

TORINO
AIRPORT
CONNECTED TO



CORPORATE SOCIAL
RESPONSIBILITY REPORT
2016

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LETTER FROM THE MANAGING DIRECTOR

The Corporate Social Responsibility Report of Torino Airport, this year in its third edition, once again proves to be an indispensable tool in the process of sustainability that accompanies the Airport's growth.

In the course of its operating activities, the airport continues to ensure that channels of communication are kept open with the surrounding territory, in order to understand its demands and needs while guaranteeing adequate mobility within Italy, as well as to the rest of Europe and the world as a whole.

Satisfying the needs and requests of all the key participants in the "airport system" – passengers, employees, suppliers, the environment and the surrounding territory – is of fundamental importance in guaranteeing that the airport develops in a sustainable manner and in harmony within its surrounding context.

The implementation of virtuous models for the management of the Company's internal and external activities ensures adequate safeguarding of the environment and of the body public, for the benefit of all involved.

The drafting of the Corporate Social Responsibility Report presents the management Company with a dual opportunity: on the one hand, the chance to gather within a single framework all the initiatives undertaken during the year, so as to spread knowledge of the same within the organisation while evaluating the results; at the same time it serves as tool of transparency, providing stakeholders with information on the process of sustainable development undertaken by the Company's management.

The Piedmont Method has once again been used as the reference model for the drafting of the Corporate Social Responsibility Report, making it possible, as with past editions, to draw on the skills and know-how of figures from the University of Turin and the Italian Order of Certified Public Accountants.

The SAGAT Group has continued to follow its strategy of sustainability, in combination with its development of airport operations, addressing new challenges while receiving important acknowledgements of its accomplishments.

In 2016 Torino Airport has registered the following major results:

- the all-time record for passengers transported on a given year was set – bettering the previous record of 3,950,908 passengers set in 2011 while bringing to 36 consecutive months the string of positive growth results initiated in January 2014, with the percentage of passenger traffic accounted for by regularly scheduled international flights rising to 11.1%;
- growth in employment, thanks to increased traffic: the SAGAT Group was able both to hire workers directly (16 units for permanent employment over the last two years) and to contribute to the creation of new jobs with the airlines based at the Caselle Airport, such as Blue Air, which hired 114 people, and at the airport's various commercial establishments, whose number has been expanding, at the same time as the total number of workers they employ went from 393 to 484 (+20%) in a year and a half's time, as well as through contracts tendered to outside firms.
The ACI (Airport Council International) estimates that each increase of a thousand passengers using an airport generates an average of from 0.85 to 1.2 positions of employment (direct, indirect and secondary). It follows that a total of approximately 800 jobs have been created over the last 3 years, thanks to the growth in traffic and the opening of new routes;
- an upgraded air terminal that has been rendered more welcoming, more operationally efficient and more attractive, thanks to the renovation of the zones of the airside area, undertaken to ensure that the airport experience becomes increasingly enjoyable: the major restructuring effort has involved 70% of the surface area of the airside retail zones;
- increasingly close ties with local forces in the promotion of cultural initiatives that showcase the strengths and accomplishments of the local area at the airport, transforming it from merely a travel juncture to an increasingly vital space worthy of being experienced;
- certification of the integrated System for the Management of Health, Safety and the Environment (SGSSA), thanks to SAGAT's voluntary compliance with the highest internationally recognised levels of performance in terms of the environment, healthcare and on-the-job safety, above and beyond the

minimum levels set under national regulations and statutes, a major achievement with respect to environmental defence;

- increasingly wide-ranging research and feedback on the services supplied to passengers, thanks to the start-up of a major initiative of analysis with ACI Europe, part of a program of comparative analysis of passenger satisfaction at the member airports of the Airport Council International, an effort that monitored customer satisfaction in more than 300 airports worldwide.

Thanks to growth that also stressed awareness and respect of the environmental and social contexts in which the airport operates, in 2016 it was possible to achieve these noteworthy results while, at the same time, ensuring that the Company remained competitive, productive and capable of further development, and that passengers received an ever greater number of increasingly efficient services, all while contributing to the growth of the local economy as well.

Roberto Barbieri

Managing Director of SAGAT S.p.A.

METHODOLOGICAL NOTE



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The contents of this Social Responsibility Report (based on data and information for 2016) were determined under a well-established internal process fully in compliance with recent European regulatory measures (Directive 2014/95/EU, currently being transposed into Italian legislation) calling for the obligatory presentation in the financial statements of certain types of companies, starting from 2017, of a series of elements of non-financial nature regarding sustainability and diversity.

In this Social Responsibility Report, the SAGAT Group has further pursued its fulfilment of the objectives set in the previous editions:

- creating an effective tool for dialogue and transparency, as well as for legitimising and establishing trust;
- presenting corporate responsibility as an integral part of the company's culture, in order to achieve a balance between economic, environmental and social results while highlighting the "value" of the organisational structure and its procedures for planning – management – reporting;
- developing the capacity for self-analysis of the system of governance as part of the chain of value;
- experimenting with a form of annual report that, in combination with the year-end financial statements, can serve as both a tool for internal improvement and an effective means of illustrating the activities of the SAGAT Group;
- establishing an approach to CSR, or Corporate Social Responsibility, that can be followed as an example of a best practice, encouraging the implementation and expansion of policies of sustainability in the economic world;
- introducing tools of management innovation, through the systemic analysis and representation of intangible assets as critical factors in the company's operations;
- highlighting the importance of an approach that integrates institutions, the academic world, the professional sector and the role of the SAGAT Group;
- cultivating new professional skills with relation to CRS topics, involving young students and university graduates in the internal process of drawing up the Corporate Social Responsibility Report.

In drawing up its Corporate Social Responsibility Report, the SAGAT Group followed the Piedmont Method developed through inter-institutional cooperation between the Piedmont Region, the Department of

Management of the University of Turin, the Institute of Economic and Social Research of Piedmont and the Order of Auditors and Accounting Experts of Ivrea, Pinerolo and Turin.

Operative application of the Piedmont Method was coordinated by an in-house group consisting of Dr. Michele Barbero (Internal Audit Manager of SAGAT S.p.A.) and Dr. Francesca Soncini (Manager of External Relations, Communications and Operational Marketing of SAGAT S.p.A.). The drafting of the report was overseen by Dr. Elisa Bigando (an intern at the Department of Management of the University of Turin), who provided support to a larger in-house workgroup.

The choice of the Piedmont Method is reflected in the **methodological approach** and the **format** utilised.

As far as the **methodological approach** is concerned, reference was made, in a variety of ways, to:

- the tenets of the Corporate Social Responsibility Report Study Group, or GBS, for proper design and formalisation of the system of social accountability;
- research document no. 8 of the GBS for social accountability regarding intangibles;
- the AccountAbility 1000 standards (AA 1000), both for selecting effective, inclusive approaches to reporting on operations in a manner that proves transparent and understandable to everyone (accountability) and for establishing the criteria for stakeholder identification and participation in the process of reporting on social responsibility;
- the Standard Global Reporting Initiative (GRI), especially when it comes to determining “Created and Distributed Economic Value”.

The **format of the report** is structured in three main sections:

- 1) **The Identity of the Group:** presenting the company mission, the reference context, the mapping of the stakeholders and the intangible assets;
- 2) **Economic Overview:** presenting the economic-financial results for the two-year period 2014-2015, together with the procedures for collecting and utilising resources (economic value created, distributed and withheld);
- 3) **Report on Social Responsibility:** describes the activities and modes of exchange between the SAGAT Group and the primary stakeholders.

At the end of the document is the judgment of the process of professional confirmation drawn up by the specific Oversight Body, represented by Mr. Giuseppe Chiappero (the liaison for the Study Group on Reports on Social Responsibility of the Professional Order of Auditors and Accountants of Turin).

The information and figures found in this third edition of the Report on Social Responsibility refer to the company Società Azionaria Gestione Aeroporto Torino S.p.A. (hereinafter, SAGAT) and to its subsidiaries (hereinafter, the SAGAT Group or the Group) as of 31 December 2016, with respect to their results and performance for the year 2016 (1 January - 31 December 2016), unless stipulated otherwise.

The figures from the previous year are provided only for the purpose of comparison, so as to make possible an assessment of the Group’s performance over a set period of time.

IDENTITY

DESCRIPTION

CONTEXT

MAP OF THE STAKEHOLDERS

INTANGIBLE ASSETS

IDENTITY

DESCRIPTION

History

As early as the start of the last century, the city of Turin was at the forefront of motor-vehicle and aeronautical production, boasting what was then Italy's most important airport, the Mirafiori airfield, built in the Winter of 1910-1911. By the early 30's, the small-scale Mirafiori facility was no longer able to satisfy the propulsive thrust exercised by military aeronautical operations, making necessary a new airport located far from the city's residential centre, which had begun to expand. The site chosen was in the lower Canavese area, held to be strategically important and offering favourable weather conditions for aeronautical activities, even in Winter. The new airport structures were officially opened on 27 March 1938.

During the Second World War, the airfield played a marginal role, seeing only scarce use for military operations on the part of German troops. At the same time, to keep the large grassy expanse from being used as a landing zone by allied planes, the terrain was damaged.

The need for an airport to service civil aviation led the City of Turin to enter into an operating agreement with the Ministry of Aeronautics, in August of 1949, for the construction and operation of the civic airport of Turin, opened on 30 July 1953 in territory falling within the towns of Caselle, San Maurizio Canavese and San Francesco al Campo. On 5 August 1953, a 40-seat Alitalia Convair 340 inaugurated the Turin-Rome route with its first flight.

For the first three years, the airport was managed by the Department of Transportation of the City of Turin, but it soon became clear that operations had to be rendered more dynamic and responsive if the strengths of the airport serving the city and region were to be consolidated and reinforced.

In March of 1956, the City of Turin established, together with leading local business associations and banks of the Piedmont region, the "Società Azionaria per la Gestione dell'Aeroporto di Torino", or S.A.G.A.T., assigning it the task of operating the airport.

From that year to the present, the airport has undergone numerous projects of construction and innovation, some of them far-reaching, including the creation of a multilevel parking facility and the construction of the new passenger terminal inaugurated in 1993.

The year 2006 marked an important moment in the history of the airport, as it served, on the occasion of the 20th Winter Olympic Games in Turin, as the gateway to the greater Turin area, providing the initial welcome to the Olympic family (athletes, authorities, VIPs and sponsors).

In order to properly carry out this extremely important role, a radical transformation was initiated in 2005, involving the construction of new infrastructure works, as well as the upgrading and expansion of existing ones, all as part of the most important modernisation plan undertaken since 1993.

Vision, Mission

VISION

Reinforce and continue to upgrade the services and opportunities offered by Torino Airport, in keeping with the need for mobility and growth of a surrounding territory that is open to the world.

MISSION

Managing and developing the air-travel and infrastructural activities of the Torino Airport, in order to increase air links within the Piedmont region, in this way contributing to the economic and tourist-industry development of Turin and its surrounding user basin.

The Group's institutional and organisational framework

For the purposes of the present Report on Corporate Social Responsibility, the main companies of the SAGAT Group are SAGAT S.p.A., SAGAT Handling S.p.A. and Aeroporti Holding S.r.l., whose management and operating headquarters are found at the Turin-Caselle Airport.

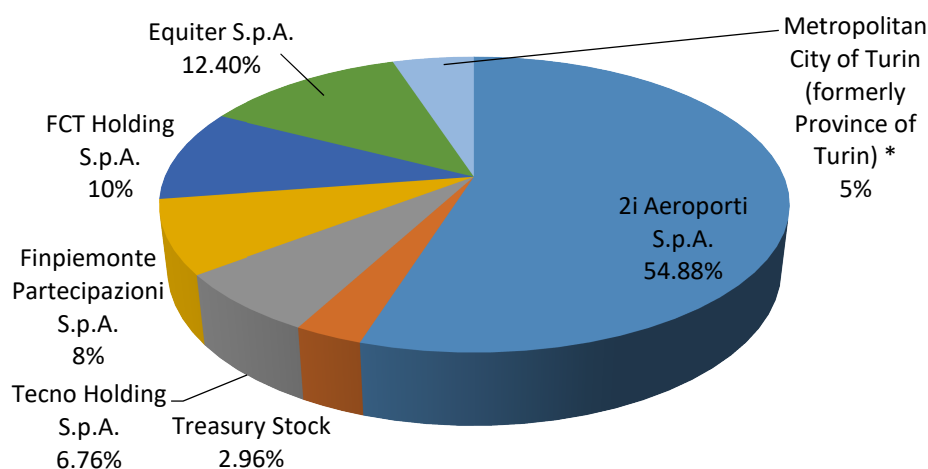
SAGAT S.p.A.

SAGAT, whose tasks and responsibilities are described in a separate box on page 21, is also responsible for the quality and safety standards of the services supplied to passengers, both in terms of activities it performs directly and as regards those carried out by other parties operating inside the airport (air carriers, handlers etc.).

In December of 2000, 41.33% of the shares of SAGAT S.p.A. were privatised.



In January of 2013, 2i Aeroporti S.p.A. became the majority shareholder, so that, as of December 2016, the share structure was as follows:



* In terms of the identity of the Company's shareholders, it should be noted that the Province of Turin, in light of Law 244/2007 (the 2008 Budget Act), under which government bodies are required to sell holdings that are not necessary to the pursuit of their institutional objectives, approved the sale of its holding in SAGAT (equal to 5% of the share capital) in June of 2012, deeming that the preconditions for maintaining possession of the holding did not exist.

SAGAT brought a suit against this ruling, before the Regional Administrative Court of Piedmont, subsequently the decision, which rejected the suit, before the State Council.

The Board of Directors of SAGAT, having received the opinion of the Board of Auditors and of the firm assigned to carry out the statutory audit, calculated the liquidation value of the holding, doing so in accordance with art. 2437-ter of the Italian Civil Code.

In compliance with the provisions of art. 1, paragraph 569, of Law no. 147 of 27 December 2013, the Board of Directors of SAGAT, in February of 2016, held it necessary to proceed with the liquidation of the holding, following the procedure called for under art. 2437-quater of the Italian Civil Code by offering the shareholders a purchase option of the shares of the Metropolitan City of Turin.

The Metropolitan City of Turin, however, notified SAGAT that, among other matters, it did not deem the liquidation value of the holding to be appropriate, and so it had initiated the proceeding governed by art. 2437-ter of the Italian Civil Code.

On the date of 13 April 2016, the Court of Turin, in a ruling handed down pursuant to art. 2437-ter of the Italian Civil Code, appointed an expert to determine the value of the shares held by the Metropolitan City of Turin, with his decision establishing the liquidation value of the shares at 5,300,000.00 euro.

Before the liquidation procedures for the liquidation of the holding, once again undertaken by SAGAT, on the basis of this latest estimated value, could be completed, the State Council – ruling in favour of the appeal brought by SAGAT, nullified the divestment procedure undertaken by the Metropolitan City of Turin, on account of the flawed value that was to be used as the basis for the tender of the shares to be divested.

The State Council further stipulated that the city administration must organise a new divestment procedure, based on the value of the shares as determined in the estimate evaluation called for by the Court of Turin, in accordance with art. 2437-ter of the Italian Civil Code.

In order to meet the multiple needs and demands tied to its striving to fulfil its institutional tasks as best it can, SAGAT S.p.A., the Head Company of the Group, operates under a system of governance based on the coexistence of the General Meeting of the Shareholders, the Board of Directors and the Board of Auditors.

In 2016, the members of the Board of Directors were:

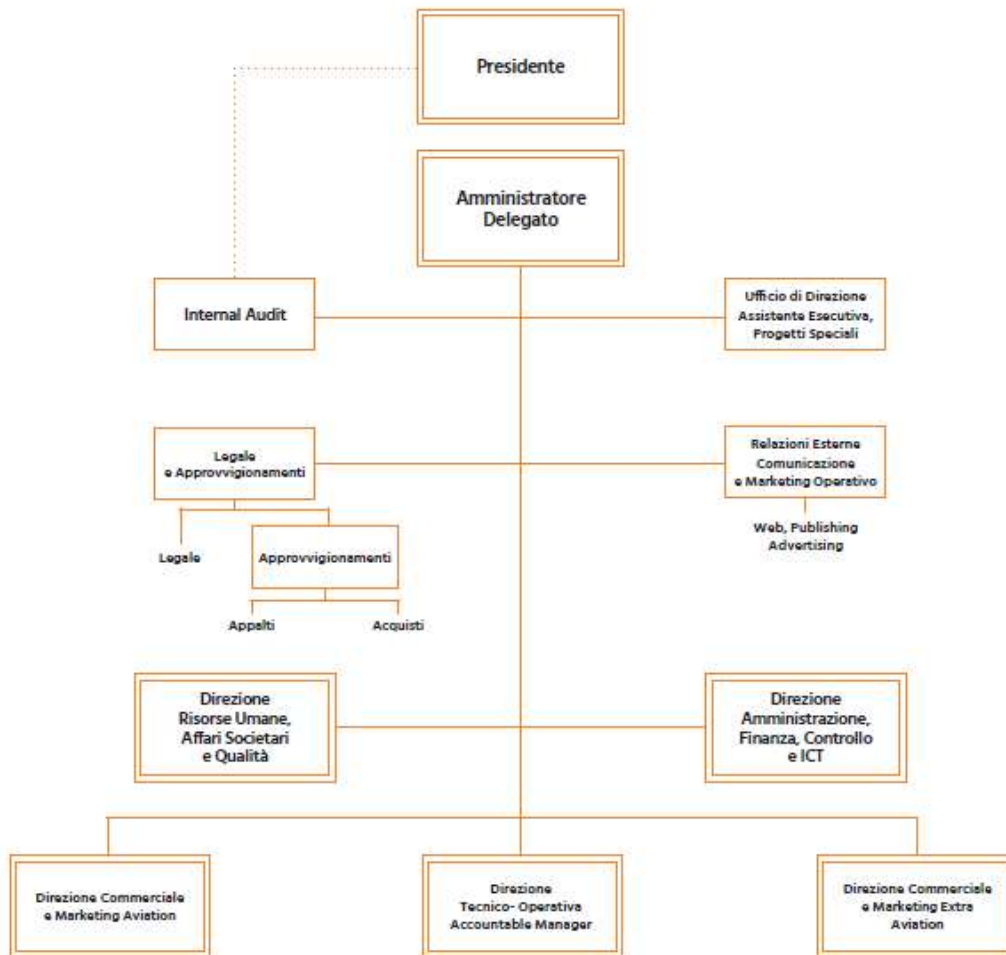
Giuseppe Donato	Chairman
Paolo Vernerio	Vice Chairman
Roberto Barbieri	Chief Executive Officer
Rosaria Calabrese	Director
Davide Canavesio	Director
Jean Jacques Dayries	Director
Alberto Eichholzer	Director
Mauro Maia	Director
Rosario Mazza	Director
Paolo Mignone	Director
Elisabetta Olivieri	Director

The Chairman possesses the power to act as the company's legal representative, while the delegated powers of the Board of Directors are concentrated in the figure of the Managing Director; the remaining members of the Board do not have executive powers.

The members of the Board of Auditors of the Group's Head Company are:

Chairman of the Board of Auditors	Roberto Nicolò
Standing Auditor	Ernesto Carrera
Standing Auditor	Edoardo Fea
Standing Auditor	Lorenzo Ginisio
Standing Auditor	Renato Stradella

As is indicated in the chapter on human resources, as of 31 December 2016, the SAGAT Group had 381 employees (367.17 FTE), of whom 240 (223.79 FTE) were assigned to the structure of SAGAT S.p.A., a modern, streamlined but complete organisation, and whose main functions are described on the following chart:



COMMITTEES AND WORKGROUPS

The Lead Company has established within its corporate structure interdepartmental committees and workgroups for the development among the various company services of coordinated initiatives on specific topics. As of 31 December 2016, the following committees and workgroups were in place:

- Committee for the Development of Retail Activities;
- Industrial Plan Committee and Strategic Marketing Plan Committee;
- Procurement Committee;
- Quality Committee;
- Intranet Committee;
- Committee for the Operation of the Energy Management System;
- Committee on Safety, Labour and the Environment;
- Airport Terminals Observatory;
- Company Audits Workgroup;
- Administrative Procedures Workgroup.

SAGAT HANDLING S.p.A.

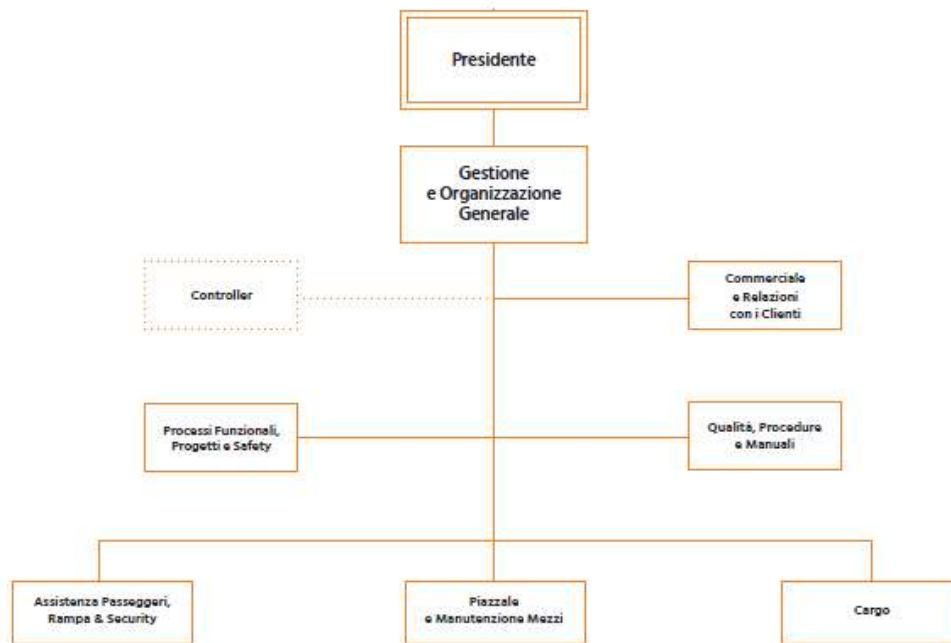
Starting from 2001, in compliance with Legislative Decree 18/99, handling services (meaning assistance on the ground involving passengers, cargo and aircraft) were liberalised, being opened up to free competition. The company SAGAT Handling, a 100% owned subsidiary of SAGAT, was established on 1 October 2001 to operate services of assistance on the ground.

The company, which had 141 employees (127.25 FTE) as of 31 December 2016, provides handling services to its client air-travel companies: check-in, boarding and disembarkation of passengers, loading and unloading of baggage, cargo and mail, on-board cleaning, transport of equipment and activities of assistance while planes are parked.

The SAGAT Handling organisation is geared towards achieving total punctuality and recovering time lost in transit, all in compliance with safety procedures and the standards of air transport.

In 2008, SAGAT Handling S.p.A. obtained from Italy's ENAC civil aviation authority certification as a "Supplier of Airport Ground Assistance Services", fulfilling an indispensable prerequisite for providing the services referred to under Legislative Decree 18/99 and ENAC Memorandum APT02B.

The main functions are shown below:



AEROPORTI HOLDING S.r.l.

As of 31 December 2016, the company, which has no employees, owned 7.21% of the shares of the company that manages the Bologna Airport.

Code of Ethics, Organisational Model 231 and Oversight Body

SAGAT S.p.A., aware of the need to ensure that conditions of propriety and transparency underlie the Company's operations, in accordance with the expectations of its stakeholders, and of its shareholders in particular, and aware of the importance of establishing a system of internal control suitable for preventing any illicit conduct on the part of its directors, employees, representatives or business partners, has deemed that it is consistent with the Company's policies to approve its first Organisational Model, as contemplated under Legislative Decree 231/2001, on the occasion of the meeting of the Board of Directors of 27 November 2002, during which the Code of Ethics was also approved.

The Code of Ethics clearly defines the moral and professional values, together with the responsibilities and commitments, that shareholders, directors and employees are required to meet in carrying out business operations and company activities.

The pertinent portions of the ethical principles established in the Code must also underlie the conduct of customers and suppliers that come into contact with the Group.

The SAGAT Group is convinced that maintaining the Group's internal and external relations on a high moral footing, while creating a positive corporate reputation, all has a positive effect on investments by shareholders, customer loyalty, the capacity to attract the best human resources, to keep suppliers content, to win the confidence of creditors and to organisation working activities in an effective and efficient manner.

Anyone may report in writing to the Internal Audit Service, in non-anonymous form, any violation of the Code of Ethics, at which point the Service shall analyse the report and, if necessary, hear from the individual who wrote it, all while ensuring that his or her identity remains confidential.

The Model of Organisation, Management and Control referred to under Legislative Decree 231/2001 (hereinafter, Model 231) is a structured, fully integrated system of prevention and control geared towards contrasting the perpetration of the crimes listed in the decree referred to above by subjects operating in the name and/or on the behalf of SAGAT S.p.A. or SAGAT Handling - (directors, executives, employees and outside staff).

