

TCFD Reporting

Extract from 2024 Annual Report



TCFD and Climate Transition Plan reporting

We recognise the scale of the climate change imperative, which presents both risks and opportunities for our growth strategy and transition in line with our SBTi commitments. Our growth is driven by our ability to innovate, helping our customers and their end markets reduce their carbon footprint. We have set ambitious targets and received approval from the SBTi in 2024.

We are actively working to improve our climate-related disclosures, including providing additional information on our website, www.imiplc.com. See pages 44 to 47 Responsible Business section for details on our Responsible Reporting plans related to ISSB and CDP. For example, we have mapped our Global Reporting Initiative ('GRI') disclosures against the DMA material outputs that include the climate-related risks and opportunities.

In accordance with the requirements of LR 6.6.6R(8) (UK Listing Rules) and the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, IMI's climate-related disclosures are consistent with the eleven recommendations of the Task Force on Climate-related Financial Disclosures.

Following the output of our DMA and our review of complementary emerging climate-related standards and frameworks, we are developing a comprehensive climate transition plan. This plan builds on our existing climate commitments while incorporating recommendations from the UK Transition Plan Taskforce ('TPT') Disclosure Framework and IFRS S2 requirements. We take reaching net zero, as per our approved SBTi targets, very seriously and this important workstream will be used to drive our focus in this area. Our transition planning approach focuses on:

- Detailed emissions reduction pathways
- Technology, energy and product solution investment roadmaps
- Capital allocation strategies
- Supply chain engagement
- Climate-related risk management

The plan's development integrates our TCFD stakeholder input, scenario analysis, and financial materiality assessments to ensure robustness and credibility, as we prepare for anticipated UK regulatory requirements regarding transition plan disclosures.

This structured approach supports our net zero commitments while maintaining transparency on our decarbonisation journey. We will continue enhancing our disclosures as reporting frameworks evolve into 2025 and stakeholder expectations advance.

All page references refer to the 2024 annual report.

Governance

a) Describe the Board's oversight of climate-related opportunities and risks

How we comply	The Board holds ultimate responsibility for IMI's Sustainability agenda, encompassing: – Establishing our 'Creating a Better World' strategy and reviewing and approving the Sustainability framework, strategy, and priorities. – Assessing and continuously monitoring the Company's Sustainability climate-related opportunities, risks, and risk appetite. – Scanning the horizon for emerging climate-related risks. – Regularly reviewing the materiality of climate-related risks and their impact on financial statements. – Receiving updates on Sustainability milestones from the Better World team, including progress against targets and goals on reducing water, waste, and GHG emissions, and feedback from the Investor Relations team on Sustainability expectations from shareholders and rating agencies. – Ensuring the Remuneration Committee includes CO₂ intensity reduction as a core part of IMI's incentive plans, and the Audit Committee reviews regulatory guidance to maintain compliance with Sustainability reporting. – Establishing a Board level Sustainability Committee to oversee the development and execution of our Sustainability strategy approved by the Board. Thomas Thune Andersen chairs our Sustainability Committee and he brings extensive Sustainability experience to this role. The Committee's responsibility is to consider stakeholder perspectives and drive IMI's Sustainability agenda for Climate Action and Sustainable Solutions pillars, and Responsible Business elements. Sustainability competence and experience are key criteria for non-executive director appointments. The Board receives updates on the work of the Sustainability Committee following each meeting.
Progress made in 2024	Thomas Thune Andersen (when he was non-executive director responsible for ESG) was interviewed as part of the stakeholder engagement process feeding into the DMA. Each director has specific measurable Sustainability targets built into their strategic and personal objectives such as progress against our near-term Scope 1, 2 and 3 targets and our water and waste metrics. Review of targets and progress by the Board. During 2024 we established our Sustainability Committee to provide key focus on our Climate Action and Sustainable Solutions pillars.
Further improvement	We will continue to enhance the integration of climate-related opportunities and risks into our Group risk management framework and business processes. Continue to deliver climate education for the Board through the Sustainability Engagement Sessions. For example, on the Transition Plan Taskforce and their new framework and emerging policy and expectations for companies to report robust and credible Climate Transition Plans.

