

# **Report on Corporate Governance and Ownership Structure – 2016 Financial Year**

**In compliance with Article *123-bis* of the Consolidated Finance Act (TUF)  
Standard Management and Control Model**

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**Approved by the Board of Directors on 20 March 2016**

**Issuer: Aeroporto Guglielmo Marconi di Bologna S.p.A.**  
Website: [www.airport-bologna.it](http://www.airport-bologna.it)

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## GLOSSARY

**Bologna Airport** or **AdB** or the Issuer or the **Company**: Aeroporto Guglielmo Marconi di Bologna S.p.A., whose registered office is located at Via Triumvirato 84, Bologna.

**Self-Regulation Code**: The Self-Regulation Code for listed companies approved in July 2015 by the Corporate Governance Committee and brought into effect by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

**Civil Code**: the Italian Civil Code

**Board or the Board of Directors**: The Issuer's Board of Directors.

**Financial Year**: the financial year to which this Report refers.

**Group**: collectively, the Issuer and the companies controlled, within the meaning of Article 93 of the Consolidated Act.

**MTA**: Electronic Stock Exchange organised and operated by Borsa Italiana S.p.A.

**Consob Issuer Regulation**: the Regulation on issuers promulgated by Consob under Decision 11971 of 1999 (as amended).

**Consob Related Party Regulation**: the Regulation on Related Party Transactions promulgated by Consob under Decision 17221 of 12 March 2012 (as amended).

**Report**: this report on corporate governance and the company ownership structure.

**Consolidated Finance Act (TUF)**: Legislative Decree 58 of 24 February 1998, as amended.

## INTRODUCTION

This Report, which compares the Issuer's corporate governance system with the recommendations proposed by the Self-Regulation Code for Listed Companies, is prepared pursuant to and for the purposes of Article IA.1.1.1.11 of Instructions of the Regulation for Markets Organised and Managed by Borsa Italiana S.p.A. on the basis of the report format for corporate governance and ownership structure that issuers listed in regulated markets must prepare pursuant to Article 123-*bis* of the version of the Consolidated Finance Act (TUF) published by Borsa Italiana S.p.A. in January 2017.

This Report reflects the status of the Issuer's corporate governance system and ownership structure as at **31 December 2016**, with certain references also to subsequent events up until the approval of the Report.

## 1. ISSUER'S PROFILE

### a) Activities

Bologna Airport is the overall operator of Guglielmo Marconi Airport in Bologna on the basis of the forty-year concession governed by Agreement No. 98 of 12 July 2004, together with subsequent addenda, between ENAC [the Italian Civil Aviation Authority] and the Company, all of which legal instruments were approved effective 28 December 2004 by an interministerial decree promulgated by the Ministry of Infrastructure and Transport and the Ministry of the Economy and Finance on 15 March 2006.

The Guglielmo Marconi Airport in Bologna, as at the date of this Report, is the seventh largest airport in Italy in terms of passenger traffic and the fifth largest in terms of freight traffic, and is considered by Article 1, Paragraph 2 of Presidential Decree 201 of 17 September 2015 ("National Airports Plan") to be a strategic airport for the central northern area, together with the Florence-Pisa airport system.

The airport, which is able to utilise airport infrastructure which enables short, medium, and long range flights 24 hours a day, including a recently renovated passenger terminal and technological facilities, which the Company considers to be at the cutting-edge in terms of safety and environmental protection, aims to provide passengers with a welcoming and stimulating environment that can improve their travel experience, and make available to them an extensive network of connecting flights, for the purpose of creating value for the country's economy and internationalising companies in the user pool, while at the same time providing access to the territories of the major countries of Europe and the world, to the benefit of all.

The activities conducted by the Group are divided into two principal business areas: (i) management, operation, development, and maintenance of the airport infrastructure dedicated to aviation activities, and providing services to passengers and airport users and operators (referred to as aviation activities); and (ii) management and development of the Group's business areas and activities within the airport site (commercial areas, offices, operational spaces, parking, ticketing, advertising spaces), and providing business and commercial services to passengers and airport users (referred to as non-aviation activities).

For aviation activities, the Group has adopted a multi-service business model that serves both legacy carriers and low-cost and charter carriers, in order to take advantage of the integrated growth and expansion opportunities provided by the diverse business and leisure clientele for these types of carriers. In 2016 Guglielmo Marconi Airport in Bologna served 103 domestic and international destinations operated by some of the largest airline operators in Europe and the Mediterranean basin, such as Aeroflot, Emirates Airlines, Alitalia, Air France/KLM, Royal Air Maroc, Austrian Airlines, British Airways, Brussels Airlines, Lufthansa, Air Nostrum, TAP, Tarom, Tunisair, Turkish Airlines and SAS, which also provide connections with the major hubs serviced by those airlines.

The airport is also one of Ryanair's principal bases in Italy, with approximately 42 destinations served in Italy and Europe by that carrier in 2016, and it hosts numerous flights by other major low cost airlines, such as EasyJet, Germanwings, and Wizz Air.

As regards non-aviation activities, the Group operates in the passenger terminal an approximately 4,500 square metre commercial area with, in 2016, 41 duty free, food & beverage and retail points of sale, characterised by the presence of internationally renowned brands with connections in Italy, as well as the points of sale of some of the major retail chains and local, national and international restaurant chains. Also available in the airport area are approximately 5,100 parking places located in a total area of more than 13,000 square metres, and the Group, either directly or through agents, engages in the sale of advertising spaces inside and outside the air terminal. The Group's non-aviation activities also include operation of the VIP lounge "Marconi Business Lounge", providing premium services to top flyer and business passengers, and the subleasing to aviation operators of offices, shops, technical services premises and hangars with a total area of approximately 90,000 square metres.

The Group, in consideration of the specific characteristics of the individual business areas in which it operates, has formulated the strategies listed below:

- Incremental expansion of the network of destinations and traffic volumes
- Infrastructure development
- Non -Aviation Business Development
- Increasing operational efficiency and service quality

The Issuer, in order to pursue these strategies, plans to make investments to develop and expand airport infrastructure, improve the airport's accessibility, increase the various services provided to airport users in the business areas in which the Group operates, either directly or indirectly, and at the same time ensure ever higher standards of safety, quality, and respect for the environment.

Lastly, the Company, if they should present themselves and if they are consistent with the implementation of its strategy, does not rule out assessing any possible opportunities for growth with respect to foreign airlines or possible opportunities to enter into strategic agreements.

#### b) Corporate Governance System

Legally held Shareholders' Meetings represent and express the wishes of shareholders, and their decisions made in compliance with the law and the Bylaws, are binding upon all shareholders, whether they are assenting or dissenting. Both regular and special Shareholders' Meetings are validly held and make decisions in accordance with the majorities and other validity requirements prescribed by the provisions of applicable laws. The decisions of Special Shareholders' Meetings regarding increases in the share capital and any other amendments of the Bylaws shall be adopted with a vote in favour by shareholders representing at least two-thirds of the share capital, pursuant to either a first and second meeting notice.

The Company's management and control model is a standard model which provides for a Board of Directors, a Board of Statutory Auditors, and an auditor or auditing firm qualified to perform audits required by law.

The Board of Directors is invested with all powers of routine and extraordinary management and administration, and consequently plays a central role in the Company governance system.

The Board of Statutory Auditors monitors compliance with the law and the Bylaws, and has the function of auditing the management of the Company.

Accounting audits are assigned to an auditing firm designated by the Shareholders' Meeting.

Further on in this report there is an in-depth presentation of the principal aspects of the functioning, membership, and responsibilities of the aforementioned company governing bodies.

## 2. OWNERSHIP STRUCTURE INFORMATION

#### a) Share Capital Structure

As at the date of this Report, the fully paid-in share capital is in the amount of EUR 90,314,162 and consists of 36,125,665 common shares with no stated face value.

#### *SHARE CAPITAL STRUCTURE*

	No of shares	% of share capital	Listed/Unlisted	Rights and obligations
Ordinary shares	36,125,665	100%	Listed	The shares are registered shares and each of them grants the right to one vote in Company regular and special Shareholders' Meetings in accordance with the provisions of laws and the bylaws, and provides the further management and equity rights provided by law for shares with voting rights.

As at the date at this Report, the Issuer has issued neither other classes of shares nor financial instruments which are convertible to or exchangeable for shares. The Company has not decided upon increases in the share capital to service share-based incentivisation plans.

b) Restrictions on the Transfer of Shares

The Bylaws in effect as at the date of this Report do not establish restrictions for the transfer of shares or any other real rights to same.

c) Significant Share Capital Holdings

As at 31 December 2016, the shareholders that hold more than a 5% holding in the subscribed share capital, which consists of shares with voting rights, according to the records of the shareholder register and other available information, are indicated in the following table:

<i>SIGNIFICANT SHARE CAPITAL HOLDINGS</i>				
Declarant	Direct Shareholder	Number of shares	% of common shares in the Share Capital	% of the Voting Share Capital
Bologna Chamber of Commerce, Industry and Agriculture	Bologna Chamber of Commerce, Industry and Agriculture	13,558,877	37.53%	37.53%
Amber Capital UK LLP	San Lazzaro Investments Spain S.L.	5,887,748	16.31%	16.31%
Strategic Capital Advisors Limited	Italian Airports S.a.r.l.	4,239,380	11.74%	11.74%
F2I Fondi Italiani per le Infrastrutture SGR S.p.A.	Aeroporti Holding S.r.l.	2,134,614	5.91%	5.91%
	2I Aeroporti S.p.A.	1,474,729	4.08%	4.08%

d) Shares that Grant Special Rights

The Issuer has not issued shares that grant special control rights. The Bylaws make no provision for multiple or increased voting shares.

e) Employee Shareholdings: Mechanism for Exercising Voting Rights

The Issuer has not adopted any system for employee ownership of shares of the share capital.

f) Restrictions of Voting Rights

There are no restrictions of the voting rights of common shares. The Issuer has issued exclusively common shares.

g) Shareholder Agreements

**Agreement of 20 May 2015**

On 20 May 2015, a shareholder agreement was signed by the Bologna Chamber of Commerce (the "**Bologna Chamber of Commerce**"), the Metropolitan City of Bologna, the Emilia-Romagna Region, the Modena Chamber of Commerce (the "**Modena Chamber of Commerce**"), the Ferrara Chamber of Commerce (the "**Ferrara Chamber of Commerce**"), the Reggio Emilia Chamber of Commerce (the "**Reggio Emilia Chamber of Commerce**") and the Parma Chamber of Commerce (the "**Parma Chamber of Commerce**") (referred to jointly as the "**Public Shareholders**") as shareholders of the Issuer (the "**Shareholder Agreement**"). The Shareholder Agreement is a relevant agreement under Article 122 of the Consolidated Finance Act, it entered into effect on 14 July 2015 and was published on 18 July 2015.

The objective of the Shareholder Agreement, without prejudice to compliance with the dictates of the 2015 Stability Act with respect to the rationalisation of companies and the equity stakes of public entities, is, first of all, ensuring that the Public Shareholders retain a minimum of a 20% stake in the share capital, as required by the Company bylaws in compliance with the provisions of Article 4 of Ministerial Decree 521 of 12 November 1997 and, secondly, through the Bologna Chamber of Commerce, the unity and stability of the Company's direction.

Specifically, under the Shareholder Agreement the Public Shareholders:

- (a) obligated themselves to vote with all the shares held from time to time by each of them throughout the entire term of the Shareholder Agreement, in accordance with the provisions of the Shareholder Agreement (as described hereinafter). The following is a table that indicates the percentage of the share capital held by each Public Shareholder as at the date of this Report and the number of voting rights pertaining to the shares representing those percentages of the share capital. This was updated following the issue and allocation of bonus shares issued at the time of the IPO on 9 September 2016 (as reported in the Company's press release on 3 January 2017);

<b>Public Shareholders</b>	<b>No. of voting rights granted under the Shareholders Voting Syndicate</b>	<b>% of Bologna Airport Share Capital</b>
Bologna Chamber of Commerce	13,558,877	37.53%
City of Bologna	1,400,590	3.88%
Metropolitan City of Bologna	836,201	2.31%
Emilia-Romagna Region	735,655	2.04%
Modena Chamber of Commerce	107,637	0.30%
Ferrara Chamber of Commerce	80,827	0.22%
Reggio Emilia Chamber of Commerce	55,115	0.15%
Parma Chamber of Commerce	40,568	0.11%
<b>Total</b>	<b>16,815,470</b>	<b>46.55%</b>

- (b) were obligated not to transfer the shares representing the stakes in the share capital indicated below, as updated following the issue and awarding, on 9 September 2016, of bonus shares issued at the time of

the IPO (as reported by the Company's press release of 3 January 2017) ("**Blocked Shares**").

<b>Public Shareholders</b>	<b>No. of voting rights granted under the Shareholders Block Syndicate</b>	<b>% Company Share Capital</b>
Bologna Chamber of Commerce	13,558,877	37.53%
City of Bologna	1,389,046	3.85%
Metropolitan City of Bologna	829,309	2.30%
Emilia-Romagna Region	729,592	2.02%
Modena Chamber of Commerce	30,157	0.08%
Ferrara Chamber of Commerce	22,645	0.06%
Reggio Emilia Chamber of Commerce	15,442	0.04%
Parma Chamber of Commerce	11,366	0.03%
<b>Total</b>	<b>16,586,434</b>	<b>45.91%</b>

The Public Shareholders obligated themselves to notify the president of the Shareholder Agreement within 45 days following the Trading Start-up Date, of the number of shares actually covered by the obligation not to sell, and they obligated themselves to extend that restriction to cover all shares or other rights that each of them should receive from the exercise of the option rights pertaining to the restricted shares.

The Shareholder Agreement also provides for an Agreement Committee that performs the following functions:

(a) preparation of lists for Board of Directors and/or board of statutory auditors appointments, on the basis of the provisions of the Shareholder Agreement; (b) determination of the votes to be cast regarding decisions to be made at Company special Shareholders' Meetings in regard to any of the following matters: (i) amendments to the Bylaws, (ii) increases in the share capital (iii) merger and/or spinoff transactions; and (c) prior consultation regarding amendments to the Bylaws caused by changes necessary to comply with provisions of laws and regulations.

The Committee shall be made up of the following 5 members: (i) the current legal representative of the Bologna Chamber of Commerce, who is granted 6 votes; (ii) the current legal representative of the City of Bologna, who is granted 2 votes; (iii) the current legal representative of the Metropolitan City of Bologna, who is granted 1 vote; (iv) the current legal representative of the Emilia-Romagna Region, who is granted 1 vote; and (v) one person who is appointed jointly by the Modena Chamber of Commerce, the Ferrara Chamber of Commerce, the Reggio Emilia Chamber of Commerce, and the Parma Chamber of Commerce, who is granted 1 vote. The Committee shall remain in office for the entire term of the Shareholder Agreement.

The Committee shall meet at least seven days prior to the date (a) of the expiration of the time period for submission of lists for the appointment of members of the Company board of directors and/or board of statutory auditors; and (b) the calling of any special Company Shareholders' Meetings the subject of which is any of the following matters: (i) amendments to the Bylaws, (ii) increases in the share capital and (iii) merger and/or spinoff transactions. The Committee shall also meet any time one or more members so requests.

The presiding officer of the Committee shall be a Chairperson or, in the absence of the latter, the eldest of the Committee members. The position of Chairperson shall be held by the current legal representative of the Bologna Chamber of Commerce. The Chairperson shall carry out the following responsibilities: (a) call and preside at Committee meetings, and prepare meeting agendas; (b) submit to the Company lists for the election of members of the Company board of directors and/or board of statutory auditors; (c) arrange for the completion of documentation pertaining to the shares made subject to the Shareholder Agreement, as well as the possible updating and amendment of same; and (d) conduct all the activities assigned to the Chairperson by the Committee and the Shareholder Agreement.

It is required that the director of the Company legal office be appointed secretary of the Agreement, who shall carry out the operational and executive tasks necessary for the proper functioning of the voting syndicate.

In regard to the content of obligations pertaining to voting rights:

- a) throughout the entire term of the Shareholder Agreement, the public shareholders are obligated to appoint members of the Company Board of Directors - consisting of 9 directors - as follows (i) 4 directors appointed by the Bologna Chamber of Commerce, to be designated on the list for the election of that governing body by the numbers 1, 2, 5 and 6, (ii) 1 director appointed jointly by the City of Bologna and the Metropolitan City of Bologna, to be designated on the list as number 3 and (iii) 1 director appointed by the Emilia-Romagna Region, to be designated number 4 on the list. The remaining 3 directors shall be elected by minority shareholders in compliance with the provisions of the Bylaws. For that purpose, candidates shall be designated by the Committee a minimum of 7 days prior to the date of the expiration of the time period for submission of lists for the appointment of members of the Board of Directors, in compliance with the provisions of applicable laws and regulations regarding gender balance and independence requirements. The list shall be submitted to the Company by the Chairperson, in the name of and on behalf of Public Shareholders;
- b) throughout the entire term of the Shareholder Agreement the Public Shareholders are required to designate one candidate for the position of alternate statutory auditor, which designation shall be made by the Bologna Chamber of Commerce. For that purpose, the candidate shall be designated by the Committee a minimum of 7 days prior to the date of the expiration of the time period for submission of lists for the appointment of members of the board of directors, in compliance with the provisions of applicable laws and regulations regarding independence requirements and gender balance. The list shall be submitted to the Company by the Chairperson, in the name of and on behalf of Public Shareholders;
- c) the Public Shareholders are obligated to decide upon the appointment of the chairperson of the Board of Directors at a Shareholders' Meeting, shall appoint the candidate designated number 1 on the list and shall do everything possible to ensure that directors so appointed jointly propose and vote in the Company Board of Directors for the appointment to position of managing director of the candidate designated number 2 on the list;
- d) if for any reason prior to the regular expiration of their term of office, it should be necessary to replace one or more of members of the Board of Directors and/or the alternate statutory auditor, the Public Shareholders shall jointly propose and vote for in shareholder meetings the replacement candidate indicated in the Public Shareholders' recommendation that designated the outgoing director and/or alternate statutory auditor;
- e) the Public Shareholders are also required to vote the same at special Shareholders' Meetings the subject of which is any of the following matters: (i) amendments to the Bylaws, (ii) increases in the share capital and (iii) merger and/or spinoff transactions, in accordance with that decided by the Committee. For such purpose, a minimum of 7 days prior to the date of the calling of each special Company Shareholders' Meeting the subject of which is any of the aforementioned matters, the Committee shall make the decision by a vote in favour by a minimum of eight-elevenths of the votes assigned to the Committee members present. If the Committee does not meet the above-indicated quorum for a decision, the Public Shareholders must participate in the Shareholders' Meeting in question and cast their votes in opposition to the adoption of said decision. Because the Board of Directors is responsible for changes to the Bylaws to achieve compliance with provisions of laws and regulations, the Public Shareholders are obligated to do everything possible to ensure that directors they have respectively appointed give them proper and timely disclosure of changes of that nature so as to enable them to have prior consultation regarding the adoption of the pertinent decisions.

As regards the content of the obligation not to sell, the Public Shareholders obligated themselves (the "**Non-Transferability Obligation**"):

- a) not to carry out sales or placement transactions or in any case acts of disposition, on any basis and in any form (including, purely for purposes of example, but as a non-exhaustive list, donations, contributions to companies) the purpose or effect of which is, directly, or indirectly, the assignment or transfer to third parties (including trust agreements, or the granting of trusteeships) of the Blocked Shares or other financial instruments, including equity instruments, that grant the right to buy, subscribe, convert to, or make exchanges for the Blocked Shares;
- b) not to grant options, rights or warrants for the purchase, subscription, conversion, or exchange of the Blocked Shares or other financial instruments, including equity instruments, that grant rights pertaining to

or similar to such shares or financial instruments;

- c) not to enter into or in any case execute swap contracts or other derivatives contracts that have the effect of transferring, in part or *in toto*, any rights pertaining to the Blocked Shares;
- d) not to establish, or consent to the establishment of, or grant any right, lien or encumbrance - including, for purposes of illustration and as a non-exhaustive list, pledges of or usufruct rights to Blocked Shares and the rights pertaining thereto, including voting rights.

The Non-Transferability Obligation may be waived only if any of the above-indicated transactions was previously carried out by the Public Shareholders or for the benefit of other public entities or consortia established between public entities, or for joint stock companies, including in the form of consortia, that are controlled, possibly jointly, by public entities. Transactions for the transfer of the Blocked Shares, in whatever form they are carried out, shall be allowed only on condition that the transferee, no later than the date of the transfer made to the transferee, has become a party to this Shareholder Agreement by accepting it in writing and making itself subject to the blocking syndicate for the Blocked Shares. The Non-Transferability Obligation may also be waived if the subject of the transfer is option rights under Article 2441 of the Civil Code that the Public Shareholders do not intend to exercise, without prejudice to the fact that, in all instances, the total number of Blocked Shares may not be less than 20% of the Company share capital.

It has also been established that Public Shareholders that have breached the Non-Transferability Obligation with respect to the Blocked Shares shall be required to pay a penalty in an amount representing double the value of the transaction carried out. The amount paid as penalties shall be divided among the non-complying Public Shareholders in proportion to the number of Blocked Shares held by each. In addition, each of the non-complying Public Shareholders shall also have the right to request cancellation of the Shareholder Agreement with respect to the non-complying party.