In July 2004, the Boards of Directors of the two companies, seeking to emphasise their intention to reinforce their systems of internal control, resolved to establish an Oversight Body, in accordance with the provisions of Legislative Decree 231/2001, each with autonomous initiative and control powers.

As of 31 December 2016, the members of the Oversight Body of the two companies were:

Oversight Body - SAGAT S.p.A.

Chairman	Devis Bono
Outside member	Lorenzo Ginisio
Internal member	Michele Barbero

Oversight Body – SAGAT Handling

Chairman	Paolo Venero
Outside member	Lorenzo Ginisio
Internal member	Michele Barbero

Anyone may send reports to the Oversight Body of SAGAT S.p.A. or SAGAT Handling using the e-mail address odv@sagat.trn.it or, for SAGAT Handling, odv.sh@sagat.trn.it .

Main features

The terminal of Torino Airport consists of a covered surface area of more than 57 thousand square metres divided among three floors and highlighted by the large, modern glass façade of the spacious boarding area that looks out onto the runway.

The fact that the different floors are integrated with one another and free of architectonic barriers favours individuals who experience difficulty in moving, and who may, upon request, draw on specific services.

Apart from the comfort for users, one of the strong points of the Caselle airport is the rapid pace of operations, favoured by the advanced nature of its equipment, including a radio-assistance system that allows aircraft to land in absolutely safe conditions even with horizontal visibility of only 75 metres and absolutely no vertical visibility.

Then there is the baggage handling system (BHS), occupying a surface area of approximately 13,800 square metres and equipped with the most sophisticated x-ray control equipment available, allowing it to handle 3,200 pieces of luggage an hour, for rapid, flexible operations; the remote terminal, found between the railway station and the multi-level parking facility, relieves congestion at the main terminal during periods of heavy traffic; the numerous stations for the control of carry-on luggage help accelerate the performance of operations tied to security.

Torino Airport also has a sizeable terminal for general aviation, meaning private air traffic. Elegant, but at the same time modern and operational, it has a noteworthy visual impact.

Features

Runway	3,300 metres
Passenger terminal	57,000 square metres
Parking	+3,000 spaces

Continuous services

Service hours	24 hours a day
Assistance	passengers/cargo all types of aircraft

Radio-assistance system

ILS-CAT3B continuous operations even in scarce visibility

Airport capacity

Movements per hour

28

Passengers

6 million

General aviation

Cargo terminal

Emergency services

Snow squad

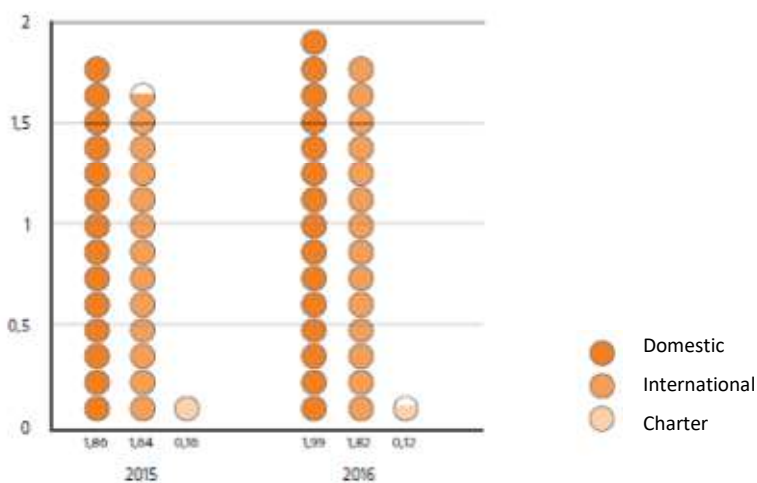
92 members

For past 7 years operations never interrupted by snow

Fire-fighting service

capacity to handle situations up to the highest ICAO category

In 2016, Torino Airport transported 3,950,908 passengers, representing growth of 7.8%, an increase more than 40% higher than the national average. In detail, the number of passengers on international flights grew by more than 11.1%, while the number on regularly scheduled domestic flights rose by 7.3%:



The retail services offer:

Wi-Fi, unlimited and free of charge, in the passenger and general aviation terminals, meeting rooms, a general ticketing area, groups counter, services for the disabled (reserved parking, Courtesy Room, assistance columns), infirmary in operation 24 hours a day.

CONTEXT

Operations in the world of airports

Airports are infrastructures serving collective transport, and therefore tools that provide a public service of crucial importance to their surrounding territories.

Air travel and airport management operate within a framework of national and international regulations that is highly refined and complex, including measure stipulated at the ministerial level for setting airport fees and charges.

The large number of enterprises involved, the complexity of their interrelations and the rules and standards that govern their conduct are often little known and far from clear.

Using a simplified outline that does not cover every single aspect, the supply of airport services can be traced to the joint contributions of:

1. air-travel companies.
2. The suppliers of services to the air-travel companies, including:

2.1 the handlers, who provide services on the ground to aircraft, people and cargo.

The handlers take care of the phase of check-in, boarding and disembarkation of the passengers, as well as the loading and unloading of their baggage and the movement of cargo passing through the airport. In the course of dealing with baggage, the handlers also manage lost & found offices and procedures. Additional services are assigned to handlers by the air-travel companies, including cleaning inside the aircraft, the supply of drinking water etc..

There are two competing handling companies that operate on a free-market basis at the Torino Airport: SAGAT Handling, a company of the SAGAT Group that had a market share of 80% in 2015, and Aviapartner, which accounts for the remaining 20%;

2.2 the caterers, meaning the companies that supply the food for the aircraft;

2.3 the fuel-supply companies.

3. The Airport Manager.

SAGAT (for Società Azionaria Gestione Aeroporto Torino) is the manager of Torino Airport.

As such, SAGAT is responsible for:

- the planning, construction and maintenance of the infrastructures tied to air traffic (such as the runway and the aprons);
- the buildings used by passengers and airport operators (the air terminals with their commercial areas, parking facilities, office and systems);
- management of the bridges for boarding and disembarkation, as well as the aprons for parking aircraft;
- the baggage distribution system with the conveyor belts for returning luggage (placed on the belts by the handlers);
- systems for airport information and information to the public;
- security controls on passengers departing and in transit and on their baggage, performed either directly by SAGAT or indirectly, by specialised companies;
- assistance to passengers with reduced mobility;
- management of emergencies.

4. The commercial operators that provide their services, such as food service, car rental and the sale of a variety of other goods and services;

5. the Border Police, Customs Agency and Treasury Police, who perform their respective controls on passengers, baggage, cargo and airport operations;

6. fire-fighters, who provide specialised assistance with aeronautical operations;

7. ENAV (the Italian Civil Aviation Authority), which provides the air-traffic control service, plus other services of critical importance to air travel, such as authorisation for the moving, taxiing and take-off of aircraft.

There are other national and international bodies that regulate and oversee the sector.

Among the main include:

- ICAO (International Civil Aviation Organization): sets the standards and procedures for the orderly, safe development of international civil aviation.
- IATA (International Air Transport Association): the international association of air-travel companies supports the business policies of the carriers, providing them with aeronautical services as well.

- The Ministry of Infrastructures and Transportation: its General Department of Airports and Air Transport oversees the governance of civil aviation and the regulation of the European-Community and international sectors, with further functions of strategic guidance, oversight and control of organisations and enterprises in the sector.
- ENAC (the Italian Civil Aviation Authority): the sole civil aviation regulatory authority in Italy, it is responsible for oversight and enforcement of the regulations and standards enacted, as well as for governance of the administrative-economic aspects of the air-transport system.
- ASSOCLEARANCE: the independent association assigned by the Italian State to perform the tasks involved in allotting time slots to air carriers.
- ART (the Transportation Regulation Authority): an independent administrative authority established in September of 2013 and responsible for regulation of the transport sector.

THE OPERATING AGREEMENT WITH THE ENAC

On the date of 8 October 2015, SAGAT and the ENAC, the Italian civil aviation authority, signed an operating agreement governing relations pertinent to the management and development of the air-station activities of the Torino Airport, including those involving the planning, the construction, the concession for use, the maintenance and the operation of the systems and infrastructures instrumental to carrying out such activities.

The signing of the operating agreement amounted to achievement of an historic objective on the part of SAGAT, establishing an instrument that gave value to the Company by establishing a clear set of rules for the operating concession and lending stability to the role of the manager, complete with fundamental guarantee regarding financial balance and fitting return on the capital invested.

The operating agreement is valid to 3 August 2035, with the possibility of an extension to 2055.

THE PROCEDURE FOR SETTING FEES

In implementation of the new rules governing airport fees, it should be noted that the procedure for revising the fees applied to Torino Airport was initiated during the year 2016.

A first public hearing of users was held on the date of 8 January 2016, with the objective of sharing with the airport users the document of consultation drawn up by SAGAT through a detailed analysis of the technical documentation regarding traffic, infrastructure initiative, quality and the environment. This initial hearing concluded with the formulation by the users of proposals for modification of the fees applied and of the levels of service guaranteed (SLA).

During a second public hearing, held on the date of 22 January 2016, the Company and the users reached an agreement – with a significant contribution from the Transportation Regulation Authority – regarding the airport’s fee schedule for the period of 2016 – 2019, as well as the SLAs and the date on which the new fees would go into force.

On the date of 9 March 2016, the Transportation Regulation Authority published a ruling confirming compliance with the fee guidelines while calling for a number of corrections that were to be presented to and discussed with users during a subsequent hearing.

SAGAT made these corrections and, on the date of 23 March 2016, a third and final consultation was held with the users of Torino Airport, essentially completing the procedure for the updating of the fee schedule.

The final fee structure was approved by the Authority under a specific resolution, with the new fees going into effect from 1 May 2016.

SAGAT subsequently drew up the “Annual Information Document” – published on the airport’s institutional internet site – to provide users with suitable updates on the elements that contribute to the determination of the airport charges and to the revised version of the same for the period 2017 - 2019. This document was illustrated and made available during the annual gathering of the users.

Positive economic and employment-related fallout on the surrounding area

Airports are one of the key elements in strategies and policies of economic development on both the national and local scales, constituting a major competitive advantage for the area in which they are found, on both the European and world levels, with the increased competitive strength serving as a driving force for the growth of social wellbeing in the surrounding territory.

The presence of an airport generates various types of economic impact:

- **direct:** featuring the employment, income and value-added generated by activities directly related to airport operations, such as activities tied to carriers, air traffic controllers, general aviation, handlers, security, customs and maintenance;
- **indirect:** as a result of the business activities of the enterprises involved in airport operations. This value includes all activities that occur downstream of operations of airport management and aviation in general, such as the portion of oil company business attributable to aircraft fuel, the activities of travel agencies, catering services etc.;
- **secondary:** understood as the impact generated by the income produced by those employed in the aviation sector on other economic sectors;
- **catalytic:** referring to the broader array of economic benefits tied to the presence in a given area of efficient air terminals.

A study commissioned by the ACI, or Airport Council International of Europe, and carried out in January of 2015 by the InterVISTAS firm measured the economic and employment-related ramifications of the airport sector.

On the European level, it has been found that airports create jobs for approximately 12.34 million people: 1.7 million of them directly, 1.35 million indirectly, 1.4 million as a secondary effect and 7.89 million through catalytic stimulation.

Taking into account the overall impact of European airports in terms of direct, indirect, secondary and catalytic employment, it is estimated that they contribute to overall employment of 12.3 million people, generating working income of more than 350 billion euro while further contributing to the formation of more than 670 billion euro in value-added, equal to 4.1% of the European GDP.

In Italy, direct, indirect, secondary and catalytic employment generated by the airport sector accounts for 3.6% of the national GDP.

The study also shows that each increase of 1,000 passengers in an airport with annual traffic of between 1 and 10 million passengers results in an increase in employment of 0.95 units.

The impact of an airport on the surrounding economic system is closely tied to the number of destinations that can be reached from that airport. It is estimated that in Europe, on the average, an increase of 10% in airport connectivity is able to produce per-capita growth of 0.5% in the GDP¹.

A recent study focussed on the United Kingdom² also pointed to the close interplay between air transport and business activities, a link tied not only to cargo operations, but that includes the extensive segment of passenger traffic with business motives. This study highlights the close relationship between the supply of passenger transport and volumes of goods imported/exported: an increase of 10% in the supply of air transport (in terms of ASK, or Available Seat Kilometres) results in a rise of 3.3% in exports and growth of 1.7% in imports. This scenario demonstrates how adequate air connections, in terms of routes and available seats, and their incentive effect on business traffic, constitute a key prerequisite for the development of business relations in the international level, with readily apparent effects on volumes of foreign trade.

The presence of efficient airport terminals and air connections also has an effect on decisions regarding investments and the selection of locations for the central headquarters of large multinational corporations. It is estimated that growth of 10% in the supply of air transport on intercontinental routes results in growth of 4.7% in direct foreign investment. What is more, adequate air connections can influence the decisions of large multinational corporations on where to locate their operating facilities and offices: an increase of 10% in the offer of air services produces a rise of 4% in the number of plants and facilities located in the proximity of

¹ Cassa Depositi e Prestiti, 2015. Il sistema aeroportuale italiano. Sector 06 study.

² PWC (2013) "Econometric analysis to develop evidence on the links between aviation and economy".

airports³.

The air transport market

In recent decades, the European airport sector has been subject to far-reaching changes, attributable primarily to the process of liberalisation that, starting from the 90's, modified a market which, up until then, had been characterised by monopolies of the national flagship airlines over each country's domestic routes, while international routes were subject to duopolies of the same national flagship airlines, a system supported by bilateral agreements.

One of the main factors affecting the size and characteristics of air transport is the increasing importance of low-cost carriers, which, in 2016, transported more than 81 million passengers in Italy.

In the wake of the liberalisation process, new air companies entering the market, and especially low-cost companies (LCC), were able to negotiate advantageous fee levels with airport managers, offering in exchange long-term flows of passengers and the development of new routes, both factors of noteworthy interest, especially for small and medium-size airports.

In parallel with this trend, starting in the 90's, and thanks in part to legislative measures, private capital began to enter the airport sector, in a process of privatisation that recently gained new impetus, leading local government bodies to sell their shares, which often amounted to majority holdings, in airport management companies.

In this way, airport management firms were transformed into joint-stock companies that, in large part, began to operate as private enterprises.

And as private undertakings, the actions of airports are heavily influenced by their relations with the air companies that operate out of them, as well as their ability to attract passengers and cargo traffic.

The term "direct competition" is used to refer to extent to which an airport depends on the carriers that operate out of it, while "indirect competition" has to do with its ability to offer passengers alternative routes to those provided by other airports.

If an airport loses a carrier to another airport, then it must cope with a decrease in both aviation revenues and retail income, seeing that a lower number of passengers will be using the parking facilities, the food-service establishments and the retail outlets in general. On the other hand, the fixed costs of operating the airport shall remain unchanged.

As a result, airports are forced to compete with each other, on terms that have everything to do with business considerations, in order to retain their air-carrier clients and attract new ones, though all the while, as we have seen, their bargaining power is often quite limited.

Seen from the second perspective, meaning indirect competition, or the ability to offer passengers alternative routes to those of other airports, of the 112 airports operating in Italy, 60% have an alternative airport, operated by a different manager, at a driving distance of less than an hour and ten minutes away. And the percentage rises to 95% when the driving distance is increased to 2 hours.

Furthermore, the development of high-speed rail connections has become an especially strong source of competition, of increasingly crucial importance to airports. For trips of less than four hours, a high-speed rail connection is already able to draw away up to 50% of the market of an air route.

Torino Airport and its surrounding territory

The Torino Airport functions as a "catalyst" for industrial, retail and tourism enterprises, as well as cultural institutions, making it a noteworthy strategic asset for the area in which it operates.

It is an airport that, in addition to its "Keynesian" effect as a major direct source of income and employment (prudently estimated at 12,700 workers, including direct, indirect and secondary employment), has an equally extensive and significant positive impact on the surrounding territory.

There is also a mutually beneficial synergy between the airport and the City of Turin, a tourist destination that has drawn increasing numbers of travellers and recognition, resulting in continuous growth for the Piedmont tourist industry, which recorded more than 14 million Italian and foreign tourist presences in 2016 (+2.41% compared to the previous year). Not only does Turin offer museums of international renown, such as the Egyptian Museum and the National Film Museum, but the Piedmont Region as a whole provides countless other attractions that are well worth the trip, with tourist activity, and especially mountain ski areas, representing one of the strong points of the entire region, able to draw noteworthy flows of visitors in the

³ Cassa Depositi e Prestiti, 2015. Il sistema aeroportuale italiano, cit.

winter months, including those from abroad.

Furthermore, Piedmont is more and more a cosmopolitan region, with citizens of foreign countries making up 9.6% of the resident population, at a total of 422 thousand individuals.

In 2016 the number of foreign residents in the city of Turin was 221,900, or 9.73% of the population.

The largest number of immigrants come from Romania, followed by Morocco.

Within Italy, Piedmont stands at the forefront of international cohabitation, being able to point to a percentage of foreign students almost double the Italian average: the region's universities recorded a significant increase in 2016, to a total of approximately 9,000 foreign students (8.3% of the total).

And then there are the thousands of foreign students that attend training courses at the Turin office of the United Nations.

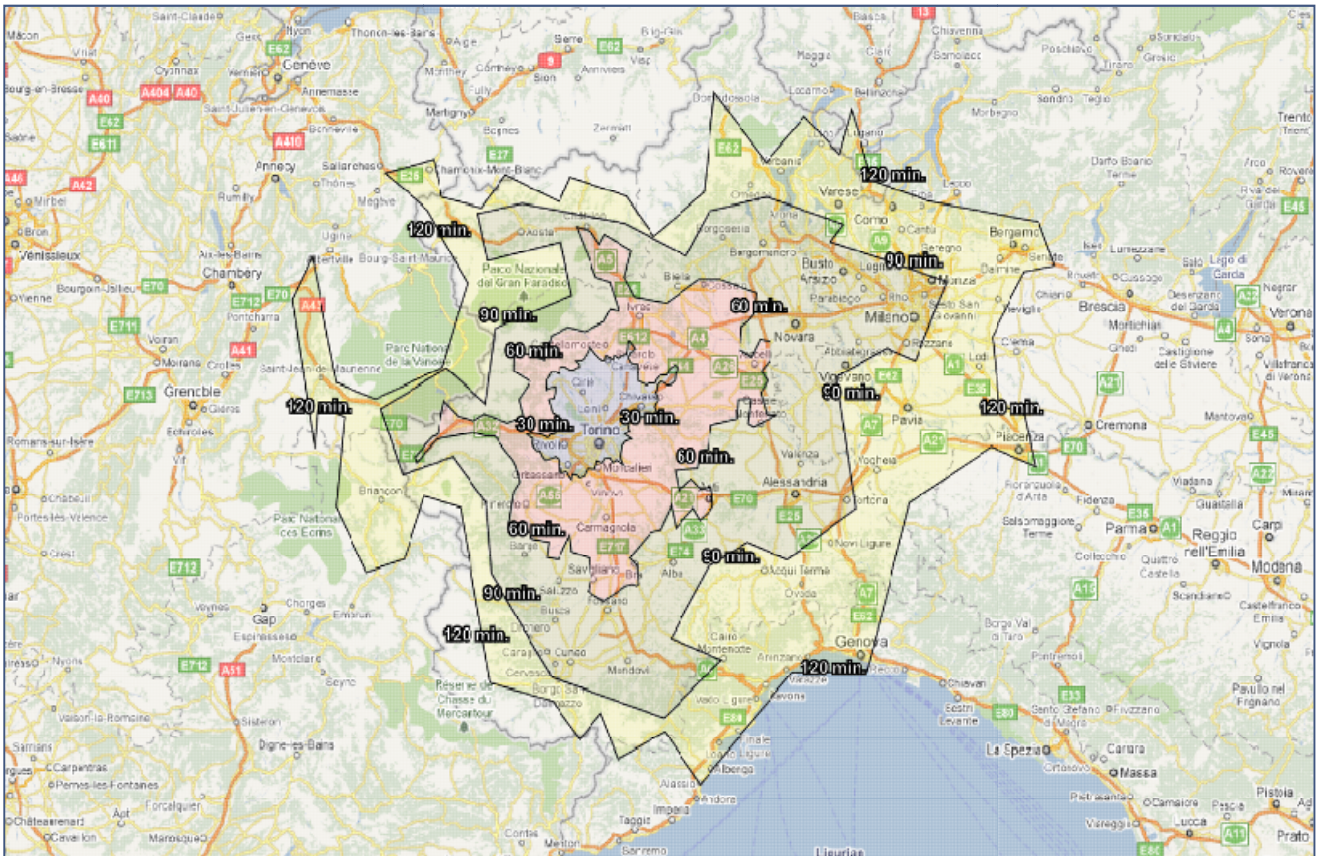
Finally, Piedmont is also ranked Italy's fourth leading region in terms of exports, accounting for 10% of the national total.

Piedmont is located in a strategic position between northern Europe and the Mediterranean basin, at the crossroads of the two main axes of continental development (Corridor V, Lisbon-Lubiana-Kiev, and the Genoa-Rotterdam corridor of the two seas):

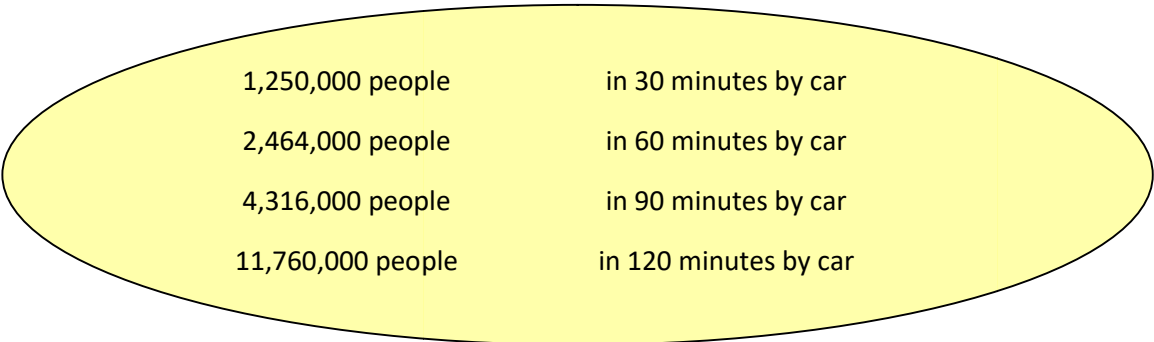


Torino Airport constitutes a strategic hub for the development of the Piedmont region, whose vocation for tourism, industry and crafts activities as the potential to attract significant flows of people throughout the year.

The traffic basin of the Torino Airport, conventionally considered to be the area within two hours' driving distance from the airport, extends into the neighbouring regions of Lombardy, Liguria and Val d'Aosta, as well as certain provinces of France and Switzerland:



Torino Airport can be reached by:



There are other airports within the basin of reference of Torino Airport:

- Cuneo Airport, 98,6 km away (travel time by car 1h 10m), 136,61 thousand passengers in 2016.
- Milan's Malpensa Airport, 140 km away (travel time by car 1h 20m), 19,420.69 million passengers in 2016.
- Linate Airport, 163 km away (travel time by car 1h 35m), 9,682.26 million passengers in 2016.
- Bergamo Airport, 188 km away (travel time by car 1h 48m), 11,159.63 million passengers in 2016.
- Genoa Airport, 194 km away (travel time by car 1h 52m), 1,269.76 million passengers in 2016.

The proximity of Turin to Milan's Malpensa Airport, a large-scale facility for intercontinental and international travel to and from northwest Italy, meant to be Alitalia's second hub, together with the presence of low-cost carriers flying out of the Malpensa (Easyjet) and Bergamo (Ryanair) airports, as well as high-speed rail connections, represent the main competitors for the network of connections and services offered by the Torino Airport.

MAP OF THE STAKEHOLDERS



The stakeholders of the SAGAT Group are all the parties (individuals, companies, organisations, etc.) that are involved in or influenced by its activities.

Each stakeholder has expectations and needs, and managing to satisfy these in the best way possible is the challenge and goal that SAGAT has set itself.

