IMI's Materiality Process

IMI

Our Materiality Assessment Process

In 2022, IMI worked alongside external consultants (Ricardo) to conduct a group-level materiality assessment to identify our priority ESG topics that are most significant to our key stakeholders and therefore most strategic to our business. This exercise forms the basis for the development of our long-term sustainability commitments, enabling our focus and resources to be deployed in these areas.

Stakeholder priorities are constantly changing so we conduct a materiality assessment review every other year to capture those changes and help steer our strategy to meet expectations.

The definition of a material topic and methodology used for the exercise was the Global Reporting Initiative (GRI), and the GRI 3 Material topics 2021 guidance.

Our Approach and Process

Step 1 Identifying Issues

We created a long list of potentially material topics and the associated impacts (actual and potential negative and positive impacts across a range of ESG areas) through the review of sector peers' and stakeholders' sustainability reporting publications and internal management insights. The material topics were mapped agaisnt IMI's existing ESG issues and Global Reporting Intiatives (GRI) topics.

Step 2 Stakeholder Engagement

We engaged with over 60 internal and external stakeholders including our customers and investors to rank the importance of the long list of potential material topics over the next 3-5 years, in the form of a questionnaire.

Step 3 Assessment and Scoring

Using a materiality matrix, we assessed the material topics on the internal stakeholder importance (X-axis) and the importance to our external stakeholders (Y-axis).

This gave us an accurate view of the material topics that are most important to both our internal and external stakeholders.

Step 4 Prioritisation

Once all the material topics were mapped on the matrix, we completed a threshold setting exercise to determine which topics were deemed most material to IMI.

Issues that were of medium-high importance to internal stakeholders and medium-high importance to external stakeholders were taken forward to Step 5 as priority material topics. Internally, this threshold was set numerically based on the averages of internal and external scores we recieved and then scaled between low and high for external reporting.

Step 5 Consolidation

Upon completion of the materiality assessment, over 20 priority material topics were identified. Some of these issues were condensed and merged to form our 15 material topics that were grouped into IMI's four strategic pillars.