The Shareholder Agreement shall be in effect from the Trading Start-up Date until the third anniversary of the Shareholder Agreement, and shall be governed by Italian law. All the obligations provided by the Shareholder Agreement are assumed by the Public Shareholders without joint and several obligations. It has been established that any possible disputes shall be referred for a formal decision according to law and the Code of Civil Procedure by an arbitrator appointed by the Chief Judge of the Bologna Court at the petition of the Public Shareholder taking the initiative. Bologna shall be the seat of the arbitration. The Bologna Courts shall have jurisdiction over matters that cannot be referred to arbitration.

#### h) Change of Control Clauses and Provisions of the Bylaws regarding Public Buyout Offers

The Issuer and its controlled companies have not entered into significant agreements that enter into effect, are amended, or are terminated in the event of a change of control of the contracting company.

The Company Bylaws in effect as at the date of this Report do not provide for any exceptions to the provisions of Article 104, Sections 1 and Article *I-bis* of the Consolidated Finance Act nor for the applicability of the neutralisation rules provided by Article 104-bis, Sections 2 and 3 of the Consolidated Finance Act.

#### i) Delegations of Authority to Increase the Share Capital and Authorisations to Purchase Company Shares

The Board of Directors has not received any delegation of authority to increase the share capital in accordance with Article 2443 of the Civil Code, nor to issue equity instruments.

The Company's Shareholders' Meeting has not authorised the purchase of treasury shares pursuant to Article 2357 *et seq.* of the Civil Code.

#### j) Management and Coordination Activities

The Issuer is not subject to management and coordination activities within the meaning of Article 2497 of the Civil Code.

In compliance with Article *2497-bis* of the Civil Code, the Italian companies directly controlled by the Issuer (TAG Bologna S.r.l. and Fast Freight Marconi S.p.A.) have made the representation that the latter is the entity that performs management and coordination activities.

### k) Severance Benefits in the Event of Resignations or Terminations

The Issuer has entered into agreements with solely Managing Director and Chief Executive Officer Nazareno Ventola which provide for severance benefits in the event of resignation or termination without just cause or if the relationship should be terminated as a result of a public buyout offer. Specifically, such severance benefits are due in the event of early termination of employment as Chief Executive Officer and represent two years' total annual pay, calculated as the Gross Annual Compensation in effect as at the employment termination date, plus the average for the most recent three-year period (which is to say the period applicable beginning on 15 July 2015), as a variable annual bonus and long term incentive. Allocation of severance benefits is not linked to performance criteria. The right to severance benefits is accrued if employment is terminated by the Company – including as part as a mass layoff – for reasons that are objective in nature, or for technical, organisational, or production reasons, including the circumstances of corporate restructuring, reorganisation, or reconversion, as well as in the event of a crisis or entry into an insolvency proceeding, the elimination of the position of Chief Executive Officer, or because of an act or wrong by the Chief Executive Officer that does not constitute just cause for immediate termination of employment, independently of an examination of whether or not said termination is justified.

The information required by Article 123-*bis*, Section 1, Subsection l) is presented in the section of this Report which is devoted to the appointment and replacement of directors (Section 4.1).

### 3. COMPLIANCE

The Company has brought its corporate governance system into compliance with the applicable provisions of the Consolidated Finance Act and the Self-Regulation Code, which is accessible to the general public at the website of the Corporate Governance Committee at the webpage <http://www.borsaitaliana.it/comitato-corporate-governance/codice/2015clean.pdf>. Specifically, the Company intends to implement Article 1 and the pertinent Implementation Criteria of the Self-Regulation Code. However, it is reported that at the Board of Directors meeting on 15 May 2015 it was decided that the appointment of a committee was not deemed necessary for the appointments provided by Article 5 of the Self-Regulation Code, in light of the list voting mechanism established by the Bylaws, which reserves for shareholders' decisions regarding the candidates to be recommended by the governing body. In the remainder of this Report, additional deviations from the Code's recommendations are indicated as appropriate.

In regard to adoption of the Self-Regulation Code, the Company Bylaws:

- (i) incorporate the provisions of Legislative Decree 27/2010, which implemented Directive 2007/36/CE and contains the discipline for the exercise of certain rights of the shareholders of listed companies;
- (ii) provides for the mechanism referred to as "list voting" for the appointment of members of the Board of Directors, in compliance with the provisions of Article 147-ter of the Consolidated Finance Act.
- (iii) provides for the mechanism referred to as a "list voting" for the appointment of members of the Board of Statutory Auditors, in compliance with the provisions of Article 148 of the Consolidated Finance Act, without prejudice to the provisions of Article 4 of Law 420 of 8 May 1971 and Article 11 of Ministerial Decree 521 of 12 November 1997, as is explained in the following paragraph;
- (iv) provides for the appointment of an executive responsible for preparation of company accounting documents and compliance with the obligations established by the above-cited Article 154-*bis* of the Consolidated Finance Act;
- (v) provides that members of the Board of Directors and the Board of Statutory Auditors to be elected be selected on the basis of a criterion that ensures gender balance, in compliance with the provisions of Articles 147-*ter* and 148 of the Consolidated Finance Act.

It is indicated in regard to the list voting mechanism for the election of statutory auditors that:

- a) Article 24 of the Issuer's Bylaws establishes that the Ministry of Information and Transport ("**MIT**") and the Ministry of the Economy and Finance ("**MEF**") each have the right to appoint one regular statutory auditor, and that the statutory auditor appointed by the MEF shall hold the position of Chairperson of the Board of Statutory Auditors. This clause reflects the provisions of Article 4 of Law 420 of 8 May 1971 and Article 11 of Ministerial Decree 521 of 12 November 1997, which govern the activities for monitoring and oversight of airport management companies. It is indicated that Article 148, Section 2-*bis* of the Consolidated Finance Act, on the other hand, provides that in Italian companies with shares traded in regulated markets the Chairperson of the Board of Statutory Auditors shall be chosen from among statutory auditors elected by minority shareholders. The Company believes, also in consideration of the interpretation and the practice followed by other total airport operators with shares listed on the Electronic

Stock Exchange, that the discipline contained in the aforementioned special provisions of Article 148, Section 2-*bis* of the Consolidated Finance Act shall prevail, based on (i) the well-known public nature of the interests underlying the aforementioned provision of law, which require the appointment of two statutory auditors by the State, and that consequently the position of Chairperson of the Board of Statutory Auditors be held by a statutory auditor appointed by the MEF and (ii) in consideration of the fact that, because the position of Chairperson of the Board of Statutory Auditors is a ministerial appointment, by its very nature it cannot constitute an expression of the will of the majority shareholders, with the consequence that the provisions of the ministerial decree, *mutatis mutandis*, are in any case consistent with the purposes preordained by the aforementioned Article 148, Section 2-*bis* of the Consolidated Finance Act, of ensuring, through the Bylaws, that the Chairperson of the Board of Statutory Auditors is not selected by the majority shareholders;

- b) in compliance with Law Decree 293 of 16 May 1994 (which governs the extension of the term of office of members of the governing bodies of company with majority public control), the Issuer's Bylaws provides that if the term of office of the Board of Directors has expired, it is intended that their term of office be extended for no more than forty-five days following the date of the Shareholders' Meeting for approval of the financial statements on which the term of office expired. During the latter period, Board activities shall be limited to routine management and administration and urgent and non-deferrable actions.

It is also reported that on 15 May 2015 the Board of Directors decided to appoint Administration and Finance Manager Patrizia Muffato as the responsible executive under Article 154-bis of the Consolidated Finance Act and that the Shareholders' Meeting on 20 May 2015 also approved the Shareholders' Meeting Regulation.

The Issuer's fundamental corporate governance documents are the following:

- Bylaws;
- Internal Dealing Procedure updated by the CEO on 11 July 2016, based on the authority granted by the Board of Directors on 4 July 2016 in view of new legislative provisions introduced by Regulation (EU) No 596/2014 of 16 April 2014 and by the related implementation regulations (“**MAR**”);
- Organisational Model including the Code of Conduct complying with Legislative Decree 231 of 8 June 2001, supplemented by a corruption risk management and control model in compliance with and for the purposes and effects of the portion of Law 190/2012 and its implementation decrees as applicable to the Issuer;
- Procedure for the Related Party Transaction discipline in accordance with the provisions of the Regulation adopted by Consob in the above-cited Decision 17221 of 12 March 2010, as amended;
- Procedure for the management of insider information, updated by the CEO on 11 July 2016 based on the authority granted by the Board of Directors on 4 July 2016 in view of the MAR.

The Issuer, or its controlled companies that are strategically important, are not subject to the provisions of non-Italian laws that have an impact on the Issuer's corporate governance structure.

## 4. BOARD OF DIRECTORS

### 4.1 Appointment and Replacement

The provisions regarding Board of Directors membership and appointments are contained in Article 13 of the Bylaws.

The Company is administered by a Board of Directors made up of nine members who have terms of office of up to three financial years and may be re-elected.

Directors are appointed by the Shareholders' Meeting on the basis of lists submitted to shareholders, in which candidates must be listed by sequential numbers and in which the number of candidates is not to exceed the number of members to be elected.

Each list must include at least three candidates that meet the independence requirements established by law, and such candidates shall be indicated separately and distinctly.

Lists that present a number of candidates equal to or greater than three must also include candidates of different genders, in accordance with that indicated in the Shareholders' Meeting notice, so as to ensure a Board of Directors membership that complies with the provisions of currently applicable laws and regulations regarding gender balance.

Lists must be filed at the company headquarters and published in compliance with applicable laws and regulations. Any shareholder may submit or participate in the submission of one single list and any candidate may be submitted only on one single list, under penalty of ineligibility. The only shareholders that have the right to submit lists are those shareholders that, by themselves or together with other shareholders, hold the minimum stake in the share capital established by Consob (for 2017, 2.5% - Consob Decision 19856 of 25 January 2017). It is necessary to file with each list statements in which the individual candidates accept their candidacies and certify, pursuant to their personal liability, the absence of grounds for ineligibility and conflict of interest, as well as fulfilment of the requirements prescribed by applicable laws and regulations and these bylaws for the respective positions. Directors appointed must report without delay to the Board of Directors the loss of the fulfilment of the requirements previously indicated, as well as supervening causes of ineligibility or conflict of interest. Every shareholder entitled to vote may vote one list only.

The following is a procedure for the election of directors:

- (a) six directors shall be drawn from the list that received the greatest number of votes, in the sequential order in which they are listed on the list;
- (b) the remaining directors shall be drawn from other lists, in the sequential order in which they are listed on said lists; for such purpose, the votes received by the aforementioned lists shall be successively divided by one, two, three and so on, according to the number of directors to be elected. The quotients received in this manner shall be assigned sequentially to the candidates on each of the lists, according to the order that they appear on same. The quotients assigned in this manner to the candidates on the various lists shall be arranged in a single descending ranking. The persons who have received the highest quotients shall be elected. In the event that several candidates have received the same quotient, the candidate on the list which has not yet elected any directors or which has elected the lowest number of directors shall be elected. In the event that none of the lists have yet elected a director or all the lists have elected the same number of directors, the candidate on the list that has received the greatest number of votes shall be elected. In the event of a tie in list votes and if the quotients are equal, a new vote by the entire Shareholders' Meeting shall be taken and the candidate that has received a simple majority of the votes shall be elected;
- (c) for the purposes of the distribution of the directors to be elected, candidates indicated on the lists that have received a number of votes that is less than half the percentage required for submission of said lists, shall not be considered.
- (d) if, at the conclusion of voting and the above-indicated procedures, there has not been compliance with applicable laws and regulations regarding gender balance, the candidates that would appear to be elected on the various lists shall be arranged in a single descending ranking, established according to

the quotients system indicated in Subsection b) above. Then the candidate from the less represented gender who has the lowest quotient in that ranking shall be replaced by the leading candidate of the less represented gender who was not elected and belongs to the same list. If there are no other candidates on that list, the above-indicated replacement shall be made by the Shareholders' Meeting with the majorities required by law, in accordance with the provisions of Subsection f) above and in compliance with the principle of proportional representation of minorities on the Board of Directors. In the event of a tie in quotients, the replacement shall be made with the candidate drawn from the list that has received the greatest number of votes. If the replacement of the candidate of the more represented gender who has the lowest quotient in the ranking nevertheless does not make it possible to reach the minimum threshold predetermined by applicable provisions of laws on gender balance, the above-indicated replacement procedure shall also be carried out with respect to the candidate of the more represented gender who has the next to lowest quotient, and so on from the bottom of the ranking;

- (e) at the end of the above-indicated procedures, the presiding officer shall announce the persons elected;
- (f) in the instance of the appointment of directors, if for any reason, they are not elected in accordance with the procedure established above, the Shareholders' Meeting shall decide by the majorities required by law to ensure in any case the presence of the necessary number of directors who fulfil the independence requirements established by law, as well as ensure compliance with applicable provisions of law regarding gender balance.

The list voting procedure applies only in the circumstance of the re-appointment of the entire Board of Directors.

If during the financial year one or more directors are no longer on the Board, it shall be necessary to proceed in compliance with Article 2386 of the Civil Code. If one or more of the terminated directors was drawn from a list that also contains the names of candidates who were not elected, the replacement shall be made by appointing, in sequential order, the persons drawn from the list to which the terminated director belonged and who are still eligible and prepared to accept the position. In any case, the Board of Directors shall replace terminated directors by ensuring the presence of the necessary number of directors fulfilling the independence requirements established by law, and ensuring compliance with applicable provisions of law regarding gender balance.

In compliance with Article 14 of the Bylaws, if the Shareholders' Meeting has not so provided, the Board of Directors shall elect a chairperson from among its members; it may also elect a vice-chairperson, who shall act in the stead of the chairperson in the event of absence or impediment.

Directors appointed in that manner shall remain in office for a period not to exceed three financial years and their terms of office shall expire on the date of the Shareholders' Meeting called to approve the financial statements for the last financial year of their terms of office.

Pursuant to and for the purposes and effects of Decree-Law 293 of 16 May 1994, which was converted into law with amendments by Article 1, Section 1, Law 444 of 15 July 1994, if the Board of Directors has not been reconstituted as at the above-indicated expiration date, the term of office of the Board of Directors shall be deemed to be extended for no more than forty-five days following the date of the Shareholders' Meeting called to approve the financial statements. Throughout the entire aforementioned extension period, the Board of Directors may perform exclusively acts of routine management, as well as urgent and non-deferrable actions, while specifically indicating the reasons for urgency and immediate action.

Directors may be re-elected. If the majority of the directors appointed by the Shareholders' Meeting is no longer in office, it is considered that the entire board has resigned and a Shareholders' Meeting must be called without delay by the directors still in office for the purpose of reconstructing the Board of Directors, in accordance with Article 2386 of the Civil Code.

Article 20 of the Bylaws provides that the Board of Directors may, within the limits established by Article 2381 of the Civil Code and the provisions of Article 20.4 of the Bylaws, delegate their powers to one of their members and/or to an executive committee, and determine the content, limitations, and possibly the terms and procedures for exercising the delegations. The Board, at the recommendation of the chairperson and by agreement with the managing director, may also grant powers of attorney for individual acts or categories of acts to other members of the Board of Directors. The powers of bodies or officials receiving delegations include granting, within the framework of the powers and authority received, powers of attorney for individual acts or categories of acts to Company employees and to third parties, along with the power of sub-delegation. The Board of Directors may also appoint a chief executive officer, and determine the powers and responsibilities of same. In any case, the Board of Directors has exclusive authority for decisions regarding the following matters, in addition to the decisions reserved for the Board by law: (i) acquisition and divestment of equity stakes with a value in excess of EUR 500,000; (ii) purchase and/or sale of real properties and/or companies and/or company divisions with a value in excess of EUR 500,000; (iii) the granting of mortgages, pledges, suretyships and/or other collateral security or

personal guarantees with a value in excess of EUR 500,000; (iv) appointment of members of the boards of directors of controlled companies and/or subsidiaries; (v) participation in bids for tenders and/or public tender procedures that entail the assumption of contractual obligations in excess of EUR 5,000,000.

#### *Succession Plans*

At its meeting of 20 February 2017, the Board of Directors in office on the date of this Report assessed whether to adopt a plan for succession, and decided to direct the Control and Risk Committee to perform a preliminary investigation for establishing a procedural proposal in this regard after consulting with other experts in this area, with the intention to adopt the applicable assessments during the current year.

#### 4.2 Membership

In compliance with Article 13.1 of the Bylaws, the company is administered by a Board of Directors with nine members. In compliance with Article 13.2 of the Bylaws, directors are appointed for a period of up to three financial years. Members of the Board of Directors may be re-elected.

The Issuer's Board of Directors in office was appointed by the Issuer's Shareholders' Meeting on 27 April 2016, effective until approval of the financial statements for the financial year ending 31 December 2018, with the following membership:

<b>First and Last Name</b>	<b>Position</b>	<b>- Place and Date of Birth</b>	<b>Executive/Non-Executive Director</b>
Enrico Postacchini	Chairperson	Bologna, 17 July 1958	Non-Executive
Nazareno Ventola	Managing Director	Rome, 13 June 1966	Executive
Giada Grandi	Director	Bologna, 20 October 1960	Non-Executive
Giorgio Tabellini	Director	San Giovanni in Persiceto (BO), 31 January	Non-Executive
Sonia Bonfiglioli	Director	Bologna, 25 November 1963	Non-Executive and Independent
Luca Mantecchini	Director	Bologna, 14 November 1975	Non-Executive and Independent
Arturo Albano	Director	Grosseto, 28 October 1974	Non-Executive and Independent
Gabriele del Torchio	Director	Caravate (VA), 5 February 1951	Non-Executive and Independent
Laura Pascotto	Director	Cosenza, 4 July 1972	Non-Executive and Independent

The membership of the New Board of Directors complies with the provisions of laws and regulations applicable to listed companies in regard to the number of independent directors, in compliance with Article 147-ter, Section 4, and Article 148, Section 3, of the Consolidated Finance Act.

Two lists were submitted to the Shareholders' Meeting of 27 April 2016 for the re-election of the Board of Directors. The first, submitted by shareholders that signed the shareholders' agreement referred to in paragraph 2(g) above, representing, at that time, 46.58% of share capital, consists of 7 candidates, specifically: Enrico POSTACCHINI, Nazareno VENTOLA, Giorgio TABELLINI, Sonia BONFIGLIOLI, Giada GRANDI, Luca MANTECCHINI and Maria Bernardetta CHIUSOLI.

The second list, submitted by shareholders Amber Capital UK LLP, Amber Capital Italia SGR, Italian Airports S.a.r.l., Aeroporti Holding S.r.l. and 2i Aeroporti S.p.A., representing, at the time the list was submitted, 39.35% of share capital, consists of three candidates, specifically: Arturo ALBANO, Gabriele DEL TORCHIO and Laura PASCOTTO.

The first list received the favourable vote of 55.65% of the share capital present at the Shareholders' Meeting, while the second list received the favourable vote of 44.34% of capital present at the Shareholders' Meeting. Thus, pursuant to the Bylaws, the first six candidates taken from the first list and the three candidates in the second list were elected as directors.

It is reported that up until 27 April 2016, a Board of Directors made up of 9 members was in office, in compliance with Article 16 of the Bylaws in effect as at the appointment date, appointed by the Issuer's Ordinary Shareholders' Meeting on 20 May 2015 for a financial year, until approval of the financial statements for the financial year ending 31 December 2015, which took up office from 14 July 2015, the trading start date of Company shares on the MTA (the "**Outgoing Board of Directors**"), with the following membership:

<b>First and Last Name</b>	<b>Position</b>	<b>- Place and Date of Birth</b>	<b>Executive/Non-Executive Director</b>
Enrico Postacchini	Chairperson	Bologna, 17 July 1958	Non-Executive
Nazareno Ventola	Chief Executive Officer	Rome, 13 June 1966	Executive
Giada Grandi	Director	Bologna, 20 October 1960	Non-Executive
Luca Mantecchini	Director	Bologna, 14 November 1975	Non-Executive and Independent
Giorgio Tabellini	Director	San Giovanni in Persiceto, 31 January 1944	Non-Executive
Sonia Bonfiglioli	Director	Bologna, 25 November 1963	Non-Executive and Independent
Marco Cammelli	Director	Florence, 8 October 1944	Non-Executive and Independent
Chiara Fornasari	Director	Ferrara, 16 December 1952	Non-Executive and Independent
Gianni Lorenzoni	Director	Bologna, 29 December 1938	Non-Executive and Independent

All the members of the New Board of Directors and the outgoing Board of Directors have elected domicile at the Issuer's headquarters.

The following are brief CVs for each member of the New Board of Directors, which show the abilities and experience acquired in the area of corporate management and/or the sector in which the Issuer operates.

*Enrico Postacchini*: born in Bologna on 17 July 1958, a graduate of the International Languages High School in Bologna and subsequently a graduate of the School for Translators and Interpreters; he is managing director of Postacchini S.r.l. and has been, among other things, President of Confcommercio Ascom Bologna since (3 April 2008), President of Iscom Bologna (since June 2008), President of Cedascom S.p.A. (since 29 April 2009), President Bologna Incoming S.r.l. (since 2010), Vice-President BolognaFiere S.p.A. (since September 2011), Member of the Executive Committee of 50&Piu Enasco (since April 2010), Member of the Board of Directors of Lineapelle S.p.A. (since June 2010) and President of Cofiter Confidi Terziario Emilia Romagna Soc. Coop (from July 2010 to May 2013).