Stakeholder	Factors of success	Tools of discussion and exchange
Shareholders	Productivity and efficiency Creation of value Respect of strategic guidelines	Periodic encounters Year-end financial statements and corporate social responsibility reports
Human resources	Equal opportunity Involvement and optimisation Recognition of merit Professional growth Employment stability Safeguarding of health and safety on the job	Activities of in-house associations Periodic safety meetings Labour relations Company notice boards
Government bodies and authorities present at the airport	Transparency Compliance with pertinent requirements Sharing of successful practices	Participation in roundtables Operating conventions and agreements Public hearings
Regulatory and supervisory authorities		
Local community Surround territory and environment	Value created for the surrounding territory Concerted formulation of strategies Information Reduction of environmental impact	Cultural and social collaborations Public committees Institutional exchange and discussion System for gathering complaints on noise Internet site Press releases Press conferences
Passengers	Quality of service Growth of traffic Operating safety Security controls Accessibility Information	Welcome stations Communications campaigns Passenger satisfaction surveys Opinion surveys Complaints and reports Internet site
Non-aviation customers	Growth of traffic Fairness	Periodic encounters Reporting
Sub-concession holders and other clients	Quality of services	Analysis of passenger satisfaction
Carriers	Quality of service	Periodic encounters

	Fairness Operating safety Health and safety on the job	Press releases Press conferences
Suppliers and partners	Transparency and fairness Punctual payment Reliability	Encounters with suppliers Periodic meetings

INTANGIBLE ASSETS

In drawing up its Corporate Social Responsibility Report, the SAGAT Group, in keeping with its decision to follow the Piedmont Method, goes on with the inventory of its intangible assets, which consist of all the non-accounting variables that make it possible to monitor the effectiveness of the company's strategy for creating value in the short, medium and long terms. The key objective of this process is to move beyond the basic concept of an enterprise that produces goods and services, in order to adopt the perspective of a producer of a certain business culture.

There are many advantages to measuring and reporting on intangibles, and they benefit the full range of figures in a given enterprise:

- management is able to interface with key indicators, and not merely monetary ones, in order to periodically monitor and assess the achievement of the company's strategic objectives;
- the human resources, highly motivated by the realisation that they represent one of the main driving forces, if not the enterprise's main generator of value, gain the capacity to monitor and implement the intangible consequences of the company's operations (learning, know-how, processes and interpersonal relations);
- the stakeholders, to whom the company channels parameters and information above and beyond that found in the obligatory economic summaries of the year-end financial statements, are able to better understand and evaluate the company's growth, efficiency and stability.

The intangible assets of a company can be divided into three categories:

- **the human capital**, or the capital truly capable of allowing a company to grow, innovate and compete within the economic system in which it operates;
- **the capital of relations**, meaning the network of intangible connections between the company and the outside world;
- **the structural capital**, which consists of the sum total of the know-how, the capacity for innovation and research, the efficiency of internal procedures and the degree of consistency and cohesiveness of management.

In approaching this innovative method of exposition, the SAGAT Group decided to follow an experimental procedure for the reporting of the indicators of human capital and relations.

Listed below are the indicators for human capital and relations, taken from the G.B.S – Research Tool no. 8, "Social Responsibility Reporting of Intangibles" – and processed on the basis of the specific profile of SAGAT, its mission and its strategic guidelines for action, as well as the specific context in which it operates. Inside the document, the presentation of each of the indicators listed below can be found by noting the presence, in the paragraph, of the following symbols:

Symbol	Category
	Human capital
	Relationship capital

Human capital

The human capital is the sum total of the knowledge, skills and capabilities of the individuals who work inside the organisation. It constitutes the single most important strategic factor for the pursuit of the organisational mission, seeing that it consists of the features and qualities of the human resources, as well as the capacity to manage those resources in accordance with adequate policies.

The symbol selected to identify the indicators of human capital within the Corporate Social Responsibility Report is that of the marshaller, a professional figure of noteworthy importance, seeing that he provides the pilot with the visual indications for manoeuvres on the ground.



Chart illustrating indicators

Indicator	Description	Page references
Break-down of the personnel	Numbers and percentages of employees broken down by category, type of contract and qualifications	79, 80, 81
Distribution of personnel by gender	Percentages of women and men out of total personnel	80
Break-down of personnel by working hours	Numbers and percentages of personnel with part-time and full-time work schedules	82
Average age of personnel	Average seniority of personnel Age group in which the majority of the personnel are concentrated	81 81
Average age of the management	Average age of the management personnel	81
Index of level of education of personnel	Percentages of employees by level of education	82
Beneficiaries of training initiatives	Numbers and percentages of employees who have benefitted from training initiatives	83
Benefits for employees	Numbers who have benefitted from expense reimbursements for day care, children's gift package and summer camps	86

Relationship capital

Relationship capital is defined and limited by the sum total of all the subjects with which, for various reasons, the company maintains relationships that have a direct or indirect impact on its primary economic variables. Within the framework of a community or groups of stakeholders or other networks, relationship capital consists of the institutions and relationships created, as well as the capacity to share information with the different subjects involved.

The symbol selected to identify the indicators of relationship capital within the Corporate Social Responsibility Report is that of the control tower, seeing that it manages and coordinates air traffic, together with the various aeronautical operations that take place in an airport.



Chart illustrating indicators

Indicator	Description	Page references
Institutional map of relations	A succinct illustration of relationships with stakeholders, based on levels of efficiency and effectiveness	27
Relationship with media	Communication events and promotional campaigns	47, 48, 49
Events in collaboration with outside partners	Events planned and/or organised in collaboration with outside partners	46, 47
<hr/>		
Customers/Users		
Numbers of users/clients	Numbers of passengers and carriers	62, 63
Customer loyalty	Incentive systems promoting customer loyalty	65, 66
Quality of customer/user-organisation relation	Customer satisfaction analysis: <ul style="list-style-type: none"> customer's perception of quality of service perceived level of cleanliness and functional efficiency of bathrooms perceived availability of baggage carts perceived availability, quality and prices of restaurants and cafés waiting time for disembarkation of first passenger 	57, 58
Complaints	Number of formal complaints from customers/users	58
<hr/>		
Public institutions and subjects		
Shareholder relations	Levels of shareholdings of public entities in SAGAT	15
Compliance with regulations and statutes	Procedures for legislative compliance	66, 67
Joint projects with the public administration	Joint projects with government bodies and authorities	72, 73, 74
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Suppliers and financial institutions		
Relations with suppliers	Procedures for selecting suppliers	66, 67
Timing of payments	Average duration of commercial debt	67
Local fallout	Impact of suppliers in the local area	67
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The environment		
Safeguarding animals	Birdstrike Risk Index 2	50, 51
Acoustical impact	LVA parameter Anti-noise procedure	72 74
Electric energy	Tonne of oil equivalent (Toe) per energy source	75

Water resources	Consumption of drinking water	77
Urban waste	Waste collected at the airport	78
	Volumes of undifferentiated waste	78

Community

Donations	Joint charity efforts	46
Figures invested in infrastructures	Investments and depreciation of assets for environmental purposes	38

ECONOMIC OVERVIEW

THE GLOBAL, NATIONAL AND LOCAL ECONOMIC SCENARIO

MAIN ECONOMIC INDICATORS FOR THE SAGAT GROUP

ECONOMIC VALUE GENERATED

ECONOMIC VALUE DISTRIBUTED

ECONOMIC VALUE RETAINED

THE GLOBAL, NATIONAL AND LOCAL ECONOMIC SCENARIO

The global scenario

Passenger traffic increased by 5.5% overall in 2016, with international traffic growing at a higher rate than domestic (6.5% compared to 4.9%). All the geographic areas – with the exception of Africa – recorded growth in passenger volumes: from 2.2% in the Latin America-Caribbean area (in the midst of a recession) to growth of more than 9% in the Asian-Pacific and Middle East regions.

Passenger traffic in Africa, on the other hand, fell by 1.9%, while the mature markets of Europe and North America grew by respective figures of 5% and 3.9%, continuing to significantly outperform the levels of growth typically recorded for those regions.

The cargo transport sector registered an increase of 3.5% in volumes for the year as a whole; there was a recovery in the second half of 2016, with a noteworthy increase in the month of December (8.9%), as a result of the more than 10% increase in volumes registered – for the same period – by the airports of Europe, the Middle East and the Asia-Pacific regions.

Source: Aci.aero

The European scenario

Passenger traffic in European airports showed strong momentum in 2016, recording average growth of +5.1% that was driven by the European Union market, whose airports, taken as a whole, registered an increase of +6.7% in passenger volume.

While the terrorist attacks that occurred affected air traffic in Belgium, France and - though to a lesser degree – in Germany, their impact remained local, decreasing even further towards the end of the year. In contrast, passenger traffic in non-EU airports registered an average decrease of -0.9%, due primarily to the drop in traffic at Turkish airports (-6.6%) as a result of terrorism and political instability.

Even though the situation gradually improved after Summer, passenger traffic in Russian airports remained weak throughout the year.

Meanwhile, the other non-EU markets failed to register strong growth.

The Italian scenario

The Italian airport system closed 2016 with positive results of more than 164 million passengers, 1 million tons of cargo and 1.5 million aircraft movements, providing a strong impetus for both the growth of tourism in our country and the export of Italian products in the rest of the world.

Compared to 2015, sizeable increases were recorded in the three macro-categories monitored, with passenger traffic growing by 4.6%, volumes of cargo transported by 5.9% and the number of aircraft movements by 2.6%.

It should be noted that a key positive factor in the overall result for passenger traffic was the strong growth of international traffic, equal to 6.2%, and in particular EU traffic, which registered an increase of 7.6% compared to 2015. The result for domestic traffic was also positive, showing an increase of 2.2% over 2015.

More specifically, the overall number of passengers handled by the 36 Italian airports monitored was 164,691,059, making for an increase of almost 7.5 million passengers compared to 2015.

Of noteworthy importance were the figures registered for the cargo sector, whose total of 1,043,421.72 of cargo moved in 2016 constituted an increase of almost 60 thousand tons over 2015, confirming the growth trend recorded in recent years.

As for aircraft movements, the increase of 2.6% stands as the highest growth rate achieved in recent years. The main driving factor behind the greater number of flights was once again international destinations, which rose by 5.1%, and EU destinations in particular, which recorded growth of 6.5%.

Source: Assaeroporti

MAIN ECONOMIC INDICATORS FOR THE SAGAT GROUP

A summary of the main economic indicators for the Group is shown below, together with their trends in the most recent years.

Aviation income and handling income

As explained in the chapter on Identity, the activities carried out by SAGAT S.p.A. as airport manager may be broken down into those directly aimed at airport management and instrumental to air transport (aviation business) and those related to retail activities at the airport (non-aviation or extra-aviation business). In the former case, the fees paid by carriers are governed by specific regulations, while in the latter case the fees may be determined freely by the parties.

The activities carried out by SAGAT Handling relate to ground support to the aircraft and services offered to passengers and cargo (handling and aviation).

	Euro thousand		
	2016	2015	Variation %
Aviation	35,876	29,067	23.43%
of which:			
Fees	23,244	14,665	58.50%
Centralised infrastructures	3,260	6,015	-45.80%
Assets used in common	54	256	-78.90%
Security	7,902	6,502	21.53%
Aviation services (PRM and luggage)	1,416	1,628	-13.02%
Handling	11,216	10,564	6.17%
of which:			
Handling	10,431	9,863	5.76%
Aviation services (Cargo)	785	701	11.98%

The year 2016 saw aviation income increase by 23.43%, both on account of the increased traffic registered by the airport, as described in the pertinent section of the Social Responsibility Report, and as a result of new fee rates taking effect from 1 May 2016, following approval of the 2016-2019 fee plan by the Transportation Regulation Authority, in implementation of the new measures governing airport charges.

Non-aviation income

Of note is the increase in non-aviation income, traceable in large part to holders of sub-concessions and retail and food-service outlets, thanks to the enactment of effective policies of business development and the restructuring of spaces, complete with a major expansion and improvement of the services offered to arriving and departing passengers.

	Euro thousand		
	2016	2015	Variation %
Non-aviation	16,809	15,556	8.06%
of which:			
Non-aviation services	980	977	0.31%
Ticketing	361	172	109.88%
Airport retail corners		0	0%
Retail and restaurant subcontracts	4,320	3,778	14.35%
Other business subcontracts	1,861	1,510	23.25%
Sublease of spaces	2,222	2,565	-13.37%
Parking lots	5,970	5,396	10.64%
Advertising	1,095	1,158	-5.44%

Other income

Other income totalled 1.336 million euro, showing a noteworthy decrease compared to the 10.833 million euro recorded in 2015.

This result is attributable to the presence in 2015 of a total of 9.212 million euro in extraordinary, non-recurring components, and primarily the release onto the income statement of the full value of the Provision for the Maintenance of Third-Party Assets, at an amount of 8.481 million euro.

Key economic indicators

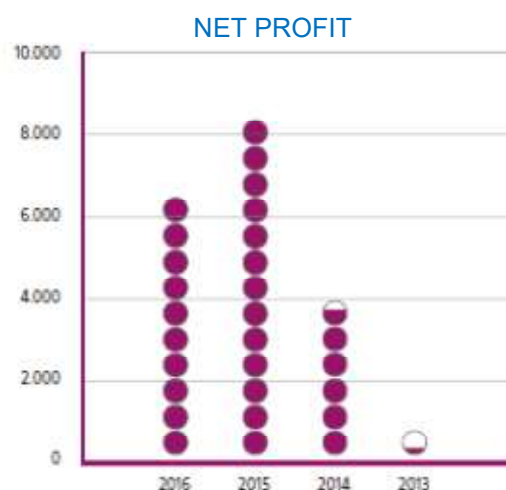
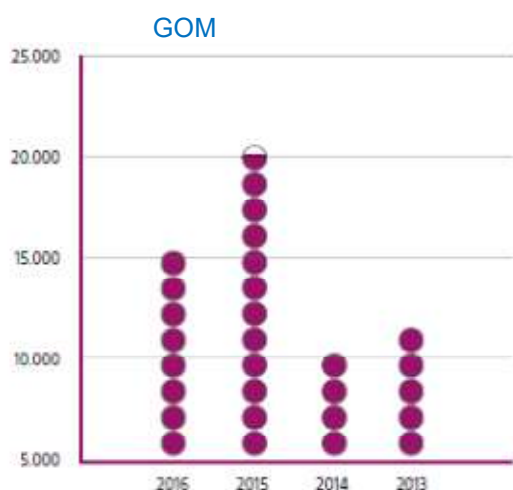
The table below shows certain key economic indicators from the Consolidated Financial Statements of the SAGAT Group for the year 2016, compared with the 3 previous years.

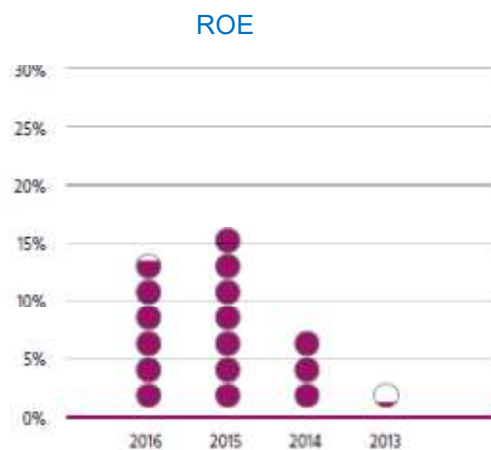
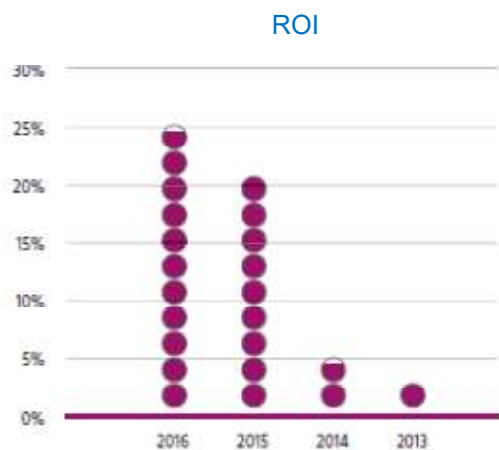
As a result of the introduction of Legislative Decree 139/2015, under which Directive 2913/34/EU was implemented, and of the revised text of OIC Accounting Principle 12, the costs and income previously entered under Extraordinary Proceeds and Charges are now entered under other items of the Income Statement. To make possible a comparison between the 2016 figures and those for the previous year, the 2015 figures were recalculated on the basis of the principles currently in force. As a result, the value of some of the 2015 figures (including the Ebitda, ROI and ROE) has been varied. The pre-tax result and the net result for 2015 were not subject to any changes.

The Group's net profit for the year stood at 6.761 million euro, for a decrease of 1.948 million euro compared to the net profit of 8.709 million euro registered in the previous year.

Euro thousand

	2013	2014	2015	2016
GOM	12,485	10,942	20,320	15,813
Net profit	267	3,357	8,709	6,761
ROI	1.01	3.25	22.93	24.76
ROE	0.42	7.33	18.29	12.96





ECONOMIC VALUE GENERATED

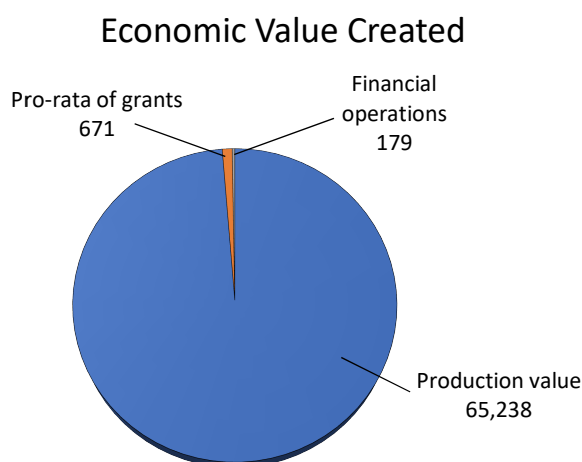
The financial statements are made up of the balance sheet, income statement and Notes, and provide a true and accurate presentation of SAGAT Group's financial position.

The Social Responsibility Report is meant to present the same figures, but seen from a different viewpoint based on the concept of economic value, i.e. a quantification of the wealth created by the Company in a given timespan. The review of how this economic value is created and, above all, how it is distributed, gives an idea of the Group's social importance for the territory.

The SAGAT Group identifies as economic value created the sum total of consolidated revenues and financial proceeds earned in the year in question. In 2016, these totalled 66.088 million euro and consisted primarily of the value of production, which amounted to 65.238 million euro. The economic value created also included both the residual accrual of the grants received from the Piedmont Region and from the ENAC for the investments made to improve airport infrastructures in preparation for the 2006 Turin Olympic Games, equal to 671 thousand euro in 2016, and the positive balance of the Group's financial operations.

Euro thousand

	2016	2015	Absolute Variation	%
Production value	65,238	66,020	-781	-1.18%
Pro-rata of grants	671	2,270	-1,599	-70.45%
Financial operations	179	0	179	
Economic value created	66,088	68,290	-2,202	-3.22%



ECONOMIC VALUE DISTRIBUTED

In order to carry out its business, SAGAT Group is always in contact with its stakeholders: therefore, the Group is able to calculate the quantity of economic value created that is "distributed" to a number of them:

- human resources, through the payment of wages and all the contributions related thereto;
- vendors, that are paid in consideration for their products and services;
- the Public Administration, through the payment of current taxes, tax charges, concession fees;
- the community, including the costs and depreciation of major investments in environment protection, sponsorships, donations and collaborations with local agencies, local taxes and local concession fees;
- financiers and shareholders, through the payment of interest on borrowed funds and the distribution of dividends.

Therefore, the amount and destination of the economic value distributed are a meaningful parameter to assess the social benefit that SAGAT Group contributes to achieving, as it is perceived by its stakeholders and by the local community. In 2016, it amounted to 54,621 million euro, for an increase of 8.97% compared to the same value for 2015:

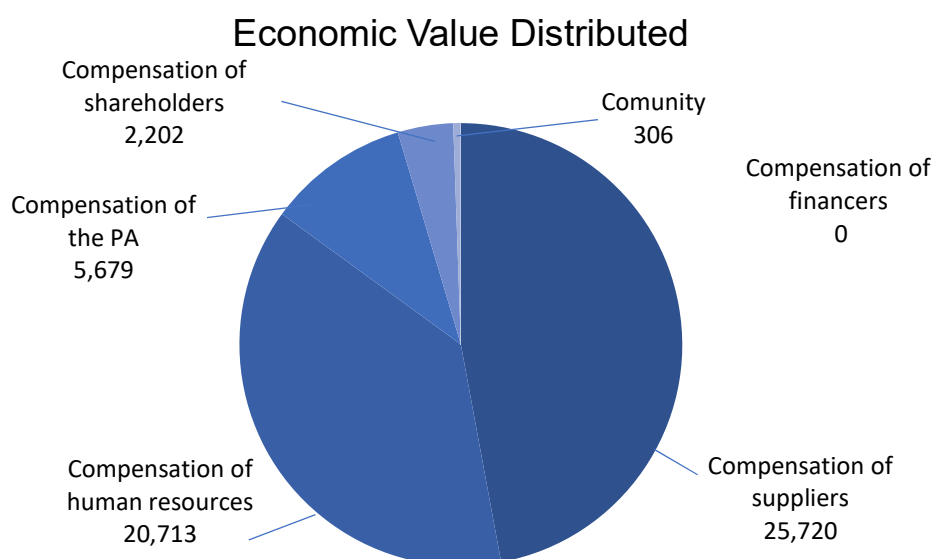
Euro thousand

	2016	2015	Absolute Variation	%
Compensation of suppliers	25,720	23,966	1,755	7.32%
Compensation of human resources	20,713	19,708	1,005	5.10%
Compensation of the Public Administration	5,679	3,654	2,026	55.44%
Compensation of the shareholders	2,202	2,002	200	10.00%
Community	306	548	-243	-44.22%
Compensation of financiers	0	249	-249	-100.00%
Economic value distributed	54,621	50,126	4,495	8.97%

In the case of suppliers, meaning the recipients of all costs incurred on purchases, maintenance, utilities and services, they received 25.720 million euro, an increase of 7.32% over the previous year, while human resources received 20,713 million euro, 5.10% more than in 2015.

The portion of the economic value from which the Public Administration benefitted was equal to 5.679 million euro in 2016, for an increase of 55.44% compared to 2015, while the portion of the net year-end result for 2016 allocated to compensation of the shareholders was 2.202 million euro.

The economic value distributed to the community, inclusive of the depreciation of the most significant assets likely to have an effect on the environment (approximately 153,373 euro in 2016), local taxes and contributions and donations to local entities, amounted to 306 thousand euro in 2016, down from the previous year.



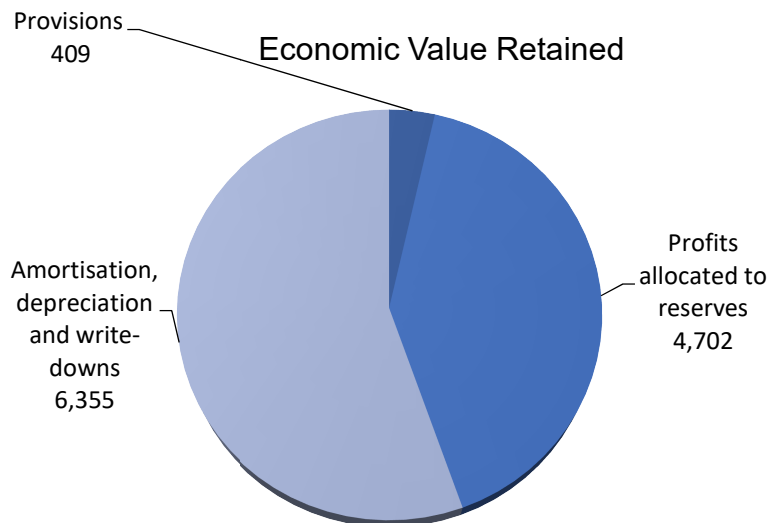
ECONOMIC VALUE RETAINED

The difference between economic value created and economic value distributed are those accounting entries that do not generate financial transactions, such as allocations to provisions, value adjustments/reinstatements, net balance of valuation activities, current taxes, deferred income tax assets and liabilities, and the portion of profit allocated to reserves. This difference is the economic value that is not distributed, or, in other words, that is retained.

The economic value retained for the year 2016 is equal to 11.467 million euro, down 36.87% from 2015. The variation is traceable to the lower level of provisions for 2016, to the decrease in the portion of the net profits for 2016 allocated to reserves and to the lower depreciation and write-downs compared to the previous year.

