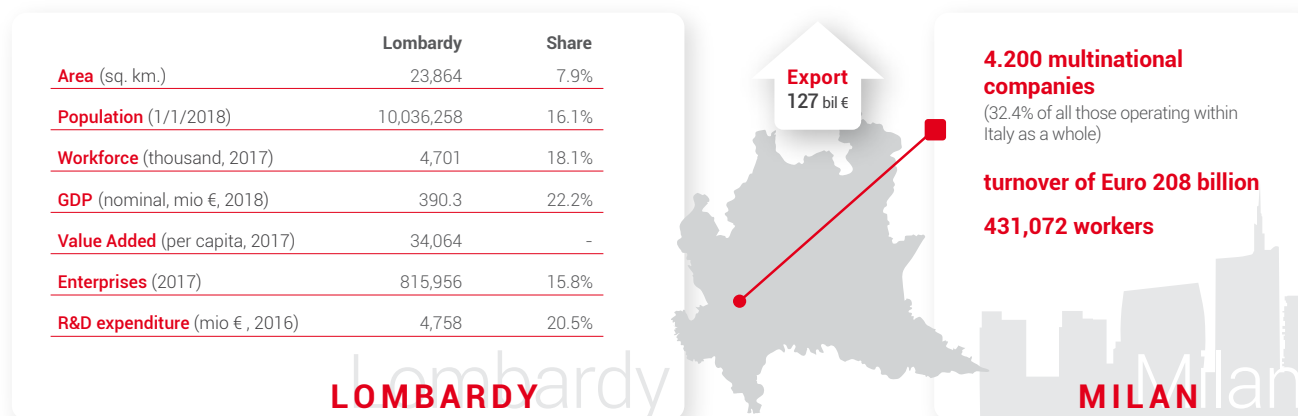
Only unscheduled absences are considered (e.g. due to sickness or accidents), while those that are scheduled (e.g. holidays, maternity leave) are excluded.

Source: SEA

SOCIAL AND RELATIONAL CAPITAL

Provision of "enabling" intangible assets in terms of business management and development.

Said capital concerns both the characteristics of the reference context (economic vitality and degree of internationalization of the area served), and the quality of relationship dynamics between SEA and stakeholders at all levels (corporate reputation, employee engagement, customer satisfaction, breadth and standing of customer base, supply chain management).



Economic vitality and internationalization of the region of reference

Lombardy⁷ is Italy's number-one region from both a demographic and economic standpoint. Its population of 10.0 million at January 1, 2018 accounted for around 16% of the nationwide total and its GDP, Euro 390.3 billion in 2018⁸, represented 22% of the Italian total.

From the standpoint of economic indicators, Lombardy is the number-two European NUTS2 region in terms of GDP generation, following Île de France but coming in ahead of regions such as Inner London, Upper Bavaria, Düsseldorf or the Stuttgart region. In 2017⁹, Lombardy's workforce of 4,701 thousand workers accounted for 18.1% of the national figure. The employment rate (the ratio of employed workers to the population between ages 15 and 64) was 64.9%, well above the national average of 55.7%, and, with reference to the Four Motors of Europe, better than in Catalonia, although lower than the average of the Baden-Württemberg and Rhône Alpes regions. A large number of companies operate in Lombardy, with as many as 97,220 dedicated to manufacturing, and a total of 815,956 registered with the Chamber of Commerce in 2017, accounting for 15.8% of all Italian companies. Around 1,000 medium-sized manufacturing companies are spread across the region, while 250 are based within the City of Milan. These figures respectively account for 31% and 7% of the 3,300 medium-sized manufacturing enterprises active in Italy¹⁰.

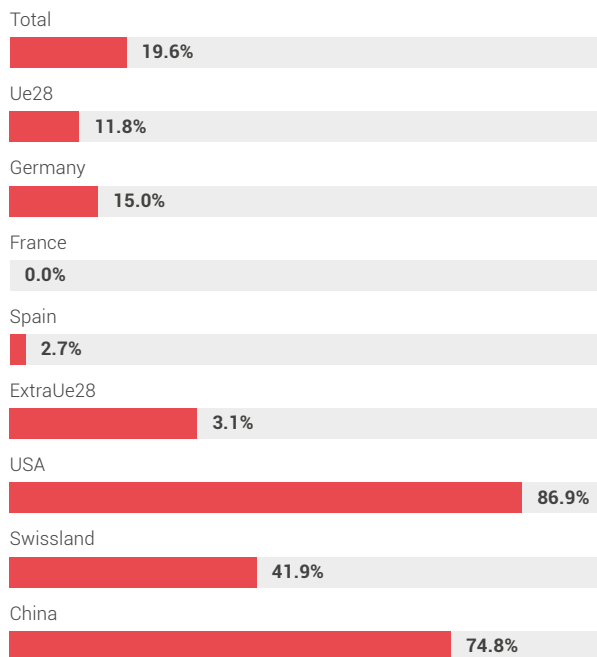
⁷ Source: Booklet Italy, Lombardy and Milan: the strengths of our territory – No. 7, January 2019

⁸ Source: ISTAT (dati.istat.it), Gross Domestic Product at market prices, raw data

⁹ Source: Booklet Italy, Lombardy and Milan: the strengths of our territory – No. 7, January 2019

¹⁰ Number of medium-sized manufacturing companies with 50-499 employees, and a sales volume of between Euro 15 and 330 million (excluding subsidiaries of large and foreign corporations)

Lombardy exports Q3 2019 by country (% var. Q3 2019 on Q3 2008)



Source: Assolombarda, Booklet *Economia: Lombardia in National and European Comparison* - February 2020

Aviation customer profile

The reduced concentration of traffic quotas continues to be a characteristic factor of Milan's airport system. In particular, Malpensa continues to be the airport with the most limited Available Seat Kilometers for the leading carrier among the main European airports (12.0%). Indeed, only 40.1% of the traffic offer is realized by the leading 5 airlines operating at the airport, compared with 57.3% in Geneva, 51.0% in Dusseldorf and 60.0% in Copenhagen (other European airports not classifiable as true hubs)¹¹.

PRINCIPAL PASSENGER AIRLINES OPERATING AT MALPENSA

At December 31, 2019, 118 airlines were present at Malpensa (-4% compared to 2018). The presence of all the major international airline alliances was confirmed:

- At December 31, 2019, Star Alliance represented 15% of passenger traffic (16% in 2018);
- At the end of 2019, Sky Team and One World accounted for 13% and 6% respectively (9% and 6% in 2018) of Malpensa's passenger traffic.

At December 31, 2019, Malpensa Airport connected to 214 domestic and international destinations, 5% more than in 2018 (203). The list of the 10 leading airlines in terms of the overall number of passengers highlights the leading position of easyJet, which represents 27.1% of Malpensa passenger traffic. The English company confirmed the role of Milan Terminal 2 as an important European base.

¹¹ Source: ICCSAI Fact Book 2019 – % ASK share of the leading 5 carriers at the 20 largest European airports

Malpensa – Top 10 passenger airlines (% traffic)

Carrier	2019	2018	2017
easyJet	27.1	30.8	32.5
Ryanair	9.0	8.5	6.7
Alitalia Group	6.0	1.8	1.7
Air Italy	5.8	3.9	2.8
Lufthansa	4.8	5.1	5.1
Vueling Airlines	3.6	3.4	3.7
Emirates	3.3	3.8	4.2
Neos	2.8	2.7	2.7
Wizz Air	2.1	1.7	1.5
Turkish Airlines	1.7	2.0	1.9
Other airlines ⁽¹⁾	33.8	36.3	37.2

⁽¹⁾ The traffic share of "Other carriers" for the years 2017 and 2018 changed due to a variation in the top 10 carriers.

Source: SEA

PRINCIPAL PASSENGER AIRLINES OPERATING AT LINATE

At December 31, 2019, Linate airport hosted 16 airlines (17 in 2018) and connected with 44 airports, both domestic and inter-EU.

Linate – Top 10 passenger airlines (% traffic)

Carrier	2019	2018	2017
Alitalia Group	62.7	62.2	59.7
easyJet	8.2	7.9	7.3
British Airways	8.1	7.5	6.0
Iberia	4.8	4.4	2.4
Lufthansa	4.3	4.3	4.1
Air Italy	2.3	3.9	6.4
Brussels Airlines	2.1	2.0	1.8
Air France	2.0	1.9	2.4
Aer Lingus	1.0	1.1	1.1
KLM	1.0	1.0	1.6
Other airlines	3.5	3.8	7.2

Source: SEA

Linate operations were significantly impacted by the Alitalia Group, which in 2019 represented 62.7% of traffic. The table highlights the 10 leading airlines operating from Linate in 2019 as a percentage of overall passenger numbers.

PRINCIPAL CARGO AIRLINES

19 "all cargo" airlines were operating out of Malpensa airport at December 31, 2019. The Malpensa cargo business is distributed among a large number of carriers; in 2019, 66.4% of the total cargo transported was shared by over 13 airlines. Among these was the leading international operator Cargolux, which maintained its lead despite an 8.7% drop compared with 2018. The highest growth was recorded by ASL, which works for an important e-commerce operator, and by Cargo Airlines and Federal Express Corporation (equal to +60.8% and +7.2% on 2018 respectively).

Overall, cargo movements (freighters and couriers) recorded a 5.8% drop in volumes, while goods on passenger flights increased by 6% due to the improved wide body capacity of Air Italy and Air China in particular.

Malpensa – Volumes moved by the main cargo airlines (tons)

CARRIER	2019	2018	2017
Cargolux Group	82,199	89,993	106,886
Air Bridge Cargo Airlines	49,005	57,462	53,527
Qatar Airways	40,288	45,027	44,094
Federal Express Corporation	36,287	33,865	34,649
European Air Transport	27,317	29,682	28,752
Silk Way Group	22,134	23,654	23,224
Turkish Airlines	19,698	20,477	16,741
Nippon Cargo Airlines	18,751	11,663	23,520
ASL	17,522	4,890	851
Asiana Airlines	13,859	14,087	13,786
Korean Air	10,398	9,993	11,751
Saudi Arabian Airlines	9,821	20,722	16,248
Cathay Pacific Airways	9,268	11,852	10,593
Southern Air	5,073	5,672	5,061
Others ⁽¹⁾	11,160	16,791	31,446
Total "all cargo" activities^(**)	372,780	395,830	421,129
Total Malpensa cargo activities	544,978	558,218	576,539

⁽¹⁾ The traffic share of "Other carriers" for the years 2017 and 2018 changed due to a variation in the top 10 carriers.

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

Source: SEA

The following table lists the top 10 airlines operating out of Malpensa in 2019 in terms of percentage volumes of total cargo.

Malpensa - % of cargo moved by the leading 10 cargo airlines

Carrier	2019	2018	2017
Cargolux Group	15.1	16.1	18.5
Qatar Airways	12.2	11.9	10.4
Air Bridge Cargo Airlines	9.0	10.3	9.3
Federal Express	6.7	6.1	6.0
European Air Transport	5.1	5.3	5.1
Turkish Airlines	4.7	4.6	3.3
Emirates	4.2	4.8	5.0
Silk Way West Airlines	4.1	4.2	4.0
Cathay Pacific Airways	3.4	3.8	3.5
Nippon Cargo Airlines	3.4	3.7	2.8
Other airlines ⁽¹⁾	32.3	30.8	30.8

⁽¹⁾ The traffic share of "Other carriers" for the years 2017 and 2018 changed due to a variation in the top 10 carriers.

Source: SEA

Non-Aviation customer profile

Retail plays a fundamental role in SEA's commercial strategy of partnership with brands for the enhancement of final consumer experiences. Within the Non-Aviation Commercial Department, the "Retail Operations Management" team provides ongoing support to commercial tenants regarding airport infrastructures, maintenance, the management of individual and common assets (e.g. site preparation activities, servicing, maintenance needs, access cards), and the monitoring and enhancement of performance indicators for the achievement of common goals. This is developed through frequent contacts and a series of activities, including half-year brand meetings, weekly point-of-sale visits and day-to-day and headquarters-led trend analyses, as part of a structured business review system focused on main indicators, such as performance, customer flows and so on. A number of training and informative courses are also proposed on various topics of interest, for example, Chinese culture or visual merchandising, and in-depth assessments are provided, such as through mystery shopper surveys.

PUBLIC SALES POINTS

In 2019, SEA's airports had 108 points of sale, corresponding to 14,424 m² of commercial space (-1,784 m²), of which 12,384 m² at Malpensa (10,349 at T1 and 2,035 at T2) and 2,040 m² at Linate.

Sales points at the Milan airports

	m ² 2019	m ² 2018	m ² 2017	Sales points 2019	Sales points 2018	Sales points 2017
Malpensa Terminal 1	10,349	10,686	10,717	72	77	73
Malpensa Terminal 2	2,035	2,125	2,125	15	18	18
Linate	2,040	3,397	3,396	21	39	40

Source: SEA

FOOD & BEVERAGE

In 2019, SEA's airports had 62 bars and restaurants, corresponding to an area of approximately 12,299 m² (-88 m²), of which 9,432 m² at Malpensa (7,644 m² at T1 and 1,788 m² at T2) and 2,867 m² at Linate.

Food & Beverage operations at the Milan airports

	m ² 2019	m ² 2018	m ² 2017	Food & Beverage points 2019	Food & Beverage points 2018	Food & Beverage points 2017
Malpensa Terminal 1 ⁽¹⁾	7,644	7,644	7,375	33	33	32
Malpensa Terminal 2	1,788	1,788	1,752	13	13	13
Linate ⁽¹⁾	2,867	2,955	2,938	16	16	18

⁽¹⁾ VIP lounges and external areas are not included, except for the Taxi Bar and a food court in the Malpensa Terminal 1 cargo area.

Source: SEA

Commercial offer quality

"Mystery shopping" was introduced in 2011 - an instrument which verifies the quality of commercial services – based on visits and interviews carried out by undercover personnel in order to obtain structured information on the shopping experiences of airport users.

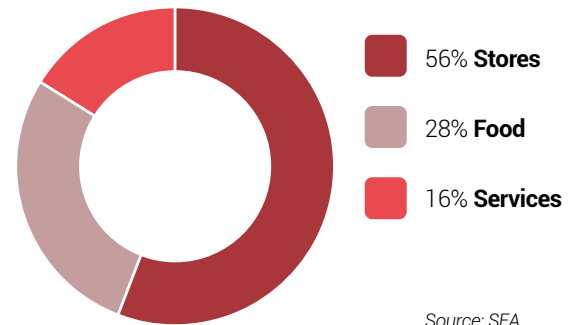
At the sales point, the mystery shopper, undertaking the experience of a "typical client" focuses upon:

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

During 2019, 227 commercial businesses generated a total of 833 different visits in terms of store types and airport locations.

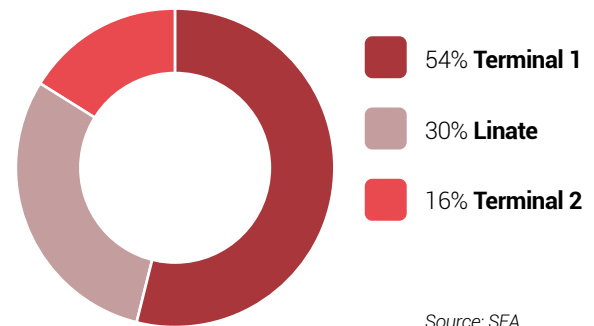
The perceived quality of the commercial businesses at our airports in 2019 was around an average value of 86.58% on a scale of 1 to 100, slightly higher than the previous two-year period.

Mystery Shopping – Shops visited by type of activity



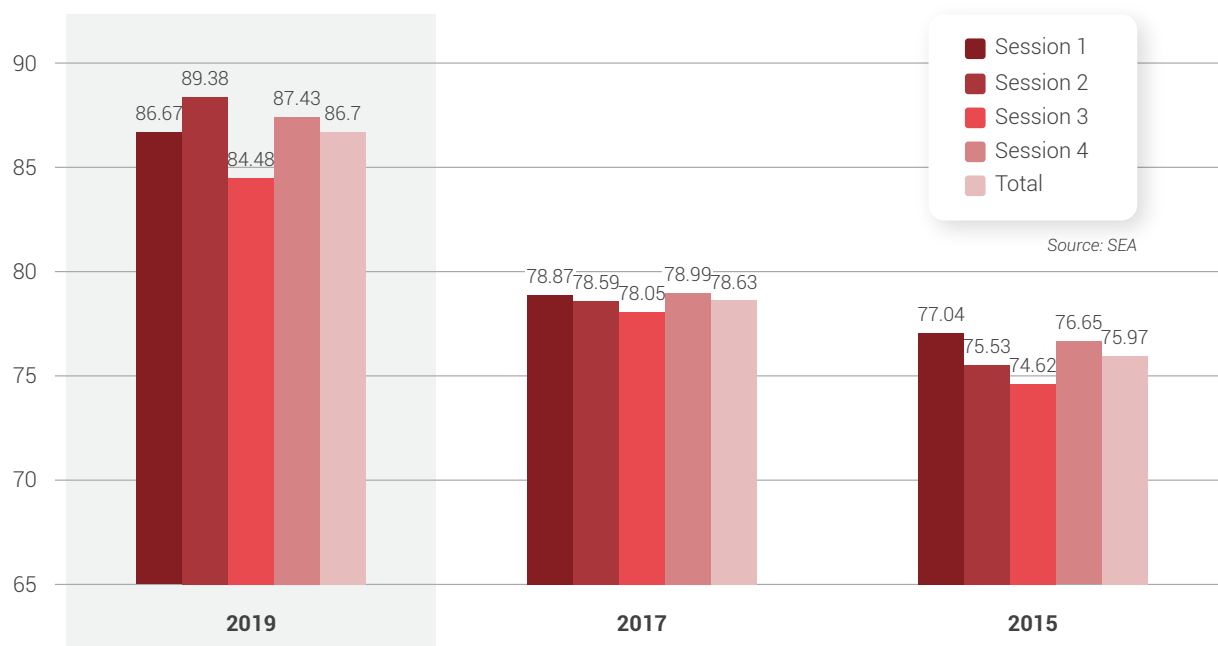
Source: SEA

Mystery Shopping – Stores visited by location



Source: SEA

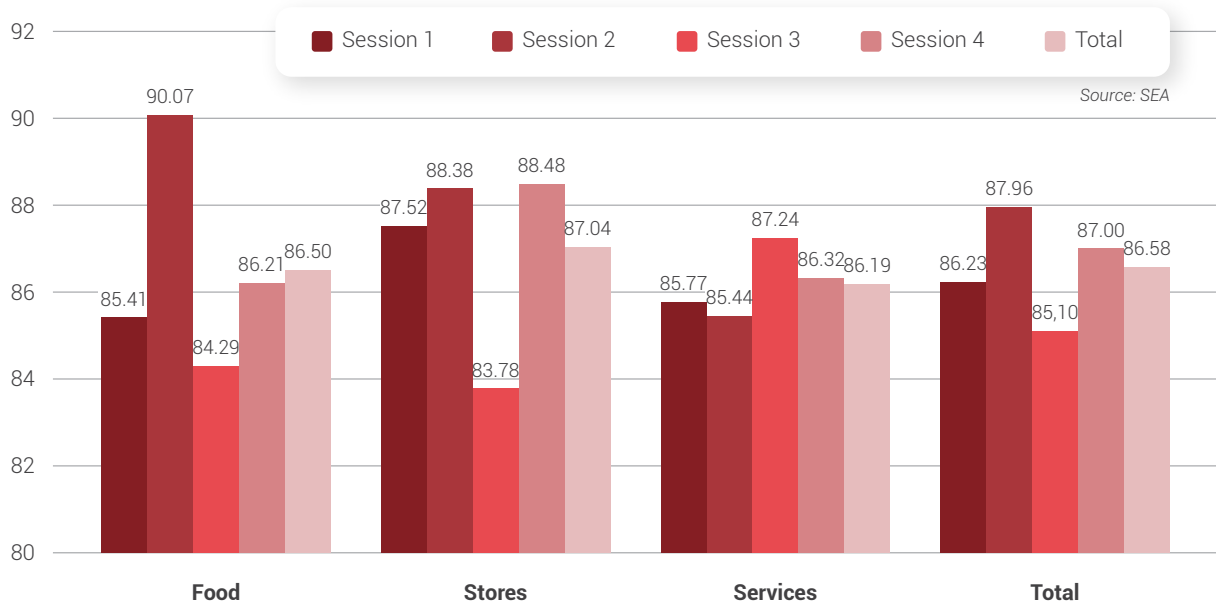
Mystery Shopping – Average perceived quality value (1-100)



Source: SEA

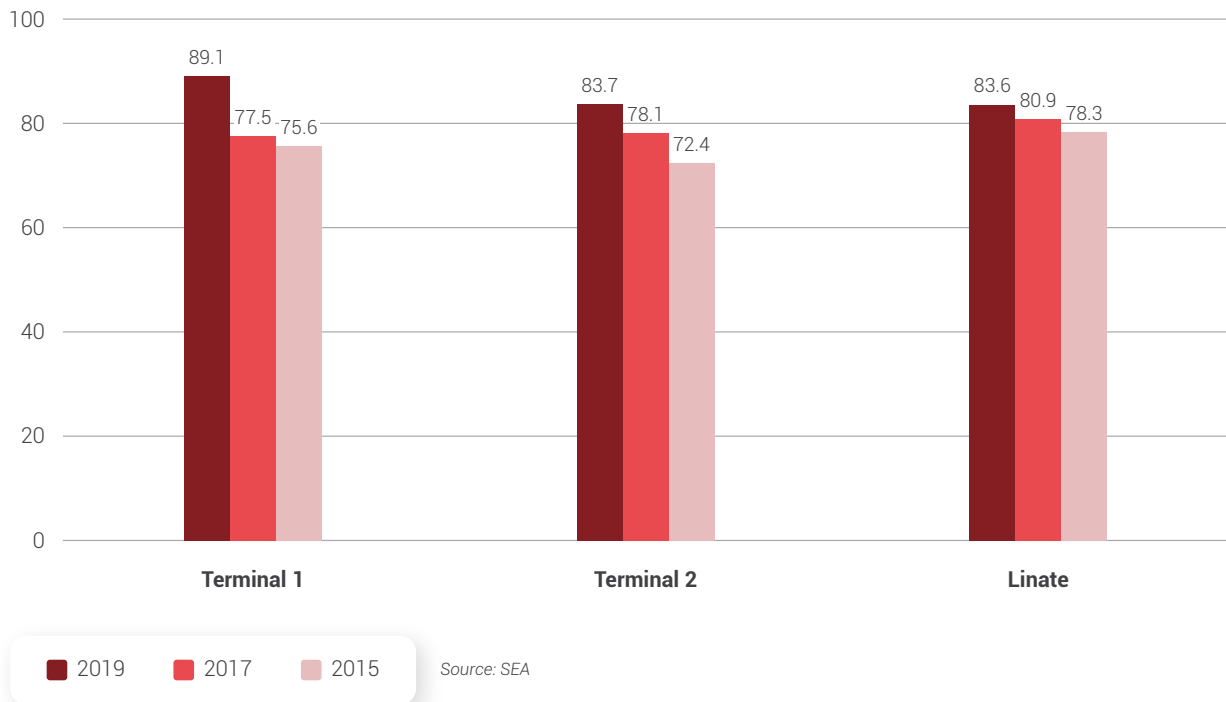
Analysing the data according to business type, stores emerge with above average satisfaction (87.04), while food and general services emerge with average satisfaction (86.50 and 86.19 respectively).

Mystery Shopping – Average perceived quality value by type of business (1-100)



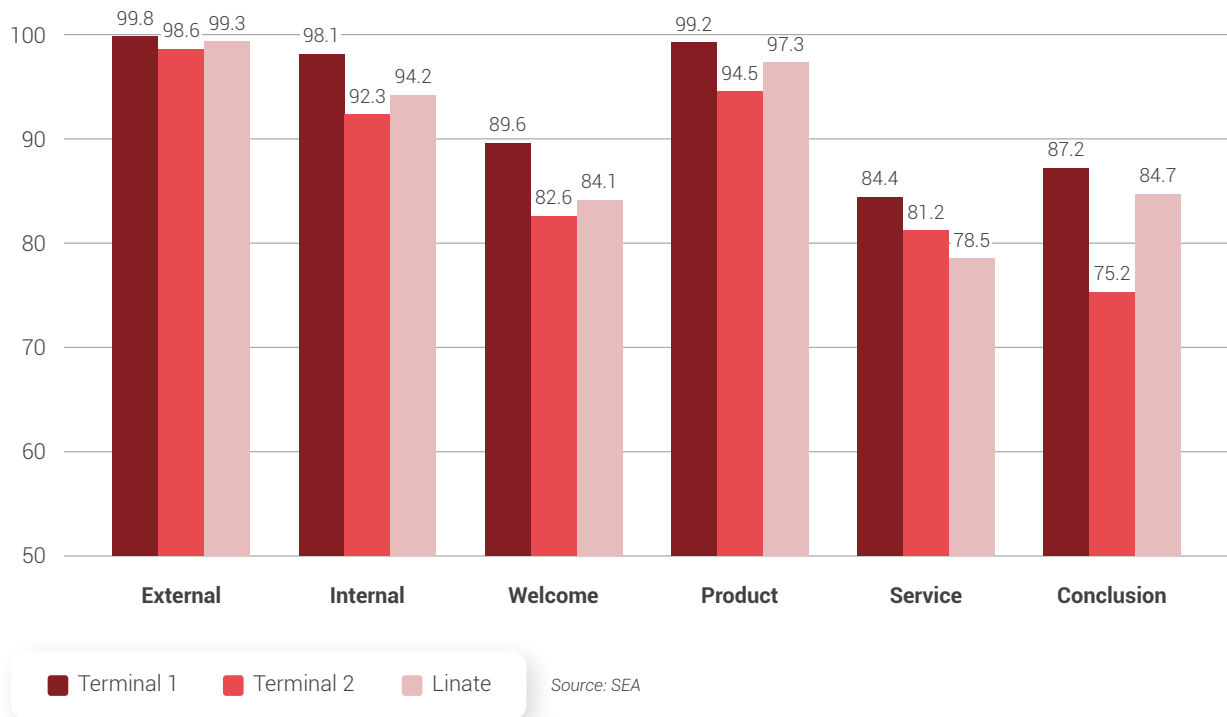
All airports reported an improvement in performance.

Mystery Shopping – Average value of perceived quality by airport (1-100)



When analysing the average value of perceived quality from 2015 to 2019, it can be noted an increase in the most significant values for Malpensa Airport, while Linate Airport recorded more modest growth.

Mystery Shopping – Driver of perceived quality by airport (1-100)



Passenger profile










Passenger profiling is carried out at SEA airports via monthly surveys, based on specific sampling quotas for the three terminals (Linate, Malpensa T1, Malpensa T2). The total number of passengers interviewed in 2019 was 4,899. Those interviewed were selected according to a systematic procedure (one out of every 10) at the security control lanes, therefore in departures.

This procedure allows random selection and consequently is representative of the sample interviewed for each of the three terminals. The control of the samples (in the waiting of data) verify destinations and the portions of passengers in transit, terminal by terminal and by quarter.

Passengers

MAIN CHARACTERISTICS OF SEA AIRPORT PASSENGERS IN 2019

Total number of passengers interviewed
4,899

	Malpensa	Malpensa T1	Linate
Male	64%	66%	57%
Average age	42 years	41 years	43 years
University culture	56%	58%	62%
Resident in Italy	67%	60%	66%
Average stay in the airport	130 minutes	131 minutes	91 minutes
Principal reason for travel <small>Data 2019 vs. data 2018</small>	Holiday/Tourism ▲ +3% 	Holiday/Tourism ▲ +3% 	Work/Business/Study ▲ +2% 
Other reasons for travel <small>Data 2019 vs. data 2018</small>	Family/Health ▲ +1%  Work/Business/Study ▼ -4% 	Family/Health ▲ +2%  Work/Business/Study ▼ -5% 	Family/Health ▼ -1%  Holiday/Tourism ▼ -1% 

Customer Satisfaction

The surveys carried out in 2019 by Doxa (a leading market research institute) and concerning services at the airports of Malpensa and Linate showed a positive and growing level of passenger satisfaction. The new Customer Satisfaction rating system is based on the Customer Satisfaction Index (on a scale of 0 to 100).

Development of the Customer Satisfaction Index

	2019	2018	2017
Malpensa T1	74	74	75
Malpensa T2	72	72	72
Linate	71	69	68
System	73	72	72

Source: SEA, Doxa

Results at Malpensa are largely in line with 2018, while a slight growth was registered at Linate, and at a system level. To complete the perceived quality monitoring system, a 24-hour passenger satisfaction surveying system has been in place since 2015 concerning various services through a network of emoticon kiosks located in the terminals. Since December 2018, the number of totems has gradually increased to 138 devices in 2019. The tool allows the passenger to express an opinion immediately after using the service. The areas monitored are: security, sanitary services, commercial businesses and general maintenance areas. Approximately 3,000,000 clicks on emoticon kiosks were recorded in 2019 (positive, indifferent, negative). The monitoring provides daily and hourly results, allowing timely interventions, the improvement of quality standards and the prevention of medium to long-term deviations. A service-specific alert system also allows immediate intervention in case of negative assessments concentrated in a short period of time.

CUSTOMER RELATIONSHIP MANAGEMENT AND COMPLAINTS MANAGEMENT

Since 2010, SEA has used an innovative CRM platform developed to manage relations with our customers, who, as passengers, have different demands and expectations from other service users.

As of 2019, the SEA CRM platform had 5,250,000 members (new member trend stable compared to 2018). Of these, 3,300,000 members gave their consent to receive communications on airport news and initiatives, commercial communications and research questionnaires to learn about expectations and assessments and to guide the services on offer at SEA's airports.

Numerous channels are available for the reporting of complaints:

- website (www.seamilano.eu – “contacts” section);
- fax;
- form sent at the Info desk;
- letter.