*Giada Grandi*: born in Bologna on 20 October 1960, received a law degree in 1986 from Bologna University, with a specialisation in Administrative Law and Management Science - completed a three-year specialisation course in 1989 and completed a Tax Law course in 1993 at Bologna University School of Law. Previously she has been, among other things, a member of the General Council for the Ente Autonomo Fiere Internazionali di Bologna [Bologna International Trade Fair Organisation], Director for Promobologna S.C.a.r.l., Vice President Centro Divulgazione Agricola, director for Tecnoinvestimenti S.r.l.; she was Deputy Director (from 1 March 1990 to 31 May 1997) of the Ente Previdenza Consiglio dei Ministri - Emilia-Romagna Administrative Law Court Bologna Office and Director (from 1 June 1997 to April 2010) of the Bologna Chamber of Commerce.

*Luca Mantecchini*: born in Bologna on 14 November 1975 and a resident of Bologna. Received a degree in Transportation Civil Engineering on 6 December 2000 from Bologna University and on 5 May 2004 received a Doctorate in Transportation Engineering Research from Bologna University. He has done important and in-depth research work mainly in two major areas: air transport and sustainable transport, and has also published numerous significant research works.

*Giorgio Tabellini*: born in San Giovanni in Persiceto (BO), on 31 January 1944. He has a degree in Accounting. He joined FRB S.r.l. as a partner, he founded PEI S.r.l., which subsequently underwent incremental expansion, including in the foreign market, investing in the study of a variety of solutions and developing numerous patents. Presently he is President of the PEI Group and its majority shareholder. He has also been a member of many boards of directors of various companies, including CNA Servizi Bologna Scarl, BolognaFiere S.p.A., Bologna Airport, and CNA Immobiliare, and in 2013 he was elected president of the Bologna Chamber of Commerce.

*Sonia Bonfiglioli*: born in Bologna 1963, she received a degree in Mechanical Engineering from Bologna University and received a Master's in Business Administration at Profingest/Alma. Presently she is partner and president of the Bonfiglioli Group, she has guided the company into becoming a larger international company by making investments in the alternative energy sector. Among other things, she is also a member of the Executive Committee of Unindustria - Bologna, with responsibility for research and innovation, a member of the Governing Board of Unindustria, a member of the Northern Region Council - Unicredit and a member of many boards of directors, including the boards of directors of BRT S.p.A. and Panariagroup Industrie Ceramiche S.p.A.

*Nazareno Ventola* - born in Rome on 13 June 1966. He received a degree in Chemical Engineering with honours from Trieste University. He has completed specific training courses at SDA Bocconi, MIT (Boston), London Business School and the University of Cranfield. He was appointed as the Issuer's Chief Executive Officer and Accountable Manager in May 2013; previously, after having been Planning and Control Manager, he took the position of the Company's Director of Strategy and Corporate Performance Management, with responsibility for market, quality, budgeting, and planning and control strategy. Prior to joining the Group, in 2000 he was a strategic

planning analyst for Enitecnologie (ENI Group) as well as Chairperson of the ACI Europe Economics Committee for the two-year period 2012-2013. Mr Ventola is presently a member of the Board of ACI Europe for the three-year period 2014-2017.

*Arturo Albano* - born in Grosseto on 28 October 1974 and holding a degree with honours in Economics and Business at the University of Siena, is the Corporate Governance Specialist at Amber Capital Italia SGR. He was the founder and managing partner at Talete Corporate Governance Consulting, and in that position successfully assisted several institutional investors in the preparation and implementation of ad hoc action plans for some of the largest listed companies in Italy, especially in the areas at extraordinary financial transactions and related-party transactions. Before founding Talete, he was a senior manager at Deminor, a European company specialising in consulting services for institutional investors in the area of corporate governance. He participated in meetings called by domestic regulatory authorities on matters related to the exercise of the rights of shareholders of listed companies and corporate governance issues. He previously worked at Comoi SIM and assisted the management team in fundamental research and analysis, especially with regard to the Italian equity market. He is currently the joint representative of savings shareholders of Buzzi Unicem (a listed company).

*Gabriele Del Torchio* - born in Varese in 1951, earned a degree in Economic and Banking Sciences and began his career at Banca Commerciale Italiana. In 1980, he joined the New Holland group, initially with sales functions, and then held senior corporate positions: Chairman and CEO. During his career, he worked with yachts (CEO of the Ferretti Group from 2005 to 2007), motorcycles (CEO and Chairman of Ducati from 2007 to 2013), luxury automobiles (on the Board of Directors of Lamborghini from May 2012 to May 2013) and aeroplanes (part of Alitalia's senior management from April 2013 to December 2014). With a short experience as CEO of IL SOLE 24 ORE, Del Torchio is still a member of many Boards of Directors (including OVS and B&B Italia - furnishings, Sergio Rossi S.r.l. - shoes, and SNAI, three subsidiaries of the Investindustrial fund where he is also industrial advisor).

*Laura Pascotto* - born on 4 July 1972 in Cosenza, obtained a degree with honours in Economics and Business at Guido Carli LUISS University in Rome. Since 2007, she has served as Investment Team Partner at F2i - Fondi Italiani per le Infrastrutture SGR, with a specific focus on the airport sector. She is currently also a member of the Board of Directors of GESAC (Naples airport), SACBO (Bergamo airport) and Software Design, and was a board member at SAGAT, Florence Airport and other companies in the F2i portfolio. She previously worked in the investment banking sector, first at Lehman Brothers and then at Mediocredito Centrale/Capitalia where she looked after M&A transactions, financial restructuring and stock placements (including the privatisation of Aeroporti di Roma).

The required verifications of the fulfilment of reputability and professionalism requirements required by applicable laws and regulations were performed for all members of the New Board of Directors. Specifically, members of the New Board of Directors meet the requirements for reputability <sup>1</sup> mandated by Article 148, Section 4 of the Consolidated Finance Act and the Regulation adopted by Ministry of Justice Decree 162 of 30 March 2000.

Directors Luca Mantecchini, Sonia Bonfiglioli, Arturo Albano, Gabriele Del Torchio and Laura Pascotto fulfil the independence requirements established by Article 147-ter, paragraph 4, of the Consolidated Finance Act and the Self-Regulation Code.

None of the members of the New Board of Directors has family relationships as defined by Volume I, Title V of the Civil Code with other members of the New Board of Directors, nor with members of the Issuer's Board of Statutory Auditors, nor with executives and other persons who hold strategic positions.

#### *Maximum number of positions held in other companies*

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<sup>1</sup> Article 2 of Ministry of Justice Decree 162 of 30 March 2000: 1. The position of statutory auditor with the companies indicated in Article 1, Section 1 may not be held by persons that: a) have been subject to prevention measures ordered by judicial authorities under Law 1423 of 27 December 1956, or Law 575 of 31 May 1965, as amended, with the exception of the effects of rehabilitation; b) have received a final and irrevocable criminal sentence, with the exception of the effects of rehabilitation: 1) a sentence of imprisonment for one of the criminal offenses established by provisions governing banking, financial and insurance activities and provisions regarding markets and financial instruments, tax matters, and payment instruments; 2) imprisonment for one of the crimes established by Volume V, Title XI of the Civil Code and Royal Decree 267 of 16 March 1942; 3) imprisonment for a term of no less than six months for a crime against the government, the public trust, [public] property, public order, and public finances; 4) imprisonment for a term of no less than one year for any unpremeditated crime. 2. The position of statutory auditor in the companies covered by Article 1, Section 1 cannot be held by persons against which, at the request of the parties, one of the penalties provided by Section 1, Subsection b) has been applied, unless the crime is outside the statute of limitations.

The Board of Directors has not established general criteria as to the maximum number of management and control positions with other companies that can be considered to be compatible with effective performance of the position of Company director. However, the Board, in instances where it deems it appropriate and on the basis of information received from the directors, examines that issue, mainly using as the criteria for assessment: (i) the role of the Director within the Company (executive, non-executive, independent, a member of one or more committees); (ii) the nature and size of the entity at which the positions are held and the Director's role with respect to such entities (among other things, this pertains to the entity's company purpose, the governance structure, the number of meetings at which the director is required to participate as a function of the position the director occupies within the entity, the responsibilities assigned to directors and any possible delegations of authority); (iii) whether such entities possibly are members of the same group as the Issuer.

#### *Induction programme*

The New Board of Directors has not deemed it appropriate to institute programmes for the purpose of providing directors with adequate knowledge of the business sector in which the Issuer operates, the dynamics of the company and the evolution of those dynamics, corporate risks, the applicable legal, regulatory or self-regulatory framework (which is termed an induction programme), because all members of the Board have acquired considerable experience in business and finance, or in the Issuer's business sector, during the course of their respective professional activities, or they have held positions for several years with the governing body.

However, with the assistance of the Company's external legal advisors, at the meeting of 4 July 2016 an information session was held for directors and statutory auditors regarding the principal provisions of law and regulations applicable to listed companies, the obligations and responsibilities arising from admission on the Stock Exchange, and in-depth knowledge of the key amendments to the rules regarding market abuse produced by the MAR. Furthermore, on 27 June 2016 a Board induction session was held, primarily intended for recently appointed directors and statutory auditors to update them on the People Mover project, 2016 Budget and 2016-2020 Plan approved by the previous administrative body.

#### 4.3 Role of the Board of Directors

In compliance with Article 15 of the Bylaws, the Board of Directors meets at the place indicated in meeting notices any time that the chairperson or, in the event of the absence or impediment of the chairperson, the Vice Chairperson, deems it necessary. The Board of Directors meetings must also be called whenever at least two directors so requests, for the purpose of making decisions regarding a specific management-related subject they deem to be of particular importance, which subject is to be indicated in said request. Meetings may also be held via telecommunications media, on condition that all participants can be identified, said identification is recorded in the pertinent meeting minutes, and they are allowed to follow the discussion and participate in real time in addressing the subjects raised, and exchange documentation if necessary. In that instance, the Board of Directors is considered to have met at the location of the person presiding at the meeting, where the secretary must also be located so as to enable the preparation and signing of the pertinent meeting minutes. Normally meeting notices are made a minimum of five days before the scheduled date of the meeting. In emergency circumstances the period of time may be shorter. The Board of Directors shall determine the procedures for calling its meetings.

As established by Article 16 of the Bylaws, the chairperson shall preside at Board of Directors meetings or, in the absence or impediment of the chairperson, the Vice Chairperson, if one has been appointed, shall preside. In the absence of the latter as well, the eldest director shall preside.

In compliance with Article 17 of the Bylaws, it is necessary for a majority of members currently in office to be present in order for Board of Directors meetings to be valid. Decisions are adopted by a vote by an absolute majority of those present; in the event of a tie, the presiding officer's vote shall prevail. The Board of Directors shall also make decisions regarding the following matters with a vote in favour by two-thirds of the members of the Board of Directors:

- (a) purchase and/or sale of real properties and/or companies and/or corporate divisions and/or equity stakes with a value in excess of EUR 5,000,000;
- (b) proposal for a merger and/or spinoff;
- (c) proposal for an increase in paid-in share capital.

According to the provisions of Article 19 of the Bylaws, the management of the company is the exclusive responsibility of the directors, who shall carry out the actions and transactions necessary to implement the company purpose. In addition to exercising the powers granted it by law, the Board of Directors has authority to

make decisions regarding: (a) the institution or elimination of secondary offices; (b) the determination of which directors have the authority to represent the Company; (c) a reduction in the share capital in the event of the withdrawal of one or more shareholders; (d) changes to bring the bylaws into compliance with provisions of law. Officers with delegations of authority shall report in a timely manner to the Board of Directors and the Board of Statutory Auditors – or, in the absence of officers with delegations of authority, the directors shall report in a timely manner to the Board of Statutory Auditors – on at least a quarterly basis and in any case on the occasion of meetings of the Board of Directors, in regard to the activities conducted, overall management performance and foreseeable changes in same as well as actions and transactions of major financial, equity and business significance, or in any case of major significance due to their dimensions and characteristics, carried out by the Company and by controlled companies. Specifically, they shall report on transactions in which they have an interest, on their own behalf or on behalf of third parties, or that have been influenced by the entity that performs management and coordination activities, if any. The Board of Directors shall appoint and remove an executive responsible for preparation of company accounting documents, pursuant to a recommendation by the board of statutory auditors. The executive responsible for the preparation of company accounting documents must have acquired a total of at least three years of experience in: (a) executive positions involving work on the preparation and/or analysis and/or assessment and/or audit and examination of company documents that present accounting problems of a complexity comparable to the problems connected to Company accounting documents; or (b) work on legally mandated audits of companies with shares listed in the regulated markets of Italy or other countries in the European Union.

Article 20 of the Bylaws provides that the Board of Directors may, within the limits established by Article 2381 of the Civil Code and the provisions of Article 20.4 of the Bylaws, delegate their powers to one of their members and/or to an executive committee, and determine the content, limitations, and possibly the terms and procedures for exercising the delegations. The Board, at the recommendation of the chairperson and by agreement with the managing director, may also grant powers of attorney for individual acts or categories of acts to other members of the Board of Directors. The powers of bodies or officials receiving delegations of authority include granting, within the framework of the powers and authority received, powers of attorney for individual acts or categories of acts to Company employees and to third parties, along with the power of sub-delegation. The Board of Directors may also appoint a chief executive officer, and determine the powers and responsibilities of same. In any case, the Board of Directors has exclusive authority for decisions regarding the following matters, in addition to the decisions reserved for the Board by law: (i) acquisition and divestment of equity stakes with a value in excess of EUR 500,000; (ii) purchase and/or sale of real properties and/or companies and/or company divisions with a value in excess of EUR 500,000; (iii) the granting of mortgages, pledges, suretyships and/or other collateral security or personal guarantees [wc] with a value in excess of EUR 500,000; (iv) appointment of members of the boards of directors of controlled companies and/or companies in which equity stakes are held; (v) participation in bids for tenders [wc] and/or public tender procedures that entail the assumption of contractual obligations in excess of EUR 5,000,000.

In compliance with Article 22 of the Bylaws, members of the Board of Directors are entitled to compensation to be determined by the Shareholders' Meeting. That decision, once made, shall also be valid for subsequent financial years until the Shareholders' Meeting determines otherwise. The compensation of directors assigned specific duties and positions in compliance with the bylaws shall be established by the Board of Directors, after hearing the recommendation of the board of statutory auditors.

In accordance with Article 23 of the Bylaws, the Chairperson of the Board of Directors is invested with the following powers: (i) powers to represent the Company in accordance with Article 21.1 of the Bylaws; (ii) preside at Shareholders' Meetings in accordance with Article 11.1 of the bylaws; (iii) call and preside at Board of Directors meetings in accordance with Articles 15 and 16.1 of the Bylaws; determine the agenda for Board of Directors meetings, coordinate the work of Board of Directors meetings and ensure that adequate and sufficient information regarding the matters listed on the agenda is provided to all directors; (iv) verify the implementation of board decisions.

Reference is made to Paragraph 11 hereinafter in regard to the Board's prior approval of transactions with related parties and/or transactions in which one or more directors have an interest of their own or a third-party interest.

In 2016, the Board of Directors met 11 times (7 of which were the New Board of Directors), with an average meeting length of approximately 2.19 hours. Each Director's percentage attendance at Board of Directors meetings is indicated below:

<b>First and Last Name</b>	<b>Position</b>	<b>% Attendance at Meetings of the New Board of Directors</b>	<b>% Attendance at Meetings of the Outgoing Board of Directors</b>
Enrico Postacchini	Chairperson	100%	100%
Nazareno Ventola	Chief Executive Officer	100%	100%
Giada Grandi	Director	86%	100%
Giorgio Tabellini	Director	86%	100%
Sonia Bonfiglioli	Director	100%	100%
Luca Mantecchini	Director	100%	100%
Marco Cammelli	Director	-	75%
Chiara Fornasari	Director	-	100%
Gianni Lorenzoni	Director	-	100%
Arturo Albano	Director	100%	-
Gabriele Del Torchio	Director	43%	-
Laura Pascotto	Director	100%	-

An assessment of the fulfilment of professionalism, reputability and independence requirements for members of the Board of Directors and the committees was performed by the New Board of Directors on 9 May 2016, after taking office. The results of this assessment were positive. On 20 March 2017, the Board of Directors initiated the assessment of its own operation and the operation of its committees, and also took into account information such as professional characteristics, management and other experience, the gender of its members and their seniority, taking into account experience in positions lasting less than one year.

On the occasion of Board meetings, directors are given appropriate advance notice of a minimum of three days (there was always compliance with this timeframe subsequent to the installation of the New Board of Directors), as well as the documentation and information necessary in order for the Board to take a position regarding the matters submitted for examination. In instances where the documentation is particularly dense and detailed, it is accompanied by an executive summary and is always explained fully and in depth, in the instance of topics of greater complexity, during the course of board meetings. Information prior to board meetings is handled by the Chairperson of the Board of Directors with the assistance of the Secretary of the Board of Directors, Atty. Silvia Piccorossi (appointed on 27 August 2015), as well as the Chairperson's Administrative Office, with the submission of supporting documentation to Directors as well as information sessions, where deemed appropriate, all in compliance with laws and regulations regarding the dissemination of privileged information. The Chairperson of the Board of Directors, by agreement with the CEO, normally ensures the actual presence of the Issuer's executives in charge of the company functions responsible for certain topics, and they attend board meetings in order to provide the appropriate details regarding subjects placed on the agenda.

Article 20 of the Bylaws identifies the Issuer transactions considered to be of significant strategic, business, equity-related or financial importance for the Issuer, and reserves decisions regarding such transactions for the governing body. Furthermore, Article 17 of the Bylaws requires higher quorums for the approval of certain extraordinary transactions.

For the financial year ending 31 December 2017, at least five Board of Directors meetings are scheduled.

The Board assessed the adequacy of the Issuer's organisational, administrative and accounting structure prepared by the CEO, and especially the internal control and risk management system, during the meetings of 29 August 2016 and 20 March 2017.

At Board of Directors meetings devoted to the approval of interim 2016 financial data (13 May, 29 August and 14 November 2016), the governing body assessed overall management performance taking into consideration the information received from/corporate officers as well as by comparing results with planned results.

The review and approval of the Issuer's and Group's strategic, business and financial plans and the periodic monitoring of their implementation are reserved for the Board of Directors. The Company's corporate governance

system is set out in the Bylaws, and the Board of Directors has no related powers except for those regarding delegating powers to directors.

The Board of Directors has not assessed the adequacy of the organisational, administrative and accounting structure of controlled companies because none of them performed activities that are strategic for the group led by the Issuer. The Shareholders' Meeting has not authorised in advance exceptions to the competition prohibition established by Article 2390 of the Civil Code.

#### 4.4 Corporate Officers

##### Chairperson of the Board of Directors

In accordance with Article 23 of the Bylaws, the Chairperson of the Board of Directors is invested with the following powers: (i) powers to represent the Company in accordance with Article 21.1 of the Bylaws; (ii) preside at Shareholders' Meetings in accordance with Article 11.1 of the bylaws; (iii) preside at Board of Directors meetings in accordance with Articles 15 and 16.1 of the Bylaws; determine the agenda for Board of Directors meetings, coordinate the work of Board of Directors meetings and ensure that adequate and sufficient information regarding the matters listed on the agenda is provided to all directors; (iv) verify implementation of board decisions.

The Board of Directors at its meeting on 9 May 2016 also decided to grant the Chairperson of the Board of Directors Enrico Postacchini all necessary powers for the full and proper exercise of his institutional prerogatives. The Chairperson, who is responsible for coordination of the circulation of information flows to the other Directors, so that the directors are aware of company performance and can effectively make their contributions to the work of the Board of Directors, is delegated authority, along with the Managing Director, for the preliminary examination of the information and/or documentation regarding every proposed decision to be submitted to the Board of Directors. In regard to the above-indicated prerogatives, the Board of Directors expressly granted the Chairperson, Enrico Postacchini, the following powers:

- a) signing correspondence that is institutional in nature;
- b) legal representation of the Company, as is also established by Article 21.1 of the Bylaws;
- c) calling meetings of the Board of Directors, transmission to directors and statutory auditors, sufficiently in advance, the documentation that is most suitable for enabling effective participation in the work of these bodies, and guiding the conduct of the pertinent meetings;
- d) supervision of the progress of company affairs and proper implementation of decisions of the governing body;
- e) recommendation to the Board of Directors of representatives to be appointed at subsidiaries, by agreement with the Managing Director;
- f) ensuring adequate information flows among Company bodies and Committees, including the Compliance Committee required by Legislative Decree 231/2001, and ensure the consistency of the decisions and guidance of Company governing bodies;
- g) handling the institutional relationships of the Company and subsidiary companies, including, pursuant to consultation and coordination with the Investor Relations function and with the Managing Director, possibly undertaking initiatives with the press in regard to institutional relationships.