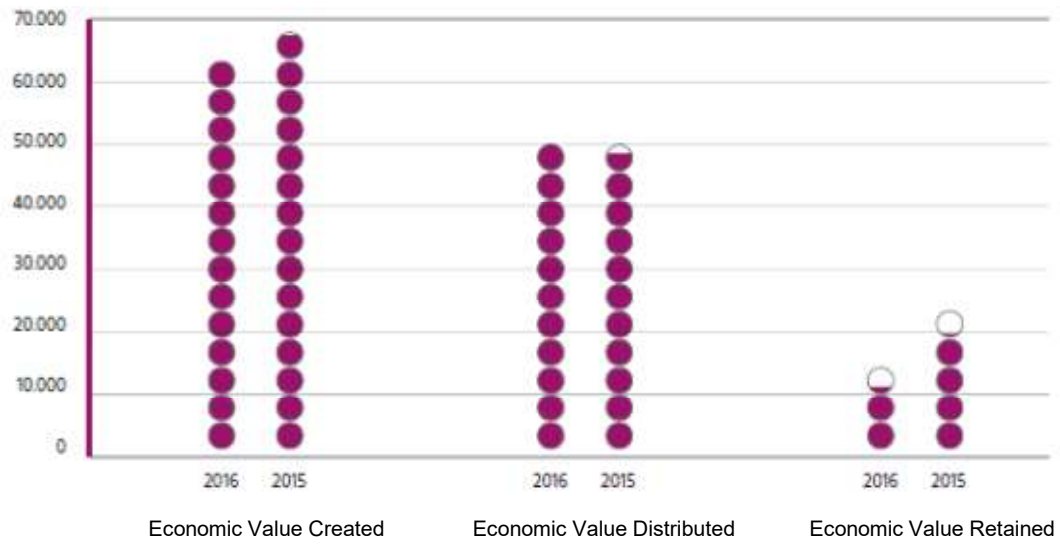
Euro thousand

	2016	2015	Absolute Variation	%
Amortisation, depreciation and write-downs	6,355	9,980	-3,625	-36.32%
Profits allocated to reserves	4,702	6,688	-1,986	-29.69%
Provisions	409	1,495	-1,086	-72.62%
Economic value retained	11,467	18,163	-6,696	-36.87%



Euro thousand

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Profits allocated to reserves	4,702	6,688	-1,986	-29.69%
Provisions	409	1,495	-1,086	-72.62%
Economic value retained	11,467	18,163	-6,696	-36.87%



SOCIAL RESPONSIBILITY REPORT

MAIN RESULTS FOR SUSTAINABILITY

SOCIETY AND THE SURROUNDING TERRITORY

PASSENGERS

CARRIERS

NON-AVIATION SERVICES

VENDORS

THE ENVIRONMENT

HUMAN RESOURCES

INVESTMENTS IN INFRASTRUCTURES

OBJECTIVES AND RESULTS

MAIN RESULTS FOR SUSTAINABILITY

	2015	2016	Page reference
Economic value created (thousands of euro)	68,290	66,088	37, 38, 39, 40, 41
Gross operating margin (thousands of euro)	20,320	15,813	36
Net profit	8,709	6,761	36, 39
Economic value distributed (thousands of euro)	50,126	54,621	38, 39, 40, 41
Revenue from aviation operations (thousands of euro)	29,067	35,876	35
Revenue from handling operations (thousands of euro)	10,564	11,216	35
Revenue from non-aviation operations (thousands of euro)	15,556	16,809	35
Infrastructure investments in assets with effects on the environment (thousand of euro)	143	153	39
Number of movements	44,261	46,496	62
Number of passengers	3,666,424	3,950,908	20, 61, 62, 63
Cargo (tons)	6,031	6,346	34
Indexes of environmental sustainability	2015	2016	Page reference
Emissions of CO2 (tons)	10,671	10,508	76
Water supplied (m³)	167,500	157,800	77
Electric energy consumption (toe)	3,731	3,682	75, 76
Number of spillage episodes	27	22	51
Number of noise monitoring units	8	8	72
Wildlife strike/presence birds	33	30	51
Indexes of socio-economic sustainability	2015	2016	Page reference
Value of orders assigned to suppliers with registered office in Italy (millions of euro)	8	11.43	67
Average duration of trade payables	150	196	67
Number of pieces of luggage mislaid under airport's responsibility (x1,000 passengers)	0.16	0.65	57
Level of satisfaction with the PRM service (%)	99.3	100	59, 60
Overall level of passenger satisfaction	99.6	99.4	56
Number of passenger complaints *	84	65	58
* of which, complaints from PRM	3	1	58
Number of PRM assistances	21,930	26,000	53
Average response time to complaints (days)	4.41	4.5	58
Number of employees	397	381	16, 80, 82
Average annual hours of training per capita	26.5	35.88	83
Injuries SAGAT S.p.A. – index of frequency (number of workplace injuries/hours worked) *1,000,000	2.52	4.85	89
Injuries SAGAT S.p.A. – index of seriousness (overall days lost/hours worked) *1,000	0.01	0.15	89
Injuries SAGAT Handling - index of frequency (number of workplace injuries/hours worked) *1,000,000	16.3	3.81	90
Injuries SAGAT Handling – index of seriousness (overall days lost/hours worked) *1,000	0.07	0.05	90
Number of reimbursements of nursery school and kindergarten fees for employees' children	53	49	86
Number of users of summer camps for employees' children	41	41	86

SOCIETY AND THE SURROUNDING TERRITORY

In 2016, the company managing Torino Airport played an active role in working alongside leading local entities, enlarging its presence in the surrounding territory while increasingly opening up the airport to passengers, those accompanying them and the general public.

The working relationship with Artissima – the international festival of modern art – brought art into the Airport, in the form of a work specially created for the terminal by one of the leading figures of Pop Art, a creation admired by thousands of passengers and other visitors who reserved the chance to see it.

SAGAT has also taken steps to support the residents of areas hit by the earthquake that struck central Italy, making a donation to the Red Cross and organising a fund drive among its employees and passengers at the airport.

Joint initiatives in the cultural sphere include a partnership with Turin's Teatro Regio opera house, thanks to which concerts were organised during the year for all passengers, while music was available to enliven the airport 365 days a year, thanks to the grand piano placed in the departure area and much appreciated by the dozens of passengers who, on a daily basis, would make music while waiting to board their planes.

Joint efforts in the social sphere



The exceptional calamity of the major earthquake that struck central Italy moved SAGAT to engage in a fund drive in favour of the residents of the stricken area. The Company donated 100 thousand euro to the Red Cross, together with the donations collected from employees (approximately 11,000 euro) through an account specially opened for the purpose and from passengers (1,200 euro) at two sites set up for donations in the arrival and departure areas.

During 2016, SAGAT increased its contribution to the IRCC Clinic in Candiolo for the collection of funds through the "PRO AM of Hope", while supporting, for the first year, NessunoFuoriGioco, or "No One Offside", an educational project aimed at improving the social conditions of children and young people from underprivileged, problematic backgrounds.

Finally, working in concert with the Assaeroporti airport operators association, SAGAT has arranged for the airport to lend visibility to the fund-raising initiatives of organisations pursuing social objectives, such as the AISM, the Italian Multiple Sclerosis Association, and Telethon, and SAGAT has also continued working alongside AIL, or the Italian Association against Leukaemia, as well as "Emergenza Sorrisi – Doctors for Smiling Children", Aido, the Italian Organ Donors Association, and the MurialdoFor fundraising association.

Joint cultural efforts and events



During 2016, SAGAT doubled the number of its joint cultural efforts, bringing to the airport events and exhibitions that made possible promotion of the airport itself to the extensive, highly varied public that takes part in cultural events in the metropolitan area.

A prime example, the important joint effort with Artissima - the international modern art fair – had a variety positive side-effects. The working relationship between SAGAT and the management of the fair led to the installation of the "Flying Home" by German artist Thomas Bayrle. The arrival of this never-before-seen cultural project, specially designed for the city, turned the baggage pick-up area into an unexpected, stimulating exhibition space. The work displayed large-scale images tied to the topic of flight, with the artist establishing a conceptual link between the airplane as icon and the human element needed for the operation of the airport structure. In addition to being seen by arriving travellers, the exhibition was also visited by local residents who made reservations on the airport's internet site. The airport also hosted the press conference for the 2017 edition of Artissima, as well as the Artissima party, which took place in the unusual location of the terminal's baggage pick-up atrium, a space specially rearranged for the occasion. The creation of Thomas Bayrle's work at our airport came with various types of positive fallout: it increased knowledge and awareness of the airport, thanks to the media exposure attracted by such a high-level artistic operation held

in a far from customary site; the association with the world of modern art added lustre to the positioning of Torino Airport's brand while further reinforcing ties with the surrounding area, seeing that the airport, in addition to upgrading and restyling its atrium, served as the focal point of Turin's most international cultural event. The airport was transformed into a site of artistic exploration, contributing to further enrichment of the city's cultural offerings.

During 2016, Torino Airport also undertook additional joint efforts on the occasion of the most important events held in the surrounding territory: the Turin Book Fair, with an exhibition stand in the BABEL international area meant to spread awareness of the network of flights through the "Book a Flight" publicity campaign designed specifically for the Fair; the Turin Car Show, with an information station in the city's Parco del Valentino park; the Turin Taste Fair, with a slow-food photography exhibition entitled "Treat the World Well", held in the airport's arrival area to welcome visitors to the event; "Lunatica", a street-theatre festival in the town of Ciriè (Province of Turin), with the aim of highlighting events held in the outlying areas of the airport zone as well.

The airport also undertook newly established joint efforts in the world of sports: with the Turin CUS (University Sports Centre) to heighten visibility of the sports initiative "Just the woman I am", welcoming the foreign students arriving at the airport; with RCS Sport on the occasion of the 2016 International Basketball Federation Qualifying Tournament.

Throughout the year, SAGAT continued to support numerous cultural, artistic and sports activities, receiving positive feed-back in terms of its image while further reinforcing the points of attraction of the surrounding territory.

Thanks to the expansion of its partnership with Turin's Teatro Regio Opera House, concerts were organised on a periodic basis, including "*Arias and Music from La Bohème*", which featured soprano Erika Grimaldi and tenor Ivan Ayon Rivas, plus members of the orchestra of Turin's Teatro Regio, to mark the installation of the piano and highlight the opera season, plus "Everyone Wants to Play Jazz ... even for Christmas!", with the Boys Choir of the Teatro Regio Opera House and the Giuseppe Verdi Conservatory of Turin, for the opening of the new retail area in the departures zone. The Teatro Regio was also provided with a corner of the airside departures areas in which to display a portion of the stage set from one of the season's operas.

To make the time passengers spend waiting at the airport more pleasurable, and to enliven the boarding lobby, a piano has been placed there for anyone who cares to play.

Torino Airport continued to work alongside the National Cinema Museum of Turin, hosting previews of the Museum's exhibitions "Cinema neorealista", "Hecho en Cuba" and "Gus Van Sant" in the permanent display area set up in the arrivals atrium.

In 2016, SAGAT continued its joint efforts in collaboration with the Zoom Bio-Park, as part of the "*Zoomaginario in Tour*" initiative, providing an exhibition space in the departures area for the most distinctive works of Zoomaginario, complete with a "green" design scheme meant to heighten the allure of the sculptures while adding to the vigour of the link between art and nature; the airport also worked with the Piazza dei Mestieri Foundation, for the training and employment of young people; with the Collisioni Festival, where it was present with an information booth; it reinforced its working relations with the "Stabile" Repertory Theatre and with the City of Turin, with regard to events organised directly by the municipality; it contributed to the Turin Film Festival, supplying the staff with sweatshirts bearing Torino Airport logo; and it assisted the Turin Urban Centre with the holding of the customary treasure hunt promoting exploration of the City of Turin. In terms of efforts aimed at young people, it provided logistical support for the Club2Club event and promoted its network of destinations at the Kappa Future Festival.

Joins efforts promoting tourism

SAGAT has continued to promote the role of its surrounding area as a tourist destination, working together with the Tourist Board of the City and Province of Turin to welcome guests at the airport, providing a multimedia, interactive station that puts passengers in direct contact with the tourist office in downtown Turin, while also promoting the tourist attractions of the city itself.

SAGAT has also helped organise press junkets to increase the visibility of international routes:

- press tours of journalists from Berlin, in a joint effort with Blue Air, to stimulate incoming flows of tourists from Germany;
- a tour of English golf agents, in collaboration with the Royal Park I Roveri Golf Club, to heighten awareness of Turin as a golf destination, increasing the flow of lovers of the sport from abroad.

“Spain in Turin”, an initiative organised by the Spanish Tourism Bureau, was another event in which SAGAT took part, promoting its network of flights to destinations in Spain.

Communications efforts

Press and public-relations activities have grown apace with SAGAT’s increased commitment to - and presence in - the surrounding territory, contributing to the development of both the aviation and non-aviation sectors through the promotion of new routes, in collaboration with the carriers, plus the further promotion of the airport’s retail offerings.

In 2016 Torino Airport promoted itself through:

- four publicity campaigns promoting the network of destinations;
- seven campaigns undertaken jointly with carriers to promote new routes;
- more than thirty press releases on: new routes; the growth of the airport; initiatives undertaken together with other organisations; newly opened retail establishments.

In the specific case of the exceptional growth of the operations of the carrier Blue Air at the airport, media support took the form of:

- an event held at the Turin Film Museum in March to announce new Blue Air routes, with industry professionals, tour operators and travel agencies on hand;
- a press conference held at the Palazzo Madama in November to announce Blue Air’s new international destinations, with the Mayor of Turin in attendance;
- the “Blue Air Network” advertising campaign, to promote the carrier’s new destinations by tying its image to the monumental Mole Antonelliana building, a symbol of Turin, with the objective of expanding awareness of the carrier’s brand and knowledge of its network;
- an “Open Day” for the company to recruit new on-board personnel, held at the General Aviation Terminal, in collaboration with the Turin Flying Institute.

Torino Airport also served as the set for the official commercial of the carrier Blue Air, hosting a team of more than fifty actors and production staff for a day.

Finally, the campaign on articles that cannot be brought aboard planes, run in collaboration with ENAC, the Italian civil aviation authority, was repeated once again in 2016 to heighten awareness of the issue among departing passengers.

Everybody’s Airport



In 2016, Torino Airport once again held its day for families, hosting more than 400 children and their parents at the “Open-Day Airport” event on the second weekend in September. The children were able to visit the airport and take an up-close look at the operations of the falconry squad, the Fire-Fighters Corps and the canine unit of the Treasury Police, plus, this year, the National Police Command. The event was a great success in 2016 as well, with all the available places spoken for in just a few hours’ time.

The students of Turin's schools were also given a chance to visit the airport, as over 300 primary and secondary-school pupils were taken on free guided tours during the year, with precedence given to classes from schools in outlying municipalities.

During the year, SAGAT made every effort to ensure that passengers and those accompanying them found a more pleasant, welcoming airport, expanding not only retail offerings but opportunities for cultural enrichment as well.

In support of disabled passengers, the airport continued to work alongside the CPD, or Advisory Board on Individuals in Difficulty, to favour the transport of persons with reduced mobility to and from the airport. It also hosted a flash mob organised by the Piedmont Special Olympics Team on the occasion of World Disability Day, in what proved to be a stirring moment of collective participation.

To make the airport more accessible to women and families, SAGAT has reserved 54 covered parking spaces on the 2nd floor of the multi-level parking facility for these two categories of passengers. Easily reached, just a few steps from the terminal, these spaces are outfitted with enhanced lighting and SOS call devices.

Finally, the joint effort with the Interfaith Committee of the City of Turin continued, with the opening of the Room of Silence, which joined the Ecumenical Chapel and the Muslim Prayer Room already available at the airport. The new Room of Silence has been selected as a case study by the University of Turin.

PASSENGERS

Airport security

CONTROLS AT SECURITY CHECKPOINTS

In accordance with Ministerial Decree no. 85 of 29 January 1999, *Regulations Stipulating the Measures Governing the Awarding of the Operating Concession for Security on the Airport Grounds*, SAGAT S.p.A. holds the operating concession for the services involved in the control of departing passengers and passengers in transit, plus their baggage, an assignment that was competitively tendered to a specialised firm that fulfils the prerequisites called for under the law. In compliance with art. 6, paragraph 1, of Legislative Decree no. 101 of 31 August 2013, *Urgent Measures for the Pursuit of Objectives of Rationalisation in Government Bodies and Authorities*, SAGAT S.p.A. exercises direct management, through its own personnel, of the service checkpoints, meaning those checkpoints established specifically for airport operators and flight crews, as well as for vehicles and heavy equipment that operate inside the airport's "sterile area", and which also serve as the points of transit for general aviation and commercial passengers transported by ambulance or escorted by the Penitentiary Police. At least twice a year the airport undergoes security inspections on the part of the competent national authorities, and at times international authorities as well. In 2015 a team of European Union inspectors, together with observers from the U.S. Transportation Security Administration, evaluated the compliance of the Torino Airport with the requirements of the European regulations governing security, finding it to be fully in line with the highest standards of security, with a ranking on a par with Europe's best airports. SAGAT S.p.A., through the quality audits called for under security regulations and the Quality Management System governed by the UNI EN ISO 9001:2008 standard, constantly monitors correct application of the procedures, together with the levels of quality of the service provided to the customer.

The airport security infrastructure is outfitted with sophisticated systems and equipment for the control of individuals, carry-on luggage, luggage to be stowed in the hold and cargo, all of it meeting the pertinent civil-aviation regulations. Each of the checkpoints is manned, as required under law, by bonded security guards certified to carry out such activities in airports, with the checkpoints being opened on the basis of the flight schedules and the operating and business demands of the airport.

The passenger terminal is equipped with 10 security checkpoints distributed on two levels (departures and indoor shopping/food service plaza), of which:

- 1 is set aside for the control of supplies to the commercial outlets inside the embarkation area
- 1 is set aside for controlling passengers and staff in the "Fast Track" mode

- 8 are used to control departing passengers and carry-on luggage

The general aviation terminal (private flights) and the cargo terminal are each equipped with one security checkpoint. There are also two staff checkpoints open 24 hours a day and set aside for the entry of all authorised airport operators.

The Baggage Handling System, the technological infrastructure for the handling and distribution of the departing baggage to be stowed in the hold, screens 100% of the luggage by passing the bags through an integrated system of conveyor belts and x-ray machines with multiple levels of control.

FALCONRY

A partnership of nature and technology

A problem shared by all airports is the potential presence in areas where planes manoeuvre of birds and other wild animals that can pose a potential hazard for safe air navigation, should there be contact with the aircraft during operations of landing or take-off.

To deal with the problem, SAGAT's Airport Readiness Service – in operation 24 hours a day, 365 days a year - monitors the areas inside the airport grounds on a daily basis, paying particular attention to the runway. The goal is to determine when wild animals are present, and birds in particular, studying their behaviour, so as to be able to send them away or discourage their presence, in this way reducing the possibility that they can strike aircraft during arrival or departure, an event referred to with the technical term *birdstrike*.

The team that carries out this task goes by the title of *Bird Control Unit (BCU)*, being organised and coordinated by the Airport Readiness Service, with the support of a falconry service contracted to an outside firm.



The manoeuvring area is monitored at every daytime hour and whenever requested by the airport authorities responsible for flight safety.

The controls are intensified when the presence of the birds is found to be massive.

Removal of the birds without bloodshed is accomplished through techniques of falconry or the use of electronic instruments, such as cars equipped with frequency relays that sound recorded distress calls of bi-tonal sirens.

The falconry service is on duty at the airport throughout the year, 7 days a week, for eight hours a day, with the time distributed in the day-parts when there is the most activity on the part of birds and animals. Torino Airport was a pioneer in Italy with the use of this natural method for dissuading birds, an approach that has produced excellent results. In fact, the number of impacts in the airport area is far lower than the national average, and in recent years, the parameter for measuring the risk of impact, entitled BRI2 (Birdstrike Risk Index), in accordance with the ENAC regulations currently in force, has stayed below the threshold limit of 0.50.

The falconry service at the airport has at its disposal 15 winged predators and 2 thoroughbred collie dogs.

The predator squad consists of a golden eagle with a wingspan of approximately 2.4 metres, a gyps himalayensis, part of the family of griffon vultures originally from the mountains of Himalaya and Tibet, an eagle owl, usually used at dawn and dusk, an African eagle owl, similar to the previous species but smaller, 2 purebred Saker falcons and 6 peregrine falcons deployed to drive away birds at high altitude, along with 3 Harris's hawks that, unlike any of the other predators, can be used in couples, plus a goshawk use to chase birds away at low altitude.

The group also includes 1 border collie that chase away birds and 1 border collie that chases away ground-based animals (such as mini-hares, hares and badgers).

The presence of the falconer at the airport helps all the operative personnel of the BCU, seeing that they can always draw on the knowledge of a professional well versed in bird behaviour, able to recognise the different species and foresee how they will behave. The approach also serves as a natural solution to the problem, without it being necessary to throw the ecosystem into disarray or risk the collateral problems that a massive use of mechanical or electronic systems can entail.

The presence of winged predators and dogs, together with systems of electronic dissuasion and a human presence, make it possible to vary the threat, preventing the birds from becoming accustomed to it and avoiding situations in which bad weather lessens its effect.

SAGAT has also studied the neighbouring habitat, in order to determine if possible sources of attraction exist inside the airport or nearby by carrying out focussed research conducted by experts in the sector, including biologists and agronomists. Based on the study, the sites of attraction can be reduced and any risks can be reported to the competent authorities, with annual controls of the state of things.

To this end, a roundtable has been held since 2013, bring together representatives of the local territory (the Province, the municipalities, the prefecture, the managers of disposal sites etc.) with the airport authorities and companies (ENAC, ENAV, Leonardo Finmeccanica, etc.) that play a role in preventing the risk of bird strike. This workgroup also met during 2016 to share proposals for initiatives to be taken to reduce the sources of attraction for birds and animals found outside of the airport.

THE SAFETY MANAGEMENT SYSTEM

The Safety Management System (SMS) is designed to guarantee safety during airport operations, with its primary purpose being to prevent inconveniences and accidents.

At Torino Airport, the objective of safe airport operations is pursued with the utmost intensity, bringing into play a variety of different resources, including the Safety Management System (SMS), to which all the subjects operating at the airport contribute.

By examining performance levels, reports received, records of accidents registered internationally, as well as the pertinent literature, the SMS pursues the objective of identifying are in which safety can be improved, and not only in the sense of compliance with the standards and regulations, but in terms of continuous improvement in safety performance.

One of the key features of the Safety Management System is the reporting of events that occurred and, either directly or indirectly, could have contributed - or did contribute – to the occurrence of inconveniences or accidents.

Each airport operator has the right/duty to report, eventually in anonymous form, any event they have witnessed and that posed a danger – or could have posed a danger – to the safety of individuals, aircraft, equipment or infrastructures.

The processing and analysis of the data allows the SMS to monitor standards of safety, identifying the dangers and preparing systems for the mitigation/elimination of the risk, with the objective of prevention rather than the assignment of blame and/or responsibility after the act.

Indicators of the Safety Management System	2016	2015	2014	2013	2012
Reports received	281	340	259	221	189
Wildlife strikes/presence of birds or animals	30	33	21	22	38
<input type="checkbox"/> Number of impacts below 300 ft	18	9	11	4	13
<input type="checkbox"/> BRI2 risk index	0.18	0.14	0.19	0.08	0.16
Laser rays	61	44	56	36	36
Damage sustained by aircraft, equipment, airport resources, infrastructures	8	7	11	5	9
FOD	7	7	14	3	3
Spills	22	27	17	11	11

THE AIRPORT EMERGENCY PLAN

The “airport system” must always be ready to deal effectively with the various types of emergency scenarios that could occur on the airport grounds (such as aviation accidents, terrorist threats, medical emergencies, flu pandemic, fires, structural collapses, gas leaks etc.), drawing on dedicated emergency plans that are constantly updated.

These plans take into account both the experience acquired internally, through the handling of real or simulated emergencies, and externally, by learning from events that occur at other airports.

Torino Airport has at the ready operating procedures and check-lists for use by the personnel called upon to handle emergencies under exceptional conditions of stress and emotional pressure.

All personnel assigned to emergency-response tasks undergoes ongoing training on emergency plans, including partial and full-scale drills.

When an emergency occurs, the SAGAT Emergency Squad is responsible for the first response and the resulting first-aid care, until such time as outside emergency personnel can arrive, and it must request aid forthwith from the emergency-response structure of the surrounding territory and from law-enforcement authorities, in addition to providing assistance to the families and friends of the individuals affected, until the airline involved is able to organise its own structure of assistance, and also supplying the vehicles, equipment and personnel needed to carry out whatever support tasks are required by the emergency responders.

A full-scale emergency drill is held annually at Torino Airport, involving all the figures and organisations that, under the Airport Emergency Plan, play a role in emergency or support operations (the Fire-Fighters Corps, the “Polaria”, or aeronautical border police, the operational units of the Treasury Police, the Carabinieri Police, Forestry Guards responsible for CITES, Penitentiary Police, Airport Emergency First Aid, the Italian Red Cross, the ENAV air traffic control authority, the ENAC civil aviation authority, SAGAT S.p.A., SAGAT Handling, etc.), plus – on a rotating basis – the other subjects that operate at the airport, including airlines and other handlers.

“Observers” are always on hand as well, including outside evaluators, to monitor the performance of the drill. In order to evaluate the response and reaction times, together with knowledge of all the procedures contemplated under the Airport Emergency Plan, as well as their effectiveness, the participants are not informed in advance of the scenario for the simulation – the site and the type of accident, the aircraft and heavy equipment involved, the number of passengers, the number of people injured, unharmed etc..