SEA treats all complaints and issues reported on services offered with maximum attention and discretion and commits itself to respond in the shortest time possible, and however within 28 days of receipt of the communication. In addition to quality surveys, as airport operator, it analyses all complaints (even if only less than one third refer directly to the services or scope of expertise of the group's companies), in order to address all critical elements reported in the airport system. The Customer Relationship Management system facilitates both passenger submission of complaints and the company's management of such complaints.

Complaints classification by issue in 2019 (%)

Type	%
Baggage and lost & found	26
Security controls	15
Check-in, boarding	9
Flight operations	5
Parking	12
Comfort	10
Information	2
Retail	3
Other	18

Source: SEA

There was an increase in complaints relating to security compared to 2018, while other areas remain constant.

Supply chain management

PURCHASING POLICY

SEA considers its suppliers an integral part of the sustainability process. Therefore, in choosing partners, aspects relating to sustainability parameters are also assessed through the Register qualification process, in addition to considering the ability of the companies to offer products or services that are qualitatively and financially valid, their economic and financial solidity and compliance with regulatory obligations in the execution of their activities (among others the correct payment of contributions to employees - DURC).

With a view to an increasingly high-quality supplier base, in 2018 the Suppliers Register, active since May 2011, was completely revised both in terms of process and the support information system. The new Register ensures a prompt updating of supplier information and a fully dematerialised and computerised process. To enable the SEA Group to benefit from a supply chain that also contributes towards the achievement of sustainable development, new assessment parameters were introduced when revising the qualification process, such as the possession of a Sustainability Report and specific references to Human Rights (e.g. equal pay; no discrimination; freedom of association and collective-bargaining contracts; child labour) in the company Code of Conduct or in the Ethics Code, a copy of which is requested. In 2018, a supplier requalification campaign was therefore launched on the basis of the following evaluation areas:

Environment

Environmental management system certifications of potential suppliers are evaluated (such as ISO 14001, the EMAS registration or ISO 50001) and the use of materials with low emissions or low energy consumption and the manner for selecting its suppliers in accordance with environmental characteristics.

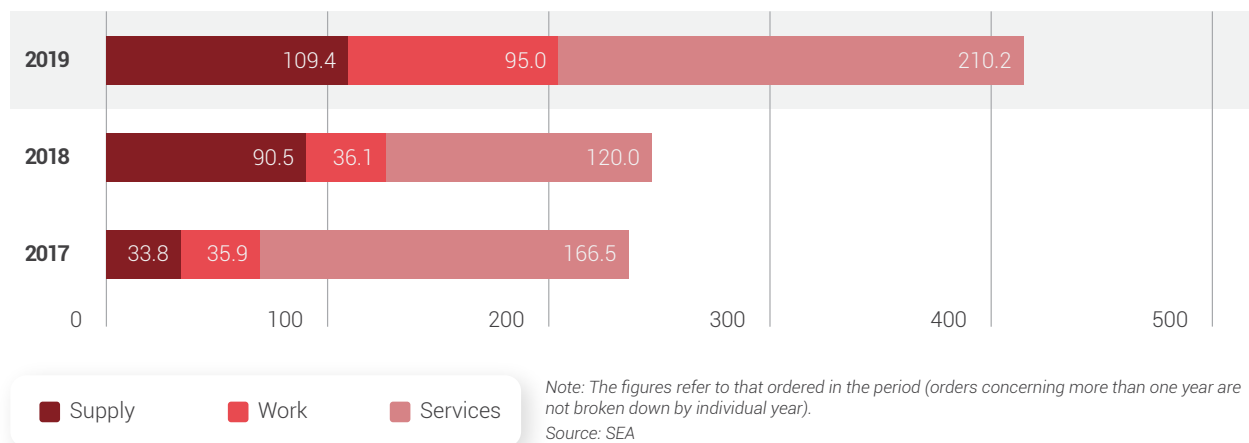
Safety

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

Corporate Social Responsibility

Supplier evaluation is based on the availability of certifications (ISO 9001) and on company initiatives to develop a socially responsible approach to the planning and management of the business, described through their Sustainability Report. Particular attention is given to the presence of company policies for the respect of human rights. In addition, particular attention is placed on the profile level regarding the organizational model as per Legislative Decree 231/2001, in addition to the adoption of an internal Conduct Code/Ethics Code by the supplier.

Order value by type (millions of Euro)



Overall order volumes were up sharply in 2019 due to the renewal of important services (cleaning), the contracting of new works at Linate, the Bridge project, and the purchase of new supplies (new SEA Energia turbine).

CLASSIFICATION OF SUPPLIERS BASED ON CSR CRITERIA

In order to guarantee the effectiveness and efficiency of the process, but also to ensure transparency and equal treatment, procurement activities are substantially digitalized and dematerialized.

The sustainability profiles of registered suppliers as at December 31, 2019

Profile	Category	
Adoption of ethics code	420	36%
Endorsement of international conventions	24	2%
Benefit of INAIL tax reduction in the last three years;	266	23%
Sustainability Report	62	5%
Sustainability Report Certification	34	3%
EMAS Certification	17	1%
ISO 9001 certification	771	65%
ISO 14001 certification	336	29%
ISO 50001 certification	30	3%
Organization Model pursuant to Legislative Decree 231/2001	274	23%
Appointment of Safety Officer for each contract/order	350	30%
References to Human Rights in the Code of Ethics	291	25%
Occupational Health and Safety Management System	505	43%

Source: SEA

A large part of the tender process is managed through the group's electronic trading platform, while the process of qualifying and registering suppliers is completely dematerialized via its qualification portal. Through this portal, supplier candidates can manage all qualification stages online, from submission to SEA's assessment and final registration in the qualified suppliers list. The portal also gathers all candidate information necessary for the subsequent execution of contracts. Supplier assessment, ahead of registration, is based on specific financial-technical elements by category. Via sampling, a follow-up assessment of suppliers is made to evaluate activities carried out in case of suppliers awarded contracts. The supplier portal is used extensively for all group tenders, with the exception of tenders above European thresholds regarding SEA's core business. Above such thresholds, the process is duly regulated by European Community legislation. In 2019, there were 1,180 qualified suppliers on SEA's register, broken down by the CSR activity imple-

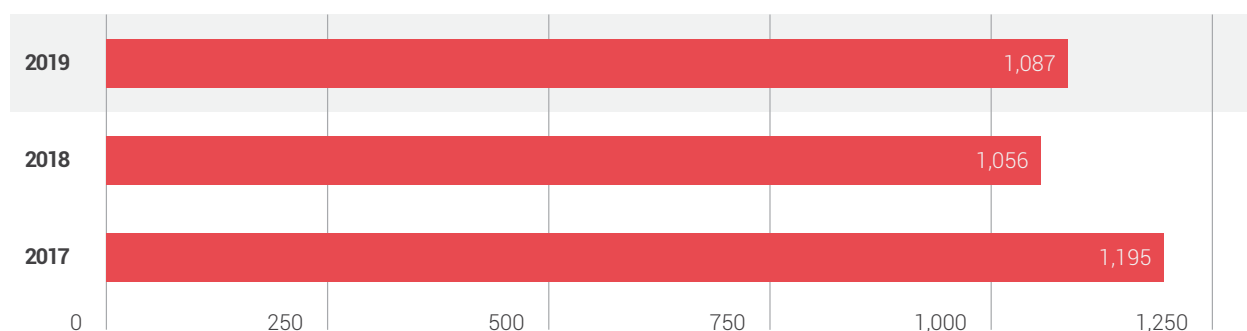
mented in the respective corporate processes, according to the sustainability profiles reported in the table. All suppliers are assessed according to a set of environmental and social criteria.

SELECTION OF SUPPLIERS

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

- Tender contracts for core activities of values higher than EU thresholds, which are entrusted through a European public call for tenders, with tender publication or public notice of the qualification system;
- Core activity contracts with values below EU thresholds or non-core contracts of any values, which are governed by SEA's internal 'Procurement Procedure'.

Total number of tenders awarded



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

Source: SEA

Regarding public tenders, candidate selection is made using several subjective qualification criteria, as well as economic, financial, technical and professional criteria, in compliance with the constraints set forth by Italian Legislative Decree No. 50/16, applicable to SEA in reference to special sectors, and in full compliance with the principles of the EU Treaty. In relation to the "core best offer" contracts, the internal procedure provides for the application of at least five Suppliers, among those included in the Suppliers' Register in compliance with the principle of rotation and considering their characteristics in line with specific contract to be awarded. Regarding non-core activity contracts, the procurement procedure provides for the invitation of at least three, five or seven suppliers, from those registered in

the qualified supplier list, depending on contract value (<100,000, >100,000, >1,000,000 Euros), in compliance with the rotation principle and taking into account the ability of suppliers in meeting the specific contract requirements. Suppliers awarded with contracts, in addition to meeting various contractual qualitative and performance constraints, must satisfy SEA's 'Environmental and Energy Management System' procedure. In terms of the protection of employees in executing their contracts, the workplace safety laws are strictly enforced, with obligatory reporting of serious infractions and the application of sector labour contracts, including any supplementary contracts in force at the time or in the relevant locality where work is carried out. Compliance with regulatory contributions, ascertained during

qualification, contract award and contract stipulation, are verified again during contract execution (via the so-called 'Consolidated Document of Contributory Regularity' - DURC).

Stakeholder Evaluation

The stakeholder relations policies consolidated by SEA over time involve the routine execution of organized initiatives for the understanding and involvement of relevant stakeholders, through which opinions, attitudes and evaluations are gathered in relation to SEA's reputational profile, the satisfaction with services provided, the quality of relations with the public and the impact SEA generates on the context of reference.

The survey on the evaluation of the identity profile, reputation and quality of relations with principal sections of the public was carried out with the CAWI system between 2019 and 2020 by Marketing Problem Solving, a leading opinion pollster.

Composition of the stakeholder sample interviewed

Stakeholder	Number of interviews	% of total	
Suppliers	11	10	
Aviation Clients	27	24	Stakeholder business 83 interviews (74%)
Non-Aviation Clients	15	13	
Control Authorities	13	12	
Banking/financial world	17	15	
Society/Region (Environment, Institutions, Manufacturing World, Media, Social World)	29	26	Social Stakeholders 29 interviews (26%)
General media	112		

Source: Marketing Problem Solving, Survey of SEA Group stakeholders 2019

Overall, 112 stakeholder interviews were carried out within the following categories: Aviation and Non-Aviation Customers, Control Authorities, Suppliers, the banking and financial community, companies and the Region (in turn, comprising institutions, manufacturers, environmentalists, the media).

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

THE STAKEHOLDERS VIEW OF SEA

The overall evaluation of SEA by the stakeholders interviewed (who were asked to express their opinion on a scale of 1-10) is positive and the general average of opinions is stable compared to previous surveys. The highest evaluations were expressed by the categories of suppliers, the bank and financial community, and Non-Aviation Customers.

Trends in SEA stakeholder opinions

Stakeholders	2019	2018	2015
Suppliers	8	7.9	7.5
Aviation Clients	6.5	7	6.5
Non-Aviation Clients	8.4	7.8	7.2
Control Authorities	7.7	7.8	6.9
Banking/financial world	8.4	7.8	7.6
Shareholders	-	8	-
Society/Region	7.3	7.4	7.0
General media	7.5	7.6	7.0

Source: Marketing Problem Solving, Survey of SEA Group stakeholders 2019

The level of confidence expressed by stakeholders towards SEA is high, and the number of those with a high/fair amount of confidence (86%) is in line with previous surveys. The banking and financial world, suppliers and supervisory authorities show higher levels of confidence than average.

Overall evaluation of the relationship with SEA

	2019	2018	2015
Constructive/useful	78%	86%	85%
Not useful	2%	3%	2%
Disorganized	9%	4%	12%

Source: Marketing Problem Solving, Survey of SEA Group stakeholders 2019

The evaluation of the relationship with SEA remains very positive (79% of the sample judged it constructive and useful).

Stakeholder level of confidence in SEA

	2019	2018	2015
Very confident	35%	50%	39%
Sufficiently confident	51%	40%	47%
Not very confident	11%	4%	13%
No confidence	1%	1%	1%

Source: Marketing Problem Solving, Survey of SEA Group stakeholders 2019

FACTORS AFFECTING REPUTATION

Several reputational factors characteristic of infrastructure and transport sectors have been subjected to stakeholder assessment in order to identify the organization’s perceived strengths and weaknesses. An overall positive viewpoint emerged, which highlighted certain points of excellence represented primarily by the capacity to create, stimulate and accelerate the region’s economic development, the leadership it conveys in its sector and the respect it shows in its relations with the major stakeholders.

Evaluation of the distinguishing features of SEA (scale 1-5)



Source: Marketing Problem Solving, Survey of SEA Group stakeholders 2019

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

MANAGEMENT QUALITY

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

Stakeholder opinion on SEA management (scale 1-5)

	Average data	Aviation	Non-Aviation	Control Authorities	Suppliers	Banking World	Company/Region
Competence	4.3	3.8	4.5	4.3	4.7	4.6	4.3
Reliability	4.1	3.5	4.5	4.2	4.0	4.6	4.2
Correctness	4.2	3.7	4.5	4.1	4.5	4.7	4.2
Availability	4.0	3.6	4.1	3.9	3.9	4.4	4.2

Fonte: Marketing Problem Solving, Indagine sugli stakeholder del Gruppo SEA 2019

Internal engagement

At the beginning of 2019, SEA carried out an internal engagement survey across the entire corporate population. Called "Your Voice", the survey was administered by the Finnish company Corporate Spirit, adopting the same model used for other Italian and European airport companies in order to allow comparisons with similar organizations.

The survey consisted of 43 questions, allowing a score from 1, for maximum disagreement, to 4, for maximum agreement, and 2 open questions.

The survey results gave rise to a summary index, the AirPeople Index, averaging 22 questions from the total of 43, chosen by Corporate Spirit as the most representative of the degree of engagement with SEA.

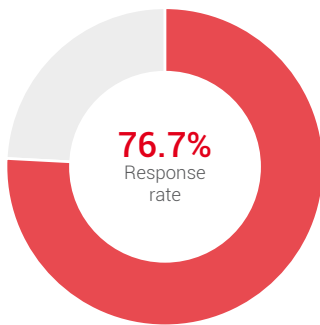
The results were compared with two external benchmarks, the White-Collar Norm Italian Companies benchmark, using a sample of approximately 50 Italian companies, and the Airport Sector Benchmark, using a sample of approximately 15 airports in Italy and Europe.

RESPONSE RATE

The first extremely positive result was the high level of participation in the survey: 2,161 out of a total of 2,816 employees completed the questionnaire, giving a response rate of 76.7%.

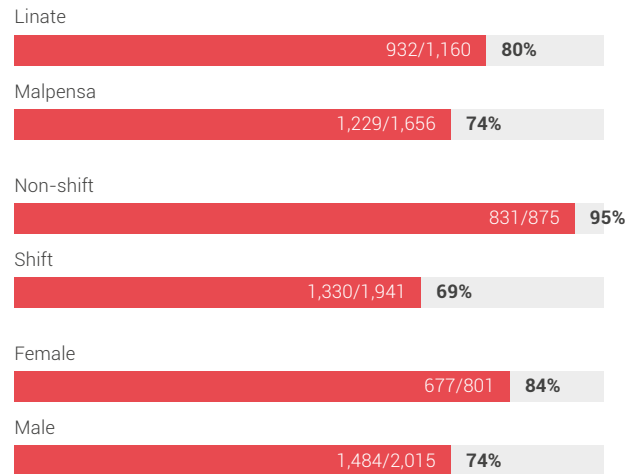
This figure exceeded expectations and demonstrates the interest and engagement that SEA staff have always shown in expressing their opinions and ideas.

"Your Voice" survey response rate



Respondents
2,161/2,816

Source: Prepared by SEA using Corporate Spirit data



ENGAGEMENT LEVEL: AIRPEOPLE INDEX

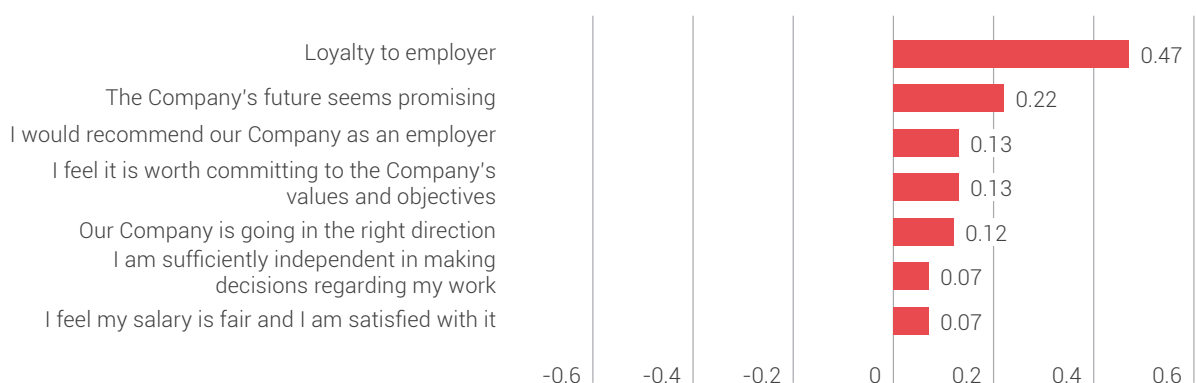
The AirPeople summary engagement index was 60.2 on a scale of 0 to 100. This result is positive and expresses a satisfactory degree of engagement for SEA. Comparing this index with the external benchmarks, SEA's engagement is substantially in line with that of the sample of Italian companies (at 61.6), but lower than that of the sample of airports (68.1).

Closing this gap will be the goal over the coming years.

STRENGTHS AND AREAS FOR IMPROVEMENT

A more detailed analysis of individual survey answers revealed 7 strengths, representing the topics with the highest scores, and 7 areas for improvement, representing the topics with the lowest scores, among all engagement topics. The topics classified as strengths or areas for improvement were then compared with the sample results of the approximately 50 Italian companies.

7 strengths - compared to italian benchmark



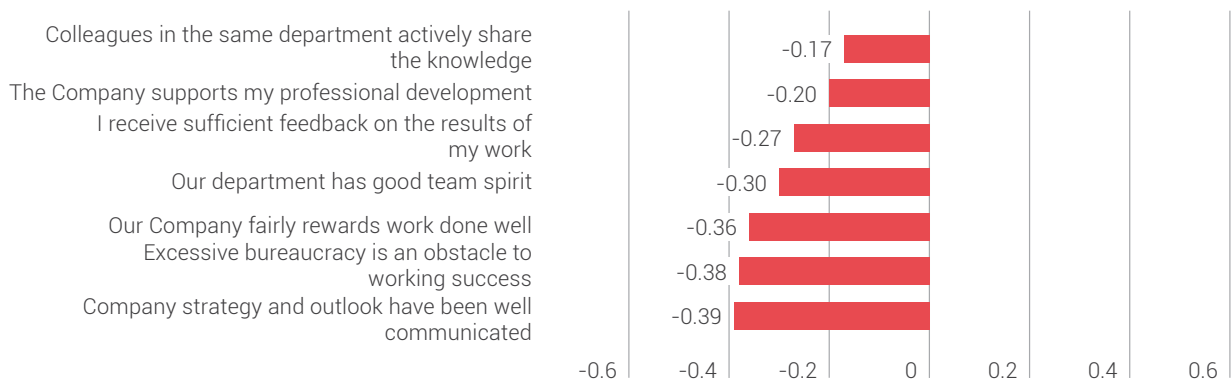
Source: Prepared by SEA using Corporate Spirit data

n. 2167

Particularly notable among the strengths was a strong attachment to SEA and a pride in working for the company. The majority of respondents would recommend SEA as an employer. There was also a positive outlook on the future of SEA, which was perceived with general optimism. Engagement with SEA also manifested itself through belief in the Group's values and objectives, which many respondents considered worthy of commitment. Strengths also included the opportunity for people to make independent decisions in their work, and having the ability to adapt to new processes and procedures.

The main areas for improvement included, first of all, a request for increased communication and clarity regarding company strategy and airport development.

7 areas for improvement - compared to italian benchmark



Source: Prepared by SEA using Corporate Spirit data

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There was also a demand for more individual performance feedback from managers, and greater meritocracy and equity in recognizing individual contributions. Another topic to work on is excessive levels of bureaucracy, which was perceived as an obstacle to the success of work activities. Although to some extent this is the natural consequence of the highly regulated airport sector, it is certainly an element that deserves attention. In addition, team spirit and the sharing of skills and information within teams were indicated as areas for improvement. Finally, it was felt that there was a need for the company to better support professional development, particularly through training.

COMMUNICATIONS AND TEAM MEETINGS

Following the survey, a communication plan was formulated to share the results with the various company departments and managers. The opinions and suggestions coming from the various corporate areas will form the basis of the development of an action plan to improve the work environment. The next survey is scheduled for 2021.

INTELLECTUAL CAPITAL

An intangible resource through which the company creates skills and innovative solutions that are beneficial to the development of its business. It embraces the technological capability inherent in organizational and operational processes, and the ways in which internal and external skills are applied to generate innovation.

Excellence in processes

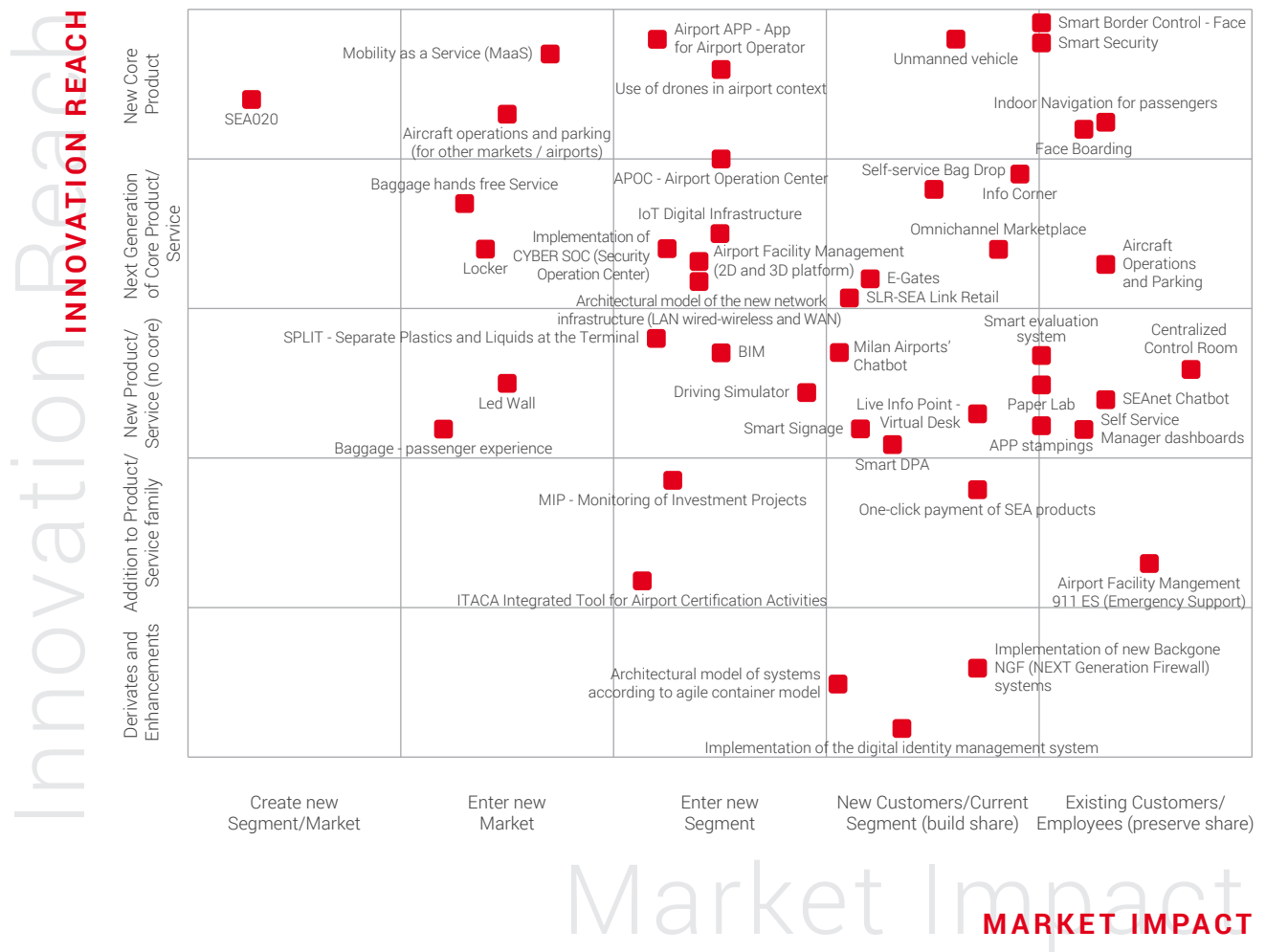
Cultivating excellence means questioning quality and performance on an everyday basis, and adopting a conscious attitude to one's duties which is geared towards the achievement of both individual and shared objectives. SEA aims to ensure excellence in its processes through:

- The creation of both financial and public utility value, through management and development of efficient, functional, accessible and inclusive airport infrastructures.
- Choices based on a careful assessment of environmental impacts and a commitment through research programs and international partnerships to identifying and designing innovative solutions to reduce the consumption of natural resources and limit emissions.
- Focus on innovation as an elective response to the increasing complexity which characterizes the management of the business, and that increases Company risks.
- The search for efficiency, meaning the best use of Company resources and identifying the best conditions to use them.

Innovation projects

Over recent years, SEA has launched a series of projects focused on digital technology as a way to increase the effectiveness and efficiency of operating processes and the quality of services provided to customers and passengers. An overview of the main projects is shown in the following matrix.

Map of SEA's innovation projects



Source: SEA

The positioning of projects within the matrix is based on two variables, Innovation Reach and Market Impact.

The Innovation Reach axis ranks the projects by a progression from incremental improvements in existing processes to the creation of new core business products and services, through the expansion of existing product and service families, and the creation of new non-core and next-generation products and services.

The Market Impact axis ranks innovation initiatives from those allowing the preservation of the current market share to those opening a new segment or market for SEA. Described below are the main innovation projects that have been implemented or are ongoing.

PASSENGER SERVICE QUALITY INNOVATION

Over the years, SEA has gradually built up an innovative and cutting-edge digital ecosystem which is tailored to the different passenger types using its airports. Substantial investments in the digital channel have enabled SEA to offer its customers a wide range of high-quality value-added services. The various interventions are underpinned by the idea of simplicity. Simplicity that translates into speed, comfort and pleasure of use. A value-added simplicity that permeates the various contact channels between SEA and passengers, including ChatBots, one-click e-commerce purchases and the integration of in-app wayfinding.

E-Gates

The e-Gates system is based on the reading of biometric data from electronic passports. To optimize border checks at Linate and Malpensa Terminal 1 and 2 Departures and Arrivals, manual police checks have been supplemented by automatic gates that query the databases of the various authorities in real time in order to identify European citizens and risk factors. To complete document and identity checks, passengers are allowed to cross the border only when “*the face match*” score between the photograph stored in their passport chips and the live images taken at the gate are above a certain minimum threshold. The e-Gates system complies with the common directives of the Central Immigration Directorate and the Ministry of the Interior Border Police, in harmony with the guidelines of the European Border and Coast Guard Agency FRONTEX.

Face Boarding

Face Boarding is an experimental project that allows Linate passengers to carry out security and boarding checks via an innovative facial recognition system. The new technology is designed to reduce queues and boarding times and procedures. This means that passengers are freed from having to show their passports and boarding passes at the various check points inside the airport, and can, therefore, make their way more quickly and efficiently simply by showing their faces. Passengers can always choose whether to use the new system or undergo the checks in the traditional manner. Face Boarding is active on an experimental basis until December 31, 2020, for certain passengers boarding Alitalia flights from Milan Linate to Rome Fiumicino. The new biometric scanners operate in full compliance with privacy regulations, with the acquired data stored for one year and not used for commercial purposes. No passenger photos are stored. The system temporarily detects only the biometric contours of the face used for passenger recognition. To further streamline procedures, an Android and iOS app integrating the Face Boarding and electronic boarding pass systems is also set for launch. This technological innovation forms an integral part of airport restyling, which is designed to renovate the airport system to use the very best technology to welcome the millions of travellers passing through the Lombard capital every year.

ChatBot

SEA's constant commitment to innovating passenger communication tools led to the launch of its own ChatBot. The ChatBot is a virtual assistant operating 24 hours a day, 7 days a week on various platforms. ChatBot makes it possible to talk naturally, discover restaurant and shop offers, check out the flight status and receive ongoing updates, query FAQs for information such as to whether it is possible to travel with animals, hand luggage type, transport of liquids or the needs of Passengers with Reduced Mobility and so much more. It is also possible to check the reward points balance, the purchases history or to request a Loyalty ViaMilano Program reward. In 2019, SEA was the world's first airport manager to allow its passengers to interact with its systems by voice via Google Assistant, and to integrate its ChatBot into a desktop and mobile web page widget. In December 2019, SEA also became the world's first airport manager to integrate its ChatBot with Apple Business Chat, the messaging system available on Apple smartphones. In 2019, the following data was recorded by type of channel:

FACEBOOK	GOOGLE VOCAL ASSISTANT (live since late March 2019)	WIDGET BROWSER (live November 2019)	APPLE BUSINESS CHAT (live December 2019)
699,916 messages	152,305 messages	85,950 messages	15,871 messages
44,285 unique users	3,615 unique users	25,393 unique users	1,146 unique users

IOT Strategy and Indoor Navigation

One of the digital strategy's most significant and central projects over the coming years will be the digitalization of the physical space of our airport infrastructures through the introduction of new IoT technologies capable of enhancing interactions with airport passengers and operators.

A platform was implemented which will centrally manage the sensors installed in the airports (e.g. wi-fi, cameras and beacons) and provide the company with information collected for the development of high added-value vertical applications. Big Data collected this way can be utilised to develop applications in B2C, B2B and Operations such as: targeted advertising based on the user's position (Proximity Marketing), the creation of predictive models in the area of security and operations, indoor navigation, heat maps of real-time airport presences, etc.