The Chairperson of the Board of Directors Enrico Postacchini has not received delegations of management authority nor does he have a specific role in the formulation of company strategies. He does not hold the position of chief executive officer, nor is he a controlling shareholder in the Company.

##### Managing Directors

At its meeting on 9 May 2016 the Board of Directors appointed Director Nazareno Ventola Managing Director of the Company, and granted him the power, together with individual signatory authority, for general representation of the Company, and specifically the power to:

- a) To sign all correspondence and any documentation and notices made inside and outside the Company that are in the Company's interest and related to the functions of legal representation and administration assigned to him;
- b) To ensure that Company regulations and procedures are updated in keeping with changes in legislation and regulations, and that adjustments are made to the Company's organisation, while ensuring – within the

limits of interpretations in effect from time to time regarding various issues and sectors covered by regulations of interest to, and under the responsibility of, the airport management company – alignment and compliance, and, if necessary, to obtain appropriate opinions of consultants/experts and assess industry benchmarks;

- c) To represent the Company in all matters pertaining to its real property and land assets with public or private authorities, in order to obtain concessions, authorisations, permits, extensions;
- d) To represent the Company in any civil, criminal, ordinary or special proceeding, regarding administrative, fiscal or accounting measures, as plaintiff or defendant, and in any proceeding before any conciliation and/or mediation, judiciary or administrative authority, and at any venue and level, including in opposition, revocation and cassation;
- e) To submit to any judicial or police authority, reports or complaints in relation to any party; file charges in the name of the Company at any criminal proceeding; enforce sentences; carry out questioning and take oaths and make statements as garnishee, including by delegating third parties to do so;
- f) To represent the Company at the tax offices of the Revenue Agency, including any of its branch offices; at commissions of the offices in charge in relation to various taxes at all levels and at any office, agency and/or administrative authority with jurisdiction; and in any dispute at tax commissions or other competent jurisdictions responsible for administrative and tax matters;
- g) To submit appeals, complaints, claims and counter-claims; sign creditor compositions; make applications for licences, permits, authorisations and administrative concessions of any kind; and sign documents related to initiating and settling any disputes;
- h) To represent the Company in all union-related procedures or disputes at the Labour Offices and before any other related agency, office or authority; reach a conclusion in union-related disputes and sign related reports and documents;
- i) To represent the Company in all proceedings and disputes related to social security and welfare agencies and any other insurance agency or company;
- j) To complete, in the name of the Company, all documents necessary and in any way related to the initiation of arbitration proceedings, and to issue the related orders; appoint experts and arbitrators including as amiable compositors; and assist in expert examinations and testing or assign appropriate tasks to third parties as necessary;
- k) To settle and reconcile any litigation and disputes totalling less than EUR 500,000.00 (five hundred thousand), or to withdraw from them, including by signing waivers;
- l) To purchase and sell Company investments valued at less than EUR 500,000.00 (five hundred thousand);
- m) To purchase and/or sell property and/or companies and/or company divisions valued at less than EUR 500,000.00 (five hundred thousand);
- n) To issue mortgages, liens, sureties and/or other collateral or potential security valued at less than EUR 500,000.00 (five hundred thousand);
- o) To terminate agreements of any kind or amount upon any breach by counterparty(ies) and to terminate, by mutual consent, agreements valued at less than EUR 500,000.00 (five hundred thousand);
- p) To delegate the completion of actions under its responsibility to general agents and/or agents hired to perform specific tasks, and executive managers, except for the position of General Manager of AEROPORTO GUGLIELMO MARCONI DI BOLOGNA S.P.A., and the Company's employees, and determine the limits of their authority and powers; and to revoke the above authority and powers of attorney whenever appropriate or necessary.

The above limits are intended to be limits to the relationship between the delegating board and the CEO and have no effect on the general nature of the legal representation granted to the CEO appointed above pursuant to Article

21.1 of the Bylaws, and the Chairman.

At the same Board meeting of 9 May 2016, Board Member Nazareno Ventola was also appointed as “director in charge of the internal control and risk management system” with the duties specified in Principle 7.C.4 of the Self-Regulation Code for listed companies (as amended from time to time), as well as those duties specified in the Regulation of the Control and Risk Committee adopted by the Company from time to time. As necessary, broad powers are allocated to him to carry out the job assigned to him, and he must also ensure that the Internal Audit function is independent, that this function has appropriate experience and knowledge, and that it has appropriate access to data, information, and company systems and assets with no restrictions whatsoever.

Thus, at the Board meeting of 9 May 2016, the following authorities and powers were granted to CEO Nazareno Ventola in the area of safety and the environment pursuant to Legislative Decrees 81/2008 and 152/2006, as amended. He was given the title of ENTREPRENEUR AND EMPLOYER to enable him, in the name of and on behalf of the Company, to do everything useful, possible and necessary to perform his job including, for example:

- to supervise and ensure compliance with all current regulations and those to be issued in the future with regard to accident prevention, safety, worker health and hygiene in the workplace; specifically, he must ensure compliance by the Company, its executive managers, employees and any other party working for the Company, even though not formally part of the company organisation, with all applicable provisions, as well as compliance with any other rule of prudence and diligence that shall eliminate risks and avoid the consequences of personal injuries;

- manage and ensure compliance by the company, its executives and employees and any other person supervised, even though not formally part of the company organisation, with all provisions of law and regulations currently in effect as well as those that shall in the future be promulgated in regard to environmental protection, atmospheric, soil, subsoil and water pollution, noise pollution, as well as with all provisions regarding waste, to include compliance with the provisions mandated by and arising from any type of order promulgated by competent authorities, specific technical experience, and in general any other rule of prudence and diligence in the conduct of the airport operator's activities that could eliminate the risk of damage and prevent the consequences of personal injury or property damage.

Managing Director Nazareno Ventola has also received the express power to do anything else that is necessary, possible and appropriate with respect to all the obligations directly mandated for the business owner and employer, in matters covered by this delegation of functions, and in any case to take any action (even if not required by law) to achieve the proposed objective of safeguarding the health and safety of workers in the work place in compliance with provisions regarding environmental protection, in the various sectors of same (air quality and atmospheric pollution, water protection, waste and hazardous waste and the disposal of industrial waste, pollution prevention and reduction), even if not expressly cited herein, and for such purpose the managing director is granted the broadest powers of action and independent decision-making, including in regard to financial matters.

For all appropriate purposes, Managing Director Nazareno Ventola was expressly granted the power to sub-delegate the powers and functions assigned to him, by means of an accepted special notarial power of attorney, to executives – with the exception of the position of Company Chief Executive Officer – and to Division/Area managers, and determine in that legal instrument the scope of individual responsibilities and power of action and independent decision-making, including with respect to financial matters.

Managing Director Nazareno Ventola was therefore delegated authority to do everything in regard to the foregoing that shall be useful or necessary in the interest of the company that is his principal, with absolutely no exceptions or exclusions, so that under no circumstances may any objection be made based on lack of powers and authority.

Pursuant to all the foregoing functions and responsibilities delegated to him, Nazareno Ventola must periodically report to the Chairperson and the Board of Directors on the progress of the activities carried out, by submitting a quarterly written report, so as to enable proper assessment of his actions.

It is also indicated that Managing Director Nazareno Ventola also holds the position of the Issuer's CHIEF EXECUTIVE OFFICER and that, in that capacity and in the capacity of ACCOUNTABLE MANAGER (as defined hereinafter), following the Board resolution of 27 August 2015 he has been granted the following powers under a special power of attorney by decision of the Board of Directors:

In his capacity as CHIEF EXECUTIVE OFFICER, Mr Nazareno Ventola shall have the power to:

- a) sign all correspondence and documentation of interest of the company that pertains to the functions assigned to him;
- b) ensure the allocation, management and administration of the necessary human resources through the establishment, amendment, and termination of permanent and temporary employment relationships, for blue collar, white collar, and supervisory personnel, and by recommending to the Board of Directors the hiring, appointment, suspension, dismissal and termination of corporate personnel with executive status – with the exception of the position of the Issuer's Chief Executive Officer – all in compliance with applicable provisions of law and in view of applicable established case law;
- c) ensure the structuring of appropriate methodologies for the assessment of the performance of company personnel and the determination of compensation policies that are in line with the best practices in the sector, as well as implementation of same, including with respect to executive personnel, with the exception of the position of the Issuer's Chief Executive Officer and other strategic executives;
- d) enter in to contracts for the sale of goods and services distributed by the Company that entail the assumption of contractual obligations not to exceed EUR 5,000,000;
- e) to enter into incentive and/or marketing support agreements in keeping with current company policies in effect, from time to time, concerning traffic development, with an estimated annual value not to exceed EUR 500,000;
- f) to authorise all investments or operating expenses included in plans and budgets approved by the Company's Board of Directors, and authorise any unbudgeted investments or operating expenses up to EUR 500,000 and EUR 200,000 respectively; to enter into the related agreements;
- g) to authorise and execute consulting assignments that are included in the plans and budgets approved by the Company's Board of Directors up to a maximum of EUR 300,000, and also authorise any unbudgeted consulting services up to a maximum of EUR 50,000 and enter into the related agreements;
- h) as a part of any contracting agreements, whether used in production or not, of any nature and amount, of interest to and under the responsibility of the Company: to authorise the start-up of supply procedures and sign announcements, competitive bidding specifications and/or invitation letters; appoint Competitive Bidding Authorities and Selection Committees and approve their reports; to definitively award procedures; sign agreements and authorise and formalise any necessary and legitimate version of them within the limits of plans and budgets/operating programmes approved periodically by the Board of Directors; and terminate, for any reason, and withdraw from such contracting agreements;
- i) to enter into agreements for the purchase and sale of registered and unregistered vehicles and machinery, facilities and equipment, and terminate and withdraw from such agreements; enter into transport agreements and terminate and withdraw from such agreements; enter into insurance and rental agreements for properties, including those exceeding nine years, and leases, and terminate and withdraw from them;
- j) to administer the Company's real estate and properties; agree to lease properties, including for more than nine years; enter into rental, sub-licensing and lease agreements, and terminate and withdraw from such agreements;
- k) to enter into transport agreements and terminate and withdraw from such agreements;
- l) to enter into insurance agreements and terminate and withdraw from such agreements;
- m) to demand and collect amounts due for receivables and any other amounts owed to the Company by any party in any amount, issuing receipts and discharges in the required form; cash postal and telegraphic money orders, bonds and cheques of any type and amount; carry out enforcement and preventive measures; raise protests; submit requests for the declaration of bankruptcy and present claims in bankruptcy; make claims for assets subject to bankruptcy; participate, with free and discretionary voting options, in Shareholders' Meetings and creditor meetings during bankruptcies, settlements of creditors' claims or temporary receivership; and accept creditor compositions, including those out of court, and distributions;
- n) to comply with formalities and make payment of amounts owed pursuant to contractual obligations, and all obligations assumed in general by the Company in accordance with the Bylaws and Board resolutions, regardless of their legal source, and of any type and amount, including, specifically, payments determined by regulations and imposed on the Company such as taxes, duties and

concessionary payments; and carry out all required banking transactions connected to the management of the current account including the signing of cheques and bank transfers, including in electronic format via home banking;

- o) to open and close bank and/or postal current accounts; deposit amounts and valuables in the Company's current accounts and also issue receipts for drawing bank drafts at cashier's desks; endorse cheques and negotiable instruments; deposit and withdraw securities at credit institutions and postal cashier's desks; make transfers between the Company's current accounts;
- p) to cash postal and telegraphic money orders and cashier's cheques of any type, and issue receipts, discharges and releases;
- q) to open and close safe deposit boxes; open bank current accounts and other separate or special accounts, and where allowed, accounts in foreign currencies; request bank loans and credit advances in general; issue instructions and make withdrawals from the aforementioned accounts, including through bank cheques made out to third parties to be applied to cash and cash equivalents and credit granted; endorse bills of exchange, cheques, promissory notes and documents for discounting and collection; establish security deposits and issue sureties; enter into contracts for the leasing and use of safe deposit boxes and safe and vault compartments, and terminate and withdraw from said contracts; issue bills of exchange to clients for sales made; establish and withdraw cash and securities deposits at the Cassa Depositi e Prestiti and possibly temporary deposits belonging to the Directorate General of the Treasury), collect interest accrued on company deposits at any office of the Cassa Depositi e Prestiti and issue receipts on behalf of the company, and execute any and all transactions that should be necessary, with a promise of ratification and validation and without any liability for the Cassa Depositi e Prestiti; request the granting of chequing account credit lines or loans in general, including loans against securities, including: the assignment of guaranteed or unguaranteed receivables to banking institutions, entities or persons; the assumption of all the pertinent obligations and undertakings; notify banks and other institutions of the overall, partial or particular business and financial situation of the company; assign receivables; request and sign bank clearances;

- r) execute any transaction at the Public Debt Office, Cassa Depositi e Prestiti, Revenue Offices, Mail and Telegraph Offices, treasury offices, customs offices, the National Railroads and private railroads, carriers, shipping companies and insurance companies, and any public office of any establishment in Italy or abroad, as well as any other entity or institution if similar to national government agencies or having semi-public characteristics or special legal disciplines;
- s) for the purpose of performing acts falling within his authority, grant (general and/or special) powers of attorney to company executives and employees, determine the terms and limits of their powers and authority; revoke the aforementioned powers of attorney whenever necessary or appropriate.
- t) signing jointly along with the Finance and Administration Manager, invest the company's temporary liquidities by ordering the purchase or sale of public debt instruments or securities and financial instruments in general present in regulated markets, as well as by depositing same with credit institutions for the purpose of custody or management;
- u) recommend to the Board of Directors, for decisions falling within its authority, the appointment and removal of parent company representatives in the governing bodies of Group companies, for the purpose of optimal management and administration of said companies.

The Chief Executive Officer must give the Board of Directors a quarterly report on the exercise of all the powers granted, through reporting regarding the overall conduct of management and operations as well as through a quarterly report on transactions executed that entail for the Company spending obligations in an amount equal to or greater than EUR 250,000.

Chief Executive Officer Nazareno Ventola was therefore delegated authority to do everything in regard to the foregoing that shall be useful or necessary in the interest of the company that is his principal, with absolutely no exceptions or exclusions, so that under no circumstances may any objection be made based on lack of powers and authority, by means of a promise of ratification and validation. With regard to the power of attorney as General Manager, already granted on 28 September 2015 to Mr Ventola (File 39976, Binder 22391), after consulting with the Board of Statutory Auditors in this regard, on 9 May 2016 the Board of Directors clarified and resolved that Mr Ventola may not use such power of attorney in an amount greater than EUR 500,000 for transactions to issue sureties and guarantees in general, in full and substantial compliance with the provisions of the current Bylaws (Article 20.4, letter c).

Pursuant to a Board of Directors decision on 27 August 2015 and by means of an ad hoc power of attorney, Nazareno Ventola was also appointed ACCOUNTABLE MANAGER, which is to say the manager responsible for aspects pertaining to certification and operation of the airport in compliance with the Regulation for the construction and operation of airports, edition 2 to of 21 October 2003, as well as other applicable provisions of law and, in that capacity, he was granted the following powers:

A) In general:

- ensure the allocation, management and administration of the necessary human resources through the establishment, amendment, and termination of permanent and temporary employment relationships for blue collar, white collar, and supervisory personnel, and by recommending to the Board of Directors the hiring, appointment, suspension, dismissal and termination of corporate personnel with executive status, all in compliance with applicable provisions of law and in view of applicable established case law;
- decide the company organisation, generally in terms of organisational structures, staff size, flows and in areas of responsibility, and approve any necessary organisational document and/or company procedure pertaining to those aspects and specifically in regard to the above-described company organisation necessary to retain airport certification in compliance with the Regulation for the construction and operation of airports, as amended, expressly including recommendations for

the appointment, removal and replacement of the Post Holders responsible for the various areas of the Bologna airport operator's activities;

- submit to ENAC applications for the issuance, renewal, amendment or cancellation of Airport Certification and any necessary revision of the Airport Manual;
- take all necessary action to ensure the maximum possible levels of safety in conducting airport operations and any other airport operator activities;
- submit annually to the Board of Directors (within the time frame for preparation of the overall annual budget), a spending budget prepared with the qualified contribution of all Post Holders, divided into the operator's significant business sectors, containing planning of the actions that it is deemed appropriate to take and an estimate of the amount of expenditures and investments to be made in each individual sector.

Pursuant to his powers and the budget defined and described hereinabove and approved by the Board of Directors, the Accountable Manager shall ensure that the various Post Holders have the necessary respective resources for that purpose, and he may take any action and execute any contract in compliance with company procedures and the applicable provisions of law and regulations, without a spending limit for individual transactions and with the authority, where necessary, to request increases in the above-indicated annual budget;

B) In instances in which urgent, immediate and unforeseen requirements for action arise for the purpose of ensuring the maximum possible levels of safety in airport operations and in the other activities that are responsibility of the Bologna Airport airport operator, without prejudice to the requirement for proper written justification and timely reporting to the Chairperson and Board of Directors, the Accountable Manager shall take the most appropriate action, even if the limits of the above-indicated budget should be exceeded;

C) Pursuant to the functions and responsibilities delegated to him as indicated above, the Accountable Manager must periodically report to the Chairperson and the Board of Directors regarding the progress and status of the activities conducted, by submitting a quarterly written report so to enable adequate updating and oversight by the latter.

The Accountable Manager Officer Nazareno Ventola was therefore delegated authority to do everything in regard to the foregoing that shall be useful or necessary in the interest of the company that is his principal, with absolutely no exceptions or exclusions, so that under no circumstances may any objection be made based on lack of powers and authority. The above is without prejudice to the requirement for company operational and organisational decisions to comply with the strategic guidelines and directives established by the Board of Directors, including pursuant to the exercise of the delegated powers and authority.

Managing Director and Chief Executive Officer Nazareno Ventola can be classified as the company chief executive officer and he has not taken any positions as director in other listed issuers (interlocking directorate).

In 2016, on the occasion of the Board of Directors meetings on 29 August and 14 November 2016 the Managing Director reported to the Board of Directors regarding the activities carried out in exercise of the delegations of authority granted. Quarterly reporting has been established.

#### 4.5 Other Executive Directors

On the Board in office as at the date of this Report there are no Directors to be considered executive other than Managing Director Nazareno Ventola.

#### 4.6 Independent Directors

As at the date of this Report, there are five non-executive and independent directors, Luca Mantecchini, Sonia Bonfiglioli, Arturo Albano, Gabriele Del Torchio and Laura Pascotto.

The independent directors have that status based on the provisions of the Code, because:

- they do not control the Issuer, either directly or indirectly or through controlled companies, trust companies or intermediaries, and they are not in a position to exercise significant influence over the Issuer or participate in a shareholder agreement under which one or more persons could exercise control or significant influence over the Issuer; they are not,

nor have they been during the previous three financial years, significant corporate officers of the Issuer, of a company controlled by the Issuer that has strategic importance, a company subject to joint control by the Issuer, or a company or entity that, even in combination with others in a shareholder agreement, controls the Issuer or is in a position to exercise significant influence over the Issuer, with the clarification that Luca Mantecchini held the position of Chairperson of the Board of Directors of the non-significant controlled company TAG Bologna S.r.l. following a shareholder's meeting decision on 3 May 2013 and up and until the date of his resignation – for personal reasons – which occurred on 25 June 2014;

- they do not have nor have they had in the previous year, either directly or indirectly, a significant commercial, financial or professional relationship: with the Issuer, any of its controlled companies, or any of its corporate officers; (ii) with any party who, even in combination with others under a shareholders' agreements, controls the Company, or – in the instance of a company or entity – in conjunction with the pertinent significant company officers, nor have they been employees of any of the aforementioned entities during the last three financial years;
- they have not received in the last three financial years, from the Issuer, a controlled company or a controlling company, significant compensation in addition to the "fixed" fee of the company's non-executive directors, to include participation in incentive schemes linked to the Company's performance, even if share-based;
- they have not been directors of the Issuer for more than nine years out of the last twelve years;
- they have not held the position of executive director in another company in which an executive director of the Issuer holds the position of director;
- they are not shareholders or directors of a company or an entity that belongs to the network of the firm hired for accounting audits of the Issuer;
- they are not close relatives of a person who is in one of the situations referred to in the foregoing subparagraphs.

The fulfilment of independence requirements by each of the independent directors was assessed in compliance with all the criteria established by the Code, on the occasion of the Board meeting on 9 May 2016, and the market was informed of the results of the evaluation in a press release. The Board of Statutory Auditors verified the criteria applied in the examination procedures employed by the Board.

The number and authority of the independent directors is such as to ensure that their judgments can have a significant weight in the adoption of decisions by the Issuer's board of directors, in light of the size and organisational structure of the Board in office as at the date of this Report. The independent directors did not specifically undertake to maintain their independence during the term of their appointment and to resign if necessary.

The independent directors held an independent meeting on 20 February 2017 in the absence of other directors, at which they examined the activities of the Board and committees during the initial months following their installation.

#### 4.7 Lead Independent Director

Because the circumstance provided for by Criterion 2.C.3 of the Code does not exist, the appointment of a Lead Independent Director is not contemplated.