The drill for 2016, held during the day, simulated a plane crash outside the airport grounds. Italian Red Cross personnel played the roles of the injured crew and passengers, as well as the family and relatives of the passengers, while other participants included services and authorities from area municipalities, the Carabinieri police, municipal police, the regional dial-118 emergency response service, physicians and psychologists of the Italian Red Cross to provide support to family members and the forensics team of Local Board of Health TO 4.

Analyses were run on the results of the simulation, as was done with past drills, in order to further refine the procedures for handling emergencies.

Passengers with disabilities or reduced mobility (PRM)

SAGAT handles the supply of assistance to passengers with disabilities.

To this end, so as to allow such passengers to move about the airport with ease and receive assistance with operations of check-in, boarding, disembarkation and waiting in the terminal, SAGAT has made numerous investments in infrastructure, establishing a well-structured service of assistance with personnel specifically assigned to, and trained for.

In 2016, the number of passengers with disabilities or reduced mobility rose by more than 18% compared to the previous year, for a total of more than 26,000 units.

To monitor and ensure that spaces and services are accessible to these passengers, constant contact is maintained with the CPD, or Advisory Board for Individuals with Difficulties, which is part of the Piedmont Regional Transportation Commission.

In the year just concluded, our Company once again provided the CPD with economic support for “Caselle for All”, a project designed to make the Airport even easier to use for travellers with special needs, including physical or sensorial disabilities, as well as problems with movement.

An example is the airport-city assisted transport service (which can be reserved by calling the toll-free number operated by the CPD). See Torino Airport website, at the page:

<http://www.aeroporto.torino.it/it/tofly/informazioni-utili-per-il-volo/persone-a-ridotta-mobilita>.

We note with pride that, as part of efforts to gradually improve the services provided to PRM, on 3 November 2016, SAGAT opened a new Welcome Room. Larger and more comfortable than before, it is still located in the public area of the departure level.

Another initiative involving PRM, a “Benefit Flash Mob” organised by the members of the Piedmont team to the Italian Special Olympics to mark World Disability Day (a national initiative celebrated in 13 different Italian regions), was held at Torino Airport on 3 December 2016.

An ongoing exchange of information and opinions with the Advisory Board can also be activated - when necessary – to address the extremely rare complaints received by SAGAT (only one in 2016) from passengers with disabilities or reduced mobility.

Furthermore, the Advisory Board for Individuals with Difficulties provides SAGAT, as per ENAC Memorandum GEN-02A, with trainers on “Techniques for Relating to and Accompanying Passengers with Disabilities”, in addition to which the SAGAT Training Office carries out specific training, also in compliance with the memorandum referred to above, for airport personnel likely to come into contact with PRM passengers.

Upon purchasing his or her ticket, the interested party may notify the air-travel company that they need to receive assistance, at which point the carrier shall inform the Airport Manager over the online reservation systems. In this way, the dimensions of the service can be set correctly as well as the optimal levels of service.

If the interested party arrives at the airport by car, then he or she may use, on the second floor of the covered parking facility in front of the terminal, one of the 38 reserved spaces provided free of charge.

To facilitate movement, the second floor of the parking garage is on the same level as the departures lobby, to which it is joined by two covered walkways.

Assistance by specialised personnel can be requested even if no reservation was made at the time of the ticket purchase, and once again at no charge:

- once inside the airport, by pressing the specific calling key found on the totem poles installed for the purpose in strategic points of the terminal, where they are easily accessible, as shown in figures 1 and 2;
- when checking in at the counters of the air-travel companies;
- at the information counter in the departure lobby.

The service is provided free of charge, using 44 wheelchairs, 4 of which have motors, plus 3 vehicles with variable vertical settings, so that the passenger can easily be raised to the height of the plane door. The staff consists of 4 coordinators and 12 fulltime employees, and the Red Cross personnel assigned to the Airport Emergency Room also assist in providing the service, while additional personnel can be called in to meet requests at times of especially heavy traffic.

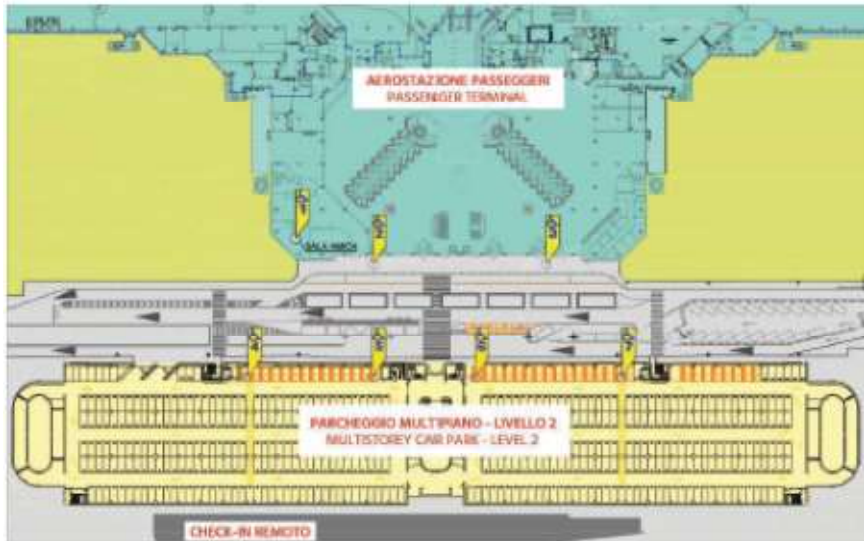


Figure 1 – Totem poles for calling PRM assistance

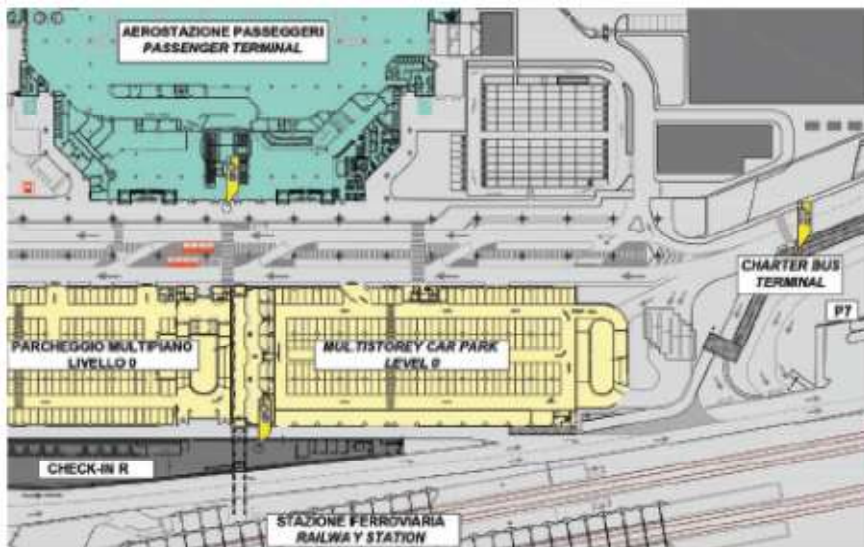


Figure 2 – Totem poles for calling PRM assistance

Quality

QUALITY POLICY

The SAGAT Quality Policy has as its foundation a dual awareness: on the one hand, the Manager of a key public service, such as an airport, cannot help but view the customer-passenger as the central element of its corporate mission; at the same time, the increasingly high level of competition among airports, as well as from the alternative of high-speed railway links, makes it necessary to pay scrupulous to the quality of the offerings and services supplied to users.

For these reasons, the Company pursues a plan to improve both infrastructure and the quality of the services made available to passengers.

To this end, SAGAT has made Quality a top strategic priority, applying it to all the Company's procedures through a commitment to rigorous enactment and continuous improvement of the Quality Management System.

The Quality Policy summarises the Company's priority objectives:

- a) to supply services meeting standards of excellence in the course of the activities of the Airport Manager, interacting with business and institutional stakeholders in a dynamic and reliable way;
- b) to exercise the Manager's own role of oversight, ensuring the quality of the "airport system" as a whole by raising awareness and, when necessary, taking action with the airport operators;
- c) to render the Company's organisational structure increasingly efficient through training, refresher instruction and professional qualification of its human resources, evaluating the effectiveness of the services provided and their compliance with procedures;
- d) to closely monitor the indicators of quality, both supplied and perceived, analysing the results, in order to identify any initiatives or opportunities for further improvement of company performance;
- e) to operate in rigorous compliance with the regulations and statutes currently governing the Quality of Services and in accordance with the provisions of the UNI EN ISO 9001 standard.

The Quality Policy is made known to all company personnel whose activities contribute to the supply of services, or who are otherwise involved in the strategic process of quality management, by means of the systems of in-house communications.

The policy can also be consulted by passengers, customers and suppliers on the airport's internet site, in the section on the Management Company's commitment to quality.

ONGOING IMPROVEMENT OF THE INFRASTRUCTURES AND SERVICES MADE AVAILABLE TO CLIENTS

Torino Airport possesses an excellent infrastructure that had already been thoroughly renovated for the Turin Winter Olympic Games of 2006.

It was no accident that, in 2007 and 2008, Torino Airport won the prestigious ACI Europe Best Airport Award in the category of 1-5 million passengers, based on the quality of its services.

In 2016 Torino Airport recorded its all-time record for passenger traffic, further reinforcing the growth trend that, having begun in January 2014, has now reached 36 straight months of growth.

Meanwhile, our Company has continued its efforts to improve the array of flights offered and to make the time spent by passengers at the airport more enjoyable, thanks to opening of new stores and new food-service establishments.

THE TWO BODIES OVERSEEING AIRPORT QUALITY

SAGAT coordinates the "Committee for the Suitability and Quality of Airport Services", as called for ENAC Memorandum GEN-06 of 31 October 2014. This committee is the body through which the Manager – under the supervision of ENAC – engages in systematic discussions with the representatives of the airport operators. The Committee's goal is to identify – by common accord - the most appropriate initiatives to take to improve services, in the course of periodic encounters or even extraordinary sessions, should the latter prove necessary.

The quality levels of the airport are also the subject of an additional periodic control on the part of the "Advisory Board on the Quality of Airport Services and Infrastructures" – a company body established by the Manager under a specific Service Order (no. 3/2015 of 18 June 2015) - which carries out recurring inspections of all the areas open to the public, for the sake of constantly improving the service provided to customers by pointing out any anomalies or other situations, even if they are only isolated episodes, that could be improved upon.

SERVICE CHARTER 2016

Ongoing, coordinated monitoring activities were carried out to assess the levels of quality provided at Torino Airport in 2016.

Controls of performance (quality supplied) were conducted at the same time as analyses of the data recorded by the airport's systems with regard to various aspects of service.

To gauge customer satisfaction (perceived quality), almost two thousand interviews were held with passengers by suitably trained in-house personnel.

The overall level of satisfaction remained essentially unchanged in 2016 (at 99.4%, as compared to 99.6% in 2015), a result that appears all the more positive in light of the increase of +7.8% in passenger traffic compared to the previous year.

The targets pledged to passengers in the Service Charter of 2016 (34 indexes + 16 of them regarding PRM, or passengers with reduced mobility) were all met, with the exception of the six following indexes:



INDEXES	UNIT OF MEASURE	STD 2016	RES 2016
Overall perception of service of security control of individuals and carry-on luggage	% of passengers satisfied	95%	94.21%
Overall perception of levels of security for one's person and property inside the airport	% of passengers satisfied	94%	93.16%
Time needed for delivery of the last piece of luggage to passenger pick-up following the block-on of the aircraft	Time in minutes from the block-on of the aircraft to delivery of the last piece of luggage for passenger pick-up in 90% of the cases	23'54"	25'08"
Perception of wi-fi connectivity inside the air terminal	% of passengers satisfied	85%	82.92%
Perception of the selection/quality/prices of stores and newsstands	% of passengers satisfied	91.5%	89.97%
Perception of the clarity, ease of understanding and effectiveness of internal signs and markings	% of passengers satisfied	93%	92.88%

- For the first two factors, the target was missed by less than a percentage point. The result, which still falls within the range of excellence, was traceable in part to the terrorist attacks in Paris and Brussels and the subsequent impact on the perception of passengers, who felt less secure, despite the increased measures of control.
- The time for delivery of the last piece of luggage for passenger pick-up essentially depended on the performance of a handler forced to deal with peak volumes, on account of the higher levels of traffic to be serviced. The Manager makes every effort to oversee performance ratings not up to the standards of Torino Airport, constantly monitoring service quality.

- The need for improved wi-fi connectivity inside the air terminal was tied to the fact that the renovation work to expand the retail areas obscured the signal in certain zones.
- The temporary closings and related inconveniences during the expansion work also influenced customer satisfaction with regard to retail offerings.
- Internal signs and markings, which have been changed and modernised, have led to a certain amount of inconvenience, though the result (which, when rounded off, is still in line with the target) shows that passenger are becoming accustomed to the new approach.

Shown below are comparisons of some of the quality commitments made and the results achieved in 2016.



INDEXES	UNIT OF MEASURE	STD 2016	RES 2016
Overall on-time performance of flights	% of flights on-time out of total departing flights	80%	82.10%
Overall misplaced departing luggage under the airport's responsibility	number of pieces of luggage not boarded with departing pax/1,000 departing passengers	1 each 1,000	0.65
Time needed for delivery of the first piece of luggage to passenger pick-up following the block-on of the aircraft	Time in minutes from the block-on of the aircraft to delivery of the first piece of luggage for passenger pick-up in 90% of the cases	18'22"	17'49"
Waiting time aboard before disembarkation of the first passenger	Time in minutes from the block-on in 90% of the cases	4'	03'32"
Overall perception of services inside the airport being provided correctly and on time	% of passengers satisfied	97.4%	98.72%
Perception of the level of cleanliness and operational efficiency of the toilets	% of passengers satisfied	88%	88.78%
Perception of the level of cleanliness of the air terminal	% of passengers satisfied	95%	98.28%
Perception of the availability of luggage carriers	% of passengers satisfied	89.5%	98.13%

Perception of the selection/quality/prices of coffee shops and restaurants	% of passengers satisfied	90%	93.49%
Perception of the professionalism of the personnel (info-point, security)	% of passengers satisfied	95%	97.25%
Overall perception of the effectiveness and accessibility of information services to the public (monitors, announcements, internal signs and markings etc.)	% of passengers satisfied	95%	97.73%
Perception of waiting time for check-in	% of passengers satisfied	94%	97.78%
Perception of waiting time for passport control	% of passengers satisfied	92.5%	96.30%
Perception of adequacy of city-airport transportation	% of passengers satisfied	91%	95.35%


PASSENGERS WITH DISABILITIES OR REDUCED MOBILITY (PRM)

To survey the customer satisfaction of passengers with reduced mobility, SAGAT interviewed a sample group of no fewer than 2,400 customers in 2016.

The levels of satisfaction of PRM arriving at and departing from Torino Airport constituted results of unquestionable excellence (all falling between 99% and 100%).

Given that traffic from passengers with reduced mobility grew at a higher rate than overall traffic (+19%), the result should be considered especially worthy of praise, confirming the sensitivity and attention shown by our Company in its efforts to assist this category of passenger.

MANAGEMENT OF PASSENGER COMPLAINTS

 In 2016 SAGAT S.p.A. received and managed 65 reports and/or complaints from passengers (of which, only one came from passengers with reduced mobility), compared to 84 received the previous year. The decrease in the overall number came despite the higher level of passenger traffic.

The average response time was 4.5 days.

In 2016, the Quality Service once again monitored what can be considered indirect complaints, such as the letters of citizens to daily papers and news items that appear in the press. In addition to the Press Office's normal activities, it also provides appropriate responses to such expressions of dissatisfaction, all in keeping with the critical importance placed on the passenger and the constant focus maintained on improving services at the airport.

ISO 9001 CERTIFICATION

In November of 2016, the DNV GL agency carried out an oversight audit during which SAGAT S.p.A. obtained quality certification in accordance with the most recent version of the UNI EN ISO 9001:2015 standard.

The new standard represents a further evolution in the concept of quality, which has gone from being a principle of mere compliance to one of sustainability. In fact, in addition to meeting the regulatory requirements, the Company must combine high levels of performance with the creation of value, a key consideration for an endeavour that, as in the case of an airport enterprise, is of noteworthy importance to its local territory.

During 2016, a new mapping of the Company's procedures was drawn up, identifying the related risks, along with solutions suitable to preventing them. First-level audits were conducted by in-house auditors certified under the Quality System.

This confirms the management Company's commitment to providing services that meet the highest international parameters, in what constitutes a further guarantee for customers and, more in general, for all stakeholders.

Of the various comments highlighted by the certification agency, the three that follow were especially relevant to the topics addressed herein:

- a) the system for monitoring the compliance of the services supplied, and of their related levels of quality, with a thorough, well-structured set of indexes reflecting the requirements of the regulator (ENAC) is kept well organised and properly staffed;
- b) the process for handling observations and complaints from passengers is handled in a very punctual, systematic fashion, with quick response times, plus the added tool of numerous interviews carried out by in-house personnel to arrive at an even more accurate understanding of the causes of dissatisfaction and the corrective actions to be taken as a result.
- c) attention paid by the personnel to the results of the Service Charter.

PROGRAM AGREEMENT

One of the fundamental documents for the drafting of the Program Agreement is the Quality Plan, calling for the monitoring of an assortment of ten indicators selected in accordance with the instructions of the ENAC and analysed in relation to the figures effectively recorded in the benchmark year.

A number of the indicators regard facets of service for which handlers are responsible, though the Manager must monitor the anyway, seeing that they contribute to determining the performance of the airport as a whole.

The principle of airport performance in the broadest sense of the term is also one of the underlying concepts of the new Service Charter, which went into effect in 2016.

The goal is to thoroughly monitor all the factors that contribute to forming the passenger's airport experience, for the sake of continually improving services, including those provided to clients with special needs (PRM).

Here are the results for the targets set for 2016:



INDEX	U.M.	OBJT	RES
Time for delivery of 1 st piece of luggage to passenger pick-up	time in 90% of the cases	18'22"	17'49"
Time for delivery of last piece of luggage to passenger pick-up	time in 90% of the cases	23'54"	25'08"
Perception of the level of cleanliness and operational efficiency of the toilets	% pax satisfied	0,84	0,8878
Waiting time for security controls	time in 90% of the cases	9'10"	07'56"
PRM – Waiting time for departing pax who reserved assistance to receive it once they	waiting time (in 90% of the cases)	7'30"	04'18"

announce their presence

PRM – Perception of the effectiveness of the assistance	% pax satisfied	0.991	1
Overall misplaced departing luggage under the airport’s responsibility	number of bags misplaced/total departing bags	0.0014	0.001448342
Reliability of the baggage handling system (BHS)	% functioning/operating time at airport	1	0.9998
Efficiency of internal transfer systems (elevators and escalators)	% functioning/operating time at airport	98.3	0.983
Perception of services inside the airport being provided correctly and on time	% pax satisfied	0.974	0.987241798

- The failure to meet the “time for delivery of the last piece of luggage to passenger pick-up” is explained in the comments on the results for the Service Charter.
- With regard to index no. 8, “reliability of the baggage handling system (BHS)”, it should be noted that the target of 100%, synonymous with absolutely uninterrupted service, was practically achieved (as 99.98%, when rounded off, meets the target). The imperceptible divergence was caused by a system shut-down for a total of one hour.

THE ASQ – AIRPORT SERVICE QUALITY – BENCHMARK OF THE ACI

Since October 2016, Torino Airport has taken part in a program of comparative analysis of passenger satisfaction in ACI airports.

This benchmark, the only one recognised internationally by the airport industry, monitors customer satisfaction in 300 airports, of which approximately 130 are found in the EU.

The results, taken from questionnaires filled out directly by a sample group of passengers selected on the basis of the volumes of traffic and the flight connections of each airport, are made available at quarterly intervals.

These are the Q4/2016 results for Torino Airport, expressed on a scale of 1 to 5, where 1 = scarce and 5 = excellent.

total passengers/year 2016 (thousands)	3,943
number of questionnaires in Q4/2016	357
Overall satisfaction	3,66
Overall satisfaction business	3,54
Overall satisfaction leisure	3,68
Overall satisfaction other + leisure	3,73

CARRIERS

Traffic improvement policies

In 2016, Torino Airport continued to pursue transparent, balanced and sustainable business policies in its dealings with airlines, with the result that 2016 was the best year ever in terms of the number of passengers transported: 3,950,908, +7.8% compared to the previous year, when growth averaged +4.6% nationally. This increase was largely attributable to the strong growth of Blue Air operations based in Turin, which went from 2 planes operating out of the airport in 2015 to 4 in 2016, with the introduction of 9 new routes during the year. This expansion also had a positive impact on employment in the surrounding area, with the carrier hiring more than 100 workers.

By the end of 2016, the number of months of consecutive growth recorded had reached 36.

SAGAT's business policies for 2016 resulted in:

- an increase of +9.1% in regularly scheduled traffic, with regularly scheduled international traffic growing by +11.1% while domestic segment increased by +7.3%;
- the introduction of new direct flights, expanding the travel possibilities of residents of northwest Italy while contributing to the further development of tourism in the Piedmont Region;
- the introduction of new flights keyed to business travel, part of a broader effort to internationalise the regional economy;
- reinforcement of charter and ski flights in Winter, especially from northern Europe, promoting the arrival of skiers from multiple international destinations, with high returns in terms of numbers of visitors at the main skiing circuits of Piedmont and the Aosta Valley.

The new international flights added:

- Blue Air opened new routes to London-Luton, Palma di Mallorca, Madrid and Berlin;
- a new Ryanair route to Valencia and a summer route to Ibiza;
- a Blu Express route to Tirana;
- a Luxair route to Luxemburg;
- two Volotea summer routes to Corfù and Skiathos;
- a Siberia Airlines route to Moscow-Domodedovo;
- EasyJet opened 3 ski routes for London-Luton, Bristol and Manchester;
- Monarch opened 2 ski routes for Manchester and London Gatwick;
- a new Jet2.com ski route for Edinburgh.

Traffic to Spain continued to grow in 2016, in what amounted to a full-fledged boom of +34% passengers, with an equally impressive increase in traffic to Romania, at +23%.

The newly introduced domestic flights were:

- Blue Air to Alghero, Pescara and Naples;
- Volotea to Lampedusa.

As shown above, an increasing number of passengers are once again choosing Torino Airport to travel directly to the destinations with which it is connected or to fly throughout the world by reaching one of the 11 international hubs serviced by its major airlines.

The figures confirm that the airport continues to enjoy balanced, sustainable, uninterrupted growth, all financed exclusively with its own resources, without drawing on any publically-funded incentives.

A look at the number of passengers and movements in 2016, as compared to 2015. Of note is the continued growth of the movements, at +5%, a further improvement over the already positive trend for 2015 (+4.2%).



PASSENGERS	Year To Date			
	Act	LY	Var. vs LY	%
Domestic	1,994,336	1,858,557	135,779	7.3%
International	1,820,201	1,638,097	182,104	11.1%
Charter	123,945	158,158	-34,213	-21.6%
Gen. Aviation	7,613	6,936	677	9.8%
Transit	4,813	4,676	137	2.9%
Total	3,950,908	3,666,424	284,484	7.8%
ATM	46,496	44,261	2,235	5.0%

Rome-Fiumicino continued to be the leading passenger route, followed by London (with connections to the Gatwick, Luton and Stansted airports) and then, not far behind, the domestic destinations of Catania and Naples. Among the top ten destinations, Barcelona moved past Paris-Charles de Gaulle, confirming the excellent results of Spain as a destination.

PASSENGERS	Destinations - SCHEDULED				
	Act	LY	Var. vs LY	Var. vs LY %	% of total
ROME Fiumicino	635,310	666,999	-31,689	-4.8%	16.7%
LONDON Grouping	303,441	247,071	56,370	22.8%	8.0%
CATANIA	300,360	241,452	58,908	24.4%	7.9%
NAPLES	238,612	216,508	22,104	10.2%	6.3%
FRANKFURT	186,412	206,337	-19,925	-9.7%	4.9%
BARCELONA	180,157	176,543	3,614	2.0%	4.7%
PARIS Charles de Gaulle	174,346	181,407	-7,061	-3.9%	4.6%
BARI	174,283	146,724	27,559	18.8%	4.6%
PALERMO	173,766	151,779	21,987	14.5%	4.6%
MUNICH	164,697	167,320	-2,623	-1.6%	4.3%
AMSTERDAM	143,658	130,447	13,211	10.1%	3.8%
LAMEZIA TERME	110,789	38,387	72,402	188.6%	2.9%
TRAPANI	109,958	127,550	-17,592	-13.8%	2.9%
MADRID	104,509	65,723	38,786	59.0%	2.7%
Total top 14 destinations	3,000,298	2,764,247	236,051	8.5%	78.7%
Others	814,239	732,407	81,832	11.2%	21.3%
Total	3,814,537	3,496,654	317,883	9.1%	100.0%

The following table shows the main regularly scheduled airlines that operated out of our airport in 2016, together with the numbers of passengers they transported. The company Blue Air, which entered this

ranking for the first time in 2015, in sixth place, jumped to second place in 2016, thanks to its new routes, along with the increased frequency of flights on the routes already serviced.