During the first half of 2019, SEA installed around 2,000 beacons at Malpensa Terminal 1. In the near future, the same number of beacons will be installed at Linate and Malpensa Terminal 2.

The indoor navigation tool, integrated with our app, is designed to:

- Locate the user in indoor areas with a level of precision of up to one metre.
- Provide the user with an indoor navigation Augmented Reality experience.
- Accompany the user in reaching the previously-selected PoI (Point of Interest).
- Show the user information, coupons and commercial suggestions based on their position, in the form of proximity notifications.

Virtual Desk

System to provide assistance to passengers through the telepresence of airport operators assigned to information desks. The aim is to monitor information desks at Linate and Malpensa in a more continuous and distributed way, increasing contact opportunities with passengers and customers while reducing the number of employees per manned position and man hours worked per service availability hours.

One-click payments

In keeping pace with innovative technological trends, a new one-click payment system has been introduced. The new payment method will be available for both e-commerce and physical purchases online and at the airport.

Smart Security

An advanced hand baggage x-ray system, using cutting-edge Computer Tomography (CT) technology, that avoids passengers having to remove electronic and video equipment from their baggage at security checks.

Mobility as a Service (MaaS)

MaaS is a new way of understanding mobility and travel personalization as intermodal, multimodal, integrated, real-time and tailored to the individual user.

The system consists of an algorithm (not licensed by SEA) for calculating routes by public and private road or rail, optimised and customised for SEA customers. The algorithm is based on a database of over 20 transport companies operating around Milan's airports. The data is constantly updated via direct interfacing with the transport companies, and, when this is impossible, by manual means. The algorithm is queried by the way-finding system owned by SEA and available on all SEA portals. On entering a destination or point of departure and selecting an airport, the user can see the available routes on a map and filter them according to their needs.

Self-service Bag Drop

A self-service solution that allows passengers to check their own baggage via automated bag drops connected to the general baggage sorting system.

App

The Milan Airports app is available for all Apple and Android devices in three languages: Italian, English and Chinese. The numerous exclusive features include:

- Real-time flight tracking
- Direct link to our ChatBot channel in Facebook Messenger
- Dedicated shopping experience and paperless receipts
- Complete list of restaurants and shops
- Useful information of various types
- Dedicated PRM services.

In 2020, the Milan Airports app will be relaunched in a

new guise. SEA has begun a complete graphical and conceptual restyling in order to guarantee its natural positioning among the best available airport apps. An integrated one-click e-commerce system and unique user experience will be the strengths of this new app.

WI-FI

During the course of 2019, SEA improved the Wi-Fi connection service at Linate and Malpensa airports. Via the new one-click access Wi-Fi system, passengers can browse the Internet for free, without time limits and at high speed. Immediate and multilingual access, without requiring a login, allows passengers to communicate quickly with loved ones and search for information on transport, the city of Milan and much more.

Led Wall

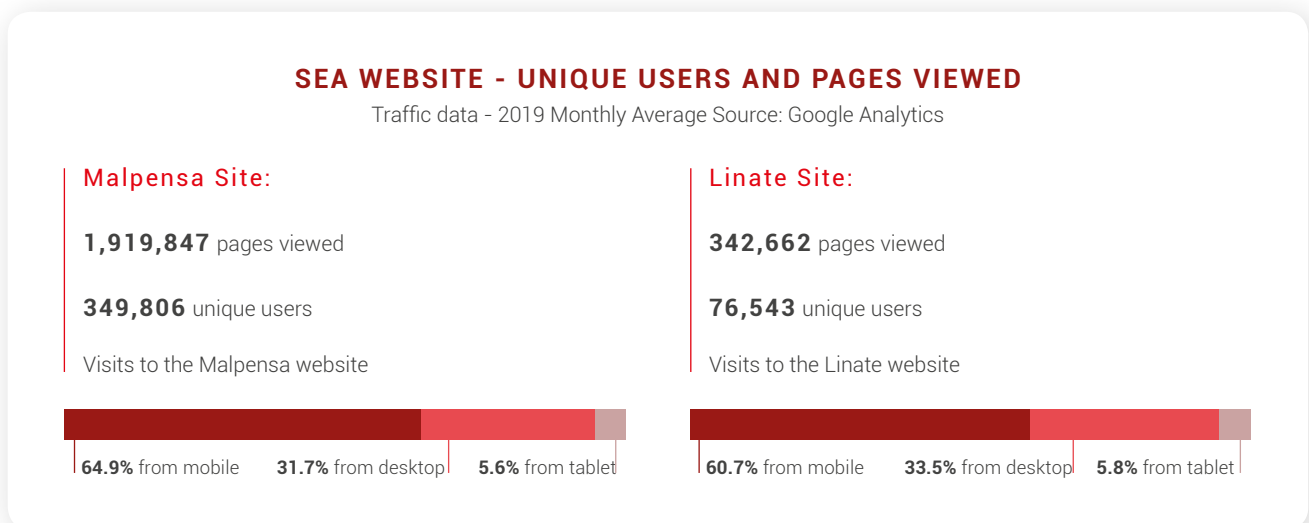
Installation of LED panels capable of creating an immersive experience and publishing content designed especially for passenger entertainment.

Website

SEA network sites include 17 sites which can be grouped into 4 large macro-areas:

Airports	Brands e services	E-commerce	Corporate
<ul style="list-style-type: none"> MilanoMalpensa-airport MilanoLinate-airport MilanoMalpensaCargo MilanoLinate-Prime 	<ul style="list-style-type: none"> FlyViamilano ViamilanoParking ViamilanoProgram Boutique.Milanairports Area10Minuti FamilyFriendlyAirport 	<ul style="list-style-type: none"> ViamilanoEshop ParkWing SeaParking ClubSEA White label (ie easyJet) 	<ul style="list-style-type: none"> SeaMilano Sea-energia

All SEA network sites were developed with responsive technology to pursue a mobile first strategy. This development has made it possible for SEA to count on the following unique users and pages viewed:



Social Networks

SEA can boast the most complete and numerically significant presence on social networks in the Italian airport sector, and one of the leading social network presences at an international level. Over the years, official profiles have been launched on all major social media channels: Facebook, Twitter, Google+, Youtube, Instagram. SEA is also active on WeChat, which, with over 1 billion active users, is the major platform on the Chinese market. The Milan Airports Facebook page, set up in 2012, has approx. 605,700 fans (top-ranking airport in Europe and 9th in the world).

Posts published on the page receive around a million average monthly organic views, and are a fundamental vehicle for raising awareness of airport initiatives and services, as well as for creating engagement and building and sustaining brand reputation.

World ranking of Airport Facebook pages

	Airport	Total fans
1	Changi Airport - SINGAPORE	4,640,281
2	Malaysia Airports - MALAYSIA	2,870,105
3	Dubai International - UNITED ARAB EMIRATES	2,354,515
4	Queen Ala International Airport - JORDAN	924,476
5	Aeropuerto International Jorge Chávez - PERÙ	893,935
6	RIOgaleão - Aeroporto Internacional Tom Jobim - BRAZIL	830,736
7	Delhi Airport - INDIA	772,870
8	Incheon International Airport - SOUTH KOREA	692,869
9	Milan Airports - ITALY	605,689
10	LAX - UNITED STATES	557,163

Source: Social Bakers. <https://www.socialbakers.com/statistics/facebook/pages/total/place/airport/>

Ranking of Italian airports per no. of followers on Twitter

	Airport	Followings	Followers
1	Milan Airports (@MiAirports)	1,512	32,148
2	Bologna Airport (@BLQairport)	877	14,404
3	Rome Airports (@AeroportidiRoma)	238	12,615
4	Naples Airport (@AeroportodiNapoli)	99	6,456
5	TRIESTE AIRPORT FRIULI VENEZIA GIULIA (@AEROPORTOTRS)	362	1,910
6	ViaMilano (@FlyViaMilano)	1,002	470

Source: Social Bakers. <https://www.socialbakers.com/statistics/twitter/profiles/italy/place/airport>

SEA was the first company in the Italian airport sector to set up a customer care channel via Twitter. The Twitter Milan Airports account has approx. 32,000 followers and is the top airport per number of followers in Italy.

Ranking of Italian airports per no. of followers on Instagram

	Airport	Followings	Followers
1	Milan Airports (milanairports)	1,512	32,148
2	Naples Airport (aeroporto_napoli)	877	14,404
3	Venice Airport (veneziaairport)	238	12,615
4	Olbia Airport (olbia_airport)	99	6,456
5	Catania Airport (ctaaairport)	362	1,910
6	Puglia Airports (aeroportidipuglia)	1,002	470

Fonte: Social Bakers. <https://www.socialbakers.com/statistics/twitter/profiles/italy/place/airport>

The Milan Airports on Instagram account is showing impressive growth on all the principal indicators (Likes, views and engagements) and is fast becoming the main communication channel. The Milan Airports account has approx. 14,000 followers and is the top airport by number of followers in Italy.

AIRPORT ECOSYSTEM INNOVATION

Airport Community app

A mobile application dedicated to airport staff. The operators of certain SEA departments, in particular Operations and Customer Care, are connected with the employees of all companies operating at the airports, such as handlers, retailers and carriers, for faster, more effective consultation of the data of the respective systems. The application offers authorised users real-time updates on airport operations and critical issues, allowing them to make timely decisions and carry out necessary interventions. It allows handlers to consult and manage A-CDM system information and enter useful information for monitoring operations, allowing airport coordinators to intervene proactively in the event of any issues.

Digital Signage

Digital Signage represents an effective form of proximity communication at points of sale, in public open spaces and inside buildings, and encompasses informative signage, digital and video posters and multimedia films shown via electronic screens, LED walls, video walls or projectors. The SEA network infrastructure allows the distribution of multimedia content via film media files, such as at Malpensa Terminal 1's Porta di Milano, or via television content, such as on all monitors in airport VIP lounges.

Airport Facility Management (2D and 3D platform)

A platform for the management of cabling infrastructure, real estate assets and asset management, featuring 2D and 3D geolocation and access via intranet, web and cloud services from multiple devices, such as PCs, tablets and smartphones.

Airport Facility Management 911 ES (Emergency Support)

An integrated AFM application for the management of Airport Safety events, such as those triggered by facility monitoring system alarms and reports from Security Control Rooms. The system allows operators to geolocate the event, inform the various reference contacts via direct communication, support those intervening to reach the event site with the use of mobile device maps and information, such as telephone numbers, site technical information and the location of fire prevention

equipment. The system also enables the tracking of actions taken and the automatic drafting of an event report as it comes to an end.

SLR-SEA Link Retail

A system for communications and reporting of the sales data of traders present at SEA airports. Store data analysis takes place via:

- a public application for the entry and consultation of data relating to sales receipts issued in stores;
- a web app for data consultation and reporting by SEA staff;
- automatic sales data files from large shops via FTP;
- interfacing with the company's Business Intelligence System for traffic data comparisons and sales data analyses.

CAM

Ticketing system for maintenance activity monitoring. Requests sent to operator mobile devices to track and report the process. It also allows Service Level Agreement monitoring.

ITACA

Integrated Tool for Aerodrome Certification Activities Management and verification tool to support airport certification activities.

MIP

Monitoring of investments and projects for SEA's Infrastructure Department. Facilitates the financial reporting and monitoring of milestones, and the assessment of alternative scenarios.

CERTIFIED MANAGEMENT SYSTEMS

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

CERTIFIED MANAGEMENT SYSTEMS

	Environment	Safety	Social	Quality	Governance
SEA	Airport Carbon Accreditation – Neutrality Level ¹ ISO 14001 ² ISO 50001 ³	OHSAS 18001 ⁴	Dasa Register ⁵ UNI CEI TUV Italia Service Certification ⁶	ISO 9001:2015 ⁷ ISO 27001:2013 ¹⁰	ISO 37001:2016 Anti-bribery Management System ⁹
SEA Energia	EMAS ⁸ Registration ISO 14001 ISO 50001	ISO 45001 ⁴			

¹ ACI (Airport Council International) Europe Certification to incentivize the contribution of airports to combatting climate change. A series of actions for the control and reduction of direct and indirect emissions of CO₂ are scheduled. In June 2010, SEA achieved level 3+, with Linate and Malpensa classified among Italy and Europe's leading airports for "carbon neutrality".

² Concerns the implementation of an Environmental Management System, identifying, controlling and monitoring the performance of the organization.

³ International energy management standard, focusing on the organization's energy consumption and promoting energy efficiency throughout the organization's distribution chain via requirements for suppliers.

⁴ Voluntary application, within the organization, of a system guaranteeing adequate supervision of worker health and safety, and compliance with applicable regulations.

⁵ Concerns changes to airport infrastructures at Linate and Malpensa to facilitate their use by persons with reduced mobility (PRM), in order to guarantee equal opportunity.

⁶ Concerns the airport passenger assistance service for those with reduced mobility.

⁷ Services Quality Management System.

⁸ Enterprises and organizations wishing to voluntarily commit to the evaluation and improvement of their environmental efficiency may adhere to the Eco-Management and Audit Scheme (EMAS). EMAS provides stakeholders with an instrument to evaluate the environmental attributes of their organizations.

⁹ Anti-bribery Management System.

¹⁰ Information Security Management System.

European green innovation projects

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

Over the years, we have strengthened our European presence, promoting project-based partnerships with key airport, regional and scientific entities, with a focus on energy, waste and water management, as well as contributing to the development of maintenance and airport infrastructure control system concepts and procedures. This input continues to feed into the much-needed international dialogue and discussion on best practices to manage environmental issues.

The following projects were launched in 2019:

- SATIE - Security of Air Transport Infrastructure Europe, a two-year project dedicated to combatting issues of both physical and cyber security at the airport, promoted under the Horizon 2020 program. The project adopts a holistic approach to the prevention,

detection, response and mitigation of airport threats that guarantees the protection of critical systems, sensitive data and passengers.

- FENIX - European FEDerated Network of Information eXchange in Logistics, a three year project, as part of the Connecting Europe Facilities (CEF) program, aiming to build a federation of platforms and advanced tools for smart supply chain and multimodal management of the TEN-T Corridor, which can be used in real time by the various participants in the Corridor in order to optimize their operations.

In 2019, the activities of the following projects were also completed:

- TRANSFORMING TRANSPORT, in close collaboration with BOEING and JEPPESEN, which, through the use of "Big Data" technology, had the goal of technically and economically optimizing mobility and logistics processes and services, improving operational efficiency and reducing environmental impacts, mainly through reductions in CO₂ emissions.
- LAirA (Landside Airport Accessibility), which aimed to reduce the energy use and environmental impacts of transport activities through changes in passenger and airport employee mobility, and new local authority low-carbon dioxide mobility planning strategies.

Output

OUTPUT

OUTPUT

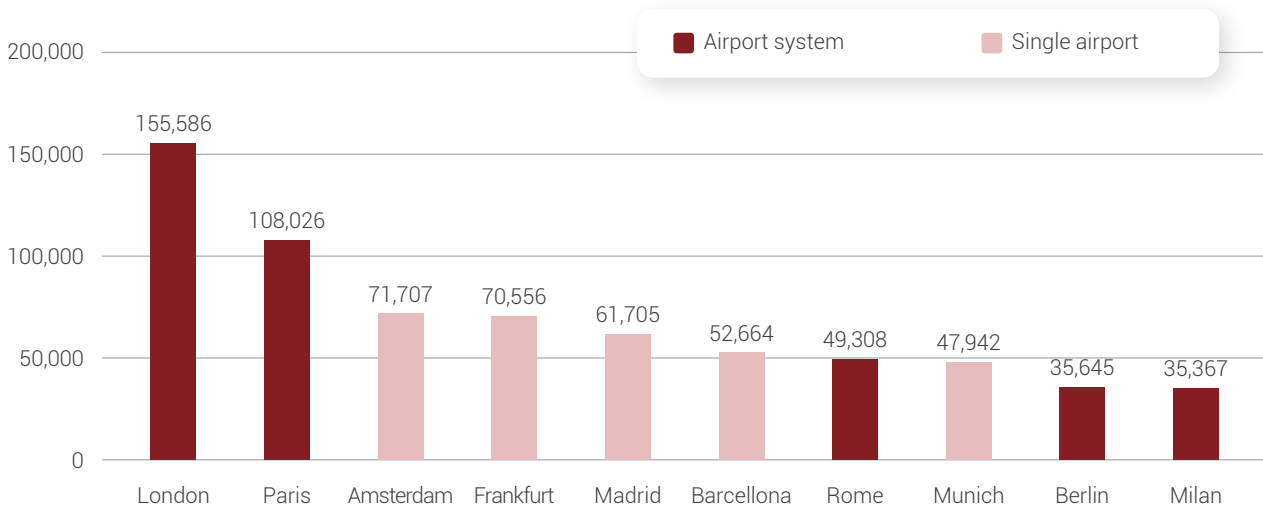
The management output represents the set of characteristic activities performed and the ways in which they have been implemented. It therefore corresponds to the organizational, operational and competitive effort made during the year to operate the airports in the best interests of the area served and in line with expectations. It therefore refers not only to the volume and quality of operational performance, but also to social responsibility projects and initiatives.

Competitive performance of the Aviation Business

PASSENGER TRAFFIC

The Milan airports are among the main European airport systems, with over 35 million passengers transported in 2019. In particular, the Milanese system ranks 2nd in Italy and 10th in Europe in terms of passenger traffic volumes.

Ranking of the main European airports/airport systems in terms of passenger traffic volumes - 2019 (1000 pax)*



*Including transits
Source: SEA, ACI Europe

During 2019, the two airports achieved an increase of 1,494,445 passengers (+4.4%) and 11,385 movements (+4.0%) over 2018.

Aviation Business performance indicators of the SEA airport system

	Movements (no.)			Passengers (no.)			Cargo (tons)		
	2019	2018	Δ %	2019	2018	Δ %	2019	2018	Δ %
Malpensa	225,506	189,910	18.7	28,706,379	24,561,735	16.9	544,978	558,218	-2.4
Linate ⁽¹⁾	69,776	93,987	-25.8	6,536,921	9,187,120	-28.8	6,380	10,827	-41.1
Airport system	295,282	283,897	4.0	35,243,300	33,748,855	4.4	551,358	569,045	-3.1

⁽¹⁾ Linate airport was closed from July 27 to October 25, 2019.

Source: SEA

Malpensa

Malpensa now boasts direct connections with 82 countries around the world, served by non-stop scheduled flights.

2019 marked a further increase in the quality of both the customer portfolio and the network, with sound, structured growth affecting all the main reference markets: domestic (+19.6%), European (+5.8%) and intercontinental (+11.2%). In the low-cost segment, Ryanair continued to invest in Malpensa, with 23% growth in seats offered and an overall network of 22 destinations.

Madrid, Bari, Brindisi, Bristol, Dublin, and Manchester were added to the list of operated destinations, with 4 other destinations, Almeria, Heraklion, Malaga and Palma de Mallorca, operating on a seasonal basis. Wizz Air's offer also increased, with new flights to Vienna and Ohrid (a new destination in Macedonia), while easyJet introduced 4 new connections, Bristol, Aqaba, Agadir and Tirana.

The carrier Neos offered a large and diversified network during the summer season, with new connections to Greece and Egypt, as well as a flight to Iceland following the failure of the Icelandic low cost Wow Air.

The carrier's commitment to China also continued, with connections to 3 destinations, Nanjing, Guiyan and Nanchang, operated in collaboration with Chinese tour operators.

Number of day time and night time movements* (arriving and departing)

Movements	Passengers		Cargo		General Aviation		State Flights		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Daytime Arrivals	96,853	80,870	4,558	3,911	4,036	2,128	8	4	105,455	86,913
Daytime Departures	103,790	86,810	4,389	4,003	4,098	2,166	7	4	112,284	92,983
Night time Arrivals	9,759	8,357	1,582	1,822	235	167	-	-	11,576	10,346
Night Time Departures	2,819	2,407	1,756	1,730	169	137	-	-	4,744	4,274
Total	213,221	178,444	12,285	11,466	8,538	4,598	15	8	234,059	194,516

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

Source: SEA

The commercial policy entails constant dialogue with airlines, the pursuit of new development opportunities, with specific incentive agreements and marketing tools (e.g. 'welcome packages', communication initiatives, participation in international events), and participation in bilateral agreement renewal negotiations with the aim of liberalizing traffic rights and fifth freedom rights.

Number of arriving and departing passengers

	Domestic flights		International flights		Total	
	2019	2018	2019	2018	2019	2018
Arriving passengers	2,955,062	2,066,738	11,468,005	10,255,226	14,423,067	12,321,964
Departing passengers	2,829,481	2,026,483	11,453,831	10,213,288	14,283,312	12,239,771
Total passengers	5,784,543	4,093,221	22,921,836	20,468,514	28,706,379	24,561,735

Source: SEA

Number of passengers by origin and destination, transfer and transits

	Origin and destination		Direct transits		Total	
	2019	2018	2019	2018	2019	2018
Domestic	5,784,543	4,093,221	7,660	18,280	5,792,203	4,111,501
International	15,910,340	14,210,513	27,277	37,962	15,937,617	14,248,475
Intercontinental	7,011,496	6,258,001	86,488	98,259	7,097,984	6,356,260
Total	28,706,379	24,561,735	121,425	154,501	28,827,804	24,716,236

Source: SEA

Passenger traffic destinations from Terminal 1 - 2019

Geographical area	%
Europe	67.5
Middle East	11.7
North America	7.3
Far East	6.0
Africa	5.7
Central/South America	1.8

Source: SEA

Intercontinental destinations generated a traffic volume of over 7 million passengers served, a growth of approximately 12.0% on 2018.

Traffic expansion actions at Malpensa (No.)

	2019	2018	2017	TOTAL
New airlines	2	5	9	16
New services*	43	36	30	109
Increased frequencies by airlines already present on existing routes	16	25	23	64
Overall increase in weekly frequencies (new services + increased frequencies)	207	284	219	710

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

Source: SEA

During 2019, the goal of increasing local area connectivity by acquiring new carriers and developing the activities of those already operating at the airport came to fruition with the activation of 43 new services and 16 frequency increases, totaling 207 new weekly flights, with 2 new airlines and 15 new destinations, including 2 major intercontinental routes to Los Angeles and San Francisco.

The two new carriers were Air Albania, with a daily flight to Tirana, and S7 Airlines, the fourth Russian carrier at Malpensa, which has operated a Moscow Domodedovo connection since the end of 2019.

Linate

The marked reduction in Linate traffic in 2019 was due to the closure of the airport, from July 27 to October 25, for runway resurfacing works. Furthermore, following the transfer of the flights during the closure, the companies Bulgaria Air and Blue Air decided to remain at Malpensa on a permanent basis.

For the winter season, Alitalia activated connections to Cologne, Perugia and Stuttgart.

Number of arriving and departing passengers

	Domestic flights		International flights		Total	
	2019	2018	2019	2018	2019	2018
Arriving passengers	1,636,588	2,446,217	1,607,722	2,172,619	3,244,310	4,618,836
Departing passengers	1,695,756	2,395,111	1,596,855	2,173,173	3,292,611	4,568,284
Total passengers	3,332,344	4,841,328	3,204,577	4,345,792	6,536,921	9,187,120

Source: SEA

Number of day time and night time movements* (arriving and departing)

Movements	Passengers		Cargo		General Aviation		State Flights		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Daytime Arrivals	33,692	45,028	53	89	7,767	10,422	4	8	41,516	55,547
Daytime Departures	34,686	46,582	7	14	7,783	10,474	3	8	42,479	57,078
Night time Arrivals	1,053	1,704	89	174	205	223	-	-	1,347	2,101
Night Time Departures	61	147	135	249	191	179	1	-	388	575
Total	69,492	93,461	284	526	15,946	21,298	8	16	85,730	115,301

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

Source: SEA

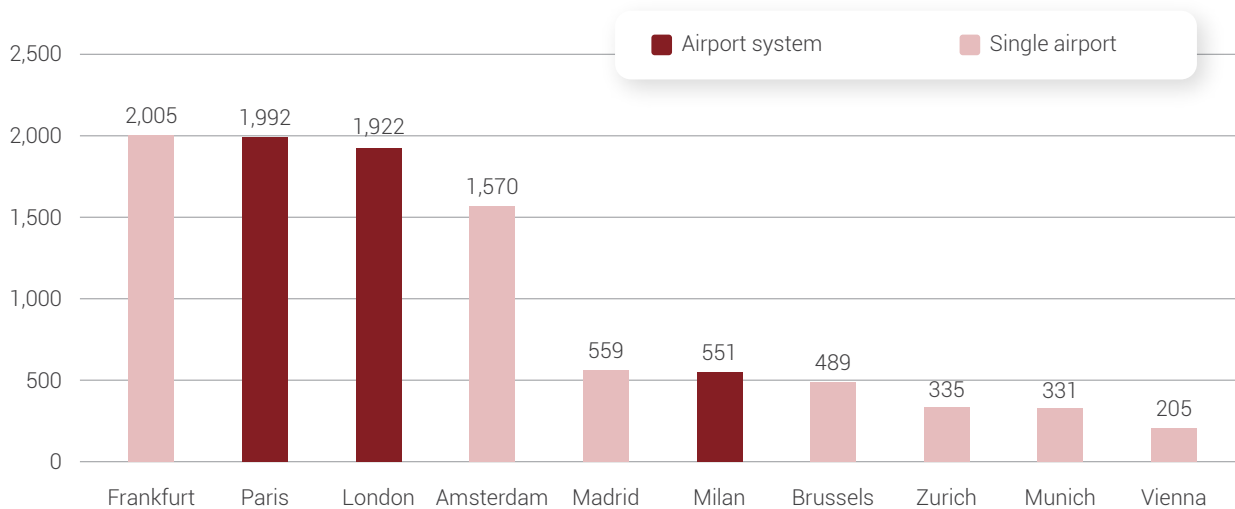
Passengers by origin and destination, transfer and transits

	Origin and destination		Direct transits		Total	
	2019	2018	2019	2018	2019	2018
Domestic	3,332,344	4,841,328	603	220	3,332,947	4,841,548
International	3,204,577	4,345,792	1,596	1,048	3,206,173	4,346,840
Total	6,536,921	9,187,120	2,199	1,268	6,539,120	9,188,388

Source: SEA

CARGO TRAFFIC

Ranking of the main European airports / airport systems by volumes of goods - 2019 ('000 tons)



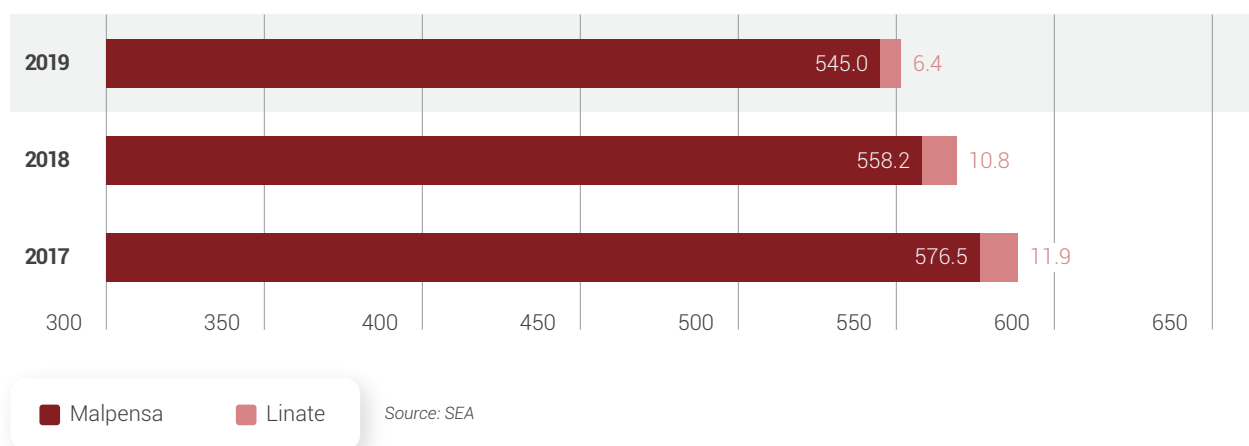
Goods in transit are not considered.

Source: SEA, ACI Europe

The Milan airport system ranks 1st in Italy and 6th in Europe by freight traffic volumes.

In 2019, cargo traffic managed at Malpensa and Linate totalled 551,000 tons, decreasing by over 13,000 tons (-3.1% at system level and -2.4% at Malpensa). In 2019, freight traffic continued to be affected by the drop in both import and export demand, as a consequence of the world trade slowdown. In the last quarter, however, Malpensa showed some signs of recovery, thanks in particular to the development in e-commerce, with performances above the average for Italy and several major European airports. The main freighter operators recorded a decrease in transport, but maintained their operations at the airport by making weekly *ad-hoc* cancellations to optimize their capacity offer.

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



Source: SEA

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

	Cargo		Passengers		Total	
	2019	2018	2019	2018	2019	2018
Arriving	140,100	149,698	84,506	78,971	224,606	228,670
Departing	232,650	246,132	87,722	83,416	320,372	329,548
Total cargo	372,750	395,830	172,228	162,388	544,978	558,218

Source: SEA

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

	Cargo		Passengers		Total	
	2019	2018	2019	2018	2019	2018
Arriving	2,607	4,714	502	683	3,109	5,397
Departing	2,227	4,272	1,042	1,159	3,269	5,431
Total cargo	4,834	8,986	1,544	1,842	6,379	10,828

Source: SEA

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

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

Geographical area	2019	2018	2017
Middle East	28.8	32.0	29.5
Europe	27.8	26.7	25.3
Far East	25.9	24.8	27.9
North America	15.2	14.0	14.4
Africa	1.4	1.6	1.3
Central and South America	0.9	0.9	1.6

Source: SEA

The operational complexity which defines the cargo activities at Malpensa (as is the case for the major European hubs), and the range of operators combining in an integrated manner, contributing to the end result expected of those delivering and receiving, has led SEA to draw up values and quality objectives for the principle parameters concerning the handling of cargo processes at the airports.