## **5. HANDLING OF COMPANY INFORMATION**

### *Procedure for the External Disclosure of Privileged Information*

On 4 July 2016, in view of the entry into force of the MAR, the Board of Directors granted authority to the CEO to update the procedure for managing insider information. This procedure was introduced on 11 July 2016 and also provides for the establishment of a Registry of persons who have access to privileged information. It is available on the Company's website on the "Corporate Governance" page of the "Investor Relator" section.

### *Internal Dealing Code of Conduct*

On 4 July 2016, in view of the entry into force of the MAR, the Board of Directors granted powers to the CEO to update the internal regulations regarding internal dealing. This procedure was introduced on 11 July 2016 and is available on the Company's website on the "Corporate Governance" page of the Investor Relations section.

## **6. INTERNAL COMMITTEES OF THE BOARD**

In order to bring its corporate governance model into compliance with the provisions of Article 6, Principle 6.P.3 and Article 7, Principle 7.P.3, Subsection (a) Subparagraph (ii) of the Self-Regulation Code as well as Article 2.2.3 of the Stock Exchange Regulation for the purpose of maintaining STAR classification, on 9 May 2016 the Board of Directors in office as at the Date of the Registration Document appointed internally, effective as at the appointment date, a compensation committee (the "**Compensation Committee**") and the Control and Risk Committee (the "**Control and Risk Committee**"). The internal regulations for the functioning of the aforementioned committees were approved by the Board of Directors on 15 May 2015 and are available on the Company's website on the "Corporate Governance" page in the Investor Relations section. The regulations provide that the aforementioned committees shall have a membership consisting of at least the number of non-executive and independent directors that is such as to comply, as a function of the membership of the Board of Directors, with the requirements established by Article IA.2.10.6 of the instructions for the Stock Exchange Regulation (in other words a minimum of two independent directors, if the Board has up to eight members, a minimum of three independent directors if the board has between nine and fourteen members, and a minimum of 4 independent directors in the instance of boards with more than fourteen members).

The term of office for members of the Compensation Committee and Control and Risk Committee is the same as the term of office of the Board of Directors. There are no provisions for additional committees with the Board of Directors.

In carrying out their responsibilities, the aforementioned committees shall have the right to access the company functions and information necessary to carry out the pertinent activities, and they shall make use of the Company's corporate structures and resources.

## **7. APPOINTMENTS COMMITTEE**

At the Board of Directors meeting on 9 May 2016, the Chairman of the Board of Directors showed that it was not necessary for the appointments provided by Article 5 of the Self-Regulation Code, in light of the list voting mechanism established by the Bylaws, which reserves for the shareholders' decisions regarding the candidates to be recommended for the governing body.

## **8. COMPENSATION COMMITTEE**

The Compensation Committee is an advisory body with the principal responsibility of making recommendations to the Board of Directors for the purposes of determining the compensation policy for Directors and executives with strategic responsibilities.

The Compensation Committee is assigned the responsibilities set forth in Article of the Self-Regulation Code, and specifically:

- a) it recommends to the Board of Directors the adoption of a compensation policy for Directors and executives with strategic responsibilities;
- b) it periodically evaluates the adequacy, overall coherence, and practical implementation of the compensation policy for Directors and executives with strategic responsibilities and, in the latter regard, it shall make use of the information provided by the Managing Directors; it makes recommendations to the Board of Directors in this regard;
- c) it submits recommendations or states opinions to the Board of Directors regarding the compensation of executive directors and other directors that hold specific positions, as well as regarding the setting of performance objectives linked to the variable component of that compensation; it monitors implementation of the decisions adopted by the Board, and

specifically examines and audits actual achievement of performance objectives.

In compliance with the provisions of Article 4, Implementation Criterion 4.C.1, Subsection (e) of the Self-Regulation Code, in performing its functions the Compensation Committee has the right to access the company information and functions necessary for the performance of its responsibilities as well as to make use of outside consultants.

No Directors shall take part in meetings of the Compensation Committee at which recommendations are made to the Board of Directors regarding directors' compensation.

On 9 May 2016, the Issuer's Board of Directors appointed as members of the Compensation Committee the non-executive and independent directors Sonia Bonfiglioli, Gabriele del Torchio and Luca Mantecchini, and the latter was appointed as Chairperson of the Committee.

The clarification is made that, in the judgment of the Issuer, as at the date of their appointment, within the meaning of Article 6.P.3 of the Self-Regulation Code, all members of the Compensation Committee have adequate knowledge and experience in financial matters.

It is reported that, prior to the appointment of the new Board of Directors, the Issuer's Board of Directors in office at the time had appointed as members of the Compensation Committee the independent directors Sonia Bonfiglioli, Luca Mantecchini and Marco Cammelli, and Marco Cammelli was appointed Committee Chairperson. The term of office of that previous Committee expired on 27 April 2016, at the time of termination of the Outgoing Board of Directors.

In regard to changes to achieve compliance with Article 6 of the Self-Regulation Code regarding the compensation of directors and executives with strategic responsibilities (as defined by Appendix 1 to the Related Parties Regulation), including the Chief Executive Officer (if one is appointed), the Company plans to adopt the pertinent company decisions in regard to the compensation policy referred to in Article 123-ter, Section 3, Subsection a) of the Consolidated Finance Act, at the Shareholders' Meeting that shall approve the financial statements for the period ending 31 December 2016. The pertinent information shall be provided in the compensation report that shall be submitted, in compliance with the aforementioned Article 123-ter of the Consolidated Finance Act, to the Shareholders' Meeting that is called to approve the financial statements for the financial year ending 31 December 2016, and in the "Report on Corporate Governance and Ownership Structure" for that same financial year prepared in compliance with and for the purposes and effects of Article 123-bis of the Consolidated Finance Act and the Self-Regulation Code.

It is also reported that the Company, in compliance with Article 123-ter of the Consolidated Finance Act and Article 84-quater of the Issuer Regulation, shall be required to prepare a compensation report annually. The first section of the compensation report must be submitted to the Company Shareholders' Meeting, for a nonbinding vote, which Shareholders' Meeting shall be called for the purpose of approving the financial statements for the financial year ending 31 December 2016.

During 2016, the Compensation Committee met 2 times (once during the period in which the Outgoing Board of Directors was in office). The average length of the meetings of that Committee was one hour and the actual attendance of members at meetings is set forth in the following table:

<b>First and Last Name</b>	<b>Position</b>	<b>% attendance by members of the New Board of Directors at</b>	<b>% attendance by members of the Outgoing Board</b>
Marco Cammelli	Chairperson (outgoing)	-	100%
Sonia Bonfiglioli	Chairperson	100%	100%
Luca Mantecchini	Member	100%	100%
Gabriele Del Torchio	Member	100%	-

The minutes of the meetings were duly recorded.

During the financial year ending 31 December 2017, three Compensation Committee meetings were held, which were attended by all members.

At the invitation of the Committee Chairperson, persons other than its members, company

executives and, as is provided by the Committee Regulation, the Chairperson of the Board of Statutory Auditors or his alternate, or also other members of the Board of Statutory Auditors, attended Compensation Committee meetings. The Committee, at the recommendation of the Committee Chairperson, appointed Silvia Piccorossi as Secretary the Corporate and Legal Affairs Director.

In performing its functions, the Compensation Committee made use of the documentation prepared over the previous year by the independent compensation expert from the Hay Group. During the 2016 financial year, the Compensation Committee mainly carried out activities aimed at defining and determining medium and long-term incentivisation plans for executive directors and strategic executives, defining and determining the compensation of the Chairperson of the Board of Directors and the compensation of non-executive and independent directors, as well as auditing and implementing the Company compensation policy. The Committee also carried out a review, which had a positive opinion, on the Company compensation policy to be submitted for approval by the Shareholders' Meeting in compliance with Article 123-*ter* of the Consolidated Finance Act. The Committee had the opportunity to access the company information and functions necessary to perform their responsibilities as well as to make use of the documentation prepared by external consultants. Adequate resources were made available to the Compensation Committee for the purpose of performing its functions. The Chairman reported the activity performed by the committee to the Board at the first meeting possible.

## **9. COMPENSATION OF DIRECTORS AND TOP EXECUTIVES OF THE GROUP**

At its meeting on 11 June 2015, the Board of Directors approved the compensation policy for directors and top executives in compliance with the provisions of Article 6 of the Self-Regulation Code and the pertinent Implementation Criteria 6.C.4, 6.C.5 and 6.C.6, including for the purposes of compliance with the provisions of Article 2.2.3, Section 3, Subsection (n) of the Stock Exchange Regulation, in order to obtain STAR classification and status.

The Company Board of Directors, at the recommendation of the Compensation Committee, on 15 February 2016 adopted the Compensation Policy submitted in compliance with Article 123-*ter* of the Consolidated Finance Act for approval by the Shareholders' Meeting called to approve the financial statements for the financial year ending 31 December 2015. After the positive opinion expressed by the Compensation Committee in office on this remuneration policy (which was unchanged from the previous policy approved), it will be submitted for confirmation to the Shareholders' Meeting called to approve the financial statements at 31 December 2016.

For additional information regarding the fees paid by the Issuer allocated on any basis and any form to members of the Board of Directors, the compensation policy, compensation of executive, non-executive and independent directors, and executives with strategic responsibilities, other incentivisation mechanisms established by the Company, as well as severance benefits in the event of resignations, dismissals, or terminations as a result of a public buyout offer, please refer to the pertinent Report pursuant to Article 123-*ter* of the Consolidated Finance Act, which shall be published in accordance with the terms of the law, on the occasion of the upcoming Shareholders' Meeting called to approve the financial statements for the financial year ending 31 December 2016.

## **10. CONTROL AND RISK COMMITTEE**

The Control and Risk Committee is an advisory body that, in accordance with the provisions of Article 7, Principle 7.P.3, Subsection (a), Subparagraph (ii) of the Self-Regulation Code, is responsible for providing support, through appropriate examination and review activities, for Board of Directors assessments and decisions regarding the internal control and risk management, assessments and decisions regarding approval of periodic financial reports, as well as regarding the management of risks arising from detrimental facts of which the Board is aware.

Specifically, the Control and Risk Committee, in compliance with the provisions of Article 7, Implementation

Criterion 7.C.2 of the Self-Regulation Code, in assisting the Board of Directors:

- a) in conjunction with the executive responsible for preparation of company accounting documents and after having heard the opinions of the certified auditor and the Board of Statutory Auditors, evaluates the proper application of accounting standards and, in the instance of corporate groups, their consistency and homogeneity for the purposes of preparing consolidated financial statements;
- b) states opinions regarding specific aspects pertaining to the identification of the principal company risks;
- c) examines periodic reports regarding the assessment of the internal control and risk management system, as well as reports of particular importance and relevance prepared by the Internal Audit functions;
- d) monitors the independence, adequacy, effectiveness and efficiency of the Internal Audit function;
- e) may request that the Internal Audit function perform audits of specific operational areas, at the same time notifying the Chairperson of the Board of Statutory Auditors;
- f) reports to the Board of Directors at least semi-annually, on the occasion of the approval of annual and semi-annual financial reports, in regard to the activities carried out as well as the adequacy of the internal control and risk management system.

The Control and Risk Committee, in compliance with the provisions of Article 7, Implementation Criterion 7.C.1 of the Self-Regulation Code, shall state its opinion to the Board of Directors regarding:

- a) the determination (by the Board of Directors) of the guidelines for the internal control and risk management system, so that the principal risks pertaining to the Company and its controlled companies are accurately and properly identified, as well as properly measured, managed and monitored, and a determination is made as to the degree to which such risks are compatible with company management that is consistent with the identified strategic objectives;
- b) periodic evaluation (by the Board of Directors), at least annually, of the adequacy of the internal control and risk management system with respect to the characteristics of the enterprise and its risk profile, as well as the system's effectiveness;
- c) approval (by the Board of Directors), at least annually, of the work plan prepared by the internal audit function manager, after having heard the opinions of the Board of Statutory Auditors and the director in charge of the internal control and risk management system;
- d) description (by the Board of Directors), in the report on corporate governance, of the principal characteristics of the internal control and risk management system, as well as a statement evaluating the adequacy of same;
- e) evaluation (by the Board of Directors), after having heard the opinion of the Board of Statutory Auditors, of the results reported by the certified auditor in its recommendations letter and in the report of fundamental issues that were identified at the time of the audit required by law;
- f) appointment and removal (by the Board of Directors) of the Internal Audit Function Manager; adequacy of the resources the Internal Audit Function Manager has in relation to the performance of his or her responsibilities; determination (by the Board of Directors) of the compensation of the Internal Audit Function Manager in conformance to company policies.

In compliance with the provisions of Article 4, Implementation Criterion 4.C.1, Subsection (e) of the Self-Regulation Code, in performing its functions the Control and Risk Committee has the authority to access the company information and functions necessary for the performance of its responsibilities, as well as the authority to make use of outside consultants.

On 9 May 2016, the Issuer's Board of Directors appointed as members of the Risk and Control Committee independent directors Arturo Albano, Laura Pascotto and Sonia Bonfiglioli, and the latter was appointed as Chairperson of the Committee.

It is also reported that the Outgoing Board of Directors had appointed as members of the Control and Risk Committee independent directors Sonia Bonfiglioli, Chiara Fornasari and Gianni Lorenzoni, and the latter was appointed Committee Chairperson. The term of office of that previous Committee expired on 27 April 2016, at the time of termination of the Outgoing Board of Directors.

The clarification is made that, in the judgment of the Issuer, as at the date of their appointment, within the meaning of Article 7.P.4 of the Self-Regulation Code, all members of the Control and Risk Committee had (the outgoing

members) and have (the current members) adequate knowledge and experience in accounting and financial matters.

During 2016, the Control and Risk Committee met six times (twice during the period in which the Outgoing Board of Directors was in office). The average length of the meetings of that Committee was 1.68 hours and the actual attendance of members at meetings is set forth in the following table:

<b>First and Last Name</b>	<b>Position</b>	<b>% attendance by members of the New Board of Directors at meetings of the Risk and Control Committee</b>	<b>% attendance by members of the Outgoing Board of Directors at meetings of the Risk and Control Committee</b>
Gianni Lorenzoni	Chairperson (outgoing)	-	100%
Chiara Fornasari	Member	-	100%
Sonia Bonfiglioli	Chairperson	100%	100%
Arturo Albano	Member	100%	-
Laura Pascotto	Member	68%	-

The minutes of the meetings were duly recorded.

During the year ended 31 December 2017, three meetings of the Control and Risk Committee were held with the participation of all members.

At the invitation of the Chairperson, persons other than Committee members, including the Internal Auditor and several company executives as well as the Executive Director in charge of the internal control and risk system, and the Chairperson of the Board of Statutory Auditors, or his or her alternate, or also more than one member of the Board of Statutory Auditors, attended Control and Risk Committee meetings. The Committee, at the recommendation of the Committee Chairperson, appointed as Secretary the Corporate and Legal Affairs Director, Silvia Piccorossi, who was given responsibility for assisting the Committee in carrying out the pertinent activities.

During the 2016 financial year, the Control and Risk Committee mainly carried out activities for the purpose of: evaluating documentation regarding the Issuer's risks as well as the updating in greater operational detail the risk assessment conducted by the Issuer during the listing phase; evaluating the accounting standards used as the basis for financial reports; evaluating the activities of the Internal Audit function. The Committee had the opportunity to access the company information and functions necessary to perform their responsibilities. In order to perform its function, the Control and Risk Committee was provided with the company human resources deemed appropriate for the activities performed in a manner compatible with its brief term of office. The Chairman reported the activity performed by the committee to the Board at the first meeting possible.

## **11. INTERNAL CONTROL SYSTEM**

The internal control and risk management system adopted by the Bologna Airport consisted of a set of rules, procedures, and organisational structures aimed at enabling the identification, management and monitoring of principal risks. An effective internal control and risk management system contributes to ensuring, among other things, the reliability of all information, financial or otherwise, provided to Company bodies and the market.

In compliance with the provisions of the Self-Regulation Code, the internal control and risk management system adopted by the Bologna Airport involves the following actors, each according to their own responsibilities:

- (i) the Board of Directors, which performs a role of policy, guidance, and assessment of the adequacy of the internal control and risk management system (see Paragraphs 4.3);
- (ii) a Director given responsibility by the Board of Directors to institute and maintain an effective internal control and risk management system, (see Paragraph 11.4 hereinafter);
- (iii) the Control and Risk Committee appointed by the Board of Directors which, among other things, has the responsibility of providing support, through appropriate examination and review activities, for Board of Directors assessments and decisions regarding the internal control and risk management, system as well as assessments and decisions regarding approval of periodic financial reports (see Paragraph 10 hereinabove);
- (iv) the Board of Statutory Auditors, which monitors and oversees the effectiveness of the internal control and risk management system.

Specific responsibilities and functions were then assigned to the internal audit function manager, who has been given responsibility for verifying that the internal control and risk management system is functioning and adequate (see Paragraph 11.5), as well as to other company functions and roles, also in relation to the dimensions, complexity, and risk profile of the enterprise (e.g. the executive responsible for preparation of company accounting documents – see Paragraph 11.8, the Corporate and Legal Affairs Department, with particular reference to legal risk).

The Board plays a fundamental role in assessing the actual operation of the internal control and risk management system, which can be significant in the context of the sustainability of the Issuer's operations over the medium and long term. As required by circumstances, the Board obtains the necessary information and takes all appropriate measures to protect the Company and keep the market informed.

The Company internal control and risk management system encompasses and incorporates the Management and Control Organisational Model provided by Legislative Decree 231/2001, which was most recently updated in December 2015 (see Paragraph 11.6 hereinafter).

### **11.1 Description of the Principal Characteristics of the Existing Risk Management and Internal Control System**

The Company intends the internal control and risk management system to be a set of means and resources adopted for the purpose of mitigating the risks connected to events that have a potential negative impact on company performance and the achievement of objectives, particularly with reference to the following:

- 1) implementation of the company mission and strategy
- 2) effective and efficient utilisation of resources
- 3) credibility, accuracy, reliability and timeliness of financial reporting
- 4) compliance with currently applicable laws and regulations
- 5) protection of company assets.

The methodological approach followed in designing, constructing, and maintaining the control model is one inspired by the internationally accepted standard of the Co. So. Report.

In this context, the Bologna Airport has structured its internal control and risk management system by assigning responsibilities in a manner consistent with any applicable laws and regulations and in consideration of the principle of different levels of control which divide the system into various components, under the supervision of top management and the Board of Directors:

- a) risk management and control responsibilities pertaining to each corporate process, under the supervision of line departments and functions;
- b) responsibilities for management of certain specific risks under the supervision of specific competent functions;
- c) assurance responsibilities assigned to the Internal Audit function.

The Bologna Airport has initiated various mechanisms for the management of specific risks such as airport security and safety, the quality of services to passengers, protection of the environment, health and safety in the work environment, compliance with the provisions of contracts and last, but not least, those risks pertaining to the management of financial risks, and the accuracy and completeness of company, accounting, and financial statement information.

The enterprise risk management process ("ERM process") consists of various mechanisms pertaining to the management of the risks referred to in Subsections a), b) and c) hereinabove, and it is supported by:

- procedures aimed at directing and managing risk management activities within the framework of the various company processes;
- the organisational structure for risk management along with a definition of risk management duties and responsibilities within the organisation.

The ERM process also includes the following principal components:

- o risk model: basic framework for risk categories and specific risks that are the subject of risk

- assessment;
- system of measurements for risk analysis purposes: risk quantification model for purposes of the assessment of critical risk profiles, which is uniform for all persons involved in risk management and control activities;
- periodic revision and updating of the risk model: in order to have on an ongoing basis an updated representation of the profile of the principal company risks;
- focus on the main risks and defining a measurement, management and monitoring process for the benefit of top management, the Control and Risk Committee, and the Board of Directors.

## **11.2 Description of the Principal Characteristics and Phases of the Existing Risk Management and Internal Control System in Connection with the Financial Reporting Process**

The Issuer's Board is aware that the risk management system must be considered in conjunction with the internal control system pertaining to the financial reporting process. The objective of the internal control system for financial reporting is to provide reasonable certainty regarding the credibility, accuracy, reliability and timeliness of financial reporting and the capability of the financial statement preparation process to produce financial reporting that conforms to generally accepted international accounting standards.

### **Phases of the Existing Risk Management and Internal Control System in Connection with the Financial Reporting Process**

The design, institution and maintenance of the financial reporting controls system is ensured through a structured process that provides for the phases of Risk Assessment, identification of risk management controls, and assessment of controls and the pertinent information flows (reporting).

The model therefore requires identification of risks that can potentially compromise the reliability of financial statement information, compliance with currently applicable laws and regulations, and the identification (and testing) of controls capable of mitigating those risks. Specifically, "risk assessment" activities have required the identification of significant processes based upon an analysis of quantitative factors (which processes are used in the determination of financial statement entries in amounts exceeding a given percentage of the before tax profit) and qualitative factors (for example: complexity of the accounting treatment of the account; valuation and estimation processes; significant new developments or changes in business conditions). There was an identification of risks in regard to significant processes, which is to say potential events the occurrence of which could potentially compromise the achievement of control objectives with respect to financial information, such as the following financial statement assertions:

- Existence: company assets and liabilities exist as at a certain date. All recorded transactions occurred during the period.
- Completeness: all transactions and all accounts that must be included in the financial statements have been included.
- Rights and Obligations: assets are company rights and liabilities are company obligations as at a certain date.
- Accuracy and Validity: assets, liabilities, revenues and costs have been included in the financial statements in the correct amounts and in the appropriate accounts.
- Presentation and Information: the information set forth in the financial statements has been correctly classified and described.