PAX	Carriers - SCHEDULED				
	Act	LY	Var.	Var. vs LY %	% of total
RYANAIR	975,924	960,688	15,236	1.6%	25.6%
BLUE AIR	717,180	215,909	501,271	232.2%	18.8%
ALITALIA GROUP	713,859	703,937	9,922	1.4%	18.7%
LUFTHANSA	328,749	373,657	-44,908	-12.0%	8.6%
AIR FRANCE	174,346	181,407	-7,061	-3.9%	4.6%
MERIDIANA FLY S.p.A.	127,001	232,263	-105,262	-45.3%	3.3%
BRITISH AIRWAYS	119,952	105,483	14,469	13.7%	3.1%
KLM	107,590	93,193	14,397	15.4%	2.8%
VOLOTEA	92,989	71,643	21,346	29.8%	2.4%
VUELING AIRLINES	78,983	236,422	-157,439	-66.6%	2.1%
Total top 10 carriers	3,436,573	3,174,602	261,971	8.3%	90.1%
Others	377,964	322,052	55,912	17.4%	9.9%
Total	3,814,537	3,496,654	317,883	9.1%	100.0%

In terms of regularly scheduled passenger traffic, low-cost flights accounted for 48% of the total in 2016, a percentage that grew by 24.5% compared to the figures for 2015:



PAX	Low Cost			
	Act	LY	Var. vs LY	% of total
RYANAIR	975,924	960,688	15,236	1.6%
BLUE AIR	717,180	215,909	501,271	232.2%
VOLOTEA	92,989	71,643	21,346	29.8%
VUELING AIRLINES	78,983	236,422	-157,439	-66.6%
WIZZ AIR,LTD	36,510	39,485	-2,975	-7.5%
TRANSAVIA AIRLINES	36,068	37,254	-1,186	-3.2%
EASYJET AIRLINE	17,327	14,501	2,826	19.5%
BLU EXPRESS	8,016	0	8,016	new
JET2.COM	5,324	4,083	1,241	30.4%
AIR ARABIA MAROC	275	251	24	9.6%
Total	1,968,596	1,580,236	388,360	24.6%

Review of the connections offered

Torino Airport offers more than 350 scheduled flights each week, heading to 11 hubs in over 23 countries. As many as 3,950,908 passengers were in transit here in 2016, 7.8% more than in 2015.

HUBS

Amsterdam (KLM), Barcelona El Prat (Vueling), Brussels (Brussels Airlines), Casablanca (Royal Air Maroc), Frankfurt (Lufthansa), Istanbul (Turkish Airlines), London Gatwick (British Airways), Madrid (Iberia), Munich (Lufthansa), Paris CDG (Air France), RomE Fiumicino (Alitalia).

Non-HUBS

International:

Bacau (Blue Air), Barcelona (Ryanair), Berlin (Blue Air), Brussels Charleroi (Ryanair), Bucharest (WizzAir and Blue Air), Chisinau (Air Moldova), Copenhagen (Blue Air), Iasi (Blue Air and Tarom), Lisbon (Blue Air), London Luton (Blue Air), London Stansted (Ryanair), Luxemburg (Luxair), Madrid (Blue Air), Malaga (Blue Air), Malta (Ryanair), Moscow Domodedovo (Siberian Airlines), Seviglia (Blue Air), Tirana (Blue Expres), Valencia (Ryanair).

Domestic:

Alghero (Blue Air), Bari (Ryanair and Blue Air), Brindisi (Ryanair), Cagliari (Volotea), Catania (Ryanair, Alitalia and Blue Air), Lamezia Terme (Blue Air), Naples (Alitalia and Blue Air), Palermo (Volotea and Ryanair), Pescara (Blue Air), Reggio Calabria (Blue Express), RomE Fiumicino (Blue Air), Trapani (Blue Air).

Summer routes:

Cagliari (Meridiana), Corfù (Volotea), Ibiza (Blue Air and Ryanair), Lampedusa (Volotea), Olbia (Meridiana and Volotea), Palma de Maiorca (Blue Air and Volotea), Pantelleria (Volotea), Skiathos (Volotea).

Regularly scheduled ski flights:

Birmingham (Monarch and Jet2.com), Bristol (Easyjet), Dublin (Ryanair), Edinburgh (Jet2.com), London Gatwick (Monarch and Easyjet), London Luton (Easyjet), Manchester (Monarch, Easyjet and Jet2.com), Warsaw (WizzAir).

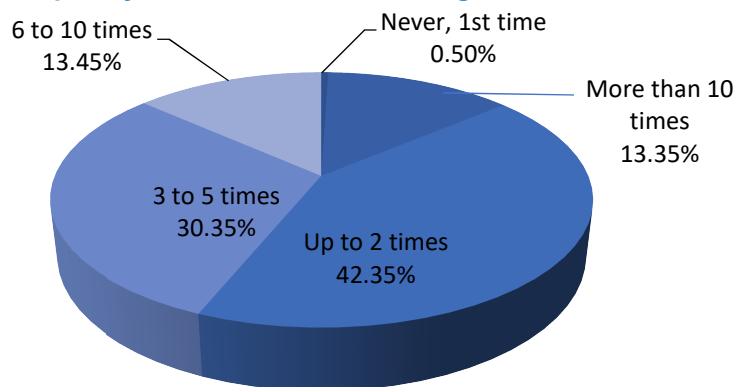
Summer charters:

Crete, Ibiza, Minorca, Palma de Maiorca, Rhodes.

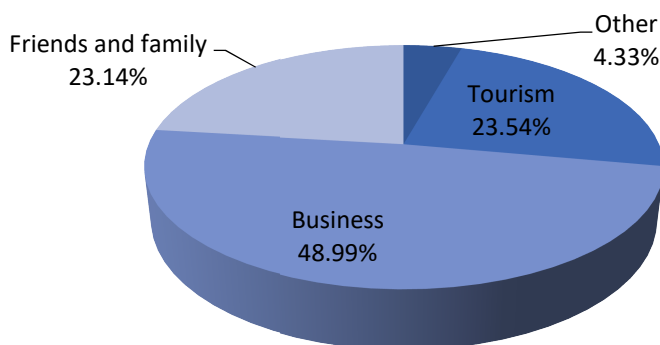
Ski charters:

Billund, Birmingham, Bournemouth, Bristol, Copenhagen, Doncaster, Dublin, Farnborough, Glasgow, Goteborg, Helsinki, London Gatwick, London Stansted, Malmo, Manchester, Moscow, Newcastle, Oslo, Southampton, Stockholm, Tallin, Warsaw.

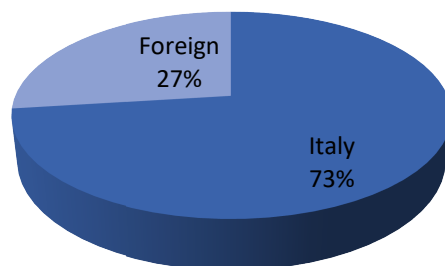
Frequency and number of annual flights from Turin



Reason of travel



Passengers' residence, 2016



NON-AVIATION SERVICES

SAGAT has always proved sensitive to adding balanced value to local excellences and internationally known brands.

Non-aviation retail activities were thoroughly revamped in 2016, in order to optimise both the products offered and the customer's travel experience.

Retail activities



The far-reaching renewal of non-aviation retail operations begun in 2015 continued throughout 2016, with the objective of optimising the products and services on offer and maximising user satisfaction.

Major renovation work was done on the terminal's airside zone, with the result that it was partially under construction for the entire year, leading to a new overall layout by year's end, in particular in the zone of the new shopping plaza found on the south side of the forward portion of the terminal.

This area, unveiled in December of 2016, has been completely revamped, both in terms of its architecture and the stores and products it offers, all of them leaders in their sectors.

Seen in this light, the new layout of the flow of departing passengers heightens the public's comfort and convenience while presenting an arrangement that brings Torino Airport in line with internationally recognised standards.

Furthermore, the new flow of arriving passengers who disembark from flights parked at the loading bridges and then pass through the departures hall, a rerouting introduced in 2015, results in a significant increase in potential clients.

The introduction of increasingly top-flight operators and target brands also increases the terminal's power of attraction and aura of quality in the eyes of airport users.

Looking to the future, the increased floor space assigned to retail and food-service activities guarantees potential for greater development and diversification.

Food-service offerings were expanded even further, thanks to the opening of: a Sushi point; a branch of an ice cream shop well known in Piedmont; an establishment serving traditional foods of the region.

The diversification of the products offered and the introduction of new operators is aimed at raising the level of quality provided, guaranteeing that clients can benefit from more options, niche products and a pleasing, comfortable environment.

Also of note is the gradual introduction of important new services in the landside area, including the opening of a new newsstand.

Parking, E-commerce and Mobility Services in the Airport 2016



Thanks to a series of initiatives affecting various sales channels, as well as the increasing attention focussed on customers, plus the growth in passenger traffic referred to earlier, 2016 finally saw a noteworthy growth trend take hold.

“Kiss&Ride” parking, introduced in December of 2015, turned out to be one of the preferred options for those picking up passengers at the airport. An ultra-convenient express-stop spot was set up in the arrivals area, complete with a meeting point protected by an awning for rapid pick-up and drop-off of passengers and luggage, with 10' of free parking.

Contributing to the excellent results were the continuation and optimisation of fee schedules increasingly attuned to customer needs and demands, offered under multichannel strategies that include web aggregators. Through co-marketing initiatives in collaboration with airlines, frequent fliers were offered special rates and exclusive services.

For the corporate sector, certain well-received tools have been maintained and reinforced, such as corporate cards with billing at the end of the month, based on actual use, and the possibility, for frequent travellers, to use the parking facilities and the Fast-Track and VIP waiting room facilities at special rates. The parking facilities have also been involved in a number of promotional events aimed at travel agencies and tour operators, as well as in the formulation of special products on the web. Tour operators, for example, can purchase both parking and other services sold on-line in the names and on the behalf of their customers, with convenient billing at the agreed-to rate.

The innovative “CAR2GO” car-sharing service initiated last year for arriving and parking at the airport has met with a high level of customer satisfaction, and the spots set aside for the service have been increased.

In the upcoming year, efforts shall continue to increase the number of parking users through all channels, together with the level of customer satisfaction and accessory services, focussing on the following objectives:

- improvement of the user experience (practicality, speed, convenience);
- improved communications to increase awareness of the parking services and rates;
- restructuring of a portion of the parking facilities, in particular for short-term stops;
- introduction of other operators under car-sharing arrangements;
- improvement of the airport roadway system.

VENDORS

Procedures for selection of vendors

SAGAT, as a private entity operating under special and exclusive rights and as an airport management company, is subject to certain parts of Legislative Decree 163/06 (Public Contracts Act). Therefore, our subcontractors for works, services and supplies exceeding EU-set thresholds (euro 418,000 for services and supplies and euro 5,225,000 for works) are selected in accordance with the public tender procedures set forth in the Act.



Even below those thresholds, SAGAT always selects its vendors through procedures that can secure the highest competition among market operators and guarantee maximum transparency and equality of treatment.

Our current corporate policies normally require the resort to competitive bidding, in the form of open calls for tenders or, alternatively, for contracts of lower value, of a negotiated procedure with multiple parties. Direct awarding is only allowed under specific circumstances subject to very strict rules, or for contracts with less-

than-minimum value (euro 40,000.00 for works, euro 20,000.00 for services and euro 10,000.00 for supplies).

SAGAT uses objective awarding criteria that guarantee the proper weighing of quality and cost of the services, and a fair return for the vendors.

In fact, the awarding criteria that is used the most in our awarding procedures is that of the most cost-effective bid, that reflects an accurate and balanced assessment of the quality and the price of the bid.

The lowest-bid principle is used only when the technical/performance features of the works/services/goods to be procured do not appear to have a decisive effect on the prospective contract. What is more, this awarding method is usually oriented in accordance with the “wing-clipping” procedure established under art. 97 of the Public Contracts Code to detect abnormally low offers and guarantee, even in such cases, fair compensation of the services offered.

As shown by the table below, the average duration of trade payables in 2016 is essentially in line with the trend registered in recent years, with a slight increase, largely due to debt related to investments made in the final part of the year.



	2012	2013	2014	2015	2016
Average duration of trade payables	175	134	130	150	196
	Trade payables / outside vendor costs				

A review of the Holding Company's vendors showed that, as of 31 December 2016, the portion of the trade payables owed to counterparties whose registered offices are in Italy was 76.78%:



Euro thousand, less inter-company transactions

Registered address	Accounts payable	%
Italy	11,439,565	76.78%
ROW	3,460,601	23.22%
Total	14,900,166	100%

THE ENVIRONMENT

Environmental policy

The SAGAT Group considers the environment to be a key element in the sustainable development of its operations, a consideration reflected in its operational and technical activities, and so it promotes a culture keyed on taking responsibility and pursuing an active commitment to defending the environment while increasing energy efficiency through improvement of activities affecting the environment.

To this end, the SAGAT Group is committed to spreading and reinforcing a culture of environment protection, raising awareness of environmental concerns among all its employees through suitable initiatives of information and training, so as to ensure full and timely compliance both with regulations governing environmental protection and with the relevant internal procedures.

In doing so, SAGAT S.p.A. has undertaken and completed a certification procedure consisting of enactment of an integrated System for the Management of Health, Safety and the Environment (SGSSA), carried out in accordance with the OHSAS 18001:2007 and ISO 14001:2015 standards.

Traffic growth and infrastructure enlargement have environmental impact on the territory and the surrounding residents: the actions actually implemented for our environmental policy allow us to handle such impact, reducing them to a minimum and making airport growth sustainable.

Aware of this important connection, the SAGAT Group holds environmental sustainability as a strategic and functional factor of its business as airport management company, and consistently with its environmental policy the Group has set the following objectives:

- continuing improvement of environmental and energy efficiency performance;
- prevention of water, air and soil pollution;
- cooperation with local and institutional players;
- monitoring of the environmental standards of customers and vendors;
- integration of the Environment Management System with the Safety and Health System;
- prevention of the risk of accidents and improvement of environmental risk management;
- continuing compliance with the laws;
- rationalization of environmental impact reduction procedures;
- use of "green" aircraft de-icing fluids;
- bloodless bird control;
- appropriate and effective waste management, limiting waste production and promoting waste recycling.

In conclusion, and based on the objectives above, SAGAT Group's intent is to guarantee continuing efforts for the achievement of a real and persistent improvement of its environmental performance with the fundamental help of its own employees and of the infrastructures.

In particular, the Group knows that the involvement of all employees is an essential and unavoidable basis for achieving its objectives and is therefore committed to providing adequate education and to having, at its various organizational levels, people responsible for environmental issues and for Group-wide communication of initiatives and achievements.

This intent actually reflected in the decision to introduce an Environment Management System organized according to ISO 14001 requirements have it certified, as described in the following pages.

REGULATORY AND ORGANISATIONAL FRAMEWORK

In terms of regulatory framework, the airport is affected by many different environmental issues that are governed by multiple sources of law, i.e. the EU, the State, the Region. We may add to these the regulations issued by ENAC and the requirements of ISO 14001 norms.

In order to handle such an articulated regulatory and organizational framework at best, SAGAT Group has improved the coordination of the competencies and activities of those functions that are, under various respects, in charge of environmental issues:

- the Environmental Service: a general role of coordination, management and monitoring;
- the Technical-Operations Department: addresses environmental considerations pertinent to the design and maintenance of infrastructures, as well environmental factors that play a role in airport operations, both airside and landside;
- Procurement: handles the preparation of contracts with vendors and monitors the environmental impact of purchasing;
- the Non-Aviation Retail Department: handles the preparation of contracts with clients, keeping the environmental impact of new business developments to a minimum;
- the Human Resources Department: works to continually expand environmental awareness among all the personnel of the SAGAT Group, through training and internal communications.

ENVIRONMENTAL MANAGEMENT SYSTEM

The Approval Committee of TÜV Italia, together with the Swiss certification agency TS Technical Services AG, having first examined the documentation regarding the certification process, and following their favourable assessment of the same, issued to SAGAT certification showing that its System for the Management of Health, Safety and the Environment meets the most up-to-date standards in the field (ISO 14001:2015).

By obtaining environmental certification in line with the ISO 14001:2015 standard, SAGAT has demonstrated its commitment to meet the highest levels of environmental performance recognised internationally, going beyond mere satisfaction of the minimum requirements set under Italian regulations and statutes.

The procedure followed in the progressive development of the system of environmental management is structured as follows:

- mapping of all the environmental considerations relevant to the airport facility;
- identification of the regulatory references applicable to each environmental consideration;
- identification and implementation of the structural or management initiatives needed to guarantee defence of the environment and compliance with the pertinent regulations;
- formulation of the operating and management protocols, as well as the procedures pertinent to each environmental consideration;
- creation of the Workplace Safety and Environmental Monitoring Committee - consisting of representatives of the different departments of the SAGAT Group with responsibility for such matters – assigned to monitor the enforcement and the effectiveness of the environmental policies adopted, in addition to proposing organizational and technical initiatives to minimize risks, facilitating controls and guaranteeing proper fulfilment of the pertinent regulations and statutes.

The System for the Management of Health, Safety and the Environment has proven to be of strategic importance to all activities carried out on the airport grounds: development, the management of services - whether enacted directly or indirectly - the planning, construction and maintenance of infrastructures, and aviation operations.

In conclusion, SAGAT Group has identified, within the framework illustrated above, the following primary environmental factors, examined in further detail in the remainder of this chapter:

- noise;
- energy;
- air;
- water;
- waste;
- soil.

Noise pollution

The noise generated by aircraft taking off and landing is the environmental factor perceived to the greatest extent by the communities that live in the proximity of Torino Airport. It is the end result of a number of different elements: the propulsion technology of the aircraft; the take-off and landing procedures adopted and the zoning planning of the areas in the vicinity of the airport.

As to the first factor, the responsibility lies with the airlines who decide their own aircraft overhaul and replacement policies.

In recent years, newer aircraft have been gradually employed at the Torino Airport, equipped with state-of-the-art, low-noise turbofan engines. This has caused a reduction in the noise pollution from aviation activities.

As airport management company, SAGAT, through the involvement of the competent aviation agencies (ENAC and ENAV) and of local authorities (Municipalities, Province, Region), is responsible for taking action to reduce noise levels and the number of people exposed to airport noise.

The key activities performed by SAGAT are:

- permanent monitoring of airport noise levels;
- verification of compliance with anti-noise procedures;
- address of residents' complaints through the analysis of the factors that caused them and proposals for mitigating actions;
- sharing of airport and land planning instruments with the territorial authorities and establishing an open and cooperative relationship with them in order to prevent and handle possible criticalities;
- cooperation with the authorities in charge of airport noise pollution management, in the form of dedicated round tables;
- promotion of transparency and direct contact with citizens.

MONITORING SYSTEM

In order to keep the noise generated by aviation activities under control, in accordance with Ministerial Decree 20/05/99 "*Criteria for the design of monitoring systems for the control of noise pollution levels near airports and criteria for the classification of airports according to noise pollution levels*", Torino Airport has been equipped since 2007 with 8 permanent and 1 mobile noise measurement stations (Figure 1). These were totally renovated in the three-year period 2010-2012 in both software and hardware.



Figure 1 – Position of noise measurement stations



This system allows the acoustic "climate" around the airport to be monitored, so that those carriers that fail to abide by our anti-noise procedures may be fined.

SAGAT has also had into place since 2012 a system for the collection and monitoring of resident complaints through the airport's website (http://www.aeroporto.torino.it/it/aeroporto_it/responsab_it/rumore_it.html). This system allows us to collect the complaints from the residents affected by airport noise and correlate them with individual noise-generating and aviation events. The complaints entered are used to verify which and how many operations cause nuisance or trouble to the community, and to evaluate possible modifications, or the implementation of noise-abatement procedures, or other actions to protect the community.

In 2014, SAGAT purchased another mobile sound measurement station to support its monitoring activities, and launched a two-year plan for the upgrade of the electric systems of these stations.

In 2015 SAGAT repositioned the noise measurement station "VVF San Maurizio" (LIMF09) at the playground in San Maurizio Canavese (LIMF10), in Via Alcide De Gasperi, to improve noise measurements on the west side of the airport, as had been agreed to with the members of the Airport Commission.

In order to promote a transparent addressing of the airport noise issue, SAGAT granted to ARPA Piedmont (the regional environment protections agency), starting from 2009, the right to access the airport noise monitoring system via a webpage where ARPA engineers can check noise levels daily.

Listed below are the ANA (Airport Noise Assessment) levels for the period 2010-2016, for each of the 8 noise measurement stations (Table 1), showing results that remain essentially unchanged.

 Station code	Station name	Municipality	ANA	ANA	ANA	ANA	ANA	ANA	ANA
			2010	2011	2012	2013	2014	2015	2016
LIMF01	Playground	San Francesco al Campo	57.0	55.5	56.5	54.7	56.2	55.8	55.0
LIMF02	Cemetery	San Francesco al Campo	60.8	60.3	59.2	58.0	59.4	60.6	60.0
LIMF03	S. Giacomo	San Francesco al Campo	54.9	54.0	54.4	53.4	55.3	54.2	54.2
LIMF04	Pozzo Bona	Caselle T.se	48.3	47.4	47.0	47.1	46.5	47.2	48.3
LIMF05	Ceilometer	Caselle T.se	62.3	61.5	62.0	61.8	62.3	62.5	63.9
LIMF06	Prato Fiera	Caselle T.se	62.6	61.9	61.6	61.1	61.9	62.3	62.6
LIMF07	Malanghero	San Maurizio C.se	59.4	58.9	59.0	60.7	61.6	60.1	59.2
LIMF09	Fire Department	-	49.6	49.8	52.0	44.6	47.1	45.7	
LIMF10	Playgroung	San Maurizio C.se	-	-	-	-	-	-	50.8

Table 1 – ANA values

TERRITORIAL PLANNING

The area of Torino Airport, located approximately 15 km North of the city of Turin, is distributed among the territories of the towns of Caselle Torinese, San Maurizio Canavese and San Francesco al Campo.

The runway of the airport can be used in both directions and takes, by aeronautic convention, the number that characterizes its inclination with respect to the North, divided by ten: when it is travelled northwise, it is referred to as runway 36, as it is aligned exactly with the North (direction 360°), while when it is travelled southwise (direction 180°) it is referred to as runway 18.

Runway 36 is used in about 98% of cases, while reverse use (runway 18) is limited to special operational requirements in order to reduce the noise towards the houses of Caselle Torinese that are located right South of the runway and are flown over by landing aircraft (Figure 2).

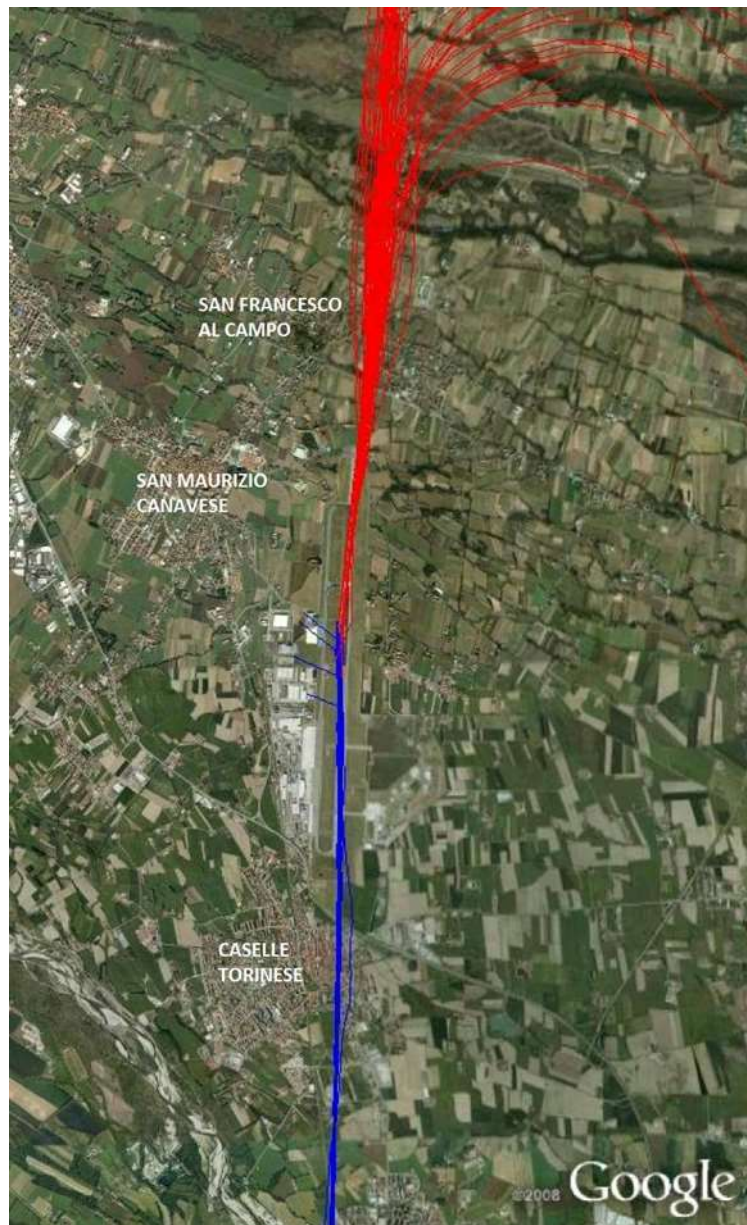


Figure 2 - Radar tracks of landings (blue) and take-offs (red)



The planning of residential developments near the airport is crucial for a sustainable development of the airport. Therefore, SAGAT has focused in particular on the definition of Airport Noise Zoning pursuant to Ministerial Decree 31/10/97 "Methods for the measurement of airport noise", that is the key planning tool for a territorial development compatible with the acoustic impact of aviation noise.