Therefore, Malpensa airport decided to adopt a Cargo Services Charter, in order to:

- define performance and quality levels which satisfy the expectations of operators utilizing the cargo assistance services;
- ensure SEA the availability of a regulation and control system for the cargo services provided at the airport, in order to guarantee the quality of the final result.

Direct and indirect competition

DIRECT COMPETITION

The degree of dependence of the airports on the different airlines can be evaluated using the Herfindahl-Hirschman Index (HHI), which reaches a value of 11 thousand if the airport offer is entirely in the hands of one company.

Malpensa is thus the European airport with the lowest level of dependence on a single carrier, with easyJet, the first airline in terms of Available Seat Kilometres (ASK), having a share of just 12.0%. This is an extremely positive result in comparison with other continental airports, such as Amsterdam, Frankfurt, Zurich, Paris and Monaco, where the first airline has shares in excess of 50% of the ASK volume on offer. Linate, however, shows a higher concentration of traffic compared to Malpensa, due to the significant presence of Alitalia, which manages 61.9% (significantly up from 56.8% in 2017) of the overall share of ASK. In Italy, the airport where the largest share of ASKs held by a single carrier is Bergamo: approximately 78.1% of supply is attributable to Ryanair.

Direct competition development at Milan Malpensa

	2018	2017	2016
HH index on ASK	489	508	519
No. airlines	88	87	86
Entropy index on ASK	1.52	1.51	1.51
% ASKs of leading 5 airlines	40.1	40.1	40.7
% ASKs of leading airline	12.0	12.9	13.0

Source: ICCSAI Fact Book 2019

Direct competition development at Milan Linate

	2018	2017	2016
HH index on ASK	4,010	3,415	2,986
No. airlines	19	19	18
Entropy index on ASK	0.68	0.76	0.82
% ASKs of leading 5 airlines	85.1	80.9	76.7
% ASKs of leading airline	61.9	56.8	52.7

Source: ICCSAI Fact Book 2019

Direct competition is measured also by another indicator called the entropy (H) index, which calculates (also in terms of ASK or seats) if the share of the airport offer is equally divided between all airlines present. Therefore, low index values indicate situations in which the traffic offer of a particular airport is highly concentrated. Also according to this index, Malpensa airport was the absolute leader in Europe with regard to the lowest dependence on an individual airline.

INDIRECT COMPETITION

The level of indirect competition refers to each route offered by a specific airport for which alternative routes are offered by other airports close to that considered, for neighbouring destinations or on similar routes.

Indirect competition at Milan Malpensa

	2018	2017	2016
No. neighbouring airports	3	3	3
Number of routes in indirect competition	91	85	83
ASK competitor/ASK in competizione	1.17	1.25	1.41

Source: ICCSAI Fact Book 2019

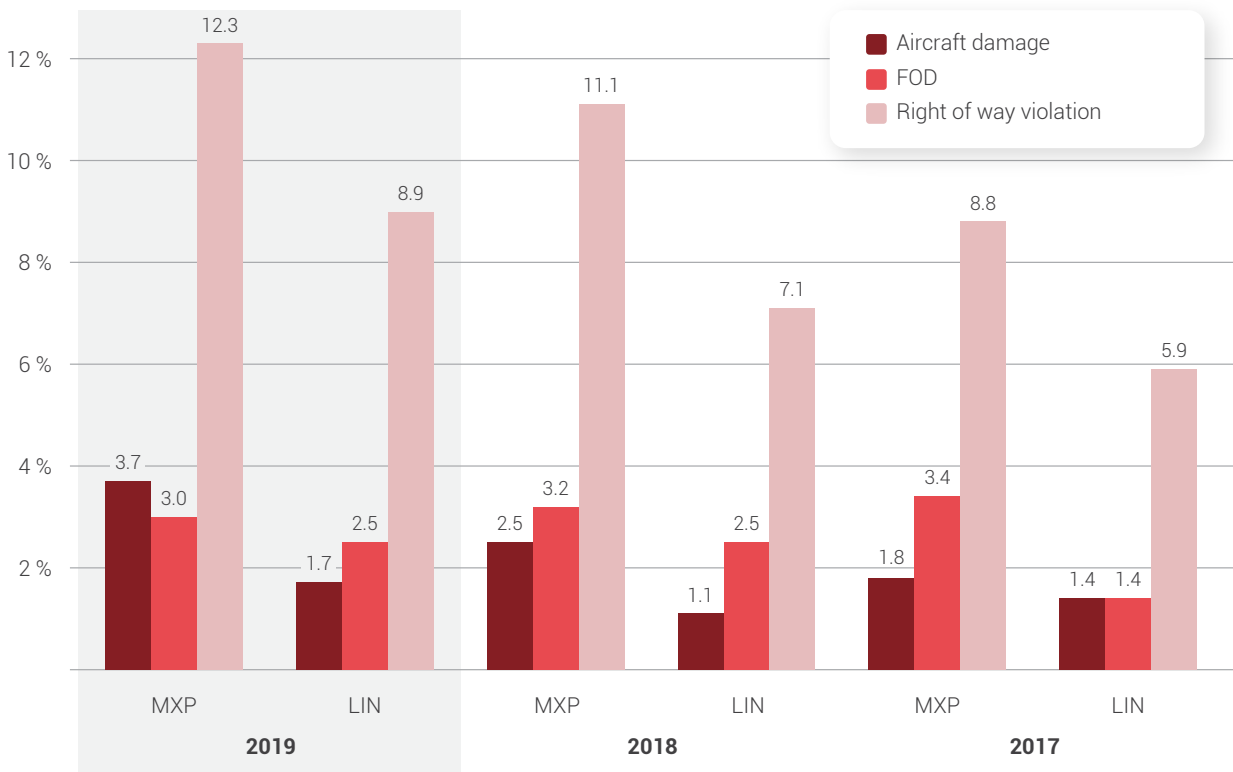
The "proximity" concept relating to departing airports and destination airports concerns those located within 110km. The exposure of an airport to indirect competition is one of the elements taken into account when considering whether an airport is a natural monopoly. Within Europe, the London area contains a high number of active airports, therefore in indirect competition. Nearly all departing European routes from Gatwick or Heathrow have indirect alternatives. Indirect competition is significant also in the Lombardy region close to Milan. From Malpensa, approximately 96.5% of routes to European destinations are subject to competition from other airports in the area, such as Linate and Orio al Serio.

Malpensa airport placed fourth, after the London airports of Gatwick and Heathrow and Paris Orly, in terms of intensity of indirect competition. The ratio between the alternative offer volume of the competing regional airports (including Linate) and the offer of the airport concerning the routes subject to competition is greater than one.

Aviation Safety

At the Milan airports, an effective Safety Management System (SMS) is active and validated and controlled by the Italian Civil Aviation Authority (ENAC), in order to maintain the highest levels of aeronautical safety and service quality in terms of flight infrastructures, facilities, processes, operating procedures and the training of personnel. The discussion and analysis of issues which form the bedrock of the Safety Management System are considered monthly at the Safety Boards and Safety Committees of Linate and Malpensa, ensuring a complete and extensive handling of the operational security issues. The active involvement of all airport operators, airlines, institutional bodies and parties involved in the various activities at the two airports ensures wide ranging discussion and construct a debate on the major issues. In order to monitor the efficacy of the airport Safety Management system, we utilize a number of quantitative elements both at Linate and Malpensa. The indicators of the principal events encountered at SEA's airports do not highlight particular problem area in terms of the maintenance of adequate levels of aeronautical safety. The percentages of the three major indicators for the GSR (Ground Safety Report) received are reported below. The GSR in 2019 respectively numbered 1,155 for Malpensa (844 in 2018) and 403 for Linate (566 in 2018); the indicators of the principal events encountered at the SEA Group airports did not present particular problems in relation to the maintenance of adequate levels of aeronautical safety. In fact, continuous safety performance improvements are indicated. Regarding right of way violation, it should be noted that no events had any repercussions in relation to airport management or passengers. However, specific technical working groups were established regarding the phenomenon. As far as Foreign Object Damage is concerned, almost all events concerned Foreign Object Debris, without any repercussions on aircraft or occupants.

Aviation Safety Indicators



WILDLIFE STRIKES: PREVENTION AND MONITORING

The prevention and monitoring actions of wildlife strikes are governed by the “Birds and wild animal’s impact risk reduction Plan” and the relative operating procedure, both included in the Airport Manuals (separate for Linate and Malpensa) and prepared by SEA in compliance with circular ENAC APT 16/2004 and certified by the agency. They are also periodically audited by the authority and by internal personnel. The aspects related to the specific issue of bird strikes are covered in Circular ENAC APT-01B “Directive on procedures to be adopted for the prevention of impact risks from winged animals at airports”, in line with the ICAO Annex 14 provisions. Both the Plan and the Operating Procedure comply with the guidelines of the circular, guaranteeing ongoing monitoring and repelling of birds and fauna from the airports. Particular attention is given to the manoeuvre area with the use of modern equipment acquired on the international market. In support of this activity, SEA utilizes the company BCI (Bird Control Italy, the sector leader in the prevention of bird strikes and which carries out operations at the majority of Italian airports). All actions carried out are documented with the bird strike monitoring form and the bird strike reporting form, which form a database managed through the “Bird Strike Management System” software program. Compared to 2018, bird strike reports increased significantly at both airports. However, this is mainly due to a change in the assessment of the phenomenon. The new assessment parameters are more stringent, leading to a high reported prevalence. In any case, no increase in the severity of the phenomenon was reported, as evidenced by the Birdstrike Risk Index BRI2, which, for both airports, came in well below the regulatory limit of 0.5. SEA continues to monitor and manage the phenomenon by systematically implementing prevention and mitigation actions, such as the increased use of dissuasive technology, i.e. the use of products after grass mowing for invertebrate population control. Furthermore, during the closure of Linate, a humane capture of hares was carried out.

Wildlife strike risk indicators

	Linate			Malpensa		
	2019	2018	2017	2019	2018	2017
Wildlife Strike ⁽¹⁾	3.6	1.3	1.8	3.7	1.08	0.9
Wildlife Strike ⁽²⁾	0.11	0.10	0.11	0.19	0.08	0.09

⁽¹⁾ Annual rate per 10,000 movements.

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

Source: SEA

Quality of aviation services provided to passengers¹²

The Airport Service Charter is an instrument created to establish the service quality level which the airport operator guarantees to passengers. Through the Service Charter, SEA communicates to passengers, together with airlines and companies providing services to them, its commitment to precise service level quality objectives. The general performance in 2019 is in line with targets, despite inconveniences created in relation to Linate's terminal refurbishment and to the growth of passenger traffic at Malpensa. The targets were defined and approved through the Service Charter, which communicates and shares quality standard commitments with stakeholders:

Service regularity indicators

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
Overall punctuality of flights	% of punctual flights/total departing flights	Target 2019	75.0%	75.0%	84.0%
		2019 Result	75.2%	76.4%	88.2%
1st baggage return time from the aircraft block-on	Time in minutes calculated from the aircraft block-on to 1st baggage return in 90% of cases	Target 2019	24'00"	26'00"	17'00"
		2019 Result	23'45"	23'20"	17'00"
Last baggage return time from the aircraft block-on	Time in minutes calculated from the aircraft block-on to last baggage return in 90% of cases	Target 2019	36'00"	35'00"	24'00"
		2019 Result	37'15"	28'30"	22'36"
Boarding waiting time for the 1st passenger	Block-on waiting time in 90% of cases	Target 2019	4'	3'	4'
		2019 Result	5'	3'	4'
Overall perception of services regularity and speed received at the airport	% of satisfied passengers	Target 2019	95.0%	95.0%	95.0%
		2019 Result	99.3%	99.5%	98.4%

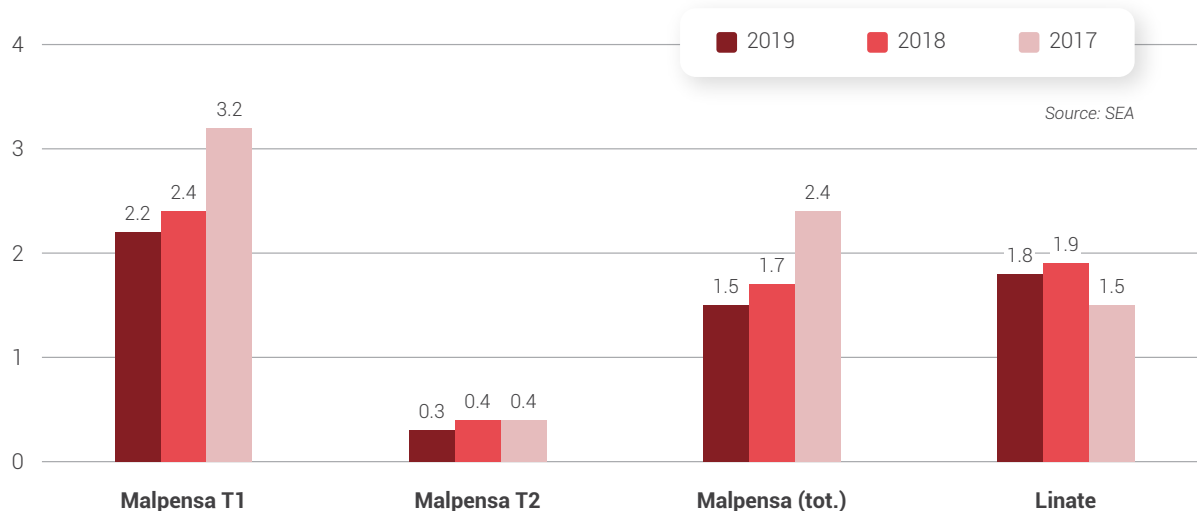
Source: SEA, Doxa

Cumulative departing flight punctuality in 2019 was 75.5%, with a recovery of punctuality (difference between arrival punctuality and departure punctuality) of 2.2 points. The analysis by Terminals also shows a similar trend: Terminal 1 reports departing punctuality of 75.2% (+1.2 point recovery), with Terminal 2 indicating a year-to-date value of 76.4% (+5.4 point recovery). Linate airport closes 2019 with punctuality values at 88.2%, compared to punctuality for arrivals at 88.3% (-0.1 punctuality recovery). Performance in terms of baggage delivery times, to be met for 90% of cases, is ahead of the values set out in the Service Charter: in Terminal 1 delivery of the first bag within the standard timeframe (24 minutes) was achieved for 92.4% of the flights, whereas the delivery of the last bag within 36 minutes was achieved in 91.3% of cases; at Terminal 2, the delivery of the first bag within the standard timeframe (26 minutes) was achieved for 98.5% of flights, whereas the delivery of the last bag within 35 minutes was achieved in 97.4% of cases.

The baggage return performance at Linate was in line with the standards set for 2019 with the first bag delivered within the standard timeframe (17 minutes) for 93.9% of flights and the last bag delivered within the standard timeframe of 24 minutes for 94.3% of flights.

¹² The data in parts of the table labeled 'Airports in figures' refer to 2018 (Source: 2019 Service Charter).

Number of misdirected bags (per 1,000 passengers)



Assistance service indicators

Indicator	Measurement unit	Malpensa T1	Malpensa T2	Linate	
Perception of the ticket service	% of satisfied passengers	Target 2019	95.0%	95.0%	95.0%
		2019 Result	100.0%	94.0%	100.0%
Check-in waiting time	Waiting time in minutes in 90% of reported cases	Target 2019	20'	15'	10'
		2019 Result	15'33"	13'51"	6'46"
Perception of check-in waiting time	% of satisfied passengers	Target 2019	93.0%	93.0%	90.0%
		2019 Result	96.4%	98.3%	97.7%
Perception of passport control waiting time	Waiting time in minutes in 90% of reported cases	Target 2019	9'	7'	7'20"
		2019 Result	9'37"	6'30"	7'25"
Perception of passport control waiting time	% of satisfied passengers	Target 2019	95.0%	95.0%	95.0%
		2019 Result	97.3%	97.2%	100.0%

Source: SEA, Doxa

SEA's commitment is to facilitate all of the check-in and boarding activities, while maintaining full compliance with the safety and control procedures. For these purposes, a Fast Track lane is also available for passengers who, qualifying for such, wish to reduce to the minimum possible their line waiting time. The detailed figures for the two terminals are: Terminal 1, 9 mins 37 secs in relation to a limit of 9 mins; Terminal 2, 6 mins 30 secs in relation to a limit of 7 mins; Linate, 7 mins 25 secs in relation to a limit of 7 mins 20 secs.

At the airports, passengers may utilize, in addition to the desks normally managed by assistance personnel, self check-in desks. In order to cope with increased security measures, the infrastructural and human resources needed for these activities were reinforced, while maintaining waiting times in line with the declared targets.

Customer information service indicators

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
Easy to use and updated website	% of satisfied passengers	Target 2019	90.0%	90.0%	90.0%
		2019 Result	94.4%	91.0%	96.9%
Perception of the efficacy of the operative information points	% of satisfied passengers	Target 2019	95.0%	95.0%	95.0%
		2019 Result	98.4%	99.2%	91.9%
Perception of the clarity, comprehensibility and effectiveness of internal signage	% of satisfied passengers	Target 2019	95.0%	92.0%	95.0%
		2019 Result	98.3%	97.3%	95.5%
Perception of the professionalism of staff (info point, security, etc.)	% of satisfied passengers	Target 2019	95.0%	95.0%	95.0%
		2019 Result	97.9%	97.8%	97.7%
Overall perception of the efficacy and accessibility of public information services (monitors, announcements, internal signage)	% of satisfied passengers	Target 2019	95.0%	93.0%	95.0%
		2019 Result	99.5%	98.5%	98.8%
Airports in numbers			T1	T2	Linate
Operational information points (desks + virtual desk)			13	3	5
Number of information monitor blocks			219	66	67

Source: SEA, Doxa

PASSENGER FLIGHT PUNCTUALITY

2019's punctuality data, collected from member airports of the ACI Europe - Airports Performance Network (APN) working group, showed an improvement in performance in comparison with 2018.

In line with the European average, 77.4% of arriving and 73.7% of departing flights were on time, up 1.7% and 2.4% respectively from the previous year.

In 2019, Malpensa recorded a departing punctuality of 73.2%, slightly down on the previous year (-2.3%) but close to the European average and airports of similar size, such as Geneva and Düsseldorf.

Once again in 2019, Linate came first in this particular European ranking, with 86% punctuality, an improvement of 2.3 percentage points on 2018.

The data excludes the period from July 27 to October 26, 2019, when the airport was closed for renovation and traffic was transferred to Malpensa.

APN Punctuality Ranking of departing flights (% within 15 min.)

	2019	2018	2017
Malpensa	73.2	75.5	80.1
Linate	86.0	83.7	85.3
APN average	73.7	71.2	75.7

Source: SEA

Quality of Non-Aviation services provided to passengers ¹³

Non-Aviation services provided to passengers in 2019 also brought extremely positive results, achieving targets in almost all cases. The perception expressed by passengers concerning their personal safety level and the hand baggage control service is overall very strong both at Malpensa and Linate. At this latter airport, in addition to the availability of a "fast track" lane dedicated to VIP customers and "facilitators" (personnel who provide passenger support at the security lanes), a dedicated lane is available for passengers on the Milan-Rome route.

¹³ The data in parts of the table labeled 'Airports in figures' refer to 2018 (Source: 2019 Service Charter).

Indicators of additional services

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
Compatibility of bar opening hours with airport opening hours	% of arriving/departing passenger flights compatible with the bar opening hours in the respective areas	Target 2019	100.0%	100.0%	100.0%
		2019 Result	100.0%	100.0%	100.0%
Perception of shop and newsstand availability, quality & prices	% of satisfied passengers	Target 2019	91.0%	91.0%	91.0%
		2019 Result	98.2%	96.6%	93.7%
Perception of the availability, quality and prices of bars and restaurants	% of satisfied passengers	Target 2019	78.0%	70.0%	71.0%
		2019 Result	92.2%	92.6%	92.7%
Perception of the availability of drink and snack distributors, where present	% of satisfied passengers	Target 2019	90.0%	90.0%	91.0%
		2019 Result	87.2%	91.2%	92.1%
Airports in numbers			T1	T2	Linate
Bag storage capacity (m ²)			130	Not available	107

Source: SEA, Doxa

Travel safety and personal security indicators

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
Overall perception of the passenger and hand luggage security service	% of satisfied passengers	Target 2019	94.0%	94.0%	95.0%
		2019 Result	97.9%	98.0%	97.6%
Overall perception of the personal and belongings safety level at the airport	% of satisfied passengers	Target 2019	94.0%	94.0%	95.0%
		2019 Result	99.3%	98.1%	98.0%
Airports in numbers			T1	T2	Linate
Internal security service			24h	24h	24h

Source: SEA, Doxa

Constant attention is focused on reducing line waiting times, without sacrificing the accuracy of controls. Monitoring is constant, in order to identify and choose any corrective actions.

Comfort indicators during permanence at the airport

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
Perception of the availability of luggage trolleys	% of satisfied passengers	Target 2019	92.0%	92.0%	90.0%
		2019 Result	96.3%	96.6%	98.3%
Perception of the efficiency of passenger transfer systems (escalators, elevators, people movers, etc.)	% of satisfied passengers	Target 2019	93.0%	93.0%	90.0%
		2019 Result	97.3%	98.3%	96.1%
Perception of the efficiency of air conditioning systems	% of satisfied passengers	Target 2019	95.0%	93.0%	93.0%
		2019 Result	98.2%	96.1%	95.1%
Perception of the overall comfort level of the terminal	% of satisfied passengers	Target 2019	95.0%	93.0%	92.0%
		2019 Result	98.5%	98.2%	97.7%
Airports in numbers			T1	T2	Linate
Available space (m ²)			146,500	30,000	33,600
Seats in waiting areas			5,249	874	1,268
Baggage trollies (€)			2	2	2

Source: SEA, Doxa

The sense of comfort experienced by passengers at the airport is considered of great importance and overall the opinion expressed was of satisfaction for both airports.

Cleaning and hygienic conditions indicators

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
Perception of the cleaning level and functionality of toilets	% of satisfied passengers	Target 2019	85.0%	85.0%	90.0%
		2019 Result	81.9%	83.8%	93.3%
Perception of the cleaning level at the airport	% of satisfied passengers	Target 2019	95.0%	95.0%	90.0%
		2019 Result	98.4%	96.4%	94.8%
Airports in numbers			T1	T2	Linate
Total number of toilets			543	151	251
Total number of disabled toilets			47	14	17

Source: SEA, Doxa

At Malpensa and Linate airports, the spaces available to passengers and the hygienic services are constantly controlled so that cleanliness is guaranteed throughout the day.

At all airport areas, hygienic services are available for persons with reduced mobility. Passenger satisfaction regarding the cleanliness and functionality of toilets is lower than targets, while airport cleaning in general is satisfactory and in line with targets.

With a view to improving Passenger Experience, in 2019, SEA planned a series of multi-year investments designed to respond to customer priorities, requests and complaints. To harmonize interior spaces and create a coherent and pleasant journey through the airports in terms of Ambience, a restyling of false ceilings, lighting, signage and furnishings has been planned for the three terminals. The restyling is based on 3 main principles: Italian design, through which the concept of elegance is expressed not only through the use of refined and original materials but also through the creation of useful spaces for travellers. Comfort, fashion, style and sensory elements such as lighting, design elements, music and new fragrances coming together to create a comfortable environment that invites you to relax. More services, such as nursery rooms, changing rooms, luggage spaces, bag spaces and make-up areas.

In 2019, in the boarding areas of Terminal 1, around 700 seats were equipped with electrical and USB sockets and 6 work areas were equipped with shelves, high stools and electrical and USB sockets. In addition, free Wi-Fi coverage has been enhanced and accessibility has been simplified. Finally, with a single innovative concept, SEA began to plan the renovation of the Milan airports' 90 toilet facilities. In 2019, two toilet facilities were renovated in Linate, and, by 2021, all the facilities will have been entirely renovated.

Indicators of additional services

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
Perception of Wi-Fi connectivity inside the terminal	% of satisfied passengers	Target 2019	85.0%	85.0%	90.0%
		2019 Result	72.9%	57.3%	88.8%
Perception of the availability of mobile phone and laptop recharging stations in common areas, where present	% of satisfied passengers	Target 2019	85.0%	75.0%	70.0%
		2019 Result	76.0%	58.3%	31.8%
Perception of the adequacy of smoking areas, where present	% of satisfied passengers	Target 2019	75.0%	70.0%	70.0%
		2019 Result	59.5%	51.5%	63.8%

Source: SEA, Doxa

SEA supports and promotes action plans for the upgrading of road and rail connections to and from the airports, in synergy with the relevant institutional bodies. Malpensa Airport can be reached via Milan's Cadorna railway station using the 'Malpensa Express' train service, with travel times of around 29 minutes and a frequency of every 30 minutes or using the Trenitalia service (arriving in Gallarate and continuing by bus or taxi). Road accessibility is guaranteed by the state road SS 336 (via the Busto Arsizio exit of the A8 motorway) and by the highway that connects to the A4 Turin to Milan motorway (via the Marcallo Mesero exit).

Indicators of modal integration

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
Perception of the clarity, comprehensibility and effectiveness of external signage	% of satisfied passengers	Target 2019	93.0%	93.0%	91.0%
		2019 Result	97.8%	96.9%	95.2%
Perception of the adequacy of airport-city connections	% of satisfied passengers	Target 2019	93.0%	93.0%	91.0%
		2019 Result	96.5%	98.8%	94.5%

Source: SEA, Doxa

Between the two Malpensa terminals, besides the free shuttle service, a rail connection has just begun operation. Linate airport, very close to the city of Milan, is connected to the city center by a city bus and by shuttle with Centrale Station and Malpensa airport.

Bridge Project

From July 27 to October 26, 2019, Linate airport was closed and transferred operations to Malpensa Terminal 1 in order to carry out extraordinary maintenance on the runway and baggage sorting system, to bring them into line with European regulations, and to begin the restyling of the airport. The transfer of Linate's operations to Malpensa, under the so-called Bridge Project, engaged the company on several fronts, including guaranteeing air connectivity to passengers without interruption and mitigating local area impacts, such as road congestion and atmospheric and acoustic emissions, due to the significant increase in the activity at Malpensa airport.

BRIDGE PROJECT NUMBERS

Linate-Malpensa transfers

- 700 workers and 300 items of equipment
- Activation of 33 daily shuttles for the transfer of workers

Adaptation of Malpensa Terminal 1

Air-side

- Adaptation of 129 thousand square metres of aircraft apron to increase parking spaces
- Strengthening of the Baggage Handling System

Land-side

- Introduction of a new 26-block check-in area
- Increase in the number of passport control e-Gates from 6 to 12 at departures, and from 8 to 10 at arrivals
- 30% increase in the operating capacity of security gates
- 55 passenger helpers introduced

Accessibility

- Increase in rail link services from Milan to Malpensa: 18,500 extra daily seats (+47%) on 147 daily trips (every 15 minutes).
- Milan Gateway, a project realized by SEA in partnership with Trenord. A special area in Milan Centrale Station was dedicated to passengers using the Malpensa Express to reach the airport. In order to offer an increasingly seamless and door-to-door travel experience, passengers departing for Malpensa could thus find information on flights, seats equipped to recharge mobile devices and internet connected touchscreen monitors. Passengers landing at Malpensa and travelling by train to Milan and the surrounding area were welcomed to the airport train station via the Milan Gateway, providing information on the mobility services of the metropolitan city and the regional transport network.

PROJECT PERFORMANCE INDICATORS

Malpensa traffic in the 3 months of the Bridge project

- **105** thousand passengers per day on average
- Increase in passengers (compared to the same period in 2018): **34%**
- Increase in movements (compared to the same period in 2018): **44%**

- Punctuality of flight arrivals: **65.4%** (vs. **73.1%** in 2018): **-7.7%**
- Departure punctuality **69.8%** (vs. **75.0%** of 2018): **-5.2%**
- Airport punctuality recovery: **+4.4%** (vs. **+1.9%** in 2018)

Passengers service quality

The quality of service perceived by passengers during the Bridge period was higher than that in the same period of the previous year.

Final average values

	2019	2018
Overall satisfaction with the airport	3.74	3.72
Waiting time		
check-in queue/line	3.67	3.59
passport/personal ID inspection	3.99	3.88
security inspection	3.85	3.68
Courtesy and helpfulness of airport staff	3.96	3.87
Speed of baggage delivery	3.28	3.16

Source: Doxa - data referring to the 3rd quarter of the respective years

Accessibility

Road

- Despite the significant increase in traffic, with the A4 motorway and provincial access roads to the airport recording **20%** and **11%** more traffic respectively, accessibility was not affected by any particular issues.
- To promote a better distribution of road traffic, SEA has promoted an initiative in collaboration with Telepass to encourage the use of the A4 highway, as an alternative to the busier A8 highway. Of the additional Telepass customers, in comparison with the previous year, 20% of those parking at Malpensa airport took advantage of the special road toll discount, amounting to a total of **Euro 113,500**.
- Parking areas at the airport were expanded, creating a new area of **2,000** spaces near Terminal 2 and one of **580** spaces near Terminal 1. The occupancy rate of airport parking was **78.5%** compared to **67.7%** in the previous year.

Rail

- **51,095** seats offered per day
- **34%** more seats offered compared to pre-Bridge capacity
- **45%** more passengers transported during the 3-month Bridge period, (**1,257,670** more than in the same period in 2018).

Noise

With the exception of the first five days of the Bridge period, during which, for safety reasons, ENAV allowed take-offs on only one of the two runways at Malpensa, acoustic emissions recorded by the SEA monitoring stations and validated by Arpa Lombardia were lower on average than those recorded in 2018.

