

Materiality Analysis

An Integrated Report should provide information about the aspects that significantly influence the capability of the organization to create value in the short, medium and long term. In this view, the management of Stafer has operated an analysis of materiality in order to identify the most relevant activities and phenomena for the corporate value creation. These will guide the representation of the performance and the selection of associated metrics in the following chapter. An innovative approach has been followed aiming to highlight not only the significance/impact of an activity/phenomenon on the corporate value creation and the probability of its occurrence (as the International <IR> Framework suggests). For the first time this analysis has also included a third dimension of evaluation of the materiality. This is represented by the level of imminence of the activity/phenomenon considered. In the Table 4.12 and in the Figure 4.13, the more material activities and phenomena for Stafer are represented. More details

can be found in the methodological note. The materiality determination process is composed of the following steps:

- 1- Identification of the internal and external most relevant elements through market surveys, satisfaction questionnaires, visits of stakeholders to the organization and vice versa, formal and informal meetings;
- 2- Evaluation of the relevance of the elements identified in the phase 1 in the light of their impact on the corporate value creation ("magnitude");
- 3- Attribution to the identified elements of a probability of occurrence ("likelihood");
- 4- Attribution to these elements of a level of imminence ("imminence");
- 5- Prioritisation of these identified elements on the combined basis of "magnitude", "likelihood" and "imminence";
- 6- Identification of the most material elements.

Activity	Evaluation of the impact	Probability of occurrence	Level of imminence
A - Customer satisfaction	6	85%	1
B - Optimization of the logistics/operating flexibility	6	70%	2
C - Training and satisfaction of the collaborators/organizational climate/corporate reputation	6	80%	2
D - Width and adequacy of the product range vis-à-vis market needs	6	90%	1
E - Quality and diversification of the products	5	65%	1
F - Increase in company value (tangible, intangible)	5	55%	3
G - Suitability and quality of the post-sale technical assistance	5	75%	1
H - Value creation for the territory	4	80%	3
I - Reduction and recycle of waste material (packaging)	4	55%	3
J - External growth (strategic alliances with technological partners)	4	65%	3
K - Downstream integration with clients	2	20%	3

Table 4.12: Materiality

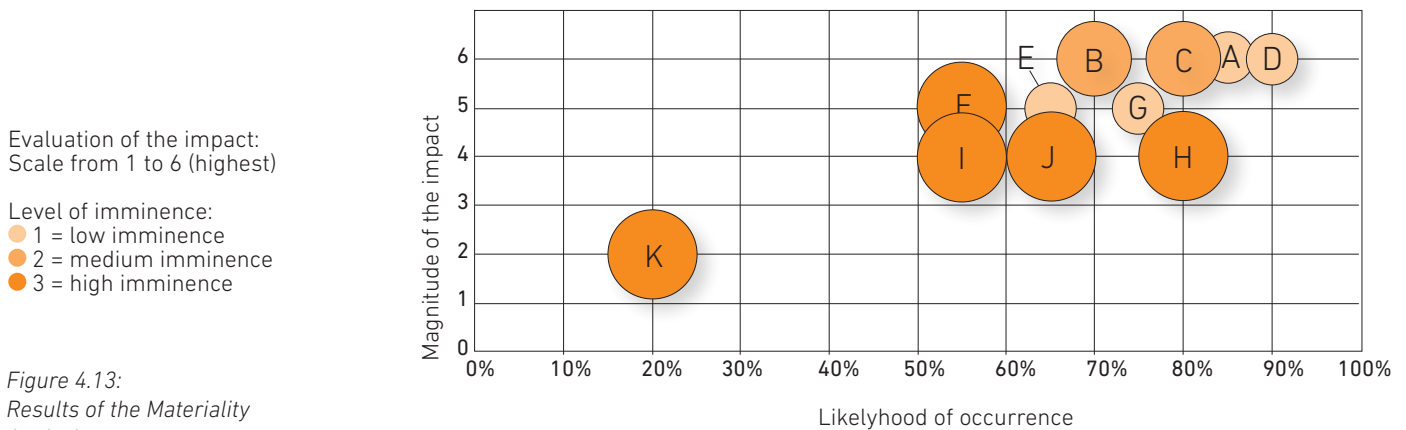


Figure 4.13:
Results of the Materiality Analysis