The zoning in question was approved unanimously in January 2013 by the "Airport Noise Commission" formed by ENAC, ENAV, Ministry of the Environment, ARPA Piedmont, Piedmont Region, Province of Turin, Municipality of Caselle Torinese, Municipality of San Francesco al Campo, Municipality of San Maurizio Canavese, airlines (AOC) and SAGAT.

The area surrounding the airport was classified, in accordance with regulatory provisions, into three buffer zones (A, B and C) characterized by a given Airport Noise Assessment (ANA) value and by the corresponding types of constructions permitted:

- Zone A: $60\text{dB(A)} \leq \text{LVA} \leq 65\text{dB(A)}$
- Zone B: $65\text{dB(A)} < \text{LVA} \leq 75\text{dB(A)}$

- Zone C: LVA > 75dB(A)

To define the portions of land included in such buffer zones (A, B and C) the so-called “planning approach” was followed, which is the state-of-the-art method to find a balance between airport enlargement plans, town plans and municipal noise pollution classification plans. The result obtained could match the need for protecting and improving the territory with the airport enlargement forecasts for the coming years.

Zones A and B cover a small portion of the territory of the neighbouring municipalities (Caselle Torinese, San Francesco al Campo and San Maurizio Canavese), while zone C is entirely within the airport grounds. The zones are coloured; green for Zone A, yellow for Zone B and red for Zone C (Figure 3).



Figure 3 – Noise zoning pursuant to Ministerial Decree 31/10/971

NOISE-ABATEMENT PROCEDURES

The noise-abatement procedures listed in the table below are currently into place at Torino Airport. The table also describes the benefits in terms of reduction of noise levels for the residents affected by airport noise.


	NOISE-ABATEMENT PROCEDURES INTO PLACE	BENEFIT FOR THE RESIDENTS
1	PRIVILEGED USE OF RUNWAY 36	The benefit applies to all the residents of the town of Caselle Torinese. Thanks to this procedure, the area is only affected by the noise generated by landing aircraft, which is lower than the noise generated at take-off (when landing, the engines do not run at full speed).
2	REDUCTION OF NIGHT FLIES	This procedure reduces the noise impact during night hours and represents a benefit for all the towns surrounding the airport.
3	RESTRICTIONS TO USE OF REVERSE THRUST	The benefits arising from the restrictions to the use of reverse thrust affect mostly the residential areas located East and West of the runway, as well as the airport infrastructure itself.
4	RESTRICTIONS TO USE OF APUs	This restriction implies a benefit in terms of reduction of aviation noise in all the areas surrounding the airport.
5	RESTRICTIONS TO ENGINE TESTING	This restriction produces a benefit in terms of reduction of aviation noise in all the areas surrounding the airport.
6	TAKE-OFF AND INITIAL CLIMB PROCEDURE	Reduction of noise for the residential areas that are flown over.

Table 3 – Noise-abatement procedures

The procedures listed in the table were introduced at Torino Airport already in 1998, verified by the engineering sub-commission in the period 2009-2012 and confirmed by the Airport Commission at the end of the zoning stage, which was completed during the general meeting of 16/01/2013. The ANA values measured from 2013 to 2015 also confirm the validity of the noise-abatement procedures put into effect.

In 2017, SAGAT will:

- control the acoustical “climate” inside the airport by means of a noise-monitoring system;
- monitor the enforcement and efficacy of the noise-abatement measures into place.

Energy

In the month of July 2016, SAGAT updated its energy diagnosis, as per Legislative Decree 102/2014, and then – based on the outcome of the specific audit carried out by the DNV-GL agency – renewed the certification of the energy management system, as per the international standard ISO 50001:2011.

The investments called for under the energy improvement plan are part of the Four-Year Plan (2016 – 2019) of initiatives to be taken by the SAGAT Group and included as an annex to the Planning Agreement signed with the ENAC civil aviation authority. The energy improvement plan is focussed on limiting consumption through the following investments in plants and systems of management and control:


- upgrading of lighting systems (indoors and outdoors), with the objective of raising the performance levels of the new systems in terms of energy efficiency, lighting quality and reliability with respect to maintenance;
- ensuring the energy efficiency of climate-control systems by means of systems of monitoring and regulation employing inverters, plus the revamping of pumping systems and refrigeration units with high-yield machinery.

In the year 2016, the following noteworthy initiatives of lighting renovation were undertaken:

- mixed led/metal halide lighting for the light towers of the north aircraft apron (installed power 65 kW);
- led lighting for the new shopping plaza in the south boarding lobby of the passenger terminal (installed power 7 kW);
- led lights for the outdoor light poles of the multi-level parking facility (installed power 3.2 kW).

The installation of inverters servicing the electric motors of the air-treatment units was also completed.

The following table illustrates the break-down of consumption for 2016 by energy source, showing that electric energy is the primary source used at the airport, accounting for more than 80% of overall consumption.



Energy source	Consumption in 2016		TOE coefficient*	TOE
Electricity	19,692	MWh	0.187 tep x MWh	3,682
Heating Oil	81,192	kg	1.02 tep x 1000 kg	83
Diesel Fuel	38,384	kg	1.02 tep x 1000 kg	39
Methane	858,810	Sm ³	0.836 tep x 1000 Sm ³	718
Petrol	1,542	lt	0.765 tep x 1000 lt	1
			TOTALE tep	4,524

* Ton of oil equivalent

Consistent with the goals of its energy policy, SAGAT uses renewable sources. Since 2012 it has purchased 20% of its electric energy from certified renewable sources (RECS).

The following table provides a summary of CO₂ emissions:

SUMMARY OF THERMAL ENERGY AND CO₂ EMISSIONS		
data processed by SAGAT, March 2017		
Site's total consumption of electric energy	70,893	GJ/year
Site's total thermal energy consumption	3,092	GJ/year
Total energy consumption	73,985	GJ/year
Consumption of primary energy associated with electric energy	3,682	TEP/year
Consumption of primary energy associated with thermal energy	841	TEP/year
Total consumption of primary energy	4,524	TEP/year
CO ₂ emissions associated with electric energy	8,554	t/year
CO ₂ emissions associated with thermal energy	1,954	t/year
Total CO₂ emissions	10,508	t/year

Emissions in the air

Airports are complex structures that can have a variety of impacts on the surrounding territory. The main one usually regards air quality, which is also affected by pollution sources outside the direct scope of intervention of an airport management company:

- emissions from aircraft during landing, take-off and ground movements;
- emissions due to ancillary activities, e.g. heating or power-generation systems, vehicles used for operations and handling services, etc.;
- vehicle traffic at the airport;
- emissions from car traffic in the roads and motorways around the airport;
- air pollution from industrial areas nearby and other human activities.

While it is difficult to measure the direct effects of airports on air quality, Torino Airport has carried out several monitoring campaigns outside the airport grounds, in compliance with ministerial orders and in cooperation with the ARPA (Regional Environmental Protection Agency) of Piedmont.

Monitoring of concentrations of sodium dioxide in the vicinity of the airport was concluded in 2016, having been initiated in 2015, in collaboration with ARPA Piedmont, in accordance with notification of the outcome of a 2013 measure of the Ministry of the Environment and Defence of the Land and Sea.

The results of those monitoring campaigns showed concentrations of polluting gases always below threshold values, and the data collected did not give evidence of connections with air traffic; instead, the pollution sources detected were related to vehicle traffic and heating systems.



The air emissions from fixed sources under the airport manager's responsibility are those of heating systems consisting of thermal plants fuelled by natural gas or heating oil and air conditioning provided by refrigeration plants operated with electric power.

The total installed thermal power of the airport's heating plants is about 17 MW, of which approximately 14 MW come from heating plants fuelled with methane gas and 2.8 MW come from plants fuelled with heating oil.

The aggregate nominal refrigeration power is about 10 MW. The electric consumption of refrigeration units alone accounts for about 18% of total electricity consumption, about 3.6 MWh/year. SAGAT has equipped its main refrigeration units with gas leakage detection systems, and the controls called for under the pertinent regulations are performed.

Methane-operated heating plants produce more than 30% less nitrogen oxides compared to oil-operated plants of equal output: almost all the heat produced at the airport (about 85% of total output) comes from methane-operated heating plants.

The SAGAT Group's commitment to giving preference to fuels of lower environmental impact – which, as noted, is limited in the case of air-conditioning systems – means that methane-fuelled, low-emission units have been preferred - and will continue to be - in all new installations, as well as in future replacements, of existing thermal plants.

Water resources

The environmental impact on surface waters deriving from the operations at Turin Airport relates in particular to the management of rainwater on the runways and aircraft aprons, which is treated by means of dedicated purification plants.

The rainwater sewerage network within the airport grounds is a huge system consisting of drainage channels, secondary evacuation lines and main sewers.

APRON RAINWATER

Rainwater is collected from aircraft aprons by a drainage system that channels the water to a plant where whatever portion has been polluted by hydrocarbons is separated off; this portion can later be recovered, using special equipment, and disposed of.

Torino Airport also has a system for the collection and treatment of the rainwater on the runway, the "first-rain tanks", designed to collect the first 5 mm of rainfall for subsequent channelling to the main sewer. The system is composed of 3 underground tanks capable of collecting 900 m³ each, for a total of 2,700 m³, in excess of the theoretical maximum of 1,600 m³. Rainwater is disposed of under the technical specifications of SMAT, the municipal water company, with release at a maximum controlled flow rate beginning 24 hours after the rain event, in order to avoid an overload of the public sewerage network.

WATER CONSUMPTION



The water consumption of the largest user units were reviewed and compared with historical data, in order to identify consumption patterns as a basis to study any deviating figures possibly caused by leakages in the supply network or by abnormal uses

The drinking water consumed from the SMAT aqueduct in 2016 (approximately 157,800 m³) was roughly 6% lower than in the previous year, despite growth of more than 7% in the number of passengers that passed through the airport during the same year.

Waste management

SAGAT deals with the management, from collection to delivery to the landfill, of the waste produced by the activities of the airport and of the operators that under various respects are present in the airport grounds. SAGAT has set up recycling areas to collect different types of waste, to allow all airport divisions and operators to correctly separate and dispose of them.

URBAN WASTE AND OTHER WASTE CLASSIFIED AS URBAN WASTE



Urban and similar wastes (EWC Code 20.03.01) are taken daily from the airport's numerous collection points (containers and/or ecological islands). In the summer and winter months, when charter flights are more frequent, waste collection is made twice a day. The slight increase shown by the table for

waste collected and disposed of is attributable to the higher volume of passenger traffic recorded at the airport.

Year	Quantity collected and disposed of
2016	579,250 kg
2015	543,900 kg
2014	546,220 kg
2013	528,970 kg

DIFFERENTIATED COLLECTION



SAGAT Groups recycles plastics, glass and printer toner, apart from the various types of special wastes such as batteries, neon lamps, tyres, wood, metals, spent oil, debris, dismissed electric and electronic equipment.

The table shows the key final figures for 2016:

	Quantity in 2016
Plastic	9,660 kg
Iron / Metal	5,590 kg
Glass	4,300 kg
Wood	2,820 kg
Airside street-cleaning waste water	3,660 kg

In contrast, paper waste is recycled directly by the Arcobaleno social cooperative, within the framework of "Cartesio" paper recycling project.

The paper is disposed of at the pulping mills indicated by COMIECO, the national consortium for the recycling of cellulose-based materials.

SITE POLLUTION PREVENTION

SAGAT Group is sensitive to the issue of soil pollution and has studied the possible sources of pollution, carefully mapped them and defined specific procedures in its EMS to handle them, in cooperation with its Safety Management System:

- mineral oil tanks, buried or elevated;
- battery recharging areas;
- operations involving the movement of chemical materials.
- The mineral oil tanks located in various areas of the airport grounds have been expressly authorised by the City of Turin and are subject to seal tests carried out by qualified engineers at a frequency specified in the acts of authorisation.

- There are certain outdoor areas at the airport - used for the recharging of lead batteries containing electrolyte solution or gel - equipped with adequately sized absorption equipment, in compliance with current regulations, for use in the event of spillage.
- In the event of accidental spills of chemicals - e.g. fuel, oil, de-icing fluid - there are specific technical-operational instructions in place for response by the units assigned to contain the spill with absorbent materials and/or neutralizers to protect the soil and the water table, preventing contamination.

Protection of surface water is supported by the following elements:

- aprons are equipped with a rainwater drainage system, plus a system for separating off hydrocarbons;
- the runway is equipped with a drainage system that channels water to the “first-rain” collection tanks before disposing of it in the public sewer system.

HUMAN RESOURCES

During 2016, a number of changes were made in the organisational structure of the Lead Company SAGAT S.p.A., involving all the departments, and in particular what had been the Technical Department and the Operations Department in 2015.

The main organisational measures carried out were:

- in January of 2016, the Technical Department and the Operations Department were combined into the new Technical-Operations Department, with reorganisation of the administrative services of the Department of Administration, Finance, Oversight and ICT; a Procedures and Project Development Service was established under the Department of Human Resources, Corporate Affairs and Quality, while a Commercial Support Service was instituted by the Department of Retail Operations and Non-Aviation Marketing;
- in February of 2016, the Planning and Maintenance Overseers were appointed, together with the Accountability Manager, all of them certified by the ENAC civil aviation authority;

In June of 2016, these additional changes were made:

- the services of Infrastructure Development & Paving, Asset Management and Implementation of the National Safety Plan, as well as the Terminal&Security Service, were established within the Technical-Operations Department; the Prevention and Protection Service was combined with the Environmental Service, and the Role of Terminal Overseer was combined with that of Movement Area Overseer;
- a Passenger Traffic Development Service was established within the Department of Retail Operations and Aviation Marketing;
- a Cargo Traffic Development Service was established.

There were no organisational changes in the company SAGAT Handling compared to the previous year.

The Group's staff



As of 31 December 2016, the overall number of the group's salaried employees had decreased by 16 individuals compared to the same date of last year, for a total of 381 employees, of which 92.9% are employed permanently and 7.1% under set-term agreements. In 2016, the average size of the Group's staff was 373.88 FTE⁴, making for an increase of 13.32 FTE compared to the previous year.

⁴ This figure was calculated as “full-time equivalent” (FTE).

As of the end of the year, 63% of the Group's resources were employees of the parent company SAGAT, while 37% of the personnel were employees of SAGAT Handling.

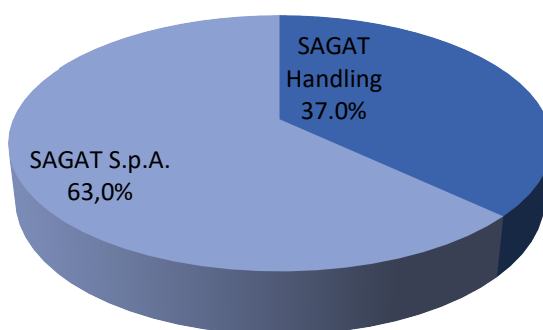
The figures shown below do not include the temporary staff that the Group avails itself of for the seasonal traffic peaks generated by charter flights in the winter weekends. Interns are not included in the total: these are people working at the airport under cooperation agreements with local universities and upper education institutes.

Female employment share was 39.60% across the companies, with a prevailing presence in clerical staff ranks at the end of 2016:

31/12/2016	No.	%
SAGAT S.p.A.	240	63.0%
SAGAT Handling	141	37.0%
Group	381	100%
Permanent employees	354	92.9%
Term employees	27	7.1%
Women	151	39.6%
Men	230	60.4%



Employee breakdown by company as of 31/12/2016

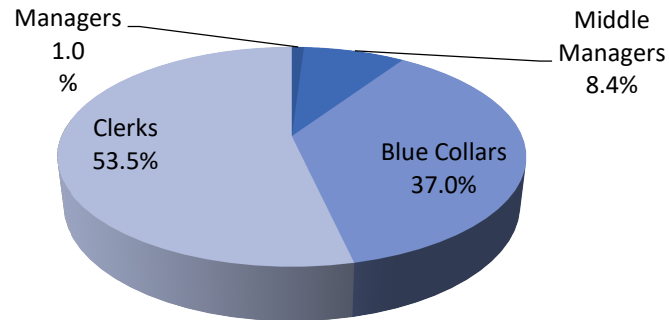


In compliance with the laws in force, SAGAT Groups employs persons with disabilities and persons in protected groups. The tasks assigned to the employees in protected groups are compatible with their psychical and physical conditions and are always monitored by the HR Management.



As to employment categories, 53.5% are clerks and 37.0% are blue-collar workers. There are 32 middle managers (total in the entire Group) who account for 8.4% of total employees, while the Group has 4 managers who account for 1.0% of the entire Group population. 37.5% of middle managers are women.

Employees per company



Position	Managers	Middle Managers	Clerks	Blue Collars
SAGAT S.p.A.	4	26	106	104
SAGAT Handling	0	6	98	37
Total	4	32	204	141

The average age of the Group's employees is 46 years, while the Group's average seniority is approximately 17 years (though no fewer than 174 employees have seniority of more than 20 years).

The average age of the Group's executives is 52.7 years.



Average	Age	Seniority
SAGAT S.p.A.	45	17.7
SAGAT Handling	46	16.8
Average*	46	17.3

*Total Group's staff as of 31/12/2016

As of 31 December 2016, the percentage of employees with part-time contracts was slightly higher than in 2015, due to 12 transformations, enacted in the month of December 2015, from set-term to permanent employment arrangements.

The incidence of personnel working under part-time contracts is higher in SAGAT Handling, where such arrangements account for approximately 23% of the total.



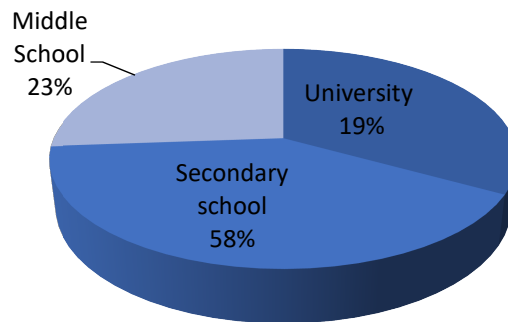
PT/FT Employees(*)	2014 % PT on FT	2015 % PT on FT	2016 % PT on FT
SAGAT S.p.A.	5.07 %	6 %	5.9 %
SAGAT Handling	29.9 %	33 %	22.7 %
Grand total	14 %	18 %	12.14 %

* Out of all permanent employees as of December each year

As for levels of education, the largest group of Company employees are those with secondary-school diplomas, employees with only middle-school diplomas are almost all manual labourers, and employees with a university degree are, for the most part, middle managers and executives.



Level of education	
Middle school	89
Secondary school	220
University	72
Total	381



Training

Qualifications

SAGAT's training structure provides courses of its own, as well as outside courses, for both Group employees and employees of other companies operating at the airport. SAGAT also works in collaboration with universities, secondary schools and research centres to develop of joint learning and training projects.

In 2016, SAGAT, as it has done for a number of years, drew up an annual training plan in support of the professional development of the Group's personnel at all levels, and to promote the enrichment of their skills and know-how, while favouring processes of innovation and, at the same time, responding to the new need for efficiency, within the perspective of controlling and rationalising costs.

To this end, the plan is formulated in consideration of the Company's strategic objectives, the processes of cultural/organisational change and the necessary procedural innovations, observing the training requirements and proposing updated instruction for the different professional figures present within the staff. The training was carried out both by in-house trainers and by outside training firms selected according to principles of professional and methodological excellence, taking into account the provisions of the ISO 9001 quality certification, plus the recommendation found in international and national regulations and statutes, as well as the IATA, IOSA and ISAGO manuals, plus the Airport Manual and Terminal Regulations of SAGAT S.p.A..

The training offerings of the SAGAT Group played a key role in the performance of the training activities involving the personnel of the companies of the SAGAT Group, and of all the other companies that carry out working activities on the airport grounds, as well as with regard to both the organisation and the direct supply of training and/or instruction, as well as the oversight and management of school trips to the airport.

During 2016, the personnel of the company SAGAT S.p.A., and of SAGAT Handling, plus temporary employees and subcontractor personnel, took part in 2,230 courses of training and/or instruction, consisting of 5,425 hours of classroom instruction that involved 3,964 participants, up from 2015, for an overall total of 18,138 hours.

Of all these courses, in-house training handled 1,363, for a total commitment of 2,892 hours of classroom instruction involving 2,218 participants, making for a total of 9,003 hours/employee, while 867 courses were taught by outside trainers, for 2,533 hours of instruction involving 1,746 participants, making for total training of 9,135 hours/employee. A portion of this training was financed with professional funds, such as Fondimpresa, or by enacting in-house company training plans.

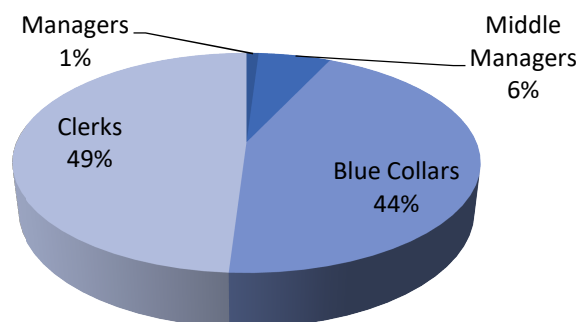
Taking into consideration only the hours of training carried out by active employees during the year 2016, each employee of SAGAT S.p.A. received an average of 33,15 hours of instruction and each employee of SAGAT Handling an average of 40.55 hours, making for an annual average, for both groups, of 35.88 hours.



Training Hours, SAGAT Group Employees	SAGAT S.p.A.	SAGAT Handling	Average Group
Annual average training hours per employee as of 31/12/2016	33.15	40.55	35.88



Training Hours, SAGAT Group Employees, 2016

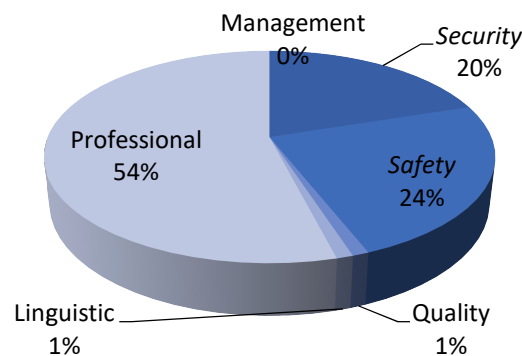


TYPES OF COURSES

In the year 2016, the personnel of the SAGAT group took part in various types of courses, mostly technical-professional in nature and regarding considerations of safety (as per Legislative Decree 81/2008, plus subsequent modifications and additions) or security (ENAC Regulations and EC Law 185/2010). Technical-professional training and constant refresher instruction played the largest role, accounting for 54% of the overall hours of training, followed by safety (24%) and security training (20%).

The graph presented below illustrates the percentages for the participants in the individual types of courses.

Type of Training, SAGAT Group Employees, 2016



COURSE IMPLEMENTATION

In 2016, SAGAT Group employees attended 18,138 training hours in total, with contracted and/or in-house trainers from the company Training Centre. The courses were given in face-to-face classes - the conventional format, accounting for the largest share – as on-the-job training for technical/professional courses aimed at teaching how to drive/use company vehicles and equipment or as e-learning courses, through the on-line company platform DOCEBO, as well as the platforms of air carriers, and in particular the ASCEND platform of British Airways.

Mandatory training accounted for 80% of the total and included occupational safety issues in accordance with the Agreement between the State and the Region, which governs training requirements for managers, supervisors and employees, as well as the ENAC Airport Safety Regulations, plus whatever else is specifically required by the IATA or the individual air carriers with respect to knowledge of airport safety or the operation of vehicles assisting parked aircraft, or knowledge of the DCS operating systems of each individual carrier.

Compared to the previous year, there was an increase in the overall number of hours set aside for non-obligatory training, which accounted for 20% of the total hours of training provided.