Comparison of acoustic emissions during the Bridge period vs. previous years in the Malpensa area

ARPA certificate figures Control unit	Bridge		Summer week LVA - previous years	
	LVAp (dB(A)) 28-31 Jul	LVAp (dB(A)) 13-27 Aug	LVAs (dB(A)) 28 Jun - 4 Jul 2017	LVAs (dB(A)) 01-07 Sept 2018
Somma Lombarda Maddalena	46.6	56.7	55.5	23-29 May 55.6
Somma Lombarda Ca Bagaggio	55.7	58.5	59.3	23-29 May 59.3
Somma Lombarda Rodari	55.4	58.2	59.7	23-29 May 59.6
Somma Lombarda Magazzino	61.5	58.1	24-30 May 57.7	61.2
Somma Lombarda Da Vinci	57.2	55.2	-	-
Casorate Sempione Monte Rosa	65.6	61.8	59.9	23-29 May 60.5
Arsago Seprio Cimitero	62.4	58.6	56.6	53.5
Ferno Moncucco	61.9	58.9	59.0	54.0
Lonate Pozzolo Santa Lucia	56.1	63.4	66.2	64.3
Lonate Pozzolo Cimitero	54.6	61.2	65.4	62.2

Source: SEA

Atmospheric emissions

SEA carried out two voluntary air quality monitoring campaigns at Malpensa, the first immediately before the transfer of traffic from Linate, and the second during the Bridge period, in which airport traffic was concentrated at Malpensa. The results cannot be attributed exclusively to pollution produced by the airport, as they refer to substances commonly present, to varying degrees, throughout the local area and also produced by other emissions sources, such as vehicular traffic. In any case, comparisons between the airport monitoring campaigns and ARPA Lombardia's own monitoring network excluded situations of particular risk in connection with airport activities.

Monitoring results before the Bridge period

The airport monitoring carried out from July 12 to July 26, 2019, using 2 mobile monitoring stations, returned concentrations of pollutants that were lower than the limits set by the applicable legislation (Legislative Decree 155/2010). No breaches of legal limits or anomalous peaks were recorded, and the data collected from both stations was comparable to that of the ARPA Lombardia stations used as a reference.

Monitoring results during the Bridge period

The airport monitoring carried out from August 14 to October 13, 2019, using two mobile monitoring stations, returned concentrations of pollutants that were lower than the limits set by the applicable legislation. No significant increases in vehicular traffic or air pollutants were recorded in comparison with the period before the Bridge. There was an average decrease in ozone, mainly

because recordings prior to the Bridge period were carried out during the summer, as well as a slight decrease in sulphur dioxide. There was also a slight increase in carbon monoxide and PM2 in the Cargo City area. PAHs have always been below the instrumental detection limit, both before and during the Bridge period. In conclusion, concentrations of airborne pollutants at the monitoring points showed similar trends between the monitoring carried out in July and those carried out in September and October 2019, despite the increase in air movements between the two periods.

Commercial services offering

Non-Aviation activities include:

- retail activities (duty free and duty paid sale to the public, catering, car hire, advertising, the management of spaces for the carrying out by third parties of banking activities);
- the management of parking;
- the management of cargo spaces;
- the management of advertising spaces;
- other activities, categorized as "Services and other revenues", including vehicle maintenance, real estate management, such as leasing and concessions of portions of the airport grounds, technological and design services, and unregulated security services.

RETAIL

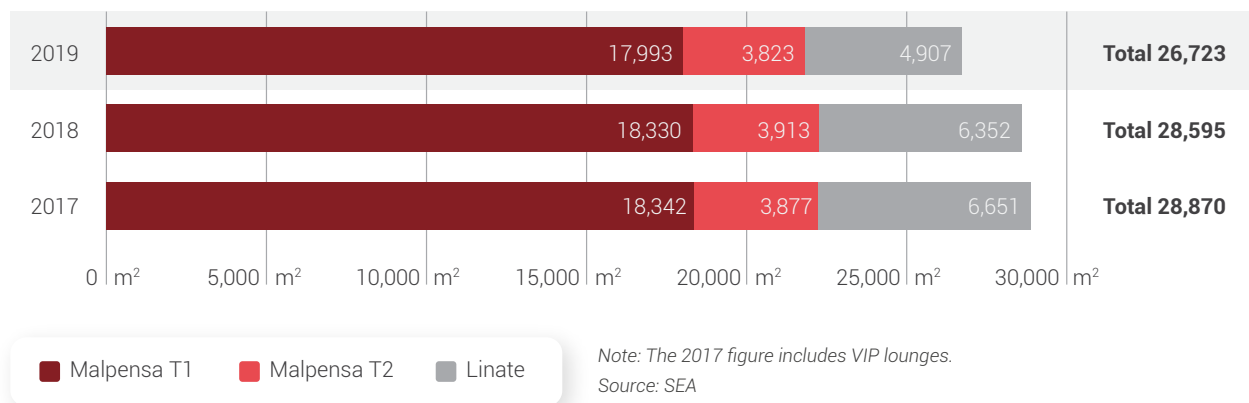
The sales points within the passenger terminal offer both duty free products (therefore excluding VAT and

other taxes), and duty paid products (therefore under normal conditions and excluding therefore the benefit of the above-mentioned exemption).

The retail sector activities carried out at the airports offer the public and passengers a wide range of products and brands which satisfy the entire customer base and are differentiated at each terminal:

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

Commercial areas of the Milan airports – stores + food & beverage (m²)



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

	2019	2018	2017
Malpensa T1	859.5	1,079.2	1,234.1
Malpensa T2	492.0	516.4	540.4
Linate	750.7	691.4	689.4

Source: SEA

The development of airport terminal retail profiles, in order to better serve all segments of demand, forms the basis of SEA's commercial Non-Aviation Strategy. In 2019, Malpensa's Terminal 1 saw the continuation of the strategy to increase the presence of international luxury brands, with the opening of a Saint Laurent store at the end of September, which, in the first few months, recorded performance in line with the best brands of the Piazza del Lusso area, and of a Rolex pop-up store, which confirmed the purchasing potential of Extra-Schengen passengers. As for Terminal 2, a new store was opened by the young modular travel footwear brand ACBC.

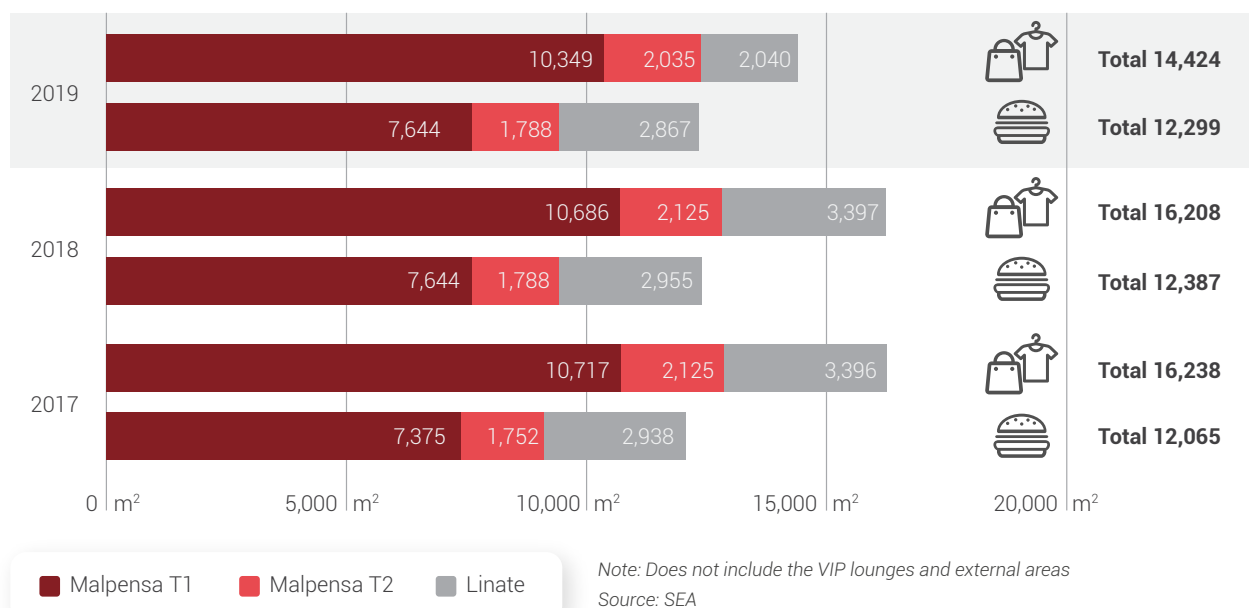
In the food and beverage segment, at Terminal 1, new formats, or those forming part of the restyling campaign, contributed to a broadening of the offering, in terms of both quality and quantity, in response to the demand from increasing traffic. An example, was the re-

placement of Autogrill's "Pure Taste" signage with the "ACafè Comfort" branding, rendered more contemporary through the use of lighter colours and a change in lighting.

Terminal 2 saw the opening of a gourmet burger bar under the "MU Finest Italian Burger" brand, with a table service concept that has been extremely well received by passengers.

At Linate, in conjunction with the airport restyling, several landside food points have been completely renovated. In particular, in line with the new vision of Linate as a showcase of city excellence, MyChef transformed the "Briciole" arrivals venue into a pastry shop branded with the name "Roberto Rinaldini", after the world-renowned, prize-winning Italian pastry chef, whose shops are also present in the centre of Milan. Chef Express' "Sweet & Bagel" bar, at arrivals, changed its name to "Juice Bar", re-branding itself with an essential, contemporary format aimed at incorporating the needs of customers in search of healthy food, hungry travellers and airport staff with a 360-degree offering. The Mychef food court saw the replacement of the "Gran Cafè" brand with "Briciole", and the pizzeria menu completely revised with new gourmet doughs. Finally, the Tentazioni store at check-in changed its name to "Storie di Caffè", to reflect a more modern image.

Commercial areas of the Milan airports – stores + food & beverage (m²)



PARKING

SEA directly manages the parking lots of its own airports, and, from 2014, will also manage that of Orio al Serio Airport. The ViaMilano Parking system offers 10 types of parking with a total of 20,000 spaces.

The growth of the parking business is the result of the synergy between marketing and revenue management strategies that allows for a dynamic management of charges, guaranteeing competitive prices via the online channel and the identification of new products, such as P6 Malpensa.

Number of parking spaces

	2019	2018	2017
Malpensa T1	6,729	7,158	6,879
Malpensa T2	4,531	2,531	2,700
Linate	3,171	3,867	3,736
Total	14,431	13,556	13,315

Note: The figures refer only to the number of available spaces. 2019 does not include figures for the 281 disabled parking spaces or motorcycle parking.

The growth in Terminal 2 parking spaces is due to approximately 2,000 new parking spaces made available in the Nidoli car park in July.

Source: SEA

Again in 2019, particular attention was paid to communicating brand enhancements and to purchase conversion during seasonal peak periods. This was implemented via communication tools and road signs near to the airports, as well as via direct communication to the evolved and dynamic target audience in Milan, in particular, but also in Lombardy and surrounding regions. Attention was also paid to the B2B market, with promotional activities addressed to the leisure world (tour operators) and the professional world (large companies), through participation in various sector events and trade fairs.

Malpensa T1 – Parking service performance indicators

Year	Capacity (No. spaces)	Paying car transits (No.)	Average stay (days)
2019	6,729	756,890	3.5
2018	7,158	1,045,940	3.4
2017	6,879	866,472	3.2

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

Source: SEA

Malpensa T2 – Parking service performance indicators

Year	Capacity (No. spaces)	Paying car transits (No.)	Average stay (days)
2019	4,531	274,261	2.5
2018	2,531	231,282	2.7
2017	2,700	216,863	2.6

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

Source: SEA

Linate – Parking service performance indicators

Year	Capacity (No. spaces)	Paying car transits (No.)	Average stay (days)
2019	3,171	116,688	1.2
2018	3,867	571,357	2.7
2017	3,736	596,550	2.6

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

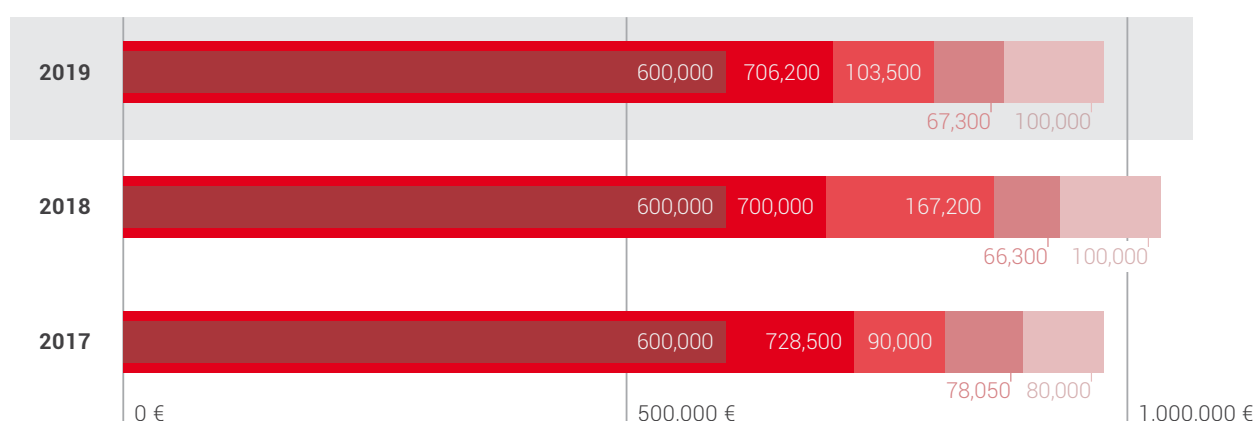
Source: SEA

Investments in Corporate Citizenship

The majority of SEA's charitable donations over the past three years, totalling over Euro 2.9 million, concerned support for cultural initiatives, such as the Teatro alla Scala Foundation in Milan.

As a founding member, SEA actively participates in the promotion of musical culture throughout the world, supporting the national artistic heritage and improving its quality level. Over the past three years, SEA has invested Euro 280 thousand in corporate citizenship projects.

Donations made over the last three years (Euro)



- Culture/Education
- La Scala Theatre Foundation Contribution
- Sporting events
- Social/Assistance
- Corporate Citizenship projects

JOBAGILE PROJECT

In 2019, SEA made a donation of Euro 100 thousand to the Planning Office of the District of Somma Lombardo and the Municipality of Samarate, located near Malpensa.

This decision falls within the strategy of adopting a more organic and proactive approach to supporting the social well-being of the local area surrounding the airport.

This contribution will go to the realisation of the "JobAgile Project", one of the priorities of the 2018-2020 social policy program of the Somma Lombardo area, which aims to provide professional coaching courses and remunerated traineeships, for 3 to 6 months, to people with difficult personal or family situations but employment potential. These include, for example, the long-term unemployed, people over the age of 50, foreigners with linguistic and cultural barriers, mothers with childcare obligations, and so on.

Market overview

In the Malpensa area, just as in the rest of the country, the recent economic and social crisis has pushed a greater proportion of the population below the poverty line, due to job losses or severely limited incomes.

To deal with this situation, the District of Somma Lombardo is developing a welfare system, coordinated and integrated with third sector initiatives, in order to provide a more effective and equitable response to work and housing issues.

The project and resources committed

The project will be implemented in 2020, have a duration of approximately one year, and involve close coordination between the social services of the municipalities concerned, four social cooperatives selected by public tender by the Planning Office, the Gallarate Employment Centre and various local companies willing to accept trainees.

The agreement stipulated between SEA and the District of Somma Lombardo provides for the inclusion of the Municipality of Samarate, within the District of Gallarate, so as not to exclude any administrative area belonging to the Malpensa Voluntary Urban Committee (CUV).

For the realization of this social intervention, the District of Somma Lombardo has received a contribution of Euro 55 thousand from the Lombardy Region, in addition to the Euro 100 thousand allocated by SEA and divided as follows:

- Euro 80 thousand for the District of Somma Lombardo, comprising the municipalities of Arsago Seprio, Besnate, Cardano al Campo, Casorate Sempione, Ferno, Golasecca, Lonate Pozzolo, Vizzola Ticino and Somma Lombardo, with a total population of approximately 70 thousand inhabitants.
- Euro 20 thousand to the Municipality of Samarate, within the District of Gallarate, with a total population of approximately 16 thousand inhabitants.

Project objective and beneficiaries

Recipients of the interventions will be beneficiaries of the Citizenship Income scheme residing in the Municipalities of the District Area, for whom individualized action by Social Services is requested.

In the municipalities of the Somma Lombardo area, the potential population of beneficiaries is approximately 200 people.

However, the action by Social Services will also be directed at the families of the beneficiaries, therefore involving a far greater overall number of people.

The main objective is to enhance the skill set and work experience of unemployed, redundant and precariously employed people at risk of poverty, in particular through training courses and professional training, in order to help them improve their employability on the job market. An indispensable part of the project will be the scouting of local companies, which will be carried out by the coaches throughout the intervention period. The companies that respond positively will be visited and categorized in terms of sectors and job profiles and entered into a special database.

It is hypothesized that professional training courses and job placements will be found for at least 50% of the beneficiaries taken in charge.

Effectiveness assessment and reporting

During and after the intervention, the project's effectiveness and social impacts will be evaluated in a participatory assessment, also involving SEA, according to quantitative and qualitative process and result indicators.

IMPACT INVESTING PROJECTS

Since 2015, in order to boost its social investments, SEA has been committed to a partnership with the Opes Foundation, an Italian investment fund for high social impact entrepreneurial projects. SEA therefore engaged in investing philanthropic capital, through Opes, into financially sustainable companies capable of promoting social progress and lifting people out of poverty. Opes channels philanthropic capital in the form of investments to achieve social impact and financial returns. All the funds returned to Opes are reinvested in new social ventures.

KADAFRICA



Location:
Uganda



Sector: **Sustainable agriculture**



Year of investment:
2016



Investment:
Euro 87,000



SEA contribution:
Euro 40,000

KadAfrica is a social enterprise founded in 2011 in Fort Portal, Uganda, which produces and markets passion fruit, employs vulnerable young women in two-year training and development programs, and offering a guaranteed outlet market to a wide network of small local agricultural activities committed to overcoming the limits of subsistence farming. The impact of the initiative has been extremely positive, with 2,322 young women involved in the training and included in two-year development programs since its conception. 50% of the young women in the program were able to access funding.

The highlights for 2019 are the launch of the "Fruit pulp production" project and the collaboration with local refugee camps.

- The pulp production pilot project, which started in late 2018, is performing well. KadAfrica hired a quality manager and managed to obtain certification from UNBS, the Uganda government's certification body. The project now produces up to 5 tons of pulp a week, and is in contact with major companies such as KFC for the sale of pulp to make juice. It is also in talks with several dairy product companies for the sale of pulp as a yoghurt flavouring.
- In Uganda, the government provides land to refugees so that they can grow vegetables and fruit for subsistence and sale. KadAfrica has signed an agreement with several refugee camp administrations for the sale of passion fruit grown by refugees, in order to provide them with a source of revenue.

"The Water Shop Naivasha"



Location:
Kenya



Sector: **Access to drinking water**



Year of investment:
2014, 2016, 2018



Investment:
Euro 118,000



SEA contribution:
Euro 40,000

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

Launched in 2010, PureFresh is involved in the extraction, purification and sale of drinking water (both loose and bottled water). The social enterprise uses reverse osmosis technology and a franchise distribution model with entrepreneur customised vending machines to contain prices and make clean water as accessible as possible. The catchment population of the area served is approx. Euro 1.6 million.

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

SEA's contribution has been used to fund a pilot franchise project which has produced some extremely encouraging results.

In 2019, the number of franchisees doubled from 35 to 78, while the volume of water purified and distributed to 120,000 beneficiaries doubled from 10 million to 20.6 million litres.

In addition, the number of employees increased from 20 to 26. In recent years, the company has consolidated its own franchising model by opening two directly managed stores, increasing production volumes and applying a different pricing strategy according to the market segmentation. Now, it is ready to enter the Nairobi market, accompanying its scaling up with a rigorous industrial de-risking strategy, and contemplating the construction of two further drinking water plants in Nakuru and Nairobi.

Quid



Location:
Italia



Sector: **Integration & ethical fashion**



Year of investment:
2018



Investment:
Euro 300,000



SEA contribution:
Euro 40,000

Quid is a social cooperative, which, through its ethical fashion brand "Progetto Quid", offers stable work opportunities and professional development to those faced with employment difficulties, with particular attention dedicated to women who have suffered abuse.

Indeed, approximately 60% of its 137 employees come from disadvantaged groups, such as ex-prisoners, the disabled and female victims of violence, trafficking and prostitution.

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

The Opes Foundation, with SEA's contribution, decided to support Quid in its growth phase because this is when it most needs a partner that can not only provide patient capital, but also support for its management.

Quid's growth in 2019 was boosted by new international customers in the B2B channel:

- Unilever, for the exclusive supply of merchandising for the Love Beauty and Planet brand;
- l'Oreal Vichy, for the creation of beauty cases;
- IKEA, for merchandising for the celebration of an anniversary;
- the beauty brand Just.

Partnerships continued with the Calzedonia Group and Ecor-NaturaSi. At the end of 2019, new collaborations were initiated with Zalando and Elena Mirò, with launches expected in March 2020.

Four new stores were opened in the B2C channel, thanks to the support of the Cariplo Foundation: Milan, Verona Bussolengo, Verona Sommacampagna and Genoa. 2019's turnover was approximately Euro 4 million, with a growth in employees from 118 to 137.

OUTCOME

SEA's "Outcome" corresponds to the systemic impact generated to the benefit of the socioeconomic context in which it operates. It defines and measures how the management of the airport system has acted as an enabling factor and catalyst for economic and social development through the generation of air connectivity of adequate quality in harmony with the competitive profile of the local area served.

Connectivity

WORLDWIDE AND EUROPEAN CONNECTIVITY INDEX

According to the latest available data, in the ranking of the 30 best globally connected airports (selected from a network comprising 3,908 airports worldwide), in 2018 Malpensa again confirmed the 28th position it reached three years earlier, with a connectivity index of 2.57. As one of the most important airport functional parameters, the index illustrates, starting from a given airport, the average number of flights needed to reach all the other airports in the considered network (worldwide or European).

At the European connectivity level (in reference to a sample of 480 continental airports), Malpensa places 28th, falling three positions in the ranking compared to the previous year, with an index of 1.87. Linate also fell in the continental accessibility ranking, moving from 92nd to 103rd place, despite an improvement in its connectivity index (2.16 compared with 2.18 in 2017).

CONNECTIVITY AND TRAVEL TIMES

An indicator which provides a more accurate measure of the level of accessibility to Europe by individual airports is based on the *minimum* travel times to reach other European airports. Travel time includes both the flight time and the waiting time at *interim* airports (in the case in which more than one flight is necessary to reach a particular destination). For absolute comparison purposes, it is possible to reach 384 European airports in a day with an average connection time of 272 minutes from Amsterdam Airport (the best-connected European airport).

Connectivity indicators and travel times of the Milan airports

	2018		2017		2016	
	MXP	LIN	MXP	LIN	MXP	LIN
No. European airports connected in the same day	387	378	380	371	387	383
Average connection time (minutes)	330	360	333	359	308	333

Source: ICCSAI Fact Book 2019

In this ranking, Malpensa airport is the best-connected Italian airport (20th in the European ranking, gaining 2 places on the previous year), with 387 airports connected in a day (+7 on 2018) and an average connection time of 330 minutes. Malpensa is ranked three places higher in the European ranking than Rome Fiumicino, which boasts 382 connections in a day and an average connection time of 334 minutes. Linate airport also reports good connectivity in terms of travel times (fourth in the domestic ranking after Malpensa, Rome Fiumicino and Venice), connected with 378 airports daily, with an average time of 360 minutes.

Day trip

In addition to general European network connectivity, journey times are also of great importance, particularly for airports whose traffic consists predominantly of business customers. This figure is particularly important for those airports principally serving business customers. Considering the set of destinations to which it is possible to make a round-trip flight within a day (i.e. a day trip), remaining at the destinations for at least 4 hours, the airports of Frankfurt, Munich, Amsterdam and Paris lead the rankings with an ability to offer day trips to an average of 150 destinations in an average time of around 660 minutes. In the Milan airport system, Linate ranked 15th in the European ranking (the same as the previous year), with a network of 106 destinations and an average connection time of 737 minutes, while Malpensa failed to rank in the 20 best-performing European airports.

European network reachable through a day trip from the Milan airports

	2018		2017		2016	
	MXP	LIN	MXP	LIN	MXP	LIN
No. European airports connected in the same day	n/a	106	n/a	108	184	155
Average connection time (minutes)	n/a	737	n/a	737	741	740
European ranking position	n/a	15 °	n/a	15 °	15 °	13 °

Source: ICCSAI Fact Book 2019

Accessibility to European GDP

Malpensa is the only Italian airport positioned in the top 20 of the continental ranking based on the share of European GDP that can be reached in a limited time. The connectivity of destinations according to the travel time is more indicative of quality than connectivity measured exclusively in terms of the number of connections within the continental network. Malpensa comes 14th in the European ranking (down five places compared to 2017), with 77.6% of European GDP reachable within two hours of travel and a further 21.4% in two to four hours. Linate Airport places sixth in the national ranking (44th in the European ranking), with approximately 51.8% of European GDP reachable within two hours and a further 44.2% in two to four hours.

% European GDP reachable based on flying time

	2018		2017		2016	
	MXP	LIN	MXP	LIN	MXP	LIN
% of EU GDP reachable within 2 hours	77.6	51.8	81.9	63.9	83.5	64.9
% of EU GDP reachable within 2-4 hours	21.4	44.2	17.1	31.7	15.6	30.6
European ranking position	14 °	44 °	9 °	28 °	8 °	25 °

Source: ICCSAI Fact Book 2019

Routes and destinations

In 2018, Malpensa ranked among the top 20 European airports in terms of Available Seat Kilometres, and 6th place (after such hubs as Paris CDG, Frankfurt, Amsterdam and London Heathrow) for the number of non-European routes offered (100 in total, with average and maximum distances of 4,670 and 10,303 km respectively). 109 European routes were offered, with average and maximum distances of 1,133 and 2956 km. Linate, due to more stringent regulatory limitations, offered 52 European and two non-European routes. In terms of frequency, 90 of Malpensa's European routes had a weekly average of 12 flights, while two thirds (62) of them had daily flights. Malpensa's 100 non-European routes, on the other hand, had a weekly average of 5.2 flights, with a third (34) of them operating on a daily basis.

The socioeconomic impact of the airports

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

For this reason, SEA created a special data platform in order to periodically measure the socioeconomic impact of the airports on the local area. In line with the most widely accepted approaches in the literature concerning infrastructure and transport networks, analyses of the direct, indirect, spin-off and catalytic impact were combined and integrated, in order to understand the socioeconomic impact for which the airport is directly responsible, in addition to as a generator, rather than an activator, or a central actor, although not exclusively.

TYPES OF IMPACT ANALYSED

Direct impact

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

Indirect and spin-off economic impact

The indirect impact is that generated by the provision of services and goods to passengers outside of the airport and by the supply chain – triggered by the providers of direct activities. This concerns the increase in end demand prompted by the expenditure of those operating in various forms on the basis of the presence of the airport. Estimating indirect and spin-off effects was undertaken using economic multipliers (respectively Leontief and Keynesian models), as is common practice in economic impact studies. These multipliers are based on national economic input-output models, adjusted per region, so it could be applied to the Lombardy scenario. The model establishes how much output each company or sector needs to acquire from every other sector to produce Euro 1 of goods or services.

Catalytic impact

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

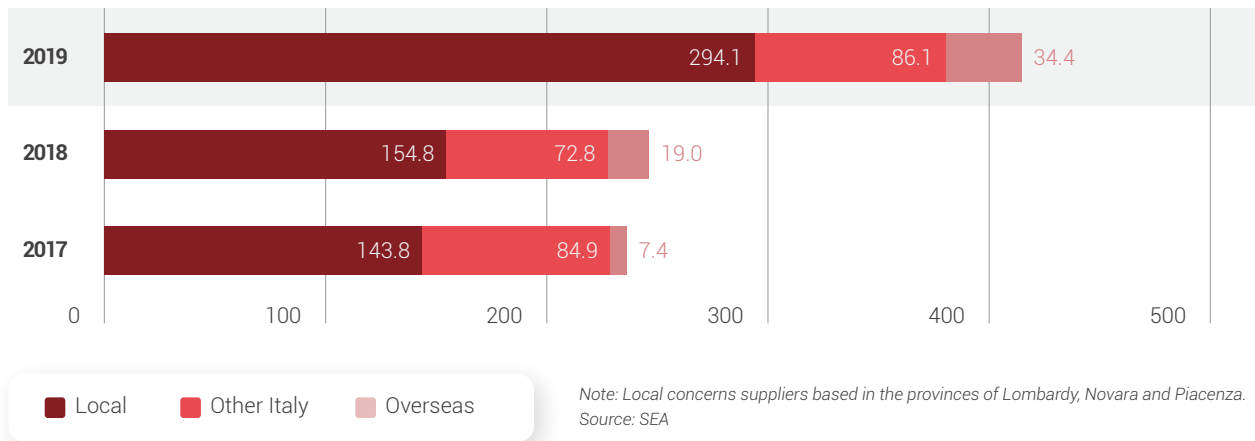
On the basis of the figures for the last five years and updated to 2019 - reported in various studies commissioned by the Centre for Regional and Sector Development of the LIUC Business School and coordinated by Prof. Massimiliano Serati - our airport system overall generates - between direct, indirect spin-off and catalytic effects from tourism - for the Lombardy region a value of approx. Euro 44 billion, corresponding to a capacity to create around 388 thousand works unit. These numbers confirm the overall airport infrastructure managed by SEA as one of the most important productive districts in the whole region of North West Italy.

¹⁴ To facilitate comparisons with previous years, 2019's data has been purged of the so-called "Bridge effect", that is of the three-month summer closure of Linate and transfer of its operations to Malpensa.