In regard to the risks identified within the framework of significant processes, therefore, a control system was structured the purpose of which is to mitigate those risks to an acceptable level through the identification of specific controls within the body of company procedures.

Significant processes and the connected controls based upon risks pertaining to financial statement assertions are documented through the use of risks/controls matrixes, which are appended to company procedures. Company procedures, and therefore the pertinent risks/controls matrixes, specifically identify among specific controls what are termed "key controls", the absence of which or the non-functioning of which shall result in the risk of significant errors or fraud in the financial statements which cannot potentially be intercepted by other controls.

The model provides for verification, through the continuous performance of specific tests during the financial year, and the effective implementation of the aforementioned control procedures by all the persons involved (which are termed "monitoring activities"). The model provides for establishing an information flow among the various persons involved

in the internal control system through the preparation of a document summarizing the results of the monitoring activities performed during the financial year and the proposed actions to remove any deficiencies possibly identified.

### **Roles and Functions Involved in the Financial Information Process**

The financial information management and control system is managed by the executive responsible for preparation of company and accounting documents, who coordinates the various phases of same, such as planning, implementation, monitoring, and updating over time. Specifically the role and responsibilities of the responsible executive includes internal auditing of the proper functioning of accounting processes/flows falling within the management responsibilities of that same responsible executive, the completeness and reliability of information flows, as well as the adequacy and effective implementation of controls; the responsible executive performs the work of auditing and examining all documents and information containing final accounting data regarding the financial, equity and business position. The responsible executive is responsible for periodically reporting to the Risk Control Committee, the Board of Statutory Auditors and the Compliance Committee regarding the procedures for conducting the process of assessment of the internal control system, as well as in regard to the results of the assessments performed in support of the certifications and declarations issued. Specifically, the responsible executive carries out an exchange of information, including informally, with the Risk Control Committee and the Compliance Committee.

### **11.3 Assessment of the Adequacy of the Internal Control and Risk Management System**

The policies of the internal control and risk management system are determined in consideration of the risk profile, which is determined by the Board in keeping with the Company's strategic objectives. Therefore the Board of Directors is responsible for determining the organisation's risk profile and assessing its consistency with its strategy. The internal control and risk management system is the means for verifying that the risk profile is in line with objectives set, and its assessment is therefore a function of the assessment of the Company's characteristics and the risk profile assumed.

#### **Positions, responsibilities and information flows supporting the assessment of the Board of Directors**

The Board of Directors' assessment of the internal control and risk management system is supported by various parties within the organisation, each with defined authorities and responsibilities. As indicated in paragraph 11, in addition to the Board of Directors, the following parties are involved in the internal control and risk management system: the Control and Risk Committee, Board of Statutory Auditors, executive in charge of the preparation of corporate and accounting documents, the director in charge of overseeing the internal control and risk management system, the Internal Audit Function Manager, and other positions and Company areas with specific duties in the area of internal control and risk management (e.g. the legal department and others).

In order to express its assessment of the adequacy of the internal control and risk management system and the organisational, administrative and accounting structure, the Board of Directors established a Control and Risk Committee (CRC) charged with providing support, with appropriate research, for the assessments of the Board of Directors by assisting the latter and providing specific opinions, not only on the adequacy of the internal control and risk management system but also on the determination of the system's guidelines.

The preliminary research of the CRC is also performed as a function of the control activities and related assessments expressed by other parties involved in the system, and it collects information from the three control levels. The Committee performs the analysis of the proper design and implementation of the internal control and risk management system through dedicated meetings with parties responsible for control issues in order to understand and assess existing risk management controls, and through the analysis of periodic reports issued, in particular by the executive in charge of the preparation of corporate and accounting documents, the Supervisory Body and Internal Audit Function Manager as well as the Auditing Firm.

Pursuant to Article 154-*bis* of the TUF, the executive in charge issues a statement to the market, accompanied by documents and communications provided by the Company, confirming, among other things, the adequacy and actual application of the aforementioned administrative and accounting procedures, as well as the compliance of the documents with accounting ledgers and entries, and their suitability for providing a true and accurate account of the balance sheet, income statement and financial position. In the analysis performed, the executive in charge identifies corrective measures and improvement plans to be submitted for the Board's evaluation.

The Supervisory Body, which is also at the second control level since it is in charge of overseeing compliance with, and the operation of, the Organisational, Management and Control Model pursuant to Legislative Decree 231/0155, periodically prepares a report regarding activities performed, the operation of and compliance with the model, any critical matters arising and the need to take specific action.

Individuals with specific positions involved in monitoring company risks carry out specific risk assessments, and are periodically required by the Control and Risk Committee to present the results of these activities.

As the individual in charge of third-level control, the Internal Audit Function Manager “performs regular audits in relation to specific requirements and in accordance with international standards, of the operations and suitability of the internal control and risk management system based on an audit plan approved by the Board of Directors”. In addition, the Internal Audit Function Manager prepares periodic reports on audits performed, the related results and actions taken to limit risks. Lastly, the periodic reports contain “an assessment as to whether the internal control and risk management system is appropriate”. The internal control and risk management system is assessed periodically by using the results of activities carried out by other first- and second-level control areas on specific aspects of the system, the results of which are forwarded to governance bodies. The Internal Audit Function is also required to audit the reliability of the reporting systems used by the Company, including the accounting reporting systems so that the Company can ensure the reliability of these systems, especially in recording administrative and accounting data.

#### **Assessment process**

The reporting process serves as the reference point for the Board of Directors to express an opinion on the adequacy of the Company’s organisational, administrative and accounting structure, including through the CRC.

The parties involved provide not only a summary opinion of the Internal Control System concerned, but also report any deficiencies found and provide an assessment on their significance, their impact on the Company and mitigation measures to be taken.

The Board of Directors makes its assessments on the basis of the aforementioned information flows and reports that are also filtered through the preliminary analyses performed by the CRC. Specifically, the CRC receives information from the areas in charge of second-level controls (e.g. report of the executive in charge, report of the Supervisory Body, etc.) and the assessment of the suitability and appropriateness of the internal control and risk management system prepared by the Internal Audit Function Manager at the third level of control.

The Board, which is required to provide an opinion on the internal control and risk management system, independently assesses, on the basis of an established assessment process, whether the deficiencies found should be considered significant enough to affect the adequacy of the internal control and risk management system overall.

#### **Adequacy opinion**

The Board of Directors, at its meeting on 14 March 2016, and thus during the current term, at its meeting of 29 August 2016 and most recently at its meeting of 20 March 2017, performed an assessment of the adequacy, effectiveness, and actual functioning of the Bologna Airport internal control and risk management system in relation to the characteristics of the enterprise and the risk profile that it has assumed.

At the conclusion of the aforementioned assessments the Board, based on the findings and assessments made regarding the Company's internal control and risk management system; the means and procedures by which the risks to which company activities are exposed are managed; the preliminary activity conducted by the Control and Risk Committee and the reports received by the Internal Audit Function Manager, the executive in charge of the preparation of corporate and accounting documents, the Supervisory Body and the Auditing Firm, assessed the Bologna Airport internal control and risk management system to be on a whole adequate and effective in relation to the characteristics of the Company and the risk profile that it has assumed.

### **11.4 Executive Director in Charge of the Internal Control and Risk Management System**

On 9 May 2016, the Issuer's Board of Directors appointed Managing Director Nazareno Ventola as the director in charge of the internal control and risk management system, with the functions established by Principle 7.C.4 of the Code.

In that role, the Managing Director Nazareno Ventola has assessed the Management Control System approved on 13 April 2015 by the Board of Directors, as summarised in the Memorandum prepared in line with the Integrated Framework issued by C.O.S.O. in 1992, the Enterprise Risk Management – Integrated Framework issued by the C.O.S.O. in 2004 and the “Turnbull guidance” issued by the Financial Reporting Council in 2005 as applicable to the SCG, verified its adequacy and effectiveness, and has also – within the scope of the delegation of authority he has received – and by agreement with and with the collaboration of the Control and Risk Committee, ensured the updating of the principal company risks (strategic, operational, financial and compliance risks), by means of the company Control Risk Self-Assessment (CRSA) project, taking into account the characteristics of the activities conducted by the Issuer.

Thus, at the meeting of 29 August 2016, the Board of Directors in office authorised the CEO “in charge of the internal control and risk management system” to identify the risk from “operating capacity” with a more detailed breakdown

and definition (by operating areas/aspects and/or user service), and to provide, for the primary risks of ERM (Enterprise Risk Management), a plan with greater control and management, and therefore an even more significant reduction of risks lastly by submitting output on developments to the administrative body as per the mandate developed for appropriate assessment and approval. The activity performed in this regard by the CEO “in charge of the internal control and risk management system” was presented to the Control and Risk Committee on 13 March 2017 followed by the administrative body on 20 March 2017, and the corporate bodies provided their full approval, and therefore a positive opinion of the adequacy, effectiveness and actual operation of the internal control and risk management system of Adb with respect to the Company’s characteristics and risk profile assumed.

The primary company risks are then monitored, and the Director in Charge periodically submits them to the Board for review.

The Managing Director, Nazareno Ventola, in his capacity as the director in charge of the internal control and risk management system, had already presented on 11 March 2016 the results of the Control Risk Self-Assessment (CRSA) project to the Control and Risk Committee, submitting them for examination by the Board of Directors on 14 March 2016. In that manner, already during the previous term (2015-2016) the director in charge of the internal control and risk management system had implemented the guidelines established by the Board, by ensuring planning of the updating of the risk analysis on the basis of the internal control and risk management system.

In 2016, the Director in Charge implemented the policies established by the Board, supervised the design, implementation and management of the internal control and risk management system, continually monitored its adequacy and effectiveness and adapted it to changes in operating conditions, laws and regulations.

Pursuant to that role, Managing Director Nazareno Ventola was also given the broadest powers to ensure the independence of the Internal Auditing function, the allocation of adequate resources, expertise and knowledge to that function, and its proper access to company data, information, systems and assets, without any sort of restriction. The foregoing was in combination with the power to require that the internal audit function conduct audits of specific operational areas as well as compliance with internal rules and procedures in the conduct of company operations, at the same time notifying the Chairperson of the Board of Directors, the Chairperson of the Control and Risk Committee, and the Chairperson of the Board of Statutory Auditors.

Throughout 2016 and up until the date of this report, the Managing Director Nazareno Ventola has promptly reported to the Board of Directors regarding the problems and critical issues which were identified during the course of the performance of his activities or about which he has been informed, so that the governing body could take the appropriate action.

### **11.5 Internal Audit Function Manager**

The Board of Directors, at its meeting on 22 December 2015, confirmed the appointment of Sonia Giannone as internal audit function manager. This appointment occurred at the recommendation of the director in charge of the internal control and risk management system and pursuant to favourable recommendations by the Control and Risk Committee and the Chairperson of the Board of Directors, after having heard the opinion of the Board of Statutory Auditors (Implementation Criterion 7.C.1).

On the recommendation of the director in charge of the internal control and risk management system, subject to the approval of the Control and Risk Committee, and after consulting with the Board of Statutory Auditors, the Board determined the compensation and incentive package for the Internal Audit Function Manager in keeping with Company policies during the meeting on 4 July 2016.

The Internal Audit Function was composed exclusively of its Manager.

The Board of Directors allocated an annual budget of EUR 50,000 for 2016 to the internal audit function for the purpose of performing its responsibilities and, at its meeting on 22 December 2015, at the recommendation of the director in charge of the internal control and risk management system, pursuant to favourable recommendations by the Control and Risk Committee and the Chairperson of the Board of Directors, and after hearing the opinion of the Board of Statutory Auditors, made the assessment that the allocation of resources assigned to the function for the purpose of performing its responsibilities was adequate .

The Board of Directors, pursuant to a favourable recommendation by the Control and Risk Committee and having heard the opinions of the director in charge of the internal control and risk management system and of the Board of Statutory Auditors, at its meeting on 22 December 2015 approved the mandate for the internal audit function, which defined the powers, purposes, and responsibilities of the function.

The internal audit function conducted its activities in compliance with the function mandate, the company governance system, the Self-Regulation Code (Article 7) and the International Standards for professional Internal Auditing practices.

The Bologna Airport Internal Audit Function is responsible for verifying that the internal control and risk management system is functioning and adequate (Principle 7.P.3, Subsection b), specifically in regard to: (i) the safeguarding and protection of company assets; (ii) the efficiency and effectiveness of company processes; (iii) the reliability of the information provided to the company governing bodies and to the market; (iv) compliance with laws and regulations, as well as the company bylaws and internal procedures; (v) the reliability of information systems, including accounting data systems.

In general, all the activities, transactions and processes carried out by the Airport may be subject to internal audit by the internal audit function.

The internal audit function is not responsible for, nor does it participate in the management of any operational area, in the organisational hierarchy it reports directly to the Board of Directors (Implementation Criterion 7.C.5, b), functionally it reports to the Control and Risk Committee, administratively it reports to the director in charge of the internal control and risk management system, and it interacts with the Board of Statutory Auditors.

The internal audit function has direct, complete and unconditional access to company personnel, files, information, systems and assets, without any type of restriction, where deemed necessary in order to perform its functions (Implementation Criterion 7.C.5, Subsection c).

The Control and Risk Committee monitors the independence, adequacy, effectiveness and efficiency of the internal audit function and supervises its activities, in connection with the Board's responsibilities in this regard, so that such activities are conducted in a way that ensures maintaining the necessary conditions of independence and proper professional objectivity, competence and diligence, in conformance to the prescriptions of International Standards for professional Internal Auditing practices.

The Airport's internal audit manager pursues the function's purposes mainly through: (i) the preparation of the internal audit plan, on the basis of a structured process for the analysis and prioritisation of the principal risks; the plan is submitted to the Board of Directors for approval, pursuant to a favourable recommendation by the Control and Risk Committee and having heard the opinions of the Board of Statutory Auditors and the director in charge of the internal control and risk management system, and it is subsequently transmitted to the company management; (ii) implementation of the company internal audit plan; for that purpose the manager plans and conducts audit, investigative and advisory activities; (iii) the performance of extraordinary audit activities, which is to say those not included in the plan, at the request of the Board of Directors, the Control and Risk Committee, the director in charge of the internal control and risk management system, and the Board of Statutory Auditors, in accordance with the terms and procedures established by the Self-Regulation Code; (iv) the preparation and submission of the following, normally at the same time, to the Chairpersons of the board of statutory auditors, the control and risk committee, and the Board of Directors, as well as the director in charge of the internal control and risk management system: (a) periodic reports, at least annually, containing adequate and sufficient information regarding the manager's activities, the means and procedures by of which risk management was conducted, as well as compliance with the plans established to reduce risks. Periodic reports shall contain an assessment of the appropriateness and capability of the internal control and risk management system; (b) timely reports regarding events of particular importance.

The Internal Audit Function also collaborates with the Compliance Committee in the performance of the responsibilities and functions assigned to the latter, and specifically to provide support to the Compliance Committee in maintaining and effectively implementing the Management and Control Organisational Model covered by Legislative Decree 231/01 and the internal audit manager also acts as Secretary of the Compliance Committee, responsible for recording the minutes of meetings.

During the 2016 financial year the internal audit function manager carried out the following principal activities; (i) implementation of the activities provided by the annual audit plan, including for the purposes of providing support for the activities of the Compliance Committee required by Legislative Decree 231/2001: it is indicated that the plan was not completed because several extraordinary assignments took place; (ii) performing advisory work in support of top management; (iii) support for maintaining the Management and Control Organisational Model provided for in Legislative Decree 231/2001; (iv) updating and development of the Enterprise Risk Assessment project, focusing on the management and monitoring of the main corporate risks.

During 2016, the internal audit function did not perform specific audits of the reliability of the information systems. It is planned to include such audits in upcoming plans for the function's activities.

Furthermore, specific operations of the Internal Audit Function have not been systematically assigned to outside entities. However, in 2016, financial resources available were partially used to assign certain auditing jobs to qualified outside entities, which were carried out under the guidance of the Internal Audit Function Manager.

The outside entities, which met appropriate requirements of professionalism, independence and organisation, were as follows:

- Deloitte ERS – Enterprise Risk Services S.r.l.
- RC Advisory S.r.l.

The Internal Audit Function Manager verified that these entities had the necessary experience, capabilities and skills to carry out the assignment, and mainly in consideration of the supplier's reputation, especially in the case of Deloitte ERS, and experience, in the case of RC Advisory, which were confirmed by their previous completion of projects on behalf of AdB in the area of internal control and compliance.

## **11.6 Organisational Model Pursuant to Legislative Decree 231/2001 and Code of Conduct**

The Board of Directors, in a decision on 28 November 2008, adopted a Management and Control Organisational Model pursuant to Legislative Decree 231/01, which was subsequently updated several times as a result of legislative and organisational changes, and it was most recently updated by the Board decision of 22 December 2015.

This organisational model is divided into a general section, which includes several appendixes, and a special section. It is indicated that the general section of the Company's organisational model, besides describing the scope and content of Legislative Decree 231/2001 in the context of the company, contains: (i) the objectives and the procedures for auditing and updating the model; (ii) the organisation and functioning of the Compliance Committee; (iii) the communication and training processes instituted by the Company; (iv) the functioning of the disciplinary system; (v) the code of ethics (Appendix 1 to the Model); (vi) a description of criminal offenses and administrative offenses covered by Legislative Decree 231/2001 (Appendix 2 to the Model) (vii) the corruption and bribery prevention plan pursuant to Law 190/2012 (Appendix 3 to the Model).

The purpose of the special section is to identify areas of activities at risk, established general rules and set forth a set of principles, rules of conduct, control instruments, and organisational procedures aimed at ensuring, to the extent possible, the prevention of the commission of criminal offenses.

The principles on which the Company based the preparation and updating of company protocols and procedures are the following: (i) formal assignment of responsibilities; (ii) signatory authorities and internal authorisation authorities: must be assigned on the basis of formalised rules that are consistent with organisational and management responsibilities, and have a clear indication of spending limits; (iii) separation of functions and responsibilities: the persons who authorise a transaction, who execute a transaction, who report on the transaction, and who control and supervise the transaction must not be the same persons; (iv) traceability: it must be possible to reconstruct the initiation of actions and the information and documentary sources employed in support of the activities conducted, to ensure the transparency of the decisions made; all phases of every transaction must be documented so that audit and control activities are always possible. audit and control activities must in turn be documented through the preparation of formal records; (v) archiving and retention of documents: documents pertaining to the activities of an area with a 231/190 risk must be kept on file and retained, under the supervision of the manager of the Department or Function involved or the person delegated authority by the latter, employing procedures that are such as not to enable access by third parties that have not been expressly authorised. Documents officially approved by company governing bodies and by persons authorised to represent the Company vis-à-vis third parties cannot be amended, except in the circumstances possibly indicated by procedures and in any case in such a way that there is always a record of the amendment made; (vi) confidentiality: access to previously archived documents is allowed for the Manager of the Department or Function and the person delegated authority by the latter. Access is also granted to members of the Compliance Committee, the Board of Directors, the Board of Statutory Auditors, the auditing firm, and the Transparency and Anti-Corruption Manager.

Appendix 2 to the Model contains a description of potential criminal offenses, which include the following categories: (i) offenses against the government; (ii) information technology crimes and the unlawful processing of data; (iii) organised crime; (iv) counterfeiting of currency, government credit cards, revenue stamps and identification instruments and marks; (v) against commerce and industry; (vi) corporate crimes and corruption among private individuals; (vii) for the purposes of terrorism or overturning the democratic order; (viii) mutilation of female genital organs; (ix) against individual persons; (x) market abuses; (xi) involuntary manslaughter and serious and grievous negligent bodily harm committed in violation of provisions of law regarding accident prevention and the protection of occupational health and safety; (xii) receiving, laundering, and the investment of money, assets or benefits that are the proceeds of crime and money laundering;; (xiii) copyright infringement; (xiv) subornation of perjury or witness tampering; (xv) environmental crimes; (xvi) employment of citizens of third countries who are in the country illegally; (xvii) transnational crimes.

The Management and Control Organisational Model pursuant to Legislative Decree 231/2001 is available on the Company's website at the following link: <http://www.bologna-airport.it/it/la-societa/profilo-aziendale/amministrazione-trasparente/modello-di-orgne-231-e-codice-etico.aspx?idC=61878&LN=it-IT>.

The Board of Directors, in a decision dated 22 December 2015, with the appointments entering into effect on 1 January 2016, appointed the following persons the Compliance Committee consisting of three members (i) Dr Massimo Masotti, in the capacity of Chairperson; (ii) Maria Isabella De Luca, in the capacity of member; (iii) Maurizio Ragno, in the capacity of member. The Compliance Committee possesses independent powers of initiative and control as is required by Article 6 of Legislative Decree 231/2001.

The Compliance Committee Regulation has established that the Committee secretary, who is also responsible for recording the minutes of meetings, shall be the Internal Audit Manager.