The “Matrix” project resulted in the organisation, in 2016, of a new course for newly hired employees called upon to meet the needs of the new organisational roles at the airport’s security checkpoints. The new Matrix project ultimately led to the holding of 115 courses providing 305 hours of teaching and 2,067 hours of training, including classroom instruction, e-learning courses and on-the-job training to obtain the necessary certifications and authorisations.

TRAINING FOR STUDENTS OF AERONAUTIC VOCATIONAL SCHOOLS

Alongside the training of its own and airport subcontractors' employees, the SAGAT Training Center also provides hours of teaching at the aeronautic vocational institutes of the greater Turin area, such as the ITIS Carlo Grassi of Turin and the ITAer Turin Flying Institute, which is headquartered at the airport.

In the case of the Turin Flying Institute, SAGAT’s in-house trainers hold firmly established roles as instructors within the curriculum (the Training Offering Plan) employed by the institute during the three-year course of study, with regard to the following subjects:

- 1) Airport Logistics: an introduction to the concepts of the airport, the airside, working processes and flows and types of aircraft, plus an initial contact with airport operating procedures;

- 2) Passenger Check-in Procedures: knowledge of a DCS system for the processing and check-in of passengers on regularly scheduled flights (SITA);
- 3) Ramp Operating Procedures: practical knowledge of the procedures and documentation for the loading and balancing of aircraft.

In this way, the students acquire theoretical and practical knowledge of the main operational profiles of airport ground handling while, at the same time, obtaining the basic certifications for specific professional profiles, in accordance with IATA requirements.

MANAGEMENT PROCEDURE FOR SAGAT TRAINING

Under the PG08 Management Procedure for Training, each instance of training received by employees of SAGAT S.p.A. concludes with the compilation of a form gauging the individual's satisfaction with the training received. Each employee must indicate one of four levels of satisfaction (scarce, adequate, good and excellent) regarding eight different factors: interest in the topics dealt with during the course; in-depth presentation and consideration of the contents of the course; materials and documentation received; effectiveness of the teaching supports used; logistical organisation of the course; comfort and convenience of the classroom; presentation skills of the instructor and thoroughness of the explanations requested. In order to be considered "positive", the assessment of any one of the eight factors considered must at least be "good". Judgments of "scarce" or "adequate" count as negative responses for statistical purposes.

During 2016, the forms collected totalled 1,606, presenting a level of satisfaction of 97.1% with respect to the courses held by in-house trainers and 96.5% as regards the courses given by outside trainers. The level of satisfaction of the employees of outside companies with the courses held by SAGAT trainers was a positive 97.8%.

Internal communications

The Company has had its own intranet for about a decade and uses it to spread all company or airport information, of operational, organizational, commercial, entertainment and other nature.

Among its various applications, the intranet makes available at any time information about pay slips, monthly clock-ins, daily press digest, flight list, as well as other themes of interest for the Company.

Since 2013, all employees have a corporate e-mail address, even if they do not have a specific workstation, and may access it even when out of office. This way, all employees may receive personal messages or information about company life, increasing their sense of belonging together. Shared workstations were made available where there was none.

Always with a view to making Company/employee relations easier, on-line monthly pay slips were implemented, to cater for all requirements related to timely receipt and immediate availability of wage statements.

Corporate welfare

In 2016 the SAGAT Group continued its policy of undertaking socially beneficial initiatives, including the reimbursement of nursery school and elementary school fees, though up to certain maxim limits. Such corporate welfare initiatives confirm the Group's policy of supporting services for the well-being of its employees and their families.

The Group has focused in particular on maintaining its services for the employees' children:

- 50% refunds of nursery school and kindergarten fees for those who cannot get a place in municipal nursery schools and kindergartens, and so their children must attend state-certified private schools, which are usually more expensive;

- the Christmas gift bonus, for the children of employees, has always been very much appreciated by parents;
- SAGAT has entered into special agreements to obtain subsidised prices from outside organisations that run summer camps, with a wide variety of choices available (seaside stays or recreational activities in close contact with nature), while SAGAT pays 77% of the resulting price.



2014	no. of receivers of nursery and kindergarten refunds	no. of receivers of children's Christmas bonus	no. of receivers of summer day care refunds
SAGAT S.p.A. + SAGAT Engineering	41	146	25
SAGAT Handling	27	83	17
Group	68	229	42

2015	no. of receivers of nursery and kindergarten refunds	no. of receivers of children's Christmas bonus	no. of receivers of summer day care refunds
SAGAT S.p.A.	32	142	28
SAGAT Handling	21	86	13
Group	52	228	41

2016	no. of receivers of nursery and kindergarten refunds	no. of receivers of children's Christmas bonus	no. of receivers of summer day care refunds
SAGAT S.p.A.	31	140	29
SAGAT Handling	18	75	12
Group	49	215	41

- During the years, several agreements were entered into with museums, theatres and other institutions in Turin to promote and favour the employees' attendance at cultural events in town.

- For a number of years SAGAT Group has been defining commercial agreements with certain companies working within the airport area and in the territory, under which agreements SAGAT employees are offered products or services at discounted prices.
- All the employees have their meal allowance in the form of an e-card that they can spend at the various cafeterias in the airport area, where dedicated menus have been agreed upon for them. The meal service is paid by the employees at 19% of total meal cost, and the service is exempt from taxes and social security contributions.

Occupational safety

The SAGAT Group has always paid the utmost attention to all issues related to employee safety and health, as well as safety at the workplace.

To this end, SAGAT S.p.A. concluded the certification procedure for its integrated System for the Management of Health, Safety and the Environment (SGSSA), implemented in accordance with the most modern international standards of health and safety at the workplace (OHSAS 18001:2007).

Through the prevention and protection services of its two companies, the Group constantly monitors rigorous compliance with the relevant regulations and provisions of law, in addition to taking a proactive role both with employees, by stressing the importance of proper conduct (such as the use of PPEs and DPEs), and with employers, by proposing improvements in production processes and working environments.

The guiding principles of the SAGAT Group's efforts in favour of occupational safety and health can be summarized as follows:

- compliance with general and special rules on occupational accidents, safety and health;
- compliance with operating procedures and standards of safety;
- protection of the safety and health of airport employees and of all others who, for various reasons, work there;
- prevention of accidents and professional illnesses;
- promotion of healthy lifestyles and conduct at the workplace;
- promotion of correct and responsible conduct to guarantee safety.

Group companies also implement continuous training on the various issues of occupational safety, especially the risks related to the various job tasks.

Safety training goes well beyond regulatory obligations and is planned every year, with the preparation of a training plan that takes into account the training requirements identified on the basis of regulatory updates, of the Risk Assessment Report (RAR), of the needs reported by the persons in charge of the various departments and of the corrections implemented after accidents and/or inconveniences.

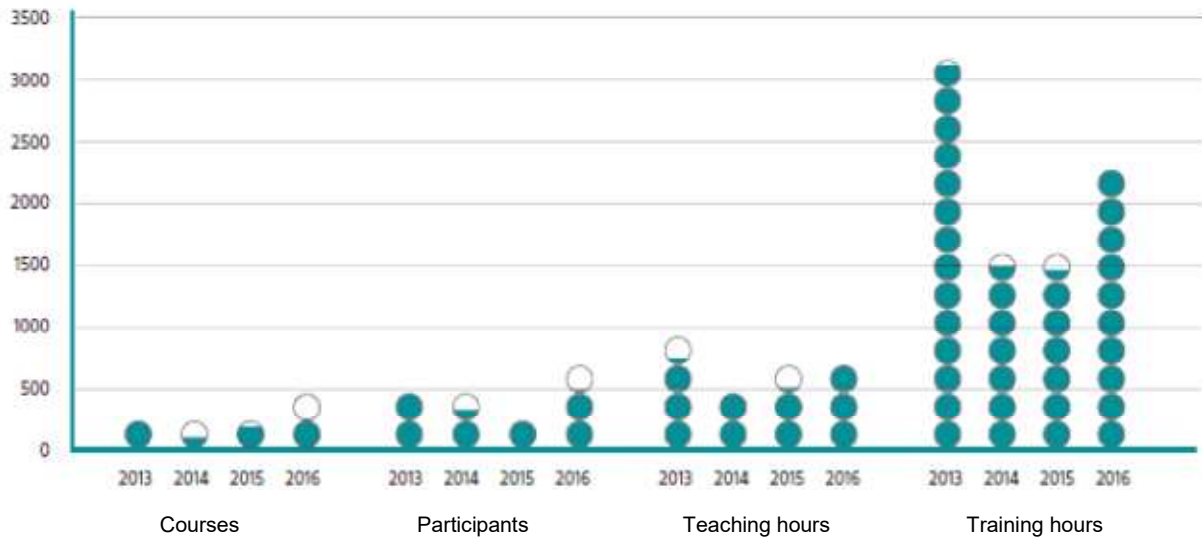
SAGATS.p.A.	Safety Training			
	2013	2014	2015	2016
Courses	126	68	106	178
Participants	426	337	256	500
Teaching Hours	748	417	544	814
Training Hours	3,180	1,520	1,395	2,343

SAGAT Handling	Safety Training			
	2013	2014	2015	2016
Courses	144	189	97	134
Participants	357	466	296	308
Teaching Hours	617	483	378	417
Training Hours	1,889	1,734	1,168	1,022

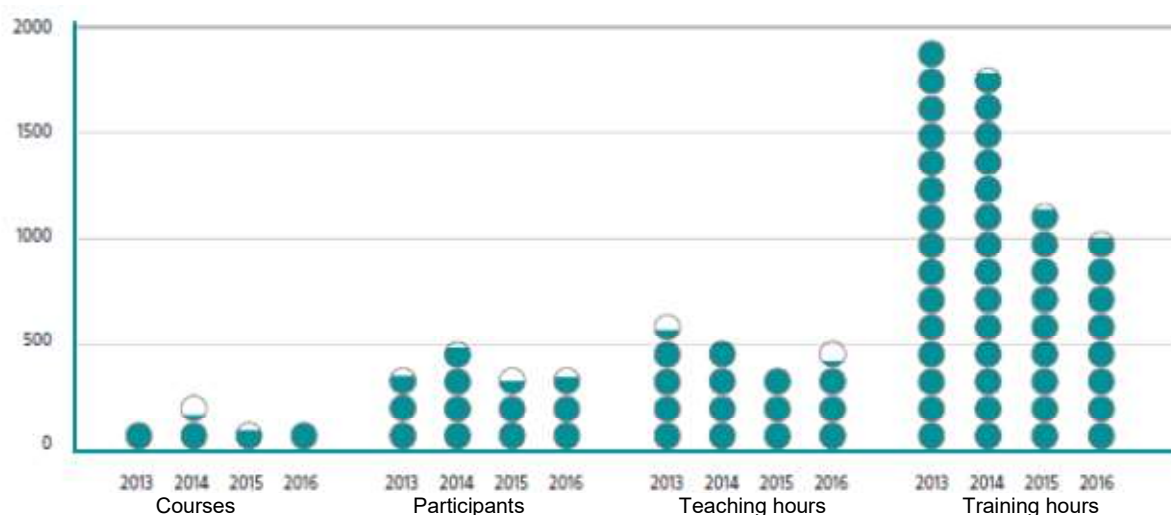
Specifically, the training offer includes the following course types:

- basic training for the employees;
- training on job-specific risks and their prevention and protection measures;
- training for managers and persons in charge;
- specific training for holders of airport vehicle driving licenses;
- training of specific professional profiles:
 - Prevention and Protection Service Manager/Operator (RSPP/ASPP);
 - Employees Representative for Safety (RLS);
 - Emergency and first-aid team operators.

SAGAT S.p.A. Safety Training



SAGAT Handling Safety Training



ACCIDENTS

The following table illustrates injury trends for the companies of the SAGAT Group.

Injury trends – SAGAT S.p.A.	2013	2014	2015	2016
Number of injuries	2	3	1	2
Days of sick leave	19	22	3	61

Source: Company Accident Register

Injury trends – SAGAT Handling	2013	2014	2015	2016
Number of injuries	8	5	4	1
Days of sick leave	169	105	17	13

Source: Company Accident Register

The accidents recorded by the companies showed no statistically significant results for specific departments or sectors of work, in proportion to the number of employees working in them.

An analysis of the four-year period under examination showed that the number of sick days taken for injuries at the workplace were 409, as a result of 26 accidents reported.

As part of their constant monitoring of injury trends, the companies of the SAGAT Group also utilise the *Index of Frequency* (total number of accidents that occur at the company) and the *Index of Seriousness* (total number of sick days on account of injury):

Injury indexes – SAGAT S.p.A.	2013	2014	2015	2016
I_f: Index of frequency (Total work-related injuries/hours worked) * 1,000,000	5.27	7.73	2.52	4.85
I_g: Index of seriousness – aggregate (Aggregate days of work lost/hours worked)*1,000	0.05	0.06	0.01	0.15

Injury indexes – SAGAT Handling	2013	2014	2015	2016
I_f: Index of frequency (Total work-related injuries/hours worked) * 1,000,000	31.65	22.14	16.30	3.81
I_g: Index of seriousness – aggregate (Aggregate days of work lost/hours worked)*1,000	0.67	0.47	0.07	0.05

Labour relations

The percentage of union membership in the air transport industry has always been high, and all the four National Trade Union Organizations (FILT-CGIL, FIT-Cisl, UILT Trasporti and UGL Trasporti) are present at SAGAT Group, with a membership share of more than 49% of the employees.

SAGAT has always established continuing and constructive industrial relationships that along the years have led to major agreements, on company welfare as well as on the ways to maximise organizational efficiency and flexibility in the face of an increasingly competitive market. This was achieved thanks to consistent dialoguing with the employees' representatives (RSU), avoiding strikes and unrest in recent years, 2016 inclusive.

Figures as of 31/12/2016

Employees who are members of Trade Unions		
Total 2012	220	55.42%
Total 2013	222	59.33%
Total 2014	209	55.59%
Total 2015	216	54.41%
Total 2016	190	49.87%

A number of very important labour agreements were signed by the companies of the Group in 2016.

An initial agreement, signed in November of 2015, but to settle the issue of vacation time for the year 2016, established an obligatory plan for the elimination of back vacation time, setting as the maximum, per capita unused vacation days that could be maintained as of 31 December 2016 three vacation days for employees of SAGAT Handling and four for those of SAGAT S.p.A.. This agreement is of key importance when it comes to reducing the cost of labour and rendering it comparable to the figures for previous years.

In May of 2016, SAGAT Handling and the union representatives signed an agreement that made possible renewal of the supplementary company contract, calling for payment of a lump-sum amount for the year 2015 and, more importantly, establishing the criteria for calculating a company performance bonus for the three following years. In keeping with the agreement signed on the same issue by the lead company, and in application of the new collective bargaining contract on air transport, plus its section on handlers, both of which went into effect in December of 2015, identification was made of the elements of profitability, productivity and quality that, in the event of a positive result for the company as a whole, trigger payment of a bonus determined by, among other factors, the effective time worked by a given employee during the year.

On 12 July 2016, SAGAT S.p.A. signed an important agreement that stipulated, in enactment of the mandate for negotiations on the company level, new procedures of application for recovery of the increase in working hours called for under the current collective bargaining contract, drawing on an organisational system already utilised by SAGAT Handling. These new procedures specifically make it possible to restore levels of organisational efficiency and work productivity.

In November of 2016, the Group's companies signed two further agreements with union representatives.

The first set the calendar for the company-wide closings for 2017, in addition to approving a plan for eliminating back vacation time during the same year, with the goal of reducing the backlog of unused vacation time.

The second agreement regards the “social clause”, under which, when ground-assistance operations are transferred between two companies subject to the airport transportation collective bargaining contract, they must also exchange personnel in proportion to the operating activities transferred. The companies of the Group, each within its sphere of competence, confirmed their interest in signing an on-site agreement on handling activities in the future, as per art. H37 of the collective bargaining contract. Such an agreement must make possible preliminary determination of the criteria to be applied when assistance contracts are transferred from one company to another, in terms of the selection of the personnel to be transferred, all with an eye towards safeguarding levels of employment and minimising the possibility of arbitrary decisions.

One final, important agreement was signed by SAGAT S.p.A. on 7 December 2016: drawn up under the contractual mandate for bargaining on the Company level, it sets the periods of the year in which the Company can sign fixed-term seasonal employment contracts, making it possible to increase organisational efficiency.

The following table shows how, thanks to the labour agreements signed on the issues of company-wide closings and programs for the disposal of back vacation time, the average per capita backlog of unused vacation and leaves stood at 4 days for 2016. This figure is proof of the effective management and efficient organisation of the Group’s personnel.

	2011	2012	2013	2014	2015	2016	Diff. 2016/2011	%
Back vacation days	5,958	5,764	3,268	2,300	1,486	1,602	-4,357	-73%
Average annual FTE	381	380	365	362	361	374	-7	-2%
Average backlog	16	15	9	6	4	4	-11	-73%

INVESTMENTS IN INFRASTRUCTURES

All the principal and secondary infrastructures that enable airport operations for civil and cargo aviation are located within the airport grounds.

Some of them are closer to the usual passenger experience (passenger terminal, runway, access roads, parking lots, etc.), or to some extent perceivable (heating and power plants, hangars, offices, etc.). However, there are also less known but not less important infrastructures within the airport grounds:

- the cargo terminal (covering an area of 6,000 square metres);
- the building that accommodates the offices of the state authorities at the airport;
- the police station;
- the Revenue Department Police station, with its kennel and canine units;
- the building that houses the birds of prey used for bird control;
- the building housing the personnel and the emergency response equipment of the Fire-Fighters Corps;
- the building and control tower operated by the ENAV air traffic control authority;
- the weather station, also operated by the ENAV.

The management of all the airport infrastructures for which SAGAT Group is responsible has the objective of guaranteeing their perfect operating status and working to improvement the standards of service for users (passengers, airlines, cargo carriers, service providers, subcontractors etc.).

Some of the most prominent and significant investments made in 2016 were those for the opening of new retail establishments and airside reception areas (such as the new shopping plaza in the arrivals/departures area and the repositioning and upgrading of a number of retail spaces, plus the opening of new food-service activities and the renovation of existing ones).

Finally, with regard to the investments made in the passenger terminal, mention should be made of the construction of a new facility for storage of the wheelchairs used by passengers with reduced mobility, together with the renewal of the equipment, as well as the installation of 23 automatic defibrillators for emergency first aid, 13 of them found in the passenger terminal, with the remainder placed in the other airport buildings; when needed, this equipment can be used either by the SAGAT emergency team and/or by airport users trained to carry out such operations.

OBJECTIVES AND RESULTS

OBJECTIVES SET	RESULTS ACHIEVED	OBJECTIVES FOR THE FUTURE
Growth of airport traffic		
Increase volumes of traffic, attracting new airlines and further developing connectivity through the opening of new routes.	<p>Business negotiations have led Torino Airport to record its all-time record for passengers transported in a single year: 3,950,908, +7.8% compared to 2015.</p> <p>21 routes were opened, and 2 new airlines began operations at the Turin terminal. International traffic grew by 11.1%, and regularly scheduled domestic traffic by 7.3%.</p>	Further increase volumes of traffic by developing outgoing traffic through expansion of the current catchment area and incoming traffic through support of local tourist promotion agencies.
Airport infrastructures		
Guarantee perfect operating condition of the airport infrastructures falling under the responsibility of the SAGAT Group, working to improve standards of service for users of the infrastructures.	In 2016, new infrastructure works were carried out to launch new retail activities and open new hospitality facilities in the airside area (repositioning and optimisation of a number of retail spaces, with the opening of new food-service activities and the renovation of existing ones).	Infrastructure investments shall continue in the years to come, in line with past years and based on a dual strategy calling for airport infrastructures to be upgraded and modernised, with an eye towards forecast increases in traffic, while aviation infrastructures undergo the work needed to bring them in line with the new EASA European regulations.

Non-aviation retail offerings

Ensure the right balance between the promotion of top-flight local products and internationally established brands, so as to optimise the offerings and the travel experience of the passengers.

In 2016, the thorough renovation of the retail areas initiated in 2015 moved ahead, highlighted by the creation of a new shopping plaza in the airport's departures lobby, for 1,400 square metres of fully renewed floor space.

Further expansion and diversification of retail offerings.

Quality of service

Quality is recognised as a top priority for all company procedures, in keeping with awareness of the central importance of the customer-passenger when it comes to achieving the company mission.

SAGAT S.p.A. was one of the first airport management companies to set up a Quality Management System under the ISO 9001:2015 standard, obtaining certification from DNV-GL in 2016 under the most recent version of the norm. To maximise the attention paid to the quality of the services provided, SAGAT has also established an Airport Terminals Observatory, a company body consisting of representatives of the different departments, with responsibility for identifying and eliminating any critical problems.

Continue with oversight of the "airport system" in its entirety, guaranteeing quality by raising awareness and, if necessary, taking direct action with outside airport operators.

Further increase the reach and depth of the monitoring of indexes of supplied and perceived quality through additional inspections and ratings.

Pursue more challenging objectives of quality and quantity (such as the targets set under the Service Charter and the Quality Plan of the Program Agreement for 2017).

Environmental sustainability

Spread and reinforce a culture of environmental protection, heightening awareness of environmental considerations while promoting responsible conduct on the part of the entire staff. Operating management should also comply with criteria of environmental defence and energy efficiency, constantly working to improve environmental performance.

In December of 2016, SAGAT S.p.A. undertook and completed the procedure for certification of a Management System in line with the most modern international standards in the sector (ISO 14001:2015). Achievement of integrated certification demonstrates the intention of SAGAT S.p.A. to "voluntarily" meet the highest standards of environmental performance recognised internationally, going beyond compliance with the minimum requirements established under domestic measures.

Maintaining SGSSA (System for the Management of Health, Safety and the Environment) certification.

Sustainable management of environmental elements (soil, water, air).

Raising awareness of airport operators with regard to environmental topics and, in terms of waste management, differentiated collection.

Joint efforts in the sectors of culture and tourism

Provide passengers with a "calling card" for the surrounding territory, contributing to its development as a cultural beacon and tourist attraction.

Working relationships with museums, festivals and fairs were doubled, bringing to the airport temporary exhibitions that continued throughout the year.

Continue to expand the number of working relationships, establishing a new area for museum expositions: full-fledged shows at the airport.



A non-profit public association

Professional Process Validation

The Corporate Social Responsibility Report 2016 of SAGAT Group is the result of an internal process aimed at implementing an innovative relational communication system implemented through self-organization of processes, review of organizational structure, informed definition of the stakeholders, presentation of economic and financial data also in terms of lines of intervention, social reporting of intangible assets (starting from the asset represented by human and relational resources), transparency of results for social responsibility purposes.

The quality of the procedures followed to prepare this CSR Report was assessed by means of a professional comparison aimed at verifying their compliance and their meeting of the following requirements of procedural correctness:

- | | | | |
|-------------------|--------------------------|------------------|-------------------------|
| - planning | - management | - control | - implementation |
| • Clarity | • Accuracy | • Consistency | • Existence |
| • Rationality | • Completion | • Compliance | |
| • Exhaustiveness | • Precision and logicity | • Neutrality | |
| • Compliance | • Effectiveness | • Exhaustiveness | |
| • Reasonability | • Integration | • Responsiveness | |
| | • Exhaustiveness | • Transparency | |
| | • Adequateness | • Sharing | |

In its review of the CSR Report resulting from such process, the validating body assessed whether the social reporting structure was consistent with the methods chosen and the expectations of stakeholders, promoting listening capabilities and dialogue forms.

In this third edition of the Corporate Social Responsibility Report, the SAGAT Group has illustrated with specific tables the results obtained in pursuing the objectives of improvement outlined in the preceding two years, establishing, in accordance with the scientific underpinnings of the Piedmont Method, as provided by the Department of Management, an organic system of rational process management capable of representing the external benefits generated in favour of the surrounding community.

Paths for continued evolution of the process involve extending the social reporting to include the intangibles represented by the structural capital, meaning the value of the organisation, as well as an analysis of the procedures for ensuring dialogue and involvement on the part of the specific categories of stakeholders that characterise the relations of the SAGAT Group with the context of its surrounding area (carriers, passengers, local communities etc.).

The assessment performed, with reference to a series of specific qualitative requirements for each stage of the social reporting process, frames our validation opinion within a context of procedural quality both highly evolved and well integrated with the company analysis and with the determination of the objectives of sustainability.

On the basis of our assessment, we hold that the CSR Report 2016 of SAGAT Group was prepared, on the whole, in a manner consistent with the assumptions stated in the Note on Methodology Statement, and so it represents the outcome of appropriate processes and complies with the methodological principles deemed necessary for a positive opinion on validity of the process.

For the Regional Methodology Committee on Corporate Social Responsibility Reports (Gruppo Metodo Piemonte) of the Association of Tax Consultants and Professional Auditors of Ivrea, Pinerolo and Turin:


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