SEA's impact on the supply chain

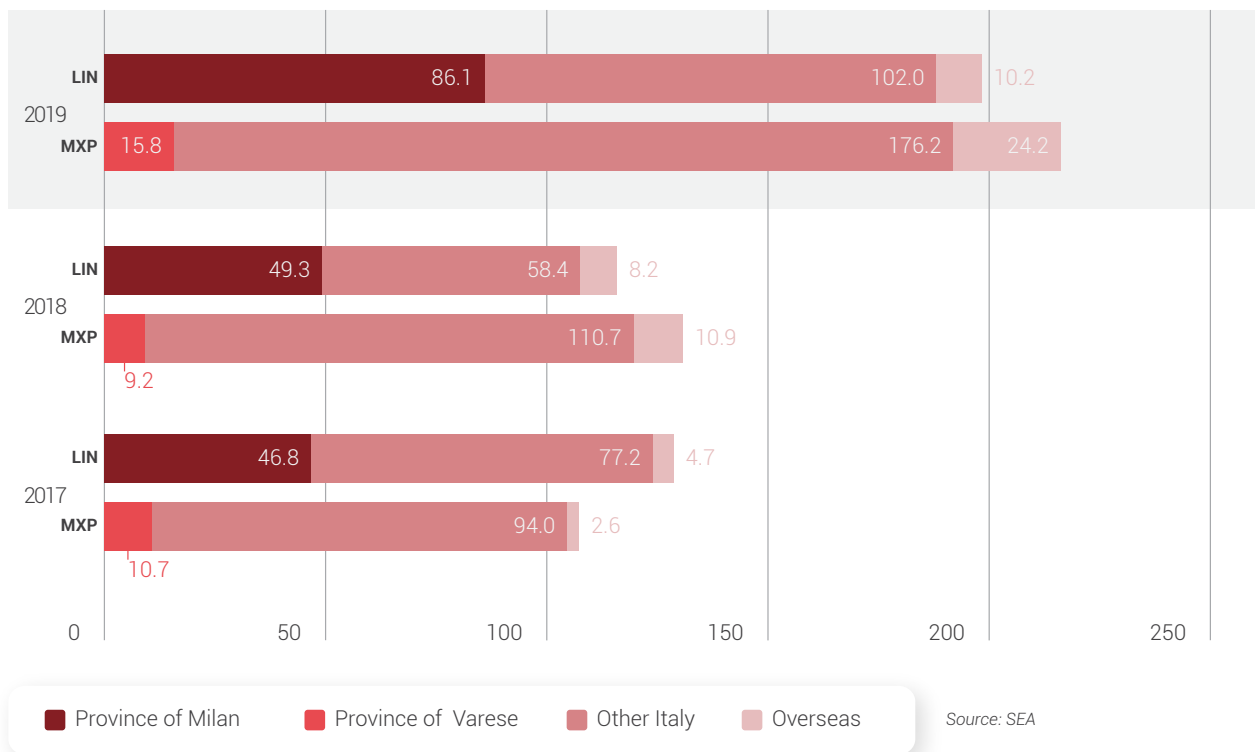
Before considering the impact of the airports as a whole, a notable economic impact on the local area was SEA Group's purchasing of goods and services supplies, which, in 2019 alone, amounted to Euro 294 million, equal to 73% of the total value of Group purchases.

Orders value by geographical origin (millions of Euro)



This is despite the fact that SEA does not select its suppliers by geographical origin, due both to the constraints of public tenders and to the Group's prioritising of qualitative, economic and sustainability aspects over other supply criteria. At Linate Airport, the value of orders placed with suppliers located in the Province of Milan was 43% of the total, while at Malpensa Airport, the value of orders placed with suppliers in the Province of Varese was 7% of the total.

Linate and Malpensa - Orders value by region (millions of Euro)



Direct socioeconomic impact of Malpensa airport

In 2019, Malpensa airport recorded the presence of 563 production activities, delivering around 21 thousand works unit.

Direct socioeconomic impact generated by Malpensa airport

	No. companies	Jobs created	Value of production (Euro mil.)	Passengers	Cargo (tons)	Transport units	Jobs created/ millions of units
2017	539	19,093	4,977	22,037,241	576,539	27,802,631	687
2018	548	20,540	5,022	24,561,735	558,218	30,143,915	681
2019	563	20,977	5,109	28,706,379	544,978	34,156,159	614

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

Over the last four years, airport employment has increased by 14.6% (2.1% in 2019), against an increase in transport units of 38.4% (13.3% in 2019).

These performances indicate the current capacity of the airport to create works unit against the growth in traffic, which can be quantified as 614 works unit per million of transported units, falling noticeably on previous years. According to a study commissioned by ACI Europe¹⁵, direct employment generated by airports is influenced by the size of the airport, the type of traffic, as well as the mix of the traffic handled. The growth in airport size has an inversely proportional impact on its job creation capacity, just like the significant presence of low cost airlines in the airport generates a lower impact on direct employment compared to the traffic produced by traditional carriers. In the four-year period, the value of production realised within Malpensa airport, totalling almost Euro 5.1 billion in 2019 (an increase of 39.6% on 2016; +1.7% on 2018), grew significantly.

This growth includes the increase in direct employment, the inflation-linked contribution, and the increase of overall productivity which characterized the whole Lombardy production system in the period covered by the four studies.

DIRECT EMPLOYMENT IMPACT OF MALPENSA ON CUV MUNICIPALITIES (VOLUNTARY URBAN COMMITTEES)

The analysis of the regional employment distribution, directly due to Malpensa airport, shows that 79.2% of employees live in Lombardy, with over 6.7% residing in the neighbouring province of Novara and almost 14% residing outside the region.

Employment impact of Malpensa on the CUV municipalities

Year	Direct total employment delivered by Malpensa	Delivered in the CUV municipalities	% CUV of the total
2017	19,093	3,870	20.3
2018	20,540	4,082	19.9
2019	20,977	4,292	20.4

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

In the Province of Varese, in which Malpensa airport is located, approx. half of employees were based (49.6%), while in the CUV municipalities slightly more than 20% of employment generated by the airport was located (37.2% of the employment directly generated by Malpensa in the Province of Varese).

¹⁵ Intervistas, Economic Impact of European Airports, 2015

Indirect and spin-off socioeconomic impacts of Malpensa

Testament to the indirect impact of Malpensa airport (related to the supply chain external to the production units operating within the airport) in 2019 are the over 12.9 thousand job openings, related to Euro 1.8 billion of value of production generated. The spin-off effect (resulting from the increase of aggregate demand generated by salary and payments to employees operating inside the airport structures) represents, on the other hand, slightly under 9.8 thousand job openings with a value of production worth Euro 2.4 billion.

Development of Malpensa's indirect and spin-off impact

Year	Indirect impact		Spin-off impact	
	Employment	Value of production (Euro mil.)	Employment	Value of production (Euro mil.)
2017	11,748	1,770	8,892	2,335
2018	12,639	1,786	9,566	2,356
2019	12,908	1,817	9,770	2,397

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

The catalytic socioeconomic impact of Malpensa airport

The concept of the catalytic impact is in line with the idea that the airport contributes to generating (and is a part of) a sort of eco-system of which the airport is initially the driving force and then the co-pivot.

Catalytic dynamics may therefore be the forces, which, in the long term, bring together in the airport's territory, people, production activities, competencies and technologies. By placing catalytic-type impacts in the broader context of territorial attractiveness it is clear that:

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

ANALYSIS OF THE COMPONENTS OF MALPENSA'S CATALYTIC IMPACT

International trade

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

Tourism

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

The attraction and the retention of production investments in the territory

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

THE ROLE OF MALPENSA IN INTERNATIONAL TRADE

The volume of air cargo volume to and from Italy is negligible (about 2%) of the external national trade flows and is trumped by maritime transport as the key mode.

This might imply that the catalytic effect on trade is insignificant.

However, the picture changes if the value of goods transported by air is considered. In 2019, this accounted for as much as 9.3% of all Italian foreign trade.

Approximately 63% of which originates from North Italy. 11.3% of Italian exports in value are shipped by air (8.7% in 2010), with 65.6% of this transiting through northern Italian airports (against 69.1% in 2010).

Malpensa's role in this regard is significant, not only in terms of its impact on the overall value of Italian exports, which in 2019 fell by 1%, but also in terms of its impact on national direct exports outside the European

Union, where air cargo faces less competition from maritime transport and road haulage in particular, and which, though down from previous years, was 12.3% in 2019.

Development of the import-export flows of air cargo in Italy (in millions of Euro)

	Imports + Exports			Exports		
	Total Italy	Italy by air	North Italy by air	Total Italy	Italy by air	North Italy by air
2010	704,735	49,542	33,828	337,346	29,448	20,359
2018	875,717	74,669	48,574	459,430	48,288	32,640
2019	901,938	84,119	52,812	473,753	53,435	35,036
CAGR	4.2%	9.2%	7.7%	5.8%	10.4%	9.5%
Growth 19/18	3.0%	12.7%	8.7%	3.1%	10.7%	7.3%
Share 2010		7.0% *	68.3% **		8.7% *	69.1% **
Share 2018		8.5% *	65.1% **		10.5% *	67.6% **
Share 2019		9.3% *	62.8% **		11.3% *	65.6% **

* Italy by air/Italy total

** North by air/Italy by air

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

Last quarter 2017, 2018 and 2019 estimated.

Import-export flows (Euro 42.2 billion) through Malpensa correspond to approximately 4.7% of Italian foreign trade.

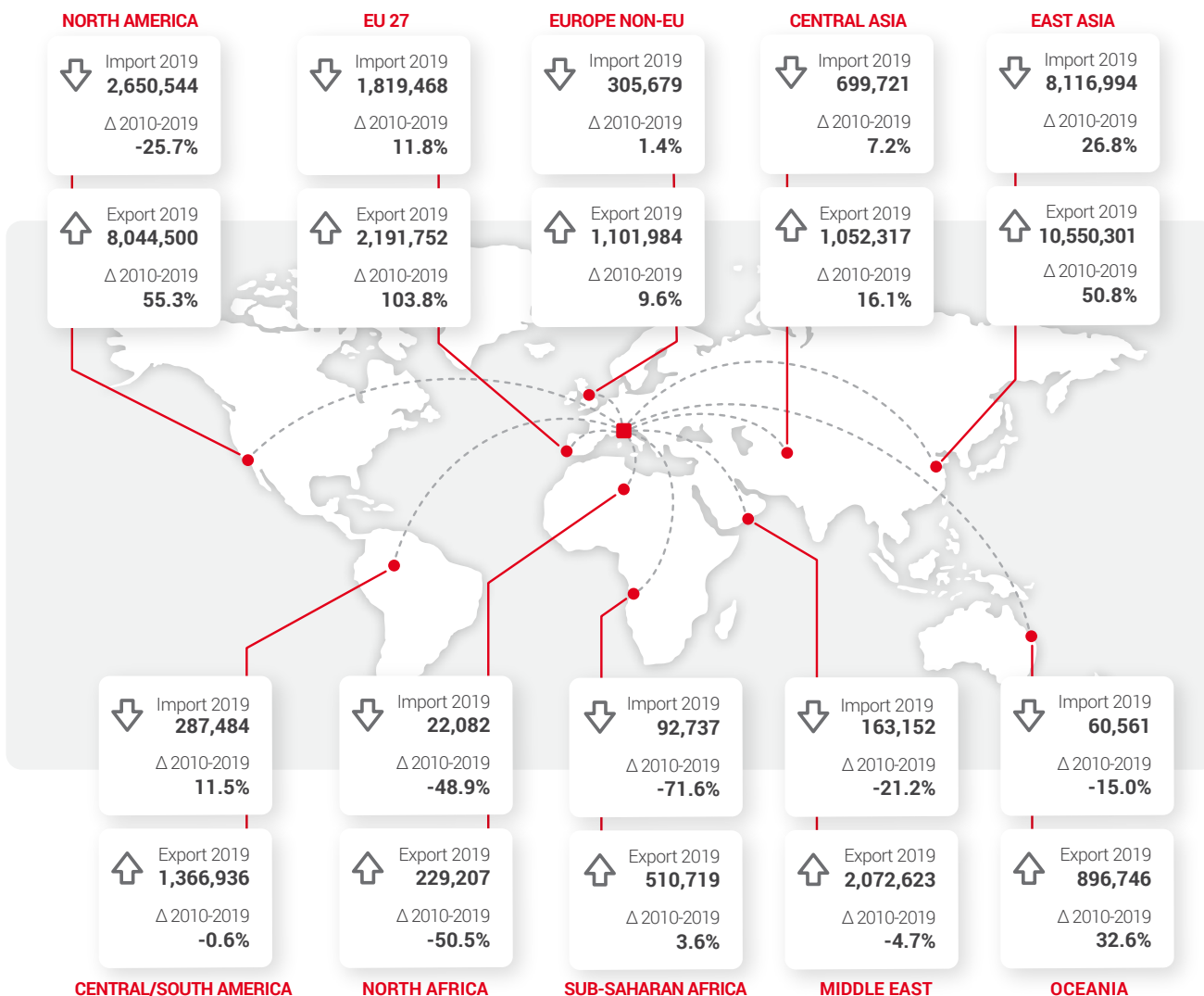
Impact of Malpensa cargo traffic on Italian export values (millions of Euro)

Year	Exports Italy	Exports via Malpensa	Exports via Malpensa/ Exports Italy	Exports Italy Non-EU	Exports via Malpensa Non-EU	Exports via Malpensa Non-EU/Exports Italy Non-EU
2010	337,346	20,359	6.0%	143,958	19,283	13.4%
2018	459,430	32,640	7.1%	201,123	30,355	15.1%
2019	475,930	28,029	5.9%	209,841	25,837	12.3%

Source: elaboration by SEA and LIUC Business School's Centre for Local Area and Sector Development from ISTAT-Coeweb data (last quarter 2017, 2018 and 2019 estimated).

Regarding Malpensa's Cargo City goods flows, the main reference markets are Eastern Asia, North America and the European Union. The Middle East is included when we consider export values.

Import-export movements in value terms via Malpensa by region (Euro thousands)



Source: elaborated from ISTAT-Coeweb data by LIUC Business School's Centre for Local Area and Sector Development. Last quarter 2018 and 2019 estimated

From the acute phase of the recession (2010) to today (2019), the total value of exports transiting through Malpensa has increased much more quickly (37.6%) than imports (+5.6%), an increase of approx. Euro 7.6 billion in absolute value.

The main markets in terms of cargo managed by Malpensa are the European Union (imports +11.8%, exports +103.8%), North America (imports -25.7%, exports +55.3%), and East Asia (exports +50.8%). An analysis of main industry sector goods flows (altogether totalling 93.8% of the imports and 90.8% of the imports in terms of value handled by Malpensa) shows a peak in exports for machinery, fashion/clothes, chemical/plastics and furniture/furnishings. Imports are strong in the machinery, chemical/plastic and fashion/clothes sectors. Compared to 2010, industrial sector export values transiting through Malpensa have increased much more (+34.7%) than imports (+7.0%), resulting in a net improvement of the trade balance.

Particularly noteworthy was the strong import growth for the furniture and furnishings sector (up 90.7%), and the mechanical engineering sector (up 21.9%). There was also significant export growth for the fashion and clothing sector (up 76.8%), and an increase, though marked by a decrease on 2018, in mechanical engineering exports, which were up by 16.7% overall.

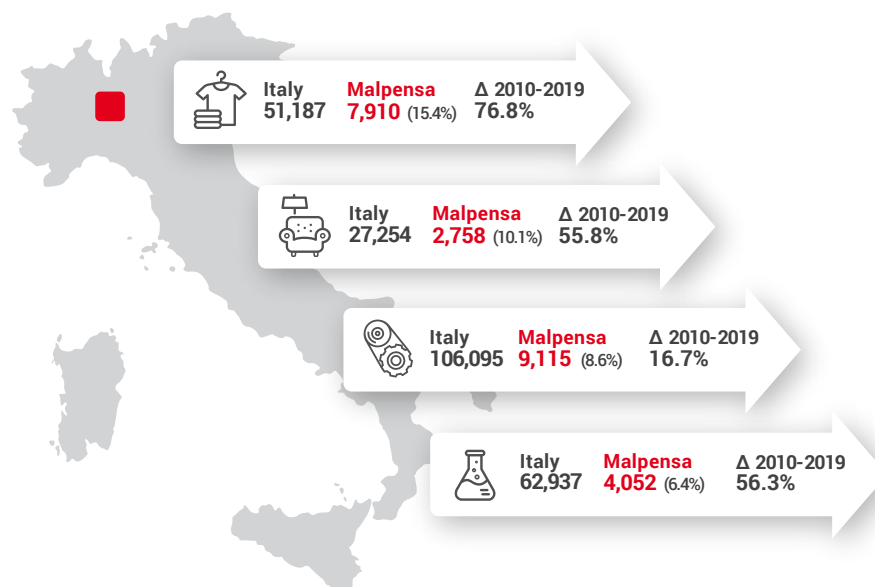
Evolution of the import-export flows through Malpensa per industry sector (Euro '000)

	Import 2010	Import 2018	Import 2019	Δ 2010- 2019 (%)	Exports 2010	Export 2018	Export 2019	Δ 2010- 2019 (%)
Machinery	6,937,603	8,999,612	8,459,519	21.9	7,808,372	11,323,110	9,115,982	16.7
Fashion/Clothes	1,965,067	1,918,557	1,506,978	-23.3	4,473,242	9,072,515	7,910,733	76.8
Chemicals/Plastic	2,397,392	2,123,209	1,698,791	-29.1	2,592,617	4,241,406	4,052,918	56.3
Furniture/Furnishings	524,325	906,590	999,800	90.7	1,770,144	2,881,109	2,758,209	55.8
Transport Vehicles	643,419	919,494	682,572	6.1	2,256,094	2,205,828	1,615,489	-28.4
Total	12,467,806	14,867,462	13,347,660	7.0	18,900,469	29,723,968	25,453,331	34.7

Source: elaborated from ISTAT-Coeweb data by LIUC Business School's Centre for Local Area and Sector Development.
Last quarter 2018 and 2019 estimated

Malpensa's role becomes even more important considering the growth in export value shares over the period 2010-2019 for some industry sectors.

Export value shares for some industrial sectors via Malpensa (Euro millions)



Source: elaborated from ISTAT-Coeweb data by LIUC Business School's Centre for Local Area and Sector Development.
Last quarter 2018 and 2019 estimated

Specifically, Malpensa's Cargo City sees more than 60% and almost 40% of the value of all Italian fashion and clothing sector exports to the rich and dynamic markets of the Far East and North America respectively. As well as about a quarter, on average, of national mechanical, chemical, plastic and furniture exports for the same markets.

Export quotas via Malpensa to the main world markets (Euro millions)

	North America	East Asia
Fashion/Clothes		
Total exports Italy	4,708	8,110
Total exports via Malpensa	1,752	4,961
Total exports via Malpensa/Total exports Italy	37.2%	61.2%
Machinery		
Total exports Italy	10,908	10,186
Total exports via Malpensa	2,491	2,998
Total exports via Malpensa/Total exports Italy	22.8%	29.4%
Chemicals/Plastic		
Total exports Italy	7,145	4,253
Total exports via Malpensa	1,886	1,131
Total exports via Malpensa/Total exports Italy	26.4%	26.6%
Furniture/Furnishings		
Total exports Italy	4,192	2,546
Total exports via Malpensa	710	674
Total exports via Malpensa/Total exports Italy	16.9%	26.5%

Source: elaborated from ISTAT-Coeweb data by LIUC Business School's Centre for Local Area and Sector Development.
Last quarter 2018 and 2019 estimated.

THE ROLE OF MALPENSA IN LOMBARDY'S TOURISM INDUSTRY

The existence of a positive and significant correlation between airport connectivity and tourist attractiveness is well-established in research literature. Beyond the obvious fact that a greater number of airport connections generates more international mobility and therefore more tourism, it is worthwhile highlighting that:

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

Catalytic impact of tourist flows via Malpensa



Malpensa T2

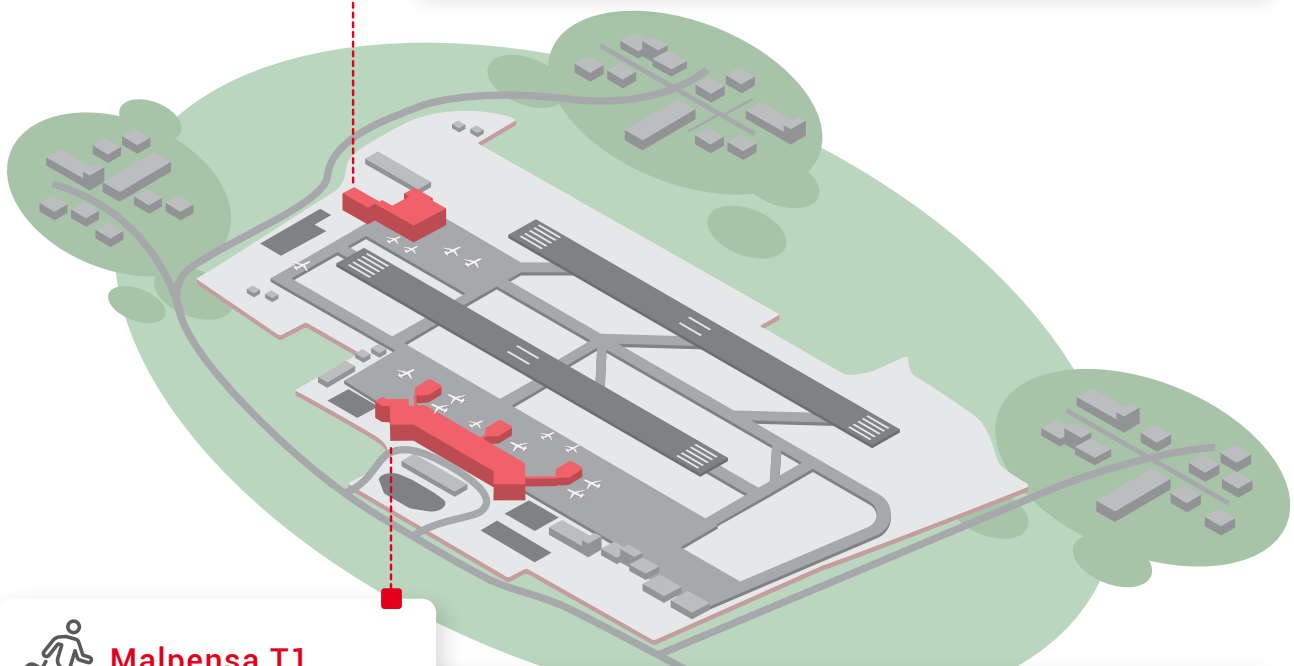
6,171,167 Nights in the region
2,71 Average stay
7,771,958 Total passengers
2,277,184 Incomers

Total passenger expenditure (€)

84.0	290.0	195.1	325.2	86.7	TOTAL 981.0

Expenditure per night (€)

31.0	107.0	72.0	120.0	32.0	TOTAL 362.0



Malpensa T1

12,805,043 Nights in the region
2.40 Average stay
19,055,125 Total passengers
5,335,435 Incomers

Total passenger expenditure (€)

91.2	326.4	204.0	386.4	91.2	TOTAL 1,099.2

Expenditure per night (€)

38.0	136.0	85.0	161.0	38.0	TOTAL 458.0

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

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

- In 2019, Malpensa brought over 7.5 million tourists to Lombardy.
- Inbound tourism accounts for approximately 57% of total inbound passenger flows, and has been growing steadily since 2010.

To establish how these dynamics translate into socioeconomic impact variables that benefit the Lombardy region, a study was carried out on a panel of passengers disembarking in Malpensa, to establish their spending habits in the region, in

terms of transport, hotels, restaurants, retail outlets, free time, entertainment and leisure: almost 4,000 outbound international tourists from Malpensa Terminal 1 or Terminal 2 with at least one overnight stay in Lombardy were interviewed in 2018.

For each cost item and each airport Terminal the average daily spend *per capita* declared was multiplied by the average stay and then by the number of international visitors transiting through Malpensa.

Thus, the overall spend per Terminal was established. These values, compared to the average productivity per employee per relevant sector, generated data on the catalytic impact on employment.

Inbound tourism represents around Euro 8.1 billion. Work units created from inbound tourism linked to Malpensa are estimated to be in excess of 120,000 units.

THE ROLE OF MALPENSA IN THE ATTRACTIVENESS OF LOCAL BUSINESSES

To identify the role played by Malpensa in decisions taken by industrial sector players regarding their location, continued presence and facility, commercial and logistics investments, a survey was carried out involving 81 Italian and overseas companies based in the airport's immediate vicinity.

The companies surveyed were mainly located in the area east of Malpensa, towards Milan, and in the municipalities of Varese, Gallarate, Busto Arsizio, Legnano and Saronno, and had a total of approximately 8,400 employees.

Export propensity and the role of Malpensa



* the exports refer to the turnover of 81 Italian and overseas manufacturing companies based in the airport's immediate vicinity and involved in a SEA survey

The survey revealed a marked vocation for international trade, with just under half of the turnover of the companies coming from exports.

Malpensa represents an important asset for the industrial fabric of the local area, which transports approximately a third of its extra-EU exports by air.

Relevance assigned to Malpensa by the local industrial sector

Relevance level	1	2	3	4	5
Importance for business development	1.2%	19.8%	30.9%	30.9%	17.3%
Importance for locating and maintaining their presence in the area	3.7%	16.0%	37.0%	27.2%	16.0%

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

As can be seen from the survey results relating to the relevance of the role played by Malpensa, 79.1% of the companies attributed a relatively high degree of importance, scoring 3, 4 and 5 in the survey, to the proximity of an intercontinental airport for the development of their business.

In addition, 80.2% of the companies surveyed identified Malpensa as a factor influencing the location and continued presence of their production facilities in the local area.

Enabling factors of local area industrial development generated by the airport

Relevance level	1-2	3	4-5
Freight logistics	37.0%	28.4%	34.6%
Personnel logistics	9.9%	30.9%	59.3%
Human capital availability	34.6%	32.1%	33.3%
Production specialization	19.8%	32.1%	48.1%
Visibility and communications	23.5%	27.2%	49.4%
Extent of logistics network	21.0%	35.8%	43.2%

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

As enabling factors of business development, the sample companies highlighted a particularly significant role played by the airport in terms of personnel logistics, high visibility and recognition of the location, good overall logistics infrastructure and a high concentration of operating companies in the same production chain.

Overall socioeconomic impact of Malpensa

Putting together the results obtained from the estimates of the different types of impacts considered, it emerges that the overall socioeconomic impact of Malpensa in 2019 - with variable degrees of intensity within a regional catchment area, which, based on the processes considered, stretches from the immediate hinterland, to Lombardy, to the entire north of Italy - corresponds Euro 38.7 billion of production value generated, and the creation of over 348 thousand work units.

Cumulative socioeconomic impact of Malpensa airport

Type of impact	Jobs effect	Value of production (Euro mil.)
Direct	20,977	5,109
Indirect	12,908	1,817
Spin-off	9,770	2,397
Catalytic	304,987	29,363
of which International trade	128,034	18,790
of which Tourism	119,961	8,098
of which Locating businesses	56,992	2,475
Total	348,642	38,686

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

Direct socioeconomic impact of Linate airport

Regarding direct impacts, as many as 342 businesses were active around Linate, up 4.3% on the previous year, providing for an estimated 12 thousand work units, up 3.5% on 2018.

The main impact concerns state entities, handling operators and carriers, but also SEA, which had an impact of around 5.5% on the overall data.

In 2019, a significant contribution came from the maintenance sector due to the restructuring of the airport, which transferred a large number of employees to a substantially more stable situation. The value of production was Euro 2,475 million, up 1.6% on 2018.

Direct socioeconomic impact generated by Linate airport

	No. Companies	Jobs created	Value of production (Euro mil)	Passengers	Cargo (tons)	Transport units	Jobs created/ millions of units
2017	313	9,359	1,931	9,503,065	11,937	9,622,435	972
2018	328	11,547	2,436	9,187,120	10,827	9,295,390	1,242
2019	342	11,956	2,475	6,536,921	6,380	6,600,721	1,811

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

Indirect and spin-off socioeconomic impacts of Linate

Testament to the indirect impact of Linate airport (related to the supply chain external to the production units operating within the airport) in 2019 are the more than 7.3 thousand job openings, related to Euro 880 million of value of production generated.