Governance continued

b) Describe management's role in assessing and managing risks and opportunities

How we comply	The execution of our Sustainability strategy is delegated to the Chief Executive Officer, supported by the Executive Committee. The IMI Executive Committee are updated on climate-related issues by the Head of Sustainability, who chairs the management-level Better World Committee, sub-committees, and third-party consultancy Ricardo. The Executive Committee monitors and reviews Sustainability progress, climate-related risk management processes, and bi-annually analyses the Group's risk profile, including data and actions taken. The Executive Committee continues to review and support: – All Sustainability achievements and targets for inclusion in the Annual Report and other external reporting such as GRI Index – The Sustainability strategy and proposals to the Sustainability Committee and Board, where appropriate – Updates on the latest climate-related reporting requirements and monitoring of our external Sustainability rankings (e.g. CDP, MSCI, etc.) – Scope 3 work, including the assessment of emissions, reduction plans, and target setting – Approaches to health and safety, employee development, inclusion and diversity, talent management, and cross-functional collaboration to promote innovation, specialised skills, and knowledge essential for the net zero transition and long-term organisational resilience. Daniel Shook, Chief Financial Officer, has designated responsibility for executive sponsorship of the Better World team.
Progress made in 2024	The Board and the Executive Committee review climate-related risks and opportunities at least twice a year as part of a wide review of Sustainability matters. The output from our DMA process and 146 impacts, risks and opportunities has been presented to the Board and Executive Committee for review and validation and the outcomes incorporated into our risk register.
Further improvement	The Executive Committee will continue to enhance its knowledge and understanding of climate-related opportunities, risks, and their financial impacts through regular governance processes, as detailed in the Corporate Governance Framework. We are evolving our Governance Framework for managing and overseeing Sustainability matters, building on our progress to date. Key strategic actions for both the near- and long-term have been identified to effectively manage these risks and opportunities. Assigning responsibility to relevant teams will ensure resiliency measures are tracked and implemented accordingly.
More information on governance	Read more on page 84

Strategy

a) Describe the climate-related opportunities and risks the organisation has identified over the short-, medium- and long-term

How we comply	The climate-related materiality assessment, conducted in 2023, identified 45 risks and opportunities, each scored based on IMI's business sensitivity and adaptive capacity. The analysis classified 19 of these as climate-material to IMI. These 19 climate-material risks and opportunities were grouped into priority focus areas, consistent with the TCFD categories and IMI's Sustainability strategy, including: Opportunities: 1. Market expansion and innovation 2. Alternative fuels 3. Climate-related policy and legislation 4. Product portfolio 5. Supply chain and operational excellence Risks: 1. Climate-related policy and legislation 2. Product portfolio 3. Supply chain operational excellence 4. Physical risks (acute and chronic) For more information on the risk and opportunity definitions, see the strategy scenario section pages 203 to 209. Transition risks and opportunities were considered over the following time frames: short-term (now-2030), medium-term (2030-2040), and long-term (2040+). Physical risks were considered over longer time frames: short-term (2021- 2040), medium- to long-term (2041-2060), and very long-term (2061-2100). These time frames were considered with reference to the scenarios selected on page 204. To capture all of IMI's global operations, the process for identifying and managing risks and opportunities involves the participation of management and their teams at operating sites and across platforms in different geographies.
Progress made in 2024	In 2024, we added to our process for identifying climate-related opportunities and risks by incorporating the outcomes of our DMA review into our emerging risk register. See page 45 for more details on the DMA process.
Further improvement	In line with TCFD best practices, we will review our risks and opportunities at least annually to ensure these are considered and, where possible, directly integrated into our Group Risk Management Framework.

Strategy continued

b) Describe the impact of climate-related opportunities and risks on the organisation's business strategy and financial planning