The Company Code of Ethics, which is appended to the Management and Control Organisational Model pursuant to Legislative Decree 231/2001, was most recently revised on 22 December 2015.

The Company, as was previously explained, has deemed it appropriate to apply to its internal control systems several principles of Law 190/2012 and has incorporated them into the Management and Control Organisational Model pursuant to Legislative Decree 231/2001 (Appendix 3 to the Model). This initiative was taken in the conviction that, besides the mandatory nature of the required actions, which is not undisputed in the instance of public companies, an effectively implemented and monitored prevention plan may constitute a valid instrument for creating awareness on the part of personnel and associates, so as to avoid the risk of corrupt conduct to the detriment of the Company and stimulate the search for additional margins of efficiency in the management of public services.

With the approval of the Corruption and Bribery Prevention Plan pursuant to Law 190/2012, the Board of Directors, at the recommendation of the Transparency and Anti-Corruption Manager, decided to extend its corruption and bribery prevention program to all the crimes and offenses covered by Law 190/2012, on both the active and passive sides, in regard to the public service activities performed, as well as conduct that can be determined to be an abuse of the authority/function granted to Company employees for the purpose of securing a private benefit. The position of Transparency and Anti-Corruption Manager is presently held by Atty. Silvia Piccorossi, Corporate and Legal Affairs Director, who was confirmed in her position in the Board of Directors decision of 22 December 2015.

It is also reported that, in line with the best practices existing nationally and internationally, the Company has deemed it appropriate to have an internal system for employee reporting of any possible irregularities or violations of applicable laws and internal procedures (termed a whistleblowing system), which ensures a specific and confidential information channel, as well as the anonymity of the reporting person. The project was completed and the system went into operation in 2016.

### **11.7 Audit Firm**

The Bologna Airport Shareholders' Meeting, on 20 May 2015, granted an annual audit appointment for the financial years 2015-2023 to the firm Reconta Ernst Young S.p.A. in accordance with Article 17 of Legislative Decree 39/2010, and determined its compensation as well as the criteria for adjustment of the compensation during the term of the appointment.

### **11.8 Executive in Charge of the Preparation of Company Accounting Documents**

The Board of Directors at its meeting on 15 May 2015, after receiving a favourable recommendation from the Board of Statutory Auditors, effective as at the trading start-up date, appointed Administration Finance and IT Manager Patrizia Muffato as the executive in charge of the preparation of corporate and accounting documents in accordance with Article 154-bis of the Consolidated Finance Act, after having verified that she meets the reputability requirements mandated by law for Directors as well as the professional requirements established by Article 19.4 of the Bylaws, because she has more than three years' experience in performing executive functions with respect to the work of preparation and/or analysis and/or assessment and/or verification of company accounting documents of complexity comparable to those of the Company. Under a Board of Directors decision dated 27 August 2015, the Company also has an Internal Regulation "Guidelines for the Work of the Executive in Charge of the Preparation of Company Accounting Documents", which establishes in detail the functions, resources and powers of the executive designated for this function as well as that executive's relationship with other Company bodies and organisational units. The responsible executive has the following powers and means to perform her functions:

- she has access to the information necessary to perform her duties and responsibilities, both within Aeroporto Guglielmo Marconi di Bologna S.p.A. and within group companies, in compliance with company procedures established for the purpose;

- she must be able to rely upon the efficient functioning of company information systems in order to be able to have an accounting system that is capable of ensuring the adequacy of procedures and controls; she monitors any possible critical operational issues possibly detected during the course of her activities and she supervises the design of information systems that have an impact on the financial statements, the abbreviated semi-annual financial statements, the consolidated financial statements, and the documents subject to certification;
- in a manner consistent with the Company budget process, she prepares a work plan annually and establishes by agreement with the Managing Director the budget for the personnel resources and financial resources deemed necessary to effectively perform the duties of her position;
- in instances where she deems it necessary and/or appropriate for the performance of the duties of her position, she shall obtain the collaboration of other company functions in accordance with procedures that shall be agreed in advance with the Managing Director;
- she has the authority to issue to controlled companies, for the purposes and in accordance with the procedures determined by these Guidelines, within the limits of the decisions and determinations made by the governing bodies of the controlled companies and the responsibilities of each controlled company, instructions and procedures deemed necessary so as to enable the responsible executive to meet the requirements mandated by Law 262/2005.

The responsible executive, consistent with provisions of law, regulations and the Bylaws, is responsible for doing the following:

1. certify in a written statement that Company documents and communications disseminated to the market and pertaining to accounting information, including interim accounting information, conform to the content of accounting entries, ledgers, and documents (Article 154-bis, Section 2, of the Consolidated Finance Act);
2. establish appropriate administrative and accounting procedures for the preparation of financial year financial statements and the consolidated financial statements, as well as any other financial document or communication (Article 154-bis, Section 3, of the Consolidated Finance Act);
3. certify jointly with the administrative bodies delegated authority, in the pertinent report attached to the financial year financial statements, the abbreviated semi-annual financial statements, and the consolidated financial statements (Article 154-bis, Section 5, of the Consolidated Finance Act);
  - the adequacy and effective implementation of the administrative and accounting procedures she has established, during the period covered by the documents;
  - the conformance of the documents to the applicable international accounting standards recognised in the European Community pursuant to Regulation (EC) No 1606/2002 of 19 July 2002, of the European Parliament and Council;
  - that the documents to which the report is appended conform to the content of accounting books and records and provide a true and accurate representation of the financial, equity, and business position of the issuer and all of the companies included in the consolidation;
  - in the instance of financial year financial statements and the consolidated financial statements, that the management report contains a reliable analysis of management performance and results, as well as the position of the issuer and of all of the companies included in the consolidation, along with a description of the principal risks and uncertainties to which they are exposed;
  - in the instance of the abbreviated semi-annual financial statements, that the interim management report contains a reliable analysis of the information referred to in Article 154-ter, Section 4 of the Consolidated Finance Act.
4. carry out the responsibilities contemplated by Subsections 1), 2 and 3, in keeping with the utmost professional diligence and employing as a reference the general principles commonly accepted as best practices with respect to internal control;
5. participate, when so requested, in Board of Directors meetings the subject of which is the approval of the quarterly interim management report, the semi-annual financial report, the annual financial report, and the approval of decisions that require the responsible executive to issue a certification, as well as any time that it should be deemed appropriate by the Chairperson of the Board of Directors, including at the recommendation of the Managing Director, in consideration of the presence on the Board of Directors meeting agenda of subjects that have a potential impact on the accounting information of the Company or the group of which it is the parent company;
6. on at least a semi-annual basis, report to the Board of Directors on the conduct of the activities for which she is responsible under the aforementioned legal and regulatory framework, indicating any possible critical issues that were detected during the period and the actions taken or planned to resolve them, in coordination with the Managing Director;
7. After having received the opinion of the Managing Director, inform the Chairperson of the Board of Directors

- as to facts or events that, due to their seriousness or critical nature, may require the Board of Directors to make urgent decisions;
8. ensure an appropriate information flow regarding her activities to the Control and Risk Committee, the Board of Statutory Auditors, the Auditing Firm and the Compliance Committee required by Legislative Decree 231/2001.

The executive responsible for the preparation of corporate and accounting documents has been allocated resources that are sufficient for the proper and efficient performance of her duties and responsibilities on the basis of, among other things, the operating budget that is her responsibility.

### **11.9 Coordination among Persons Involved in the Internal Control and Risk Management System**

The internal control and risk management system adopted by Bologna Airport is described in the preceding paragraphs (see Paragraph 11), to which reference is made for the identification of the persons principally involved, as well as the identification of the principal means of coordination among same.

It is also emphasised that the internal regulations approved by the company Board of Directors for the purpose of defining and determining the functioning of several functions connected to the internal control system (Control and Risk Committee, Internal Audit, executive in charge of the preparation of accounting documents) established the principal information flows and mechanisms for coordination among them.

Considering the Board of Statutory Auditors' position at the highest level of the Issuer's compliance system, coordination practices and procedures among the persons involved in the internal control and risk management system provide for constant and ongoing participation by the Chairperson of the Board of Statutory Auditors, or by his designated representative, in the work of the Control and Risk Committee, and the institution by the Control and Risk Committee of an information flow to the Board of Statutory Auditors for the purposes of a timely and exchange of information relevant to the performance of their respective duties and responsibilities and the coordination of activities in areas of joint responsibility.

## **12. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS**

The Issuer's Board of Directors, on 13 April 2015, approved a procedure to govern related party transactions ("**Related Party Procedure**"), on the basis of the regulation approved by Consob Decision 17221/2010 ("**Regulation on Related Party Transactions**") and Article 2391-*bis* of the Civil Code. This Procedure went into effect on 14 July 2015, the date that Company Shares began to be traded on the Electronic Stock Exchange, and its purpose is to govern third party transactions carried out by the Company, including through companies that are controlled within the meaning of Article 2359 of the Civil Code, or in any case are subject to management and coordination activities, for the purpose of ensuring the substantial and procedural propriety of same, as well as proper disclosure to the market.

The Issuer has identified the Control and Risk Committee as the body responsible for related party transactions, which in accordance with the Related Party Procedure assumes the role of Related Party Committee. It is specified that, according to the Related Party Procedure, if two independent directors are not present, which is to say in instances where, in connection with a given transaction with related parties, one or more members of the Related Party Committee declares themselves to be related parties with respect to the specific transaction, to safeguard the substantial propriety of the transaction, transactions with related parties are to be approved pursuant to the Board of Directors' determination of control mechanisms equivalent to the above-indicated mechanisms to safeguard the substantial propriety of the transaction, to include the involvement of the Board of Statutory Auditors or an independent expert for the purpose of stating a recommendation or opinion. If the Board of Directors makes use of a recommendation by the Board of Statutory Auditors, the members of the Board of Statutory Auditors, in instances where they have an interest in the transaction of their own or on behalf of third parties, shall so notify the other statutory auditors, and specify the nature, terms, origin and scope of same.

Where so required by the nature, magnitude and characteristics of the transaction, the Related Party Committee or, depending upon the circumstances, the persons acting in its stead, shall have the authority to obtain the assistance, at Company expense, of one or more independent experts of their choice, by obtaining the appropriate expert reports and/or fairness assessments and/or legal opinions.

It is indicated that the Issuer, as a recently listed company of smaller size within the meaning of Article 10 of the Regulation on Related Party Transactions, applies to related party transactions, including those of greater

significance (as determined in accordance with Appendix 3 to the Regulation on Related Party Transactions), as an exception to Article 8 of the Regulation on Related Party Transactions, a procedure determined in accordance with the principles and rules set forth in Article 7 of the aforementioned regulation. Furthermore, the provisions of Article 5 of the Regulation on Related Party Transactions ("Public Disclosure of Related Party Transactions") remain in effect. Without prejudice to the annual assessment required by the Related Party Procedure, on the occasion of the approval of the financial statements for the second financial year following the year in which it was listed, the Issuer shall evaluate, in compliance with Article 3, Section 1, Subsection g) of the Regulation on Related Party Transactions, the necessary amendments and changes to the Related Party Procedure.

In compliance with the Related Party Procedure, the Related Party Committee is required to perform a preliminary examination and issue a recommendation regarding various types of transactions with related parties, with the exception of those transactions that according to the Related Party Procedure do not fall within the scope of applicability of the procedures governed therein (please see *infra*).

Specifically, related party transactions that do not fall within the authority of the Shareholders' Meeting shall be approved and/or carried out by the person responsible for such approval and/or execution according to the Company's governance rules, pursuant to a nonbinding justified and supported opinion from the Related Party Committee. For such purpose, if the transaction is determined to be relevant according to the Regulation on Related Party Transactions, the responsible company function shall give timely notice to the person responsible for approval and/or execution of the transaction; the latter, after having made a positive assessment of the feasibility of the transaction, shall inform without delay, in a written communication, through the responsible company function, the members of the Related Party Committee so that the latter may state in writing the absence of related party relationships with respect to the specific transaction. The Related Party Committee shall meet in a timely manner in view of the scheduled date for the approval and/or execution of the transaction. At the meeting, to which members of the Board of Statutory Auditors shall be invited, if so requested there shall be participation by the directors or executives possessing delegations of authority (including executives responsible for conducting negotiations or reviews) from the Company or any possible controlled companies, as well as any persons possibly indicated by the Related Party Committee. The Related Party Committee, in formulating its recommendation, shall also state considerations regarding the Company's interest in execution of the transaction as well as the appropriateness and substantive propriety of the pertinent terms and conditions.

When a transaction falls within the authority of the Shareholders' Meeting or must be authorised by the latter, the above provisions, *mutatis mutandis*, shall apply to the phase for the approval of the Board of Directors' proposed decision to be submitted to the Shareholder Meeting.

It is specified that the Related Party Procedure provides that the above-described procedure does not apply to:

- financial instrument-based compensation plans approved by the Shareholders' Meeting in accordance with Article 114-bis of the Consolidated Finance Act and the pertinent transactions to implement them;
- Board of Directors decisions regarding the compensation of directors holding specific positions - other than decisions adopted by the Board of Directors within the limits of a total amount established in advance by the Shareholders' Meeting in compliance with Article 2389, Section 3, of the Civil Code - as well as for executives with strategic responsibilities, if the conditions are met which are established by Article 13, Section 3, Subsection b) of the Regulation on Related Party Transactions, provided that (1) the Company has established a compensation policy the approval of which involved the Compensation Committee; (2) or there was submitted for an advisory vote by the Shareholders' Meeting Section I of the Compensation Report required by Article 123-ter of the Consolidated Finance Act and (3) the compensation allocated is consistent with the policy referred to in number (1);
- routine transactions executed under terms and conditions equivalent to market or standard terms and conditions;
- urgent transactions which do not fall within the authority of the Shareholders' Meeting and do not have to be authorised by the latter;
- transactions with or among controlled companies and transactions with affiliated companies, if in the aforementioned companies there are no interest classified as "relevant" according to the general principles and criteria indicated in Consob Notice DEM/10078683, published on 24 September 2010, which contained "Indications and Guidance for the Implementation of the Regulation on Related Party Transactions Adopted in Decision 17221 of 12 March 2010, as amended".

It is specifically stated that in applying the aforementioned exemptions, the Related Party Procedure provides that it is necessary to take duly into account the provisions of Consob Communication 10078683 of 27 September 2010.

The Related Party Procedure also classifies as small transactions, to which the Related Party Procedure does not apply in accordance with the authorisation provided by the Regulation on Related Party Transactions, related party

transactions the amount of which does not exceed EUR 250,000.00. This exclusion does not apply in the instance of several small transactions, which are homogeneous or executed on the basis of a single plan, and executed with a related party or with parties related to both the latter and the Company which, considered as a whole, exceed the above-indicated amount.

The Related Party Procedure – because the Company has availed itself of the exceptions established respectively by Article 11, Section 5 and Article 13, Section 6 of the Regulation on Related Party Transactions – provides for the exclusion from its scope of applicability of urgent transactions, even if falling within the authority of the Shareholders' Meetings, which are carried out by the Company directly or through controlled companies, within the limits of and in compliance with the terms and conditions established by provisions of law and the Regulation on Related Party Transactions.

Lastly, it is specifically stated that on the occasion of transactions of greater significance, also possibly executed through controlled companies, the Company prepares, in compliance with Article 114, Section 5 of the Consolidated Finance Act, a disclosure document in accordance with the terms and procedures indicated by Article 5 of the Regulation on Related Party Transactions, conforming to the content set forth in Appendix 4 to said Regulation.

To be considered "transactions of greater significance" are related party transactions carried out by the Company directly or through controlled companies, if the following indicators exceed a 5% threshold (as better defined, described and detailed in Appendix 3 to the Regulation and Consob Notice 10078683 of 27 September 2010, to which reference is made):

- the equivalent value significance indicator, which is to say the ratio between the equivalent value of the transaction and the Company's net equity or, if greater, the Company's capitalisation at the close of the last market business day during the reference period of the most recent published periodic accounting documents; or
- the asset significance indicator, which is to say the ratio between the entity's total assets covered by the transaction and the Company's total assets; or
- the liabilities significance indicator, which is to say the ratio between the Company's total liabilities under the transaction and the Company's total assets.

The Regulation on Related Party Transactions adopted by the Company is available at the Company website on the "Corporate Governance" page of the "Investor Relator" section.

### **13. APPOINTMENT OF STATUTORY AUDITORS**

It is indicated in regard to the procedures for appointment of the Board of Statutory Auditors, that the Shareholders' Meeting appoints one regular member and two alternate members of the Board of Statutory Auditors – the latter alternate members representing two different genders – and determines their compensation for their entire term of office. In compliance with Article 11, Sections 2 and 3 of the Ministry of Infrastructure and Transport Decree 521 of 12 November 1997, the Ministry of Economics and Finance is reserved the right to appoint the Chairperson the Board of Statutory Auditors, and the Ministry of Infrastructure and Transport is reserved the right to appoint one regular member of the Board. The aforementioned ministerial appointments, if they are timely and therefore prior to the Shareholders' Meeting the subject of which is the appointment of the audit body, enter into effect on the date of said Shareholders' Meeting.

It is necessary to ensure that the membership of the Board of Statutory Auditors, pursuant to coordination with the competent Ministries, complies with Article 2397 of the Civil Code and it is also necessary to ensure gender balance in compliance with applicable provisions of law and regulations.

Specifically, on the occasion of the first reappointment of the Board of Statutory Auditors subsequent to the effective date of the provisions of Presidential Decree 251 of 30 November 2012, a minimum of one-fifth of the members of the Board of Statutory Auditors must belong to the less represented gender, whereas during the two subsequent terms of office a minimum of one-third of the members of the Board of Statutory Auditors must belong to the less represented gender, and any fractions are to be rounded off to the next highest whole number.

If during the term of office one or more regular statutory auditors should be absent, the alternate shall replace them in order of age unless this supplemental criterion cannot ensure gender balance within the body, in which circumstance the replacement shall occur in an order that is such as to ensure gender balance on the Board of Statutory Auditors.

Throughout their entire term of office, Statutory Auditors must fulfil the requirements established by Article 2399 of the Civil Code and other applicable provisions of law.

Loss of the fulfilment of those requirements shall result in immediate termination of the Statutory Auditor and the replacement of same with the eldest alternate statutory auditor, or in any case with the alternate that ensures gender balance on the body.

The term of office of Statutory Auditors expires on the date of the Shareholders' Meeting called for the approval of the financial statements for the third financial year of their term of office. Termination of Statutory Auditors due to expiration of their term of office shall take effect at the time the Board is reconstituted, without prejudice to the applicability of Law Decree 293 of 16 May 1994, which was converted into law with amendments by Article 1, Section 1 of Law 444 of 15 July 1994.

#### 14. MEMBERSHIP AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS

In compliance with Article 25 of the Bylaws, as at the date of this Report the Board of Statutory Auditors had a membership of three regular statutory auditors and two alternate statutory auditors. The Board of Statutory Auditors presently in office was appointed by the Shareholders' Meeting on 27 April 2016 (on the basis of the provisions of the Bylaws on list voting), and shall remain in office until the date of the Shareholder Meeting called for the approval of the financial statements for the financial year ending 31 December 2018.

As at the date of this Report, the Board of Statutory Auditors has the membership indicated in the following table.

First and Last Name	Position	Place and Date of Birth
Pietro Floriddia	Chairperson	Ispica, 26 July 1962
Anna Maria Fellegara	Regular Statutory Auditor	Borgonovo Val Tidone (PC), 18 January 1958
Matteo Tiezzi	Regular Statutory Auditor	Vignola (MO), 10 May 1966
Carla Gatti	Alternate Statutory Auditor	Bologna, 8 November 1958
Giovanna Conca	Alternate Statutory Auditor	Sondrio, 15 June 1958

In 2016, and until the appointment of the new Board of Statutory Auditors, the latter was made up of Pietro Floriddia (Chairman), Massimo Scarafuggi and Carla Gatti (auditors).

For the purposes of their positions, the members of the Board of Statutory Auditors are all domiciled at the Issuer's registered office.

The following are brief CVs of the members of the Board of Statutory Auditors in office at the date of this Report, which show the expertise and experience they have acquired regarding corporate management.

**Pietro Floriddia** - born in Ispica (RG), on 26 July 1962; he received a degree in Economics and Business in 1987 from the University of Catania, in 1989 he received authorisation to practice the profession of corporate law and accounting expert, and he is registered with the auditors' registry. From 2005 to 2007 he was Director of Public Finance Inspection Services for the Italian General Accounting Office Chief Financial Inspector's Office. Since July 2007 he has directed Office VII of the Italian General Accounting Office Chief Financial Inspector's Office, assigned responsibility for supervision of public entities and organisations operating under the authority of the Prime Minister and the Ministries of Economics and Finance, Infrastructure and Transport, Food, Agriculture, and Forestry Policies, and the Environment.