Development of the indirect and spin-off impact of Linate airport

Year	Indirect impact		Spin-off impact	
	Employment	Value of production (Euro mil.)	Employment	Value of production (Euro mil.)
2017	5,759	686.8	4,359	906
2018	7,105	866.3	5,378	1,143
2019	7,357	880	5,568	1,162

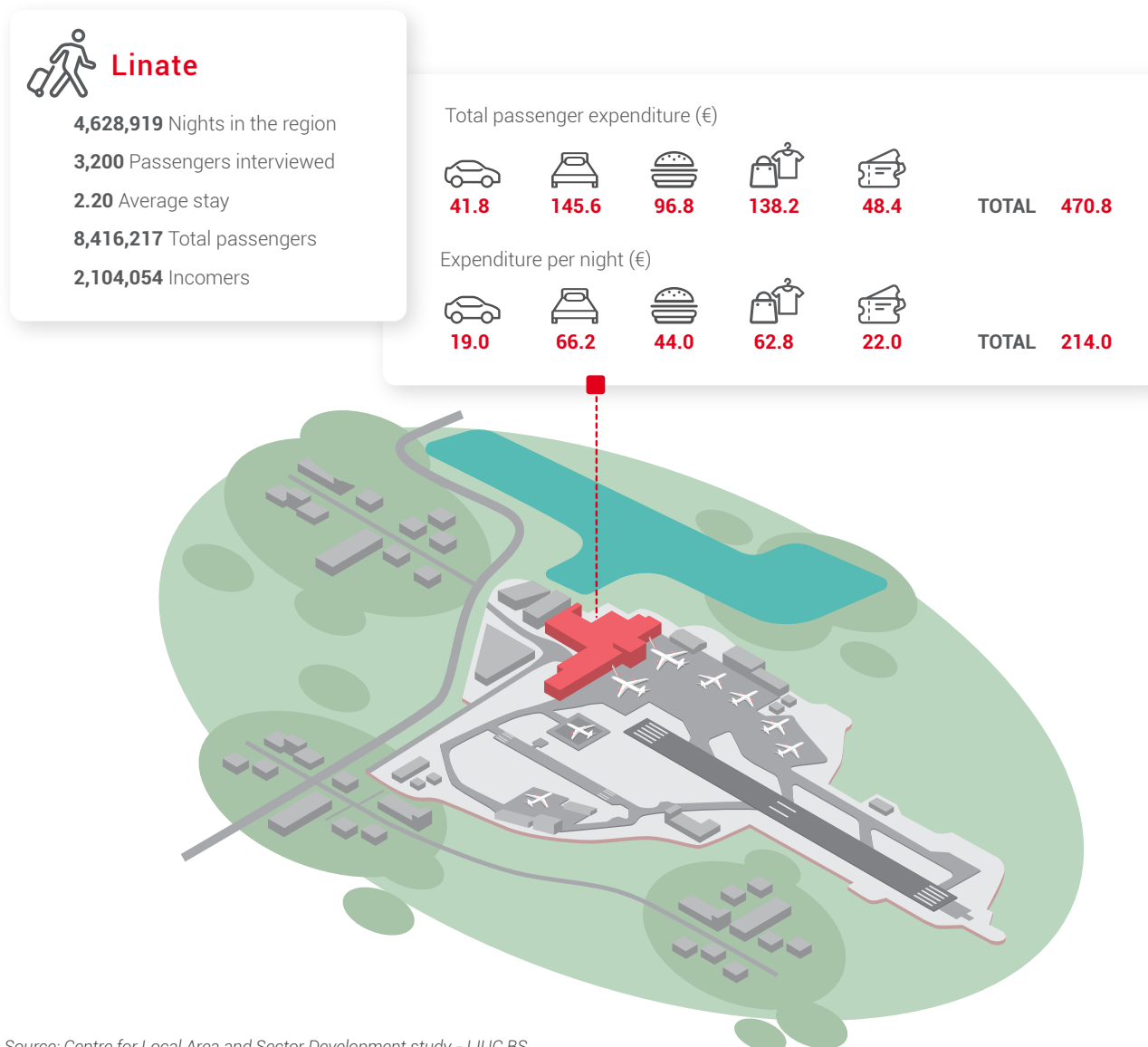
Source: elaborated from ISTAT data by LIUC Business School's Centre for Local Area and Sector Development.

The spin-off impact (linked to the aggregated increase in demand generated by employee salaries working inside the airport structures) represents, on the other hand, over 5.5 thousand job openings and approximately Euro 1,162 million in production value. Also on this front the restructuring works of the terminal have had a significant effect.

Linate airport - Catalytic impact on tourism

The airport's catalytic impact on tourism was established, as for Malpensa, from a survey on a panel of passengers disembarking in Linate and related to their spend in the region, in terms of: transport, hotels, restaurants, retail, free time, leisure and entertainment. 3,200 outbound passengers from Linate, with at least one overnight stay in Lombardy, were interviewed. The data was then linked to the reference base of approximately 2.3 million inbound tourists landing in Linate and who had visited Lombardy. Inbound tourism represents approximately Euro 1 billion, with the creation of 14,315 work units.

Linate airport - Catalytic impact on tourism



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

Overall socioeconomic impact of Linate

Putting together the results obtained from the estimates of the different types of impacts considered, it emerges that the overall socioeconomic impact of Linate in 2019 - with variable degrees of intensity within a regional catchment area, which, based on the processes considered, stretches from the immediate hinterland, to Lombardy - corresponds to Euro 5.5 billion of production value generated, and the creation of over 39 thousand work units.

Cumulative socioeconomic impact of Linate airport in 2019

Type of impact	Jobs effect	Value of production (Euro mil.)
Direct	11,956	2,475
Indirect	7,357	880
Spin-off	5,500	1,162
Tourism catalytic	14,315	990.6
Total	39,128	5,507.6

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

ECONOMIC VALUE GENERATED AND DISTRIBUTED

The economic value generated represents the last stage of the SEA value creation process that derives from and depends on balanced, effective and forward-looking capital management which facilitates the offering of a competitive service and the generation of systemic positive outcomes capable of supporting and consolidating the organization's economic and financial success over time.

Economic Performance of the Aviation Business

Aviation Business operating revenues (airport fees and tariffs for the management of centralized infrastructure and security services and tariffs for the use of regulated areas), reported in 2019 amounted to Euro 425.8 million (+2.4% on the previous year), comprising 56.2% of total Group revenues.

The result derives from greater volumes of traffic recorded on the basis of new connections or increased frequencies on existing routes. The majority of Aviation revenues concerns income from fees and centralized infrastructure, which in 2019 comprised 86.3% of the total, followed by security service fees (10.5%) and those for the use of regulated spaces (3.2%).

Portion of revenues from Aviation activities

	2019	2018
Aviation operating revenues (Euro '000)	425,810	415,729
Aviation revenues (% of total revenues)	56.2	58.3
Other revenues (% of total revenues)	43.8	41.7

Source: SEA

Type of revenues from Aviation activities (Euro thousands)

	2019	2018	% of total Aviation Revenues
Fees and centralized infrastructure	367,358	357,438	86.3
Security controls	44,637	44,622	10.5
Use of regulated spaces	13,515	13,669	3.2
Total	425,810	415,729	100

Source: SEA

Economic Performance of the Non-Aviation Business

Portion of revenues from Non-Aviation activities

	2019	2018
Non-Aviation operating revenues (thousands of Euro)	253,634	242,399
Non-Aviation revenues (% of total revenues)	33.5	34.0
Other revenues (% of total revenues)	66.5	66.0

Source: SEA

Type of revenues from Non-Aviation activities

	2019 (Euro thousands)	2018 (Euro thousands)	% of 2019 total Non-Aviation Revenues
Retail	103,587	97,753	40.8
Parking	73,319	68,119	28.9
Cargo	18,357	16,261	7.2
Advertising	10,547	11,529	4.2
Premium service	22,721	19,289	9.0
Real estate	4,336	8,988	1.7
Services and other revenues	20,767	20,460	8.2
Total	253,634	242,399	100

Source: SEA

Non-Aviation Business operating revenues reported in 2019 totalled Euro 253.6 million (+4.6% compared to the previous year) and represented 33.5% of total Group revenues.

The most significant Non-Aviation Business revenue came from retail activities (40.8% of total revenues), followed by parking (28.9%), with increases on 2018 of 6.0% and 7.6% respectively.

In terms of retail revenues, shop revenues increased by 6.9% and food & beverage revenues increased by 6.0%, over the previous year.

RETAIL

The most significant retail revenue segment was shop sales (52.3% of the total), followed by food & beverage (22.2%), car rental (16.9%) and finally bank services (8.6%).

Type of Retail revenues

Retail service revenues	2019 (Euro thousands)	2018 (Euro thousands)	% of total Retail 2019
Shops	54,192	50,704	52.3
Food & beverage	23,014	21,702	22.2
Car Rental	17,456	17,192	16.9
Bank services	8,925	8,155	8.6
Total retail revenues	103,587	97,753	100

Source: SEA

E-COMMERCE

SEA entered the e-commerce world with its first touchpoint, www.viamilanoeshop.eu, in 2011.

This multi-product platform sold the main SEA products and services, including parking, fast tracking and VIP lounges. Over the years, new products have been integrated and new websites published.

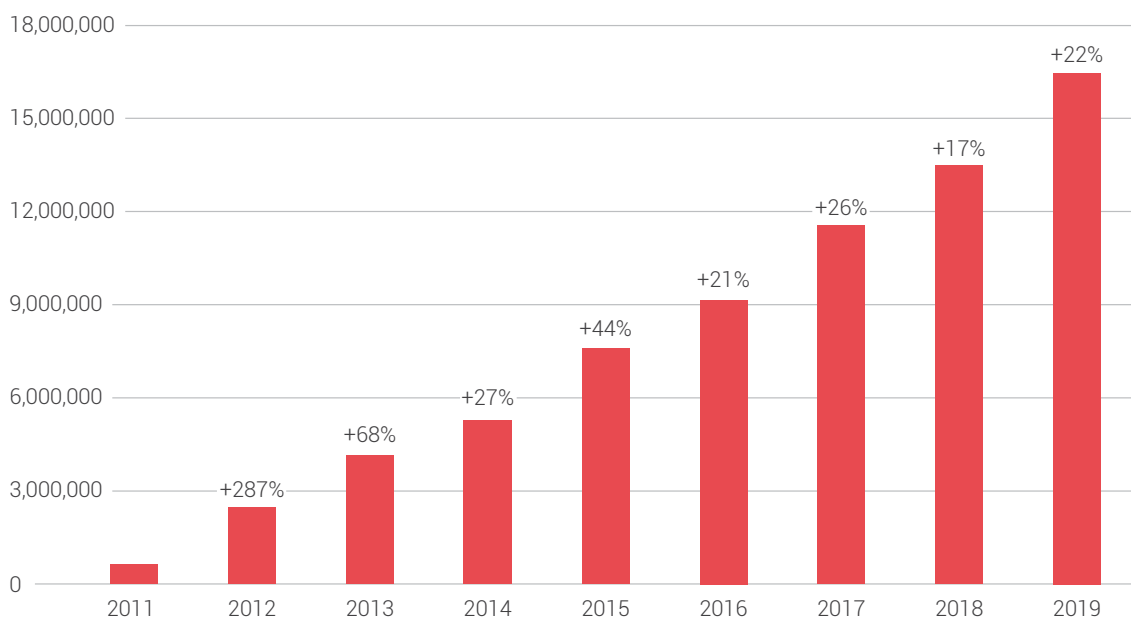
In terms of search engine indexing and competition, the most important at a strategic level is www.viamilanoparking.eu. At the heart of SEA's almost 10-year presence in the world of airport e-commerce is the need to respond to the demands of arriving and departing travellers, particularly in terms of travel planning.

After nine years of activity, e-commerce confirmed its turnover growth in 2019 with a double-digit sales increase of 22.5% on the previous year.

In step with the market, the propensity to make purchases on mobile devices continues to grow, both via apps (up 20%) and via smartphones (up 43%). Sales are also driven, in particular, by new one-click payment tools.

2019 saw significant revenues from purchases through Apple Pay, the payment system that uses a fingerprint or facial recognition to allow the user to skip the process of entering their personal and payment details every time and therefore make the shopping experience quicker and simpler.

Annual total e-commerce revenue trend



Source: SEA

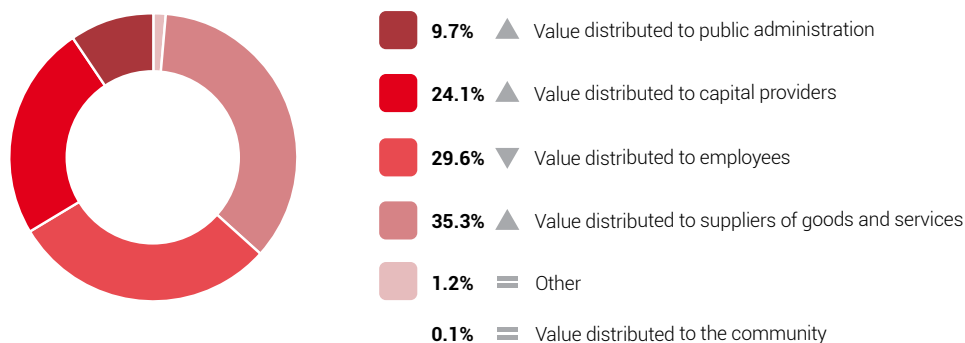
Value generated and distributed to stakeholder

In 2019 SEA generated a value of Euro 706.9 million, a 3.3% increase on the previous year. 91.5% of this amount (Euro 647.1 million) was distributed to stakeholders in the form of payments and other forms of transfers (an increase of 18.2% over the previous year), growing from Euro 547.6 million to Euro 647.1 million. The main recipients were suppliers, who were distributed Euro 228.2 million (Euro 200.7 million in the previous year), equal to 35.3% of the total and human resources, receiving Euro 191.6 million (29.6% of the overall value distributed compared to 34.6% in 2018). Also of significance was the value distributed to capital providers (Euro 155.8 million, equating to 24.1% of the distributed value, an increase on Euro 88.0 million in 2018). Public service payments - in the form of taxes and duties, amounted to Euro 62.7 million (9.7% of the distributed value). Finally, the value distributed to the Company and to the region amounted to 0.1% in 2019 and related to donations to service-sector entities and associations supporting cultural, humanitarian, scientific and sports projects.

Statement of the economic value generated and distributed by the Group (Euro '000)

		2019	2018	2017
Economic value directly generated		706,867	683,956	648,260
a) Revenues	Operating revenues	706,867	683,956	648,260
Economic value distributed		647,083	547,565	539,748
b) Reclassified operating costs	Reclassified consumable material costs and other operating costs	228,197	200,695	184,288
c) Commercial costs	Commercial costs	7,847	5,067	4,070
d) Employee salaries and benefits	Personnel costs	191,627	189,416	210,743
e) Payments to providers of capital	Dividends distributed in the year	138,650	70,300	70,300
e) Payments to providers of capital	Financial charges	17,120	17,662	18,167
e) Payments to the Public Administration	Current income taxes and tax charges	62,666	63,391	51,203
g) Investments in the community	Donations, sponsorship and communication	977	1,034	977
Economic value	Calculated as the difference between the economic value generated and the economic value distributed	59,784	136,391	108,512

Economic value distributed in 2019



Source: SEA

Over the three years, both the value generated and that distributed to stakeholders increased significantly, increasing by 9.0% and 19.9% respectively compared to 2017. Capital supplier stakeholders saw the highest retained value increase in this three-year period (+76.1%), followed by suppliers of goods and services (+23.8%), by the Public Administration (+22.4%) and the local community, and, in line with previous years, there was a decrease in value for human resources (-9.1%). Finally, in the period in question, we underline the SEA Group's payments of taxes and duties to the public services amounting to over Euro 177 million.

Commitment

COMMITMENT

STRATEGY-INTEGRATED ESG OBJECTIVES

SEA's sustainability goals over the short to medium term derive from three main sources:

- the Sustainability Goals set out in 2019;
- the evolution of sustainability strategy governance processes;
- the Regulatory Agreement - sub-period 2016 to 2020, signed with the Italian Civil Aviation Authority (ENAC) on November 26, 2015 for the area concerning environmental objectives and services quality.

The following objectives were categorised in relation to their connection with:

- the Capitals, as defined in previous sections;
- the Business Challenges;
- the issues of the Materiality Matrix;
- the Sustainable Development Goals

as shown in the table below.

Alignment between the Capitals, Business Challenges, Materiality Issues and SDGs

Capital	Business Challenges	Materiality Issues	SDGs
 INFRASTRUCTURAL	Quality of the management and development of the capital infrastructure	<ul style="list-style-type: none"> ■ Eco-sustainable construction methods ■ Quality of the customer experience in the terminals 	  
 NATURAL	Quality of the management and development of the capital infrastructure Efficiency and productivity Aviation Business Development	<ul style="list-style-type: none"> ■ CO₂ emissions reduction ■ Containment and correct utilisation of land consumption ■ Modification of aviation charges based on acoustic and CO₂ emissions of the fleet ■ Energy efficiency measures ■ Promotion of sustainable accessibility to airports 	   
 SOCIAL AND RELATIONAL	Non-Aviation Business Development	<ul style="list-style-type: none"> ■ Quality of the customer experience ■ Quality of the shopping experience 	
 HUMAN	Efficiency and productivity	<ul style="list-style-type: none"> ■ Employees dialogue/involvement ■ Employees training/empowerment 	
 INTELLECTUAL	Quality and digitalization of passenger services	<ul style="list-style-type: none"> ■ Quality of the customer experience ■ Quality of the shopping experience 	 



Infrastructural capital

Ensure access to economic, reliable, sustainable and modern energy systems for all



Build a resilient infrastructure and promote inclusive and sustainable industrialization and foster innovation

Strategic business challenges	Material aspect	Objective description	Timeline	Status
Quality of the capital infrastructure	Eco-sustainable construction methods	<p>Sustainable infrastructures</p> <p>Construction of the new building F at the Linate site. The new building will be designed with a view to optimizing the structure and saving energy via the installation of a photovoltaic system with an installed power of approximately 66 kW and an automatic consumption regulation system.</p>	2019-2020	In progress
	Quality of the customer experience	<p>A refurbishment of the toilet facilities is planned.</p> <p>The "Ambience" project has been launched in order to implement a general redevelopment of terminal spaces directly affected by passenger flows.</p>		

Ensure sustainable consumption and production patterns



Adopt urgent measures to counteract climate change and its consequences

Strategic business challenges	Material aspect	Objective description	Timeline	Status
Quality of the capital infrastructure	Eco-sustainable construction methods	<p>Reduction of waste, recycling and reuse</p> <p>Use of recovered and mixed materials having a maximum percentage of recycled material in the implementation of extraordinary maintenance operations on the Linate runway T. The on-site recycling of materials will bring about a twofold benefit. In addition to reuse, the region will benefit from a reduction in impacts deriving from waste disposal, such as the transit of trucks. Thanks to defined technical specifications, it will be possible to avoid 6,500 truck journeys.</p>	2019-2020	Achieved

Natural capital

Make cities and human settlements inclusive, safe, resilient and sustainable



Strategic business challenges	Material aspect	Objective description	Timeline	Status
Quality of the capital infrastructure	Containment and correct utilization of soil consumption	<p>Protect and safeguard the natural heritage</p> <p>In order to strengthen constructive relations with the region and to confirm SEA's environmental sensitivity, the experimental project "Recovery, Redevelopment and Conservation of the Lonate moors" was launched. This intervention falls within the Lombard Park of the Ticino Valley aimed at the protection of flora at risk of extinction. The goal is to define the best management practice to be applied for the recovery, redevelopment and conservation of the habitat 4030 - Lande secche europee (moorland). The project, set out in three principal phases (preliminary and preparatory, implemental and monitoring), will concern 4 different zones, defined on the basis of the role played in the different project phases: zone A (165.4 hectares), zone B (2.7 hectares), zone C (27.9 hectares) and zone D (74.1 hectares).</p>	2022	In progress

Make cities and human settlements inclusive, safe, resilient and sustainable

Adopt urgent measures to counteract climate change and its consequences



Strategic business challenges	Material aspect	Objective description	Timeline	Status
Quality of the capital infrastructure	Promotion of sustainable accessibility to airports	<p>The goal for the 2020-2024 five-year period is to promote a modal shift in favour of public transport in order to achieve a 35% share in relation to Malpensa (4% more than in 2018) and a 33% share in relation to Linate (10% more than 2018). To accomplish these challenging goals, as crucial aspects of the competitiveness of the Milanese airports, the following secondary goals have been defined:</p> <ul style="list-style-type: none"> to transform the airports into local intermodal hubs; to ensure that Malpensa and Linate are at the heart of the European railway network and metropolitan transport hub respectively; to extend connectivity and the catchment area by promoting collective and local transport; to encourage sustainable and innovative mobility methods; to ensure that the airports are guaranteed an efficient, reliable and resilient road network; to facilitate airport operator commuting. 	2024	In progress

Make cities and human settlements inclusive, safe, resilient and sustainable



Strategic business challenges	Material aspect	Objective description	Timeline	Status
Aviation Business Development	Environmental criteria for aviation charges	Development of a new tariff plan that incorporates environmental variables, such as noise and CO ₂ , for Malpensa airport.	2019-2021	In progress. The feasibility study was carried out in 2019

Adopt urgent measures to counteract climate change and its consequences



Strategic business challenges	Material aspect	Objective description	Timeline	Status
Quality of the capital infrastructure	CO ₂ emissions reduction	Carbon neutrality Maintaining the Airport Carbon Accreditation level 3+ (Neutrality), for both the Milano Linate and the Milano Malpensa airports	Annually	In progress
		Certified Management Systems Maintaining the ISO 14000 - Environmental Management System certification and renewal of the ISO 50001 - Energy Management System	Annually	In progress

Make cities and human settlements inclusive, safe, resilient and sustainable



Strategic business challenges	Material aspect	Objective description	Timeline	Status
Management efficiency and productivity	Containment and correct utilization of soil consumption	Increase separate waste collection and maintain the zero Municipal Solid Waste (MSW) quota transferred to landfill. Achieve a separate waste collection quota of at least 50% at Malpensa. Achieve a separate waste collection quota of at least 70% at Linate%	2024	In progress

Ensure access to economic, reliable, sustainable and modern energy systems for all



Strategic business challenges	Material aspect	Objective description	Timeline		Status (*)	
			Linate	Malpensa	Linate	Malpensa
Management efficiency and productivity	Energy efficiency measures	Electricity savings (KWh_year/m ³)	2019: 44.0 2020: 43.8	2019: 40.4 2020: 40.2	In progress	In progress
		Thermal-refrigeration savings (KWh_year/m ³)	2019: 43.4 2020: 42.5	2019: 73.8 2020: 72.3		

(*) The achievement of the 2019 target is awaiting approval from ENAC.

Ensure access to economic, reliable, sustainable and modern energy systems for all



Adopt urgent measures to counteract climate change and its consequences

Strategic business challenges	Material aspect	Objective description	Timeline	Status
		Acquisition of Energy Efficiency Securities Replacement of the Malpensa cogeneration plant's current 25 MWe TGC turbine with a more efficient gas turbine, in order to obtain 10-year GSE energy efficiency certificates (high efficiency cogeneration white certificates)	2019	Contract signed with Siemens for the replacement and commissioning of the new turbine.
		Replacement of runway lights Replacement of Linate's T Runway lights, from 98.747W halogen signals to 18.776W LED signals	2019	Achieved
Management efficiency and productivity	Energy efficiency measures	Efficiency of machinery Replacement of 3 absorption refrigeration units (installed in 1998 at the Malpensa Station) with 3 two-stage absorption units having a COP higher than 1. This intervention will enable the partial renewal of the current machine stock avoiding costly maintenance processes, produce benefits in terms of savings in superheated water and methane gas and an increase in the production of electricity toward the network	2019-2020	Following a technical analysis of the characteristics of the new TGE turbine, the complete replacement of the three refrigeration units was not considered adequate, but extraordinary maintenance was carried out to replace the tube bundle.
		Aggregate Virtual Mixed Units Participation in the UVAM (Aggregate Virtual Mixed Units) pilot project with Enel X making it possible for the Linate plant to participate in the dispatching market at advantageous economic conditions	2019-2020	In progress



Human capital

Encourage lasting, inclusive and sustainable economic growth, full and productive employment and decent work for all



Strategic business challenges	Material aspect	Objective description	Timeline	Status
Efficiency and productivity	Employees dialogue/ involvement Employees training/ empowerment	<p>Increase in the level of internal engagement</p> <p>Raise the level of internal engagement from the current AirPeopleIndex of 60.2, in 2019, to 68.</p> <p>The planned actions to improve engagement include:</p> <ul style="list-style-type: none"> improvements in internal communications and transparency; optimisation of administrative procedures; improvements in terms of meritocracy and professional growth. 	2024	In progress
		Creation of an immediate customer satisfaction system to measure employees' level of satisfaction and to improve the offer over time	2019	Achieved
Efficiency and productivity	Employees dialogue/ involvement Employees training/ empowerment	Renegotiation of agreements in use in order to update procedures, fees and benefits	2019	Achieved
		Arrive at 100% restrooms equipped with changing tables and baby points (also for fathers)	2019	Achieved
		Identification of an area for each corporate site where it will be possible to receive products and/or packages purchased over the internet, and to deliver and collect products or services (pressed shirts, boxes of vegetables, etc.)	2019	Achieved
		Review procedures for carrying out employee assessments, particularly the discussion mechanism and transmission of results	2019	Achieved
		Extend measures in favour of family members to include non-dependent children or children of cohabitants, so as not to exclude less traditional families	2019	Achieved



Social and relational capital

Build a resilient infrastructure and promote inclusive and sustainable industrialization and foster innovation



Strategic business challenges	Material aspect	Objective description	Timeline		Status ^(*)	
			Linate	Malpensa	Linate	Malpensa
Aviation Business Development	Quality of the customer experience in the terminals	Waiting time for baggage x-ray (minutes waiting in 90% of cases)	2019: 7'10" 2020: 7'00"	2019: 7'10" 2020: 7'00"		
		Airport operator delays (IATA Codes 19,58,85,87) (no. of delays/total pax. departing flights)	2019: 0.24% 2020: 0.22%	2019: 0.32% 2020: 0.30%		
		1st baggage return time from the aircraft block-on	2019: 16'30" 2020: 16'20"	2019: 22'30" 2020: 22'20"		
		Last baggage return time from the aircraft block-on	2019: 23'30" 2020: 23'20"	2019: 35'30" 2020: 35'20"	In progress	In progress
		Misdirected bags due to malfunctioning of the Baggage Handling System	2019: 0.25 2020: 0.24	2019: 0.36 2020: 0.32		
		Late flight departures due to goods handling (% delays of annual total)	-	2019: 0.091% 2020: 0.090%		
		Reliability of the baggage movement system	2019: 99.64% 2020: 99.65%	2019: 99.76% 2020: 99.77%		
		Perception of the cleaning level and functionality of toilets (% of satisfied passengers)	2019: 90.80% 2020: 91.00%	2019: 91.60% 2020: 91.80%		
		Reliability of the passenger transfer system	2019: 97.85% 2020: 97.86%			
		Perception of Passengers with Reduced Mobility (PRM) assistance (% of satisfied passengers)	2019: 91.00% 2020: 92.00%	2019: 91.50% 2020: 92.00%	In progress	In progress
Growth of the Non-Aviation Business	Quality of the customer experience in the terminals	Taking charge of properly booked PRMs on arrival	2019: 92.80% 2020: 92.90%	2019: 86.00% 2020: 86.20%		
		Perception of the effectiveness and accessibility of internal signage, information and communications at Terminal 1	2019: 98.90% 2020: 99.00%	2019: 98.90% 2020: 99.00%		
		Overall perception of the comfort level at Terminal 1 (% of satisfied passengers)	2019: 7.60% 2020: 8.00%	2019: 7.80% 2020: 8.00%		

^(*) The achievement of the 2019 target is awaiting approval from ENAC.



Intellectual capital

Build a resilient infrastructure and promote inclusive and sustainable industrialization and foster innovation



Strategic business challenges	Material aspect	Objective description	Timeline	Status
Growth of the Non-Aviation Business	Quality and innovation in the shopping experience	<p>Transversal and multi-target offer</p> <p>In addition to shops, to maximize the capacity to innovate in the area of food, going down the path undertaken a few years ago of characterizing the Food Court with increasingly innovative recipes which can satisfy the demand of all the reference targets (in particular, Asian and Middle-Eastern targets)</p>	2020-2024	In progress
		<p>Innovation in payment systems</p> <p>Innovation in the products and services offer to passengers is a fundamental aspect in the airport's commercial development strategy. After having implemented contactless payment systems and created awareness among all the commercial partners to adopt them, it is intended to integrate payment systems via app and social media (Alipay and wechat pay) for airport services and ensure their use by all the commercial operators present in the airport</p>	2020	In progress. Further strengthening envisaged (2020-2022)
		<p>Innovation in passenger services</p> <p>Innovation in passenger services is a key aspect in the action plans undertaken to date. In particular, with the introduction of services such as shopping helpers, shop & collect and e-commerce services.</p>	2021	In progress. Further strengthening envisaged
Quality and digitalization of passenger services	Quality of the customer experience in the terminals	<p>Innovation in passenger services</p> <p>In order to provide a quality customer experience, the airport means to also extend the digital experience to passenger services, offering increasingly innovative services. In particular, as regards parking, the plan is for a car park whose use is fully integrated with the web and the apps: starting from the rationale and purchase method straight through to its use, it will be operable through one's own smartphone, without the presence of physical cash points and including entry and exit operations from the car park</p>	2020	In progress. Further strengthening envisaged (2020-2022)
		<p>Indoor navigation</p> <p>Through the installation of over 2,000 beacons in Malpensa Terminal 1, a platform was implemented which will centrally manage the sensors installed and provide the company with information collected for the development of applications to create security, operations and indoor navigation predictive models. Creation of a dedicated app which will be capable of locating the user, providing an indoor navigation in Augmented Reality experience and accompanying the user in reaching the previously-selected POI (Point of Interest).</p>	2019	Achieved. Ongoing further strengthening



Sustainability Governance

Build a resilient infrastructure and promote inclusive and sustainable industrialization and foster innovation



Material aspect	Objective description	Timeline	Status
Strategic orientation to the creation of long-term value	Define a periodic Sustainability Plan	2019-2020	In progress

Appendix

APPENDIX

APPENDIX: OTHER SUSTAINABILITY PERFORMANCES

SUSTAINABLE DEVELOPMENT GOVERNANCE

Public policy positions and participation

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

Assaeroporti – Italian Association of Airport Managers, with the duty to protect and strengthen the position of airport managers, developing their functionality and interacting with the governing institutions to ensure the development of air transport.

Assoclearance – Italian Association for the Management of Clearance and Slots, comprising airlines and Italian airport managers, with the duty to optimize distribution of time slots and allocate slots to airlines.

Assolombarda – National Association of small, medium and large enterprises, with the objective of protecting the interests of members in their dealings with external parties involved in various fields making available a wide range of specialist services which contribute to business development.

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

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

Airport Council International (ACI) Europe – Association of European airports aimed at ensuring effective communications and negotiations regarding legislative, commercial, technical, environmental, passenger and other aspects.

IGI – Large Infrastructure Institute is a research center focused on public tender issues.