How we comply	We identified that climate-related opportunities and risks will impact our business strategy and financial planning. Where possible, we have provided financial and business assessments of these material risks and opportunities. Three specific risks and opportunities underwent detailed quantitative financial assessment: Opportunities: - Increased product demand - Long-term project investments (operations) - Growth in hydrogen solutions Risks: - Oil & gas market exposure Key outputs are presented as changes compared to a reference scenario over the 2030 and 2050 timeframes. See page 205 for more details.
Progress made in 2024	We continue to use the work conducted in 2023 regarding the financial modelling of our climate-related scenarios see page 204. We have put steps in place to monitor the impacts of Carbon Border Adjustment Mechanism ('CBAM') and the upcoming financial impacts of this and other governance-related impacts on the business (also highlighted through our DMA process). The emergence of plastic packaging tax in countries within the EU has enabled us to make better choices when it comes to shipping products to customers and is something we continue to monitor. To mitigate supply chain disruption risks from water shortages, our supply chain teams are securing dual sourcing of key components and prioritising customer status through framework agreements with Tier 1 suppliers.
Further improvement	We will continue to improve on our 2023 quantitative company-level business and financial analysis based on company developments and market changes. We will build on our existing plans to ensure a standardised approach is implemented at each site/location to address decarbonisation and adaptation planning to improve resiliency in line with our SBTi and Climate Action targets. This work has started in 2024 but will be evaluated in 2025 through a refresh of the IMI decarbonisation strategy to phase in a more robust implementation plan. We will also evaluate the indirect costs of carbon by business to inform procurement strategy resilience.

Strategy continued

c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

How we comply	With support from Ricardo, our third-party consultants, we conducted a climate scenario analysis study across four wide-ranging scenarios to examine impacts over long-term time horizons (see page 204). To address both transitional and physical risks and opportunities, we selected two scientifically recognised organisations, the IEA and IPCC, to assess our business impact and resiliency under different hypothetical futures. In total, four scenarios were selected, with two from each organisation (see page 204 for more details on the selection process).
	We acknowledge the importance of fostering resilience when faced with climate-related opportunities and risks. The transition to a low-carbon economy under both IEA scenarios is creating new revenue opportunities for us, as well as challenges from rapid technological, regulatory, and behavioural changes. Our market-led innovation, sustainable investment, clear-sighted strategy, and excellent stakeholder management continue to strengthen our resiliency response to mitigate climate-related risks while capitalising on opportunities. We recognise the importance of assessing and managing physical risks associated with climate change. We conduct comprehensive risk assessments to identify vulnerable assets through our third-party insurance provider and prioritise adaptation strategies. This involves regularly monitoring and evaluating the performance of our assets in the context of changing climate conditions. By leveraging advanced technologies and data-driven insights, we aim to optimise asset performance, reduce vulnerabilities, and ensure long-term sustainability.
Progress made in 2024	To align with best practices, our ambition is to renew our detailed comprehensive climate scenario analysis every three years as required by the UK Listing Rules, unless there is a significant change to the business or external change related to identified risks and opportunities that requires an update sooner. Our last scenario analysis was conducted in 2023 and was approved by the Board in February 2024 and disclosed in the 2023 Annual Report. Our later DMA process provided useful validation of this process as we held a focus group to assess the scoring and impacts within our value chain. No substantial changes in the climate-related risks and opportunities assessed in 2023 were identified through the DMA. Our next planned date for a full climate scenario analysis will be in 2026. We intend to continue to review our climate-related risks and opportunities annually through our risk management process, adjusting any financial impacts based on the latest data and drive progress on our resiliency actions in line with our targets and goals.
Further improvement	To align with TCFD and IFRS S2 best practices, we will renew our scenario analysis every three years to ensure we provide the most up-to-date and relevant information, unless a significant change to the business or external environment warrants a quicker refresh. We will continue to drive our process for resiliency action ownership in line with our Climate Action targets and goals across the organisation.
More information on governance	Read more relating to the strategy in our scenario analysis section on pages 203 to 209

Risk management

a) Describe the organisation's processes for identifying and assessing climate-related risks

How we comply	Climate-related risks are considered as part of our group risk management process and through our Better World agenda. These risks, identified and reviewed by the sectors and functions, supported by risk champions, map to several principal risks and are included in annual risk management presentations to the Executive and the Board. We maintain natural phenomena and climate change as a principal risk which covers business disruption relating to natural disasters, extreme weather events, physical risks from climate change, and the risk of failing to adapt to climate change. Climate change is a feature of the following principal risks: – Ethics, compliance and governance – Talent and engagement – Lack of innovation – Failure to manage the supply chain Climate-material risks and opportunities were grouped under Priority Focus Areas before conducting the climate scenario analysis. A financial overlay identified a subset of these as financially material, assigning a lower and upper business revenue exposure range over the near-term five-year timeframe.
Progress made in 2024	We continue to build on the work conducted in 2023 on assessing our climate-related risks and opportunities and have incorporated the additional outcomes of our DMA process in 2024 into our risk register.
Further improvement	We will continue to monitor and assess the risks and opportunities that were not deemed financially material in this year's assessment, as they may become significant in the future due to new developments in our business or market conditions. We will maintain a comprehensive global regulatory review and gap analysis of current and emerging climate-related risks to identify those relevant to IMI's assets, supply chain, value chain stakeholders, and products and services. In early 2025, we plan to use the results of our Double Materiality Assessment to help fill any gaps in our processes.