**Anna Maria Fellegara** - born in Borgonovo (PC) on 18 January 1958, is a Full Professor of Business Management. She has been listed in the Register of Certified Accountants and Auditors for Piacenza since 1982, and in the Register of Legal Auditors since her initial training (Ministerial Decree of 12 April 1995, Official Gazette, 31/bis). She is Full Professor of AIDEA (the Italian Academy of Business Management) and Deputy Chairwoman of the Italian Society of Accounting and Business Management. Since 2012, she has been Chair of the Department of Economics and Law at the Catholic University of the Sacred Heart and Chairwoman of Degree Courses in Economics at the Piacenza and Cremona locations. She focuses her teaching and research work on separate and consolidated financial statements, the application of national and international accounting standards, and accounting and other controls. She also currently serves as internal auditor at companies including Servizi Italia S.p.A. and Iren S.p.A., which are listed on the Italian stock exchange, and Iccrea Bancaimpresa S.p.A. and Bcc Lease S.p.A. in the Iccrea Banking Group.

**Matteo Tiezzi** - born in Vignola (MO) on 10 May 1966, holds a degree in Economics and Business at the University of Bologna, has been listed in the Register of Certified Accountants since 1994 and has been an auditor since 1999. He serves as an auditor and director at several companies.

None of the members of the Board of Statutory Auditors has family relationships as defined by Volume I, Title V of the Civil Code with other members of the Board of Statutory Auditors, nor with members of the Issuer's Board of Directors, nor with executives and other persons who hold strategic positions.

Furthermore, none of the members of the Board of Statutory Auditors holds positions or on an ongoing basis performs professional work or services (either directly or indirectly) for the Issuer and Group companies. All the

members of the Board of Statutory Auditors meet the independence requirements mandated by Article 148, Section 3 of the Consolidated Finance Act and the Self-Regulation Code, as well as the reputability and professionalism requirements adopted in the Ministry of Justice Decree 162 of 30 March 2000.

Lastly, in regard to the fulfilment of reputability requirements, it is reported that none of the members of the Board of Statutory Auditors is subject to the exclusion circumstances established by Article 2 of Ministry of Justice Decree 162 of 30 March 2000.

It is required that statutory auditors that have interests of their own or on behalf of third parties with respect to a decision provide timely and exhaustive notice to the Chairperson of the Board and the other members.

In performing its activities, the Board has supervised and monitored the independence of the Auditing Firm by examining both compliance with applicable provisions of law as well as the nature and extent of the various accounting audit services provided to the Issuer and its controlled companies by said Auditing Firm.

The Board of Statutory Auditors meets at least every ninety days at the initiative of any of the Statutory Auditors. Its meetings are validly held with the attendance of a majority of the Statutory Auditors, and it adopts decisions with a vote in favour by an absolute majority of the Statutory Auditors.

During the financial year which ended on 31 December 2016 the Board of Statutory Auditors met 11 times (4 times as the outgoing Board of Statutory Auditors) with an average meeting length of approximately 2.14 hours. The percentage attendance of each statutory auditor at Board meetings is indicated below:

First and Last Name	Position	% attendance of members of the new Board of Statutory Auditors	% attendance of members of the outgoing Board of Statutory Auditors
Pietro Floriddia	Chairperson	100%	100%
Anna Maria Fellegara	Auditor	70%	-
Matteo Tiezzi	Auditor	100%	-
Massimo Scarafuggi		-	76%
Carla Gatti		-	75%

Ten meetings of the Board of Statutory Auditors have been planned for the year ending 31 December 2017.

The Shareholders' Meeting on 27 April 2016 decided to allocate to each member of the Board of Statutory Auditors, in addition to reimbursement of documented travel and lodging expenses incurred for the purpose of performing their duties, the following pre-established fees, which also include what are termed "reimbursements of office overhead expenses and compensation for absences from the office due to travel outside the city where the Statutory Auditor's office is located" and fees owing for any possible opinions regarding Board of Directors decisions that determine the compensation of Directors appointed to particular positions, pursuant to Article 2389, Section 3 of the Civil Code; which fees are to be paid quarterly:

- (i) EUR 4,480 for periodic meetings for the activities conducted in compliance with Article 2403, Section 1 and Article 2404 of the Civil Code. In the event of an appointment or replacement during the year, the fee shall be adjusted for the actual period in office;
- (ii) EUR 16,140 for the preparation of the report on the financial statements for the prior financial year as per Article 2429 of the Civil Code. The Chairperson of the Board of Statutory Auditors is paid 50% more for the fees provided by points (i) and (ii) above.
- (iii) EUR 8,070 for specific services other than those indicated in Subsections (i) and (ii) above, if the Board of Statutory Auditors is required by law to issue assessments, opinions or reports;
- (iv) EUR 372 per hour or fraction of an hour, for attendance at each Board of Directors meeting or Shareholders' Meeting, and each Board of Statutory Auditors meeting other than the periodic meeting indicated in Subsection 1. The fee is also due in the instance of audio, video, and teleconferencing;
- (v) EUR 74.00 per hour for travel time, paid for travel outside the city where the Statutory Auditor's office is located, and determined for a maximum time period of four hours. The fee applies to all types of appearances and attendance, in addition to reimbursement of expenses.

The Board of Statutory Auditors verified the fulfilment of independence requirements by its own members at the time of their appointment in compliance with the Code, and this information was communicated to the market.

In the 2016 financial year it was not deemed necessary to have Board members participate in initiatives for the

purpose of giving them adequate knowledge of the business sector in which the Issuer operates, the dynamics of the Company, and their evolution over time as well as the applicable legal and self-regulatory framework, because it was decided that they were properly informed due to the terms of office they had previously served with the Company, and because they had been updated during the listing process. However, with the help of the Company's external attorneys, at the meeting of 4 July 2016, an information session was held for directors and statutory auditors on the main provisions of the law and regulations applicable to listed companies and on the obligations and responsibilities from admittance to the stock exchange and a detailed analysis of the main amendments to the market abuse regulations made by the MAR. Furthermore, on 27 June 2016, a board induction session was held, primarily intended for recently-appointed directors and statutory auditors to update them on the People Mover project, 2016 Budget and 2016-2020 Plan approved by the previous administrative body.

Specific procedures had been established to ensure that any statutory auditor who, on his or her own behalf or on behalf of third parties, has an interest in a given Issuer transaction, gives timely and exhaustive notice to the other statutory auditors and the Chairperson of the Board of Statutory Auditors as to the nature, terms and scope of the statutory auditor's interest.

In performing its function, the Board of Statutory Auditors coordinated with the internal audit function and the Control and Risk Committee by attendance at Committee meeting by the Chairperson of the Board of Statutory Auditors or his alternative, and by the Internal Auditor, at the request of the Committee Chairperson.

## **15. SHAREHOLDER RELATIONS**

At Bologna Airport, financial communications play a primary role in the process of creating value for the Group: for such purpose the Issuer intends to take action to establish an ongoing dialogue with institutional investors, shareholders, and the market, in compliance with the procedures adopted for the external disclosure of privileged information and documents. For that purpose, the specific company function "Investor Relations" was instituted, which works with the CEO and the Board of Directors to ensure systematic dissemination of timely and exhaustive information through press releases, meetings with the financial community, and periodic updates of the Company Internet site ([www.airport-bologna.it](http://www.airport-bologna.it)). Available at the aforementioned site is a pertinent "Investor Relations" section, which is easy for shareholders to find and access, and which enables the latter to exercise their rights in a knowledgeable manner.

The Board of Directors, at its 13 April 2015 meeting, appointed Nazzarena Franco as the Company investor relator. She is also the Strategy and Planning Director.

This position ensures that institutional investors and analysts are aligned with the strategies pursued, short- and medium-term objectives and results achieved.

Investor Relations activities are carried out externally by regularly contacting investors, analysts and financial institutions, and internally by collaborating with other company functions in order to make available the information that the Group provides to interact with the financial community in the best way possible.

This information, which meets regulatory requirements (corporate accounting documents, financial reports, procedures and codes) or is voluntarily edited in order to ensure transparent and prompt communications, is published on the Company's website.

The main Investor Relations activities performed by the Group in 2016 were as follows:

- three conference calls for the publication of results for the first and third quarters of 2016 and first half of 2016;
- participation in three industry-based conferences or conferences dedicated to listed companies in Italy arranged by financial institutions or intermediaries;
- meetings with investors, primarily from the Milan and London markets, and the reporting of information required by regulations at the Company's registered office;
- discussions with specialised media to promote the prompt communication of information on the Company.

## **16. SHAREHOLDERS' MEETINGS**

In compliance with the Bylaws, Shareholders' Meetings are called, in accordance with the terms of the law, by means of notices published at the Company Internet site and employing the other means and procedures established by applicable provisions of laws and regulations.

Both regular and special Shareholders' Meetings are normally held pursuant to a single meeting notice, in compliance with Article 2369, Section 1 of the Civil Code. The Board of Directors may nevertheless require that Shareholders' Meetings be held pursuant to multiple meeting notices, in compliance with the terms of the law. The Board of Directors has the authority to call Shareholders' Meetings, without prejudice to the power of the Board of Statutory Auditors or a minimum of two of its members to issue a meeting notice, in accordance with Article 151 of the Consolidated Finance Act and other applicable provisions of laws and regulations.

According to Articles 9 and 10 of the Bylaws, the legal entitlement to participate at Shareholders' Meetings is governed by applicable laws. Those who are legally entitled to participate at Shareholders' Meetings may be represented by proxy in accordance with the law. Electronic notification of proxies may be made in accordance with the procedures indicated in the meeting notice, by means of a message sent via the pertinent section of the Issuer's Internet site, as indicated in the meeting notice. The meeting notice may also indicate, in compliance with applicable laws, further means and procedures for electronic notification of proxies, which can be employed at the specific Shareholders' Meeting to which the notice pertains.

The Board of Directors may provide, in connection with individual Shareholders' Meetings, that those legally entitled to participate at Shareholders' Meeting and exercise voting rights may participate in Shareholders' Meetings by electronic means. In that case, the meeting notice shall specify the aforementioned means and procedures for participation, including by reference to the Issuer Internet site.

No shares with multiple or increased voting rights have been established.

According to Article 11 of the Bylaws, the Chairperson of the Board of Directors shall preside at Shareholders' Meetings. In the event of the absence or impediment of the latter, the Vice-Chairperson, if appointed, shall preside, or in the event of the absence or impediment of the latter, the person designated by the Shareholders' Meeting. Furthermore, the presiding officer of the Shareholders' Meeting shall be assisted by a secretary, who may be a non-shareholder, designated by the participants, and one or more voting officials may be appointed.

In compliance with Article 12 of the Bylaws, the Shareholders' Meeting shall adopt decisions, at regular and special Shareholders' Meetings, regarding the matters reserved for it by law and the Bylaws, and with the majorities established by law. According to the Bylaws, decisions regarding: (a) the institution or elimination of secondary offices; (b) the determination of which directors have the authority to represent the Company; (c) a reduction in the share capital in the event of the withdrawal of one or more shareholders; (d) changes to bring the bylaws into compliance with provisions of law, fall within the authority of the Board of Directors.

The Company was given a Shareholders' Meeting regulation during the course of the Shareholders' Meeting on 20 May 2015. That regulation is available at the Company Internet site on the "Corporate Governance" page of the "Investor Relator" section. The aforementioned regulation governs and guarantees the right of every shareholder to take the floor to speak about agenda items that are put up for discussion.

During the 2016 financial year, there was one Shareholders' Meeting (27 April 2016), and on those occasions the Board reported to the Shareholders' Meeting regarding the activities carried out and planned, and action was taken to ensure that shareholders had sufficient disclosure of the facts and information necessary so that they could make the decisions falling within the authority of the Shareholders' Meeting, with full knowledge of the relevant facts. Directors Enrico Postacchini, Nazareno Ventola, Luca Mantecchini, Giorgio Tabellini, Marco Cammelli and Gianni Lorenzoni attended the aforementioned Shareholders' Meeting.

In 2016, no recommendations were made to the Shareholders' Meeting by the Company's controlling shareholders or by shareholders that exercise a considerable influence on the Company, other than those recommendations made by the Board of Directors. During that same period, no Shareholders' Meetings were held that were governed by the provisions applicable to companies listed on the Electronic Stock Exchange.

The Board, through its Chairperson, reported to the Shareholders' Meeting regarding the activities performed and planned. The Board took action to ensure that shareholders had sufficient disclosure of the facts and information necessary so that they could make the decisions falling within the authority of the Shareholders' Meeting, with full knowledge of the relevant facts.

In 2016, no Shareholders' Meetings were held subsequent to the appointment of the Compensation Committee during which the latter could have reported on its actions.

In 2016, there were no significant changes in capitalisation and the company share ownership structure, such as for the Board to deem it appropriate to recommend amendments to the Bylaws as to the established percentages for exercising share [rights] and minority shareholder protection prerogatives other than those provided by laws and regulations applicable to companies listed on the Electronic Stock Exchange.

#### **17. ADDITIONAL CORPORATE GOVERNANCE PRACTICES**

No corporate governance practices other than those presented above are reported.

#### **18. CHANGES SINCE THE CLOSE OF THE FINANCIAL YEAR IN QUESTION**

No changes are reported which occurred subsequent to 31 December 2016, other than those already indicated in this Report.

#### **19. SUMMARY TABLES**

Attached hereto is summary information regarding the membership of the Board of Directors and the Board of Statutory Auditors in office as at the date of this Report.

Also attached to this report is a list of any positions possibly held by each of the Issuer's directors at companies listed in regulated markets, including foreign regulated markets, in financial, banking, or insurance companies or companies of significant size.

**19.1 TABLE 1 SHARE OWNERSHIP STRUCTURE INFORMATION**

<b>SHARE CAPITAL STRUCTURE</b>				
	<b>No. of Shares</b>	<b>% of the Share Capital</b>	<b>Listed (indicate the markets)/Unlisted</b>	<b>Rights and obligations</b>
<b>Ordinary shares</b>	36,125,665	100%	Listed on the MTA	The shares are registered shares and each of them provides the right to one vote at Company regular and special Shareholders' Meetings in accordance with the provisions of law and the bylaws, and they grant the further administrative and equity rights provided by law for shares with voting rights.
<b>Shares with limited voting rights</b>	/	/	/	/
<b>Shares with no voting rights</b>	/	/	/	/

<b>OTHER FINANCIAL INSTRUMENTS</b> <i>(granting the right to subscribe newly issued shares)</i>				
	<b>Listed (indicate the markets)/Unlisted</b>	<b>No. of Instruments in Circulation</b>	<b>Class of Shares Servicing Conversion/Exercise</b>	<b>No. of Shares Servicing Conversion/Exercise</b>
<b>Convertible bonds</b>	/	/	/	/

<b>SIGNIFICANT SHARE CAPITAL HOLDINGS</b>			
<b>Direct Shareholder</b>	<b>Number of Shares</b>	<b>% of the Common Share Capital</b>	<b>% of the Voting Share Capital</b>
Bologna Chamber of Commerce	13,558,877	37.53%	37.53%
San Lazzaro Investments – Spain S.L.	5,887,748	16.31%	16.31%
Strategic Capital Advisors Limited	4,239,380	11.74%	11.74%
F2I Fondi Italiani per le Infrastrutture SGR S.p.A.	3,609,343	9.99%	9.99%

**19.2 TABLE 2 STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES AS AT 31 DECEMBER 2016**

Position	Members	Year of Birth	Date First Appointed	In Office Since	In Office Until	(M/m) List **	Exec.	Non-Exec.	Independent acc. to Code	Independent acc. to TUF	(%) ***	No. of other positions ****	Control and Risk Committee		Compensation Committee		Possible Appointments Committee:		Possible Executive Committee		Related Party Committee	
													****	***	*****	***	*****	***	*****	***	*****	***
Chair	Enrico Postacchini	1958	14.7.2014	27.4.2016	Approval of financial statements for period ending 31/12/18	M		X			100%	NA					NA	NA	NA	NA	NA	NA

<b>Managing Director</b>	Nazareno Ventola	1966	17.7.2015	27.4.2016	Approval of financial statements for period ending 31/12/18	M	X				100%	NA					NA	NA	NA	NA	NA	NA
<b>Director</b>	Giada Grandi	1960	22.7.2011	27.4.2016	Approval of financial statements for period ending 31/12/18	M		X			86%	1					NA	NA	NA	NA	NA	NA
<b>Director</b>	Giorgio Tabellini	1944	16.7.2004	27.4.2016	Approval of financial statements for period ending 31/12/18	M		X			86%	1					NA	NA	NA	NA	NA	NA
<b>Director</b>	Soma Bonfiglioli	1963	27.6.2014	27.4.2016	Approval of financial statements for period ending 31/12/18	M		X	X	X	100%	NA	X	100%	X	100%	NA	NA	NA	NA	X	NA
<b>Director</b>	Arturo Albano	1974	27.4.2016	27.4.2016	Approval of financial statements for period ending 31/12/18	m		X	X	X	100%	NA	X	100%			NA	NA	NA	NA	X	NA
<b>Director</b>	Laura Pascotto	1972	27.4.2016	27.4.2016	Approval of financial statements for period ending 31/12/18	m		X	X	X	100%	NA	X	68%			NA	NA	NA	NA	X	NA
<b>Director</b>	Gabriele Del Torchio	1951	27.4.2016	27.4.2016	Approval of financial statements for period ending 31/12/18	m		X	X	X	43%	1		X	100%		NA	NA	NA	NA	NA	NA
<b>Director</b>	Luca Mantecchini	1975	22.7.2011	27.4.2016	Approval of financial statements for period ending 31/12/18	M		X	X	X	100%	NA		X	100%		NA	NA	NA	NA	NA	NA

**DIRECTORS TERMINATED DURING THE FINANCIAL YEAR IN QUESTION**

<b>Director</b>	Marco Cammelli	1944	20.5.2015	14.7.15	Approval of financial statements for period ending 31.12.15	M		X	X	X	75%	NA		X	100%		NA	NA	NA	NA	NA	NA
<b>Director</b>	Gianni Lorenzoni	1938	20.5.2015	14.7.15	Approval of financial statements for period ending 31.12.15	M		X	X	X	100%	NA	X	100%			NA	NA	NA	NA	NA	NA
<b>Director</b>	Chiara Fornasari	1952	20.5.2015	14.7.15	Approval of financial statements for period ending 31.12.18	M		X	X	X	100%	NA	X	100%			NA	NA	NA	NA	NA	NA

**Quorum required for the submission of lists on the occasion of the last appointment: NA**

		<b>No of meetings that took place during the financial year:</b>	BOARD OF DIRECTORS 11	CRC: 6	CC: 2	AC: NA	EC: NA	RPTC: NA
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**NOTES**

- \* The date each director was first appointed shall be understood to mean the date on which the director was appointed for (absolutely) the first time to the issuer's Board of Directors
- \*\* This column indicates either M or m based on whether the member was elected from a list voted by the majority (M) or by a minority (m).
- \*\*\* This column indicates directors' percentage attendance at Board of Directors meetings and committee meetings, respectively (no of meetings attended/no of meetings held during the actual term of office of the person).
- \*\*\*\* This column indicates the number of positions as director or statutory auditor the party in question holds in other companies listed in regulated markets, including foreign regulated markets, in financial, banking, insurance companies or large companies.
- \*\*\*\*\* In this column, an "X" indicates that a member of the Board of Directors is a member of a Committee.

**19.3 TABLE 3 STRUCTURE OF THE BOARD OF STATUTORY AUDITORS AS AT 31 DECEMBER 2016**

Position	Members	Year of Birth	In Office Since	In Office Until	(M/m) List **	Independence acc. to Code	(%) ***	Number of other positions ****
Chairperson	Pietro Floriddia	1962	27/5/13	Approval of financial statements for period ending 31/12/18	NA <sup>1</sup>	X	100%	1
Regular Statutory Auditor	Anna Maria Fellegara	1958	27/4/16	Approval of financial statements for period ending 31/12/18	MNA <sup>1</sup>	X	70%	10
Regular Statutory Auditor	Matteo Tiezzi	1966	27/4/16	Approval of financial statements for period ending 31/12/18	Mm	X	100%	16
Regular Statutory Auditor	Carla Gatti	1958	27/4/16	Approval of financial statements for period ending 31/12/18	M	X	/	7
Alternate Statutory Auditor	Giovanna Conca	1958	27/4/16	Approval of financial statements for period ending 31/12/18	m	X	/	3
<b>AUDITORS TERMINATED DURING THE FINANCIAL YEAR IN QUESTION</b>								
Position	Members	Year of Birth	In Office Since	In Office Until	(M/m) List **	Independence acc. to Code	(%) ***	Number of other positions ****
Regular Statutory Auditor	Massimo Scarafuggi	1966	27.5.13	Approval of financial statements for period ending 31/12/15	NA <sup>1</sup>	X	76%	18
Regular Statutory Auditor	Carla Gatti	1958	27.5.13	Approval of financial statements for period ending 31/12/15	M	X	75%	7

**NOTES**

- \* The date each statutory auditor was first appointed shall be understood to mean the date on which the statutory auditor was appointed for (absolutely) the first time to the issuer's board of statutory auditors.
  - \*\* This column indicates either M or m based on whether the member was elected from a list voted by the majority (M) or by a minority (m).
  - \*\*\* This column indicates statutory auditors' percentage attendance at meetings of the Board of Statutory Auditors (no. of meetings attended/no of meetings held during the actual term of office of the person in question).
  - \*\*\*\* This column indicates the number of positions as director or statutory auditor the party in question holds within the meaning of Article 148-*bis* of the Consolidated Finance Act.
- (1) Auditor of ministerial appointment.