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

ENVIRONMENTAL EXTERNALITIES RELATING TO OUR AIRPORT ACTIVITIES

Financial implications for the activities related to climate change

SEA, for participation in the Airport Carbon Accreditation project and the reaching of "Neutrality", supports the following costs:

Involvement costs in the ACA project and purchase of offsets (Euro)

	2019	2018	2017
ACA membership/certification	15,750	14,000	10,500
Off-sets purchases	22,702	22,123	15,524

Source: SEA

SERVICE QUALITY PROVIDED TO PASSENGERS

Passengers with Reduced Mobility (PRM)

From July 2008 SEA implemented all aspects of Regulation (EC) 1107/06 and the relative ENAC circular which allocated to the airport management companies the responsibility for Passengers with Reduced Mobility (PRM) and the duty to provide assistance to such passengers. From this point, the service was no longer provided under a competitive system, but rather as a centralized service remunerated under a tariff applied to all departing passengers.

The 2019 performances reported in the Service Charter follow.

Indicators of assistance service efficiency

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
Departing PRMs: waiting time to receive booked assistance from one of the designated points	Waiting time in minutes in 90% of cases	Target 2019	20'	20'	9'
		2019 Result	19'00"	24'55"	1'07"
Departing PRMs: waiting time to receive assistance from one of the designated airport points, once presence has been notified, with pre-booking	Waiting time in minutes in 90% of cases	Target 2019	25'	25'	14'
		2019 Result	19'40"	26'10"	1'00"
Arriving PRMs: waiting time on board for booked PRM disembarkation after disembarkation of the last passenger	Waiting time in minutes in 90% of cases	Target 2019	10'	10'	7'
		2019 Result	3'	5'	4'
Arriving PRMs: waiting time on board for non-booked PRM disembarkation after disembarkation of the last passenger	Waiting time in minutes in 90% of cases	Target 2019	15'	15'	14'
		2019 Result	5'	7'	4'

Source: SEA

Personal safety indicators

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
Perception of the condition and functionality of means and equipment	% PRMs satisfied	Target 2019	90.0	90.0	90.0
		2019 Result	97.6	75.3	83.2
Perception of the adequacy of staff training	% PRMs satisfied	Target 2019	91.0	91.0	91.0
		2019 Result	99.0	92.2	94.7

Source: SEA, Doxa

Airport information indicators

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
Accessibility: essential information notices accessible to persons with visual, auditory or motor disabilities over total essential information notices	% essential information notices accessible over total essential information notices	Target 2019	100.0	100.0	95.0
		2019 Result	100.0	100.0	100.0
Completeness: information notices and instructions regarding offered services available in an accessible format over total	% information notices and instructions regarding services in an accessible format over total information notices/instructions	Target 2019	100.0	100.0	95.0
		2019 Result	100.0	100.0	100.0
Perception of the effectiveness and accessibility of information, communications and internal airport signage	% PRMs satisfied	Target 2019	90.0	90.0	90.0
		2019 Result	94.8	74.8	83.4

Source: SEA, Doxa

Passenger communications indicators

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
N. of answers provided in the established time with respect to total requests for information received	% answers provided within the established time over total requests	Target 2019	100.0	100.0	95.0
		2019 Result	100.0	100.0	100.0
Complaints received over total PRM traffic	% complaints received over total PRM traffic	Target 2019	0.05	0.05	0.05
		2019 Result	0.01	0.02	0.01

Source: SEA

Comfort indicators at airport

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
Perception of the effectiveness of PRM assistance	% PRMs satisfied	Target 2019	91.0	91.0	90.0
		2019 Result	99.5	91.3	97.0
Perception of the accessibility and usability of airport infrastructures: parking, intercoms, dedicated spaces, toilets, etc.	% PRMs satisfied	Target 2019	90.0	90.0	90.0
		2019 Result	94.2	66.1	84.6
Perception of spaces dedicated to PRM parking (e.g. Sala Amica)	% PRMs satisfied	Target 2019	90.0	90.0	90.0
		2019 Result	97.7	64.3	80.7

Source: SEA, Doxa

Relationship and conduct indicators

Indicator	Measurement unit		Malpensa T1	Malpensa T2	Linate
Perception of the courtesy of staff (info point, security, special assistance staff)	% PRMs satisfied	Target 2019	90.0	90.0	91.0
		2019 Result	99.5	91.6	96.6
Perception of the professionalism of special assistance staff	% PRMs satisfied	Target 2019	90.0	90.0	91.0
		2019 Result	99.0	92.2	96.0

Source: SEA, Doxa

Certification of the assistance service

SEA's reduced mobility passenger airport assistance service is certified (TÜV IT 005 MS). The service is certified through a Technical Regulatory Framework (Disciplinare Tecnico) which defines the service requirements, established in line with standard UNI CEI EN 45011, and validated by a special Technical Committee, composed of the main associations for the protection of persons with disabilities (LEDHA and FAND) and the Malpensa and Linate Users Committee, representing the airlines and airport operators of Milanese airports.

In order to improve the usability of the Linate and Malpensa airports, SEA acquired the D-4001:2008 certification in 2010 from the Dasa-Rägister certification body, which defines the requirements which a site must have to allow use by persons with motor difficulties in compliance with equal opportunities rules (Certificate IA-0510-01).

All services for passengers with reduced mobility are provided free of charge by the Sala Amica and include complete assistance to passengers with temporary or permanent reduced mobility issues. This service must be requested at least 48 hours in advance to the airline with which the flight has been booked.

Passengers with reduced mobility may find facilitated access to all airport services: car spaces close to entrances, elevators with visual and sound devices and appropriate ramps; for blind or reduced site passengers keypads with Braille have been installed both to tele-

phones and at a number of elevators and preferential pathways with the LOGES system have been created (yellow rubber stripes with codes to indicate direction, obstacles and dangers).

All the information relating to certifications and services dedicated to persons with reduced mobility are available on our websites www.milanolate-airport.com and www.milanomalpensa-airport.com, in the "Special Assistance" section.

Airport Passenger Contingency Plan

The Malpensa and Linate SEA Contingency Plan has been active since 2011, in order to respond to needs at an airport in situations of operational disruption that generate delays or cancellations of flights, through assistance to passengers staying at the airport for prolonged periods, with targeted interventions, such as temporary accommodation and catering provisions, etc.

Since 2015, SEA employees have been actively involved in the Airport Helper community, making themselves available to passengers to provide information when they are present at the Milanese airport terminals whether for professional or non-professional reasons. Indeed, both Contingency Plan and Airport Helper assistants are called, under the same objective, to assist airport passengers in critical situations by providing first-response information on the operational status of the airport, and, if necessary, distributing food and/or folding beds with blankets and pillows for a few hours stay at the airport.

During the Bridge Project, both teams assisted passengers at Malpensa airport and responded promptly to their needs.

ORGANIZATIONAL MANAGEMENT

SEA Group personell and external staff by gender at December 31 (No.)

	2019			2018			2017		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Employees	790	1,973	2,763	797	1,999	2,796	796	2,004	2,800
Temporary workers	13	77	90	8	43	51	5	32	37
Total	803	2,050	2,853	805	2,042	2,847	801	2,036	2,837

Source: SEA

SEA Group employees by contract type, gender and location at December 31 (No.)

	2019			2018			2017		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Permanent	786	1,969	2,755	794	1,996	2,790	791	2,003	2,794
Linate	344	781	1,125	351	793	1,144	347	798	1,145
Malpensa	442	1,188	1,630	443	1,203	1,646	444	1,205	1,649
Temporary	4	4	8	3	3	6	5	1	6
Linate	1	2	3	3	1	4	5	1	6
Malpensa	3	2	5	-	2	2	-	-	-
Total	790	1,973	2,763	797	1,999	2,796	796	2,004	2,800

Source: SEA

SEA Group employees by employment category and gender at December 31 (No.)

	2019			2018			2017		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Full-time	586	1,901	2,487	606	1,953	2,559	632	1,977	2,609
Part-time	204	72	276	191	46	237	164	27	191
Total	790	1,973	2,763	797	1,999	2,796	796	2,004	2,800

Source: SEA

Contract type data indicates a marginal share of temporary contract workers, representing 0.3% of total employees at 31/12/2019, with part-time workers representing 10%. Temporary workers, hired to cope with the increase in traffic, also represented a marginal share at 31/12/2019, representing 3% of the Group's entire personnel. Malpensa is the most populated airport where 59% of the population works.

SEA Group outgoing employees by location, gender and age grouping (No.)

	2019									Total
	<30			30-50			>50			
	Female	Male	Total	Female	Male	Total	Female	Male	Total	
Linate	1	-	1	1	1	2	12	28	40	43
Malpensa	-	1	1	1	1	2	4	32	36	39
Total	1	1	2	2	2	4	16	60	76	82
Turnover	20.0%	9.1%	12.5%	0.5%	0.2%	0.3%	4.3%	5.7%	5.4%	3.0%
	2018									Total
	<30			30-50			>50			
	Female	Male	Total	Female	Male	Total	Female	Male	Total	
Linate	-	-	-	3	8	11	1	11	12	23
Malpensa	-	-	-	1	4	5	-	12	12	17
Total	-	-	-	4	12	16	1	23	24	40
Turnover	0.0%	0.0%	0.0%	0.9%	1.2%	1.1%	0.3%	2.3%	1.8%	1.4%
	2017									Total
	<30			30-50			>50			
	Female	Male	Total	Female	Male	Total	Female	Male	Total	
Linate	-	2	2	3	5	8	9	22	31	41
Malpensa	-	-	-	20	21	41	9	18	27	68
Total	-	2	2	23	26	49	18	40	58	109
Turnover	0.0%	33.3%	16.7%	4.6%	2.3%	3.0%	6.3%	4.5%	5.0%	3.9%

Note: intra-group transfers are not considered.

Source: SEA

Regarding contract terminations, 57% involved administrative staff and 77% were the result of the mobility plan and incentivized redundancy. The outgoing population was 77% male, and around 93% of staff leaving were over 50 years of age. Over 52% of the outgoing population was from Linate airport.

SEA Group incoming employees by location, gender and age grouping (No.)

	2019									Total
	<30			30-50			>50			
	Female	Male	Total	Female	Male	Total	Female	Male	Total	
Linate	1	5	6	9	12	21	-	3	3	30
Malpensa	1	3	4	1	11	12	-	3	3	19
Total	2	8	10	10	23	33	-	6	6	49
Turnover	40.0%	72.7%	62.5%	2.4%	2.5%	2.5%	0.0%	0.6%	0.4%	1.8%
	2018									Total
	<30			30-50			>50			
	Female	Male	Total	Female	Male	Total	Female	Male	Total	
Linate	2	5	7	3	12	15	-	3	3	25
Malpensa	-	1	1	1	6	7	-	3	3	11
Total	2	6	8	4	18	22	-	6	6	36
Turnover	33.3%	60.0%	50.0%	0.9%	1.8%	1.5%	0.0%	0.6%	0.5%	1.3%
	2017									Total
	<30			30-50			>50			
	Female	Male	Total	Female	Male	Total	Female	Male	Total	
Linate	4	3	7	3	14	17	2	6	8	32
Malpensa	-	-	-	6	11	17	-	10	10	27
Total	4	3	7	9	25	34	2	16	18	59
Turnover	66.7%	50.0%	58.3%	1.8%	2.2%	2.1%	0.7%	1.8%	1.5%	2.1%

Note: intra-group transfers are not considered.

Source: SEA

The 49 hires, 49% administrative staff and around 76% male, were mainly qualified new hires (96%), of which 38% were conversions of temporary contracts to permanent ones. 67% of new hires are concentrated in the age grouping between 30 and 50 years. 61% of hires were recruited for Linate airport.

SEA Group employees by professional level, gender and age grouping at December 31 (No.)

	2019									Total
	<30			30-50			>50			
	Female	Male	Total	Female	Male	Total	Female	Male	Total	
Executives	-	-	-	2	12	14	4	34	38	52
Managers	-	1	1	51	74	125	52	113	165	291
White-collar	5	6	11	339	531	870	292	613	905	1,786
Blue-collar	-	4	4	25	297	322	20	288	308	634
Total	5	11	16	417	914	1,331	368	1,048	1,416	2,763
	2018									Total
	<30			30-50			>50			
	Female	Male	Total	Female	Male	Total	Female	Male	Total	
Executives	-	-	-	2	13	15	5	35	40	55
Managers	-	-	-	58	72	130	45	115	160	290
White-collar	6	6	12	370	577	947	265	574	839	1,798
Blue-collar	-	4	4	27	328	355	19	275	294	653
Total	6	10	16	457	990	1,447	334	999	1,333	2,796
	2017									Total
	<30			30-50			>50			
	Female	Male	Total	Female	Male	Total	Female	Male	Total	
Executives	-	-	-	2	15	17	5	34	39	56
Managers	-	-	-	56	76	132	42	100	142	274
White-collar	6	4	10	413	654	1,067	225	509	734	1,811
Blue-collar	-	2	2	32	370	402	15	240	255	659
Total	6	6	12	503	1,115	1,618	287	883	1,170	2,800

Source: SEA

A percentage of just under 50% of the population is aged between 30 and 50 years, predominantly composed of white-collar and blue-collar workers; all management staff are over 50 years of age. The airport with the oldest population on average is Linate.

SEA manages the compulsory hiring of employees of protected categories in full compliance with the requirements of the applicable legislation. At 31/12/2019 124 disabled workers were employed by the company (81 at 31/12/2018). Furthermore, five employees belonged to categories referred to by Article 18 of Italian Law 68/99 (six in 2018).

Industrial Relations

The trade unionization rate in the group is in line with the previous year.

SEA Group Trade Union membership

	Number of trade union memberships	Trade Union memberships	% trade union membership
31/12/2019	11	CGIL; CISL; CUB-TRASPORTI; FLAI; SIN.PA; U.G.L.; UIL; USB; ADL VARESE; LABOUR; SI COBAS	56%
31/12/2018	11	CGIL; CISL; CUB-TRASPORTI; FLAI; SIN.PA; U.G.L.; UIL; USB; ADL VARESE; LABOUR; SI COBAS	57%
31/12/2017	14	CGIL; CISL; COBAS COORD.P. VARESE; CUB-TRASPORTI; FLAI; SEL; SIN.PA; U.G.L.; UIL; USB; ADL VARESE; SGB; LABOUR; SI COBAS	59%

Main agreements with Trade Union Organizations in 2019

In June 2019, the following agreements were signed:

- methods and terms for the transfer of resources following the insourcing of the Linate BHS service;
- methods for managing and organizing activities relating to the Bridge Project, that is the transfer of Linate flights to Malpensa during the period from July 26 to October 27.

In December 2019, an agreement was signed to establish the extent and the method of rewarding staff with bonuses to be used in the form of welfare services.

	2019	2018	2017
Number of agreements signed with the Trade Unions	3	3	6

Source: SEA

In 2019 no specific trade union agreements concerning occupational health and safety were signed.

In relation to the minimum notice period for operational amendments, the time necessary for the adoption of such may significantly vary, according to the issue for which the amendment is necessary and the availability of the Trade Union Organizations – according to that established by the regulation in force at the time – or where no regulation is in force (and therefore a trade union agreement or where sufficient a communication campaign is applied).

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 Cisl and Confail), SEA provides 15 days of notice between communication to the Trade Unions and implementation.

The amendments for which (e.g. collective dismissals, lay-off schemes) the law establishes specific procedures were excluded from the cases already reported and therefore the number of days of the duration of the procedure and the frequency of the various stages scheduled.

MANAGEMENT OF ENVIRONMENTAL RESOURCES

Raw materials

As SEA is a supplier of services, the principal raw materials consumed, in addition to electricity consumption (including the gasoline and petrol utilized for operations at the airport), are the liquids for the de-icing of aircraft during the winter season amid particular weather conditions.

Malpensa – Raw material consumption

	2019	2018	2017
Kilfrost ABC3 TYPEII (Litres)	1,070,069	1,020,952	960,000
Solid de-icing material (Kg)	7,825	10,950	9,500
Liquid de-icing material (Kg)	270,507	414,800	627,470

Linate – Raw material consumption

	2019	2018	2017
Kilfrost ABC3 TYPEII (Litres)	274,871	313,745	302,981
Solid de-icing material (Kg)	-	-	-
Liquid de-icing material (Kg)	180,466	256,161	45,919

Source: SEA

ANALYSIS OF SCOPE OF MATERIAL TOPICS AND RECONCILIATION WITH GRI STANDARDS

Legislative Decree 254/2016 topics	Material topics	GRI topic reconciliation	Boundary	
			Party impacted	Type of impact
Environment	Promotion of sustainable airport accessibility	Ground travel connections	Group, Airport operators Public Administration	To which the Group contributes
	Containment of land consumption	Water	Group, Airport operators	Caused by Group and directly connected through a business relationship; To which the Group contributes
		Biodiversity		
		Effluents and waste		
	Energy efficiency measures	Energy	Group	Caused by the Group
	Containment of noise impact	Noise	Group, Airport operators	Caused by Group and directly connected through a business relationship
		Customer health and safety		
CO ₂ emissions reduction	Emissions	Group, Suppliers	Caused by Group and directly connected through a business relationship	
Eco-sustainable construction methods	Procurement practices	Group, Suppliers	Caused by Group and directly connected through a business relationship	
	Supplier environmental assessment			
Supplier social assessment				
Environmental criteria for aviation charges	N/A	Group, CNA	Caused by Group and directly connected through a business relationship	
Related to personnel	Employees dialogue/ involvement	Employment	Employees	Caused by the Group
		Labour/Management Relations		
	Diversity and equal opportunity			
Employees training/ empowerment	Training and education	Employees	Caused by the Group	
Occupational health and safety	Occupational health and safety	Group	Caused by the Group	
Social	Quality of the customer experience in the terminals	Business continuity and emergency management	Group, Airport operators Public Administration	Caused by Group and directly connected through a business relationship
		Service quality		
		Reduced mobility passenger services offer		
	Strategic orientation to the creation of long-term value	Economic performance	Group	Caused by the Group
		Indirect economic impacts		
	Quality and innovation in the shopping experience	Service quality	Group, Airport operators	Caused by Group and directly connected through a business relationship
	Increase in air connectivity	Market presence	Group, Airport operators	Caused by Group and directly connected through a business relationship
Local area involvement in infrastructure projects	Indirect economic impacts	Group, Public Administration	Caused by Group and directly connected through a business relationship	
	Local communities			
Transparent communications to stakeholders	N/A	Group	Caused by the Group	
Measures to combat active and passive corruption	Corporate culture inspired by ethical values	Anti-corruption	Group	Caused by the Group
	Periodic Sustainability Plan	N/A	Group	Caused by the Group

GRI CONTENT INDEX

GENERAL DISCLOSURES

GRI Standard	Disclosure	Page No.
GRI 101: Foundation		
GRI 102: General Disclosures		
Organizational profile		
102-1	Name of the organization	7
102-2	Activities, brands, products, and services	9-10
102-3	Location of headquarters	7
102-4	Location of operations	7
102-5	Ownership and legal form	8-9
102-6	Markets served	94-96
102-7	Scale of the organization	7
102-8	Information on employees and other workers	81-82; 174
102-9	Supply chain	102-105; 144
102-10	Significant changes to the organization or its supply chain	4-5
102-11	Precautionary Principle or approach	18; 46-48
102-12	External initiatives	127-132; 171-173
102-13	Memberships of associations	171
Strategy		
102-14	Letter to stakeholders	2-3
102-15	Key impacts, risks, and opportunities	18; 46-48
Ethics and integrity		
102-16	Values, principles, standards and norms of behaviour	7; 19; 37-39
Governance		
102-18	Governance structure	11; 15-16
102-19	Delegating authority	17
102-20	Executive-level responsibility for economic, environmental and social topics	15-16
102-22	Composition of the highest governance body and its committees	15
102-23	Chair of the highest governance body	15
Stakeholder engagement		
102-40	List of stakeholder groups	34
102-41	Collective bargaining agreements	176-177
102-42	Identifying and selecting stakeholders	34-38
102-43	Approach to stakeholder engagement	34-46; 51-53
102-44	Key topics and concerns raised	51-53
Reporting practice		
102-45	Entities included in the Consolidated Financial Statements	4-5
102-46	Defining report content and topic boundaries	4-5; 39-45
102-47	List of material topics	43-45; 178
102-48	Restatements of information	4-5
102-49	Changes in reporting	4-5
102-50	Reporting period	4-5
102-51	Date of most recent report	4-5
102-52	Reporting cycle	4-5
102-53	Contact point for questions regarding the report	4-5
102-54	Claims of reporting in accordance with the GRI Standards	4-5
102-55	GRI Content Index	179-183
102-56	External assurance	184-186

TOPIC-SPECIFIC STANDARDS

GRI Standard	Disclosure	Pages No.
GRI 200: ECONOMIC PERFORMANCE INDICATORS		
Topic: Economic performance		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	39-45; 178
103-2	The management approach and its components	9-10
103-3	Evaluation of the management approach	9-10
GRI 201: Economic performance		
201-1	Direct economic value generated and distributed	158-159
201-3	Defined benefit plan obligations and other retirement plans	88
Topic: Market presence		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	39-45; 178
103-2	The management approach and its components	94-96; 119-124; 156-157
103-3	Evaluation of the management approach	94-96; 119-124; 156-157
GRI 202: Market presence		
A01	Total number of passengers annually, broken down by passengers on international and domestic flights, and broken down by origin-and-destination and transfer passengers, including transit passengers	120-122
A02	Total annual number of aircraft movements by day and by night, broken down by commercial passenger, commercial cargo, general aviation and state aviation flights	120-122
A03	Total amount of cargo tonnage	123-124
Topic: Indirect economic impacts		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	39-45; 178
103-2	The management approach and its components	45-46; 137-140; 143-155
103-3	Evaluation of the management approach	45-46; 137-140; 143-155
GRI 203: Indirect economic impacts		
203-1	Infrastructure investments and services supported	137-140
203-2	Significant indirect economic impacts	143-155
Topic: Procurement practices		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	39-45; 178
103-2	The management approach and its components	102-105
103-3	Evaluation of the management approach	102-105
GRI 204: Procurement practices		
204-1	Proportion of spending on local suppliers	144
Topic: Anti-corruption		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	39-45; 178
103-2	The management approach and its components	17-21
103-3	Evaluation of the management approach	17-21
GRI 205: Anti-corruption		
205-3	Confirmed incidents of corruption and actions taken	19-21
GRI 300: ENVIRONMENTAL PERFORMANCE INDICATORS		
Topic: Energy		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	39-45; 178
103-2	The management approach and its components	66; 76-77; 117
103-3	Evaluation of the management approach	66; 76-77; 117
GRI 302: Energy		
302-1	Energy consumption within the organization	76
302-3	Energy intensity	77

TOPIC-SPECIFIC STANDARDS

GRI Standard	Disclosure	Pages No.
Topic: Water		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	39-45; 178
103-2	The management approach and its components	66; 77; 117
103-3	Evaluation of the management approach	66; 77; 117
GRI 303: Water		
303-1	Water withdrawal by source	77
A04	Quality of storm water by applicable regulatory standards	74
Topic: Biodiversity		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	39-45; 178
103-2	The management approach and its components	79
103-3	Evaluation of the management approach	79
GRI 304: Biodiversity		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	79-80
304-2	Significant impacts of activities, products, and services on biodiversity	79-80
Topic: Emissions		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	39-45; 178
103-2	The management approach and its components	66-68; 117
103-3	Evaluation of the management approach	66-68; 117
GRI 305: Emissions		
305-1	Direct (Scope 1) GHG emissions	68
305-2	Energy indirect (Scope 2) GHG emissions	68
305-3	Other indirect (Scope 3) GHG emissions	68 - SEA Group Scope 3 emissions are related to Business Travel.
305-4	GHG emissions intensity	68
305-7	Emissions of NO _x , SO _x and other significant emissions	68-69
A05	Ambient air quality levels according to pollutant concentrations in micrograms per cubic meter (µg/m ³) or parts per million (ppm) by regulatory regime	68-69
Topic: Effluents and waste		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	39-45; 178
103-2	The management approach and its components	66; 72-75; 78-79; 117
103-3	Evaluation of the management approach	66; 72-75; 78-79; 117
GRI 306: Effluents and waste		
306-1	Water discharge by quality and destination	73
306-3	Significant spills	74-75
A06	Aircraft and pavement de-icing/anti-icing fluid used and treated (m ³ and/or tons)	73
Topic: Supplier environmental assessment		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	39-45; 178
103-2	The management approach and its components	102-105
103-3	Evaluation of the management approach	102-105
GRI 308: Supplier environmental assessment		
308-1	New suppliers were screened using environmental criteria	102-104
Topic: Noise		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	39-45; 178
103-2	The management approach and its components	66; 70-72; 117
103-3	Evaluation of the management approach	66; 70-72; 117
A07: Noise		
A07	Number and percentage change of people residing in areas affected by noise	70-71

TOPIC-SPECIFIC STANDARDS

GRI Standard	Disclosure	Pages No.
GRI 400: SOCIAL PERFORMANCE INDICATORS		
Topic: Employment		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	39-45; 178
103-2	The management approach and its components	81
103-3	Evaluation of the management approach	81
GRI 401: Employment		
401-1	New employee hires and employee turnover	175-176
401-2	Benefits provided to full-time employee that are not provided to temporary or part-time employees	87
Topic: Labour/Management Relations		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	39-45; 178
103-2	The management approach and its components	176-177
103-3	Evaluation of the management approach	176-177
GRI 402: Labour/Management Relations		
402-1	Minimum notice periods regarding operational changes	176-177
Topic: Occupational Health and Safety		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	39-45; 178
103-2	The management approach and its components	84-86; 117
103-3	Evaluation of the management approach	84-86; 117
GRI 403: Occupational Health and Safety		
403-1	Workers representation in formal joint management-worker health and safety committees	85
403-2	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	86; 92
403-4	Health and safety topics covered in formal agreements with trade unions	177
Topic: Training and education		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	39-45; 178
103-2	The management approach and its components	82-83
103-3	Evaluation of the management approach	82-83
GRI 404: Training and education		
404-1	Average hours of training per year per employee	83
404-2	Programs for upgrading employee skills and transition assistance programs	83
404-3	Percentage of employees receiving regular performance and career development reviews	83
Topic: Diversity and equal opportunity		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	39-45; 178
103-2	The management approach and its components	81; 83
103-3	Evaluation of the management approach	81; 83
GRI 405: Diversity and equal opportunity		
405-1	Diversity of governance bodies and employees	15; 174-176
405-2	Ratio of basic salary and remuneration of women to men	83
Topic: Local communities		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	39-45; 178
103-2	The management approach and its components	45-46
103-3	Evaluation of the management approach	45-46
GRI 413: Local communities		
413-1	Operations with local community engagement, impact assessment and development programs	137-140
413-2	Operations with significant actual and potential negative impacts on local communities	143-155
A08	Number of persons physically or economically displaced, either voluntarily or involuntarily, by the airport operator or on its behalf by a governmental or other entity and compensation provided	During the year no cases of voluntary or involuntary displacements were reported.

TOPIC-SPECIFIC STANDARDS

GRI Standard	Disclosure	Pages No.
Topic: Supplier social assessment		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	39-45; 178
103-2	The management approach and its components	102-105
103-3	Evaluation of the management approach	102-105
GRI 414: Supplier social assessment		
414-1	New suppliers were screened using social criteria	102-104
Topic: Customer Health and Safety		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	39-45; 178
103-2	The management approach and its components	70-72; 125-127
103-3	Evaluation of the management approach	70-72; 125-127
GRI 416: Customer Health and Safety		
416-1	Assessment of the health and safety impact of product and service categories	70-72; 125-127
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	During the reporting period, no cases of non-compliance were reported.
A09	Total annual number of wildlife strikes per 10,000 aircraft movements	127
Topic: Business continuity and emergency management		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	39-45; 178
103-2	The management approach and its components	173
103-3	Evaluation of the management approach	173
Topic: Reduced mobility passenger services offer		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	39-45; 178
103-2	The management approach and its components	171-173
103-3	Evaluation of the management approach	171-173
Topic: Service quality		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	39-45; 178
103-2	The management approach and its components	127-132
103-3	Evaluation of the management approach	127-132
Topic: Ground travel connections		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	39-45; 178
103-2	The management approach and its components	58-65
103-3	Evaluation of the management approach	58-65
Topic: Periodic Sustainability Plan		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	39-45; 178
103-2	The management approach and its components	44; 169
103-3	Evaluation of the management approach	44; 169
Topic: Transparent communication to stakeholder		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	39-45; 178
103-2	The management approach and its components	35-39
103-3	Evaluation of the management approach	35-39
Topic: Environmental criteria for aviation charges		
GRI-103: Management approach		
103-1	Explanation of the material topic and its boundary	39-45; 178
103-2	The management approach and its components	45; 164
103-3	Evaluation of the management approach	45; 164



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**INDEPENDENT AUDITOR'S REPORT
ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,
PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016
AND ART. 5 OF CONSOB REGULATION N. 20267 OF JANUARY 2018**

**To the Board of Directors of
Società per Azioni Esercizi Aeroportuali – SEA S.p.A.**

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Società per Azioni Esercizi Aeroportuali – SEA S.p.A. and its subsidiaries (hereinafter the "Group") as of December 31, 2019 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on April 2, 2020 (hereinafter "NFS").

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" (hereinafter "GRI Standards") established in 2016 by Global Reporting Initiative (GRI) which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the *GRI Standards*. We conducted our work in accordance with the criteria established in the "*International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "ISAE 3000 Revised"), issued by the *International Auditing and Assurance Standards Board (IAASB)* for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

1. Analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art. 3 of the Decree and taking into account the adopted reporting standard.
2. Analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree.
3. Comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Group.
4. Understanding of the following matters:
 - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
 - policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
 - main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a) of this report.

5. Understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of Società per Azioni Esercizi Aeroportuali – SEA S.p.A. and with the employees of SEA Energia S.p.A. and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

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In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company's and subsidiaries' level:
 - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- for the following companies, Società per Azioni Esercizi Aeroportuali – SEA S.p.A., SEA Energia S.p.A., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Group as of December 31, 2019 is not prepared, in all material aspects, in accordance with articles 3 and 4 of the Decree and the *GRI Standards*, established in 2016 by GRI.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco Pessina
Partner

Milan, Italy
April 10, 2020

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

SEA Group - Consolidated Non-Financial Statement 2019

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

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