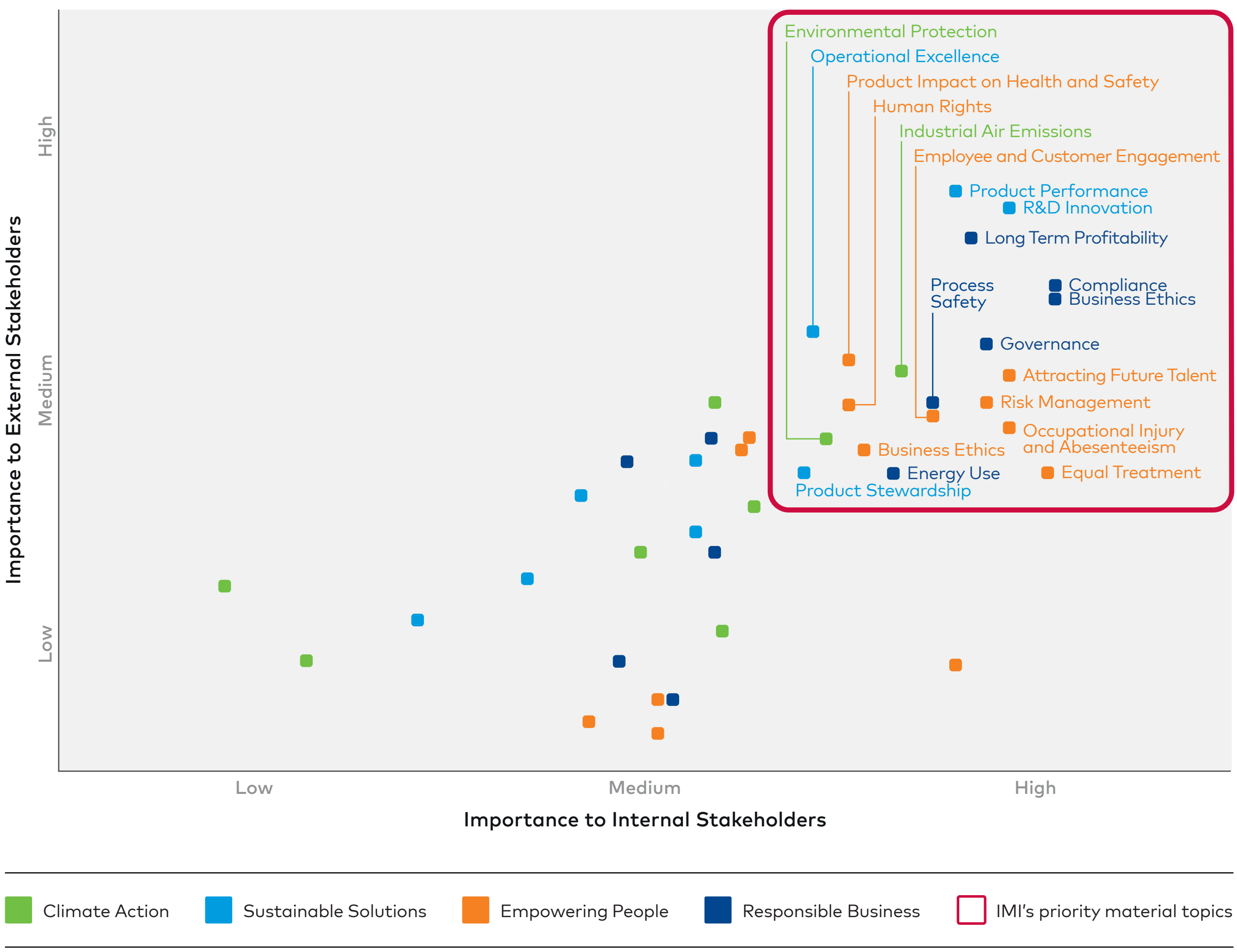
Our Materiality Matrix: Outcomes

The materiality matrix categorises our material topics by environmental, social and governance. These categories were further developed to form our ESG framework structure of our core ESG Pillars of Climate Action, Sustainable Solutions, Empowering People and our ESG foundation of Responsible Business. Many of the material topics are interconnected and can often impact each other.

At IMI, we take a holistic approach by considering our material topics and business impacts when developing and evaluating our sustainability goals and strategy.

The results of the materiality assessment are plotted on a materiality matrix below. The x-axis shows the internal importance, and the y-axis shows the external importance of the material topics.

Materiality Assessment



Materiality Topics by IMI's Sustainability Strategic Groups

The table below shows how the material topics identified in the materiality assessment relate to the condensed material topics taken forward in our annual report. In some cases, several material topics as defined in the materiality assessment have been group together to form one condensed material topic area.

For example, 'Training and Development' and 'Employee Engagement' will be reported on together under 'Employee Engagement'. Likewise, some material topics have been expanded. For example, 'Water', 'Waste' and 'Supply Chain' have all been extrapolated from 'Environmental Protection'.

Strategic Sustainability Groups	Condensed Material Topics Taken Forward	Material Topics Identified in the Materiality Assessment
Empowering People	Employee Engagement	Training and Development Employee Engagement
	Inclusion and Diversity	Equal Treatment Human Rights Attracting Future Talent
	Health and Safety	Product Impact on Health and Safety Occupational Injury and Health and Safety Process Safety
Climate Action	Emissions	Environmental Protection Industrial Air Emissions
	Energy	Energy Use
	Water Waste Supply Chain	Environmental Protection
Sustainable Solutions	Product Performance	Product Performance Product Stewardship
	Innovation	R&D Innovation
	Operational Excellence	Operational Excellence
Responsible Business	Long term Profitability	Long Term Profitability
	Governance	Risk Management Governance
	Ethics	Business Ethics
	Compliance	Risk Management Compliance