Risk management continued

b) Describe the organisation's processes for managing climate-related risks

How we comply	To enhance the Board's strategy resilience through the lens of climate change, the comprehensive analysis of climate risks and opportunities for IMI prepared in 2023 using the TCFD framework is maintained and referenced when preparing strategic plans for Board review (see page 203). Our engineering and procurement teams are continuously reviewing product components, obtaining certifications for more sustainable materials, and refining sourcing policies to ensure good availability and pricing. Production and supply chain teams are diligently assessing product compliance with new regulations and exploring alternatives for various components, such as reducing lead content in brass. Across our sectors, we have selected suppliers to investigate sustainability topics, including climate impact, human trafficking and slavery, organisational commitment, and labour rights, in collaboration with our third-party compliance partner.
Progress made in 2024	Key climate related risks and opportunities are reviewed and discussed at our sector operating performance reviews. Climate risks are assessed by sector leadership teams before being presented to the Executive Committee for review and inclusion in the wider risk register.
Further improvement	To increase resilience and mitigate climate-related risks, we continue to execute our strategy by focusing investments into more resilient, low-carbon markets. These markets provide solutions to support the transition and mitigate the long-term effects of climate change through innovation and technology transfer. This strategy includes both organic and inorganic growth investments, guided by our Product Sustainability Assessment. We will also continue to collaborate with our risk champions to ensure focus and accountability in addressing these risks and opportunities.

c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management

How we comply	Climate-related risks are identified and reviewed by sector or functional teams as relevant, supported by relevant risk champions. The most important inform our Group and principal risks. These are included in risk management presentations to the Executive Committee and the Board. During 2024, we conducted a mapping exercise to integrate, match, and overlay the resulting climate-related material risks in the principal risk register.
Progress made in 2024	We are improving our systems for identifying, monitoring, and assessing climate-related emerging issues. This will help us regularly update our Sustainability Committee and Board.
Further improvement	We have begun evaluating our portfolio in alignment with the EU Taxonomy classification for climate mitigation and adaptation, with plans for further updates.
More information on governance	See Risk management on page 65

Metrics and Targets

a) Disclose the metrics used by the organisation to assess climate-related opportunities and risks in line with its strategy and risk management process

How we comply	Our purpose is Breakthrough engineering for a better world, where we are dedicated to meeting customer needs. We are committed to ambitious, science-based climate targets, focusing on reducing emissions and minimising our environmental impact. To achieve these goals, we have established several climate-related metrics aimed at cutting greenhouse gas emissions, water usage, and waste (see page 43). In addition, our Scope 1 & 2 reduction targets feature within our Executive Remuneration structure (see page 107). We are proud to announce that our Scope 1 & 2 greenhouse gas emissions have been verified by a third-party consultancy according to ISO Standard ISO 14064-3, underscoring our commitment to transparency and accountability.
Progress made in 2024	While we have considered various metrics for climate-related risks, we believe the metrics and targets on page 43 clearly demonstrate our commitment to mitigating these risks. Additionally, our sustainability-linked revolving credit facility includes three key metrics: Scope 1 & 2 CO ₂ intensity, water intensity, and women in management. We have also received approval for our Scope 1, 2 and 3 near-term and net zero climate targets from the SBTi.
Further improvement	We will continue to evaluate options to develop an internal carbon price, to guide investment decisions and capital allocation, including consideration of the financial impact of potential carbon regulations e.g. EU CBAM. Recognising the importance of an internal carbon price as a forward-looking metric, we plan to incorporate this into our net zero and transition plan workstream in 2025. This will help us better manage climate-related transition risks and opportunities.

b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 emissions, and the related risks

How we comply	Details of our achievements against our climate-related targets, including CO₂ intensity, can be found in the 'Creating a Better World' section of this Annual Report (see page 43). We complete our Scope 1 & 2 calculations annually, verified according to ISO Standard ISO 14064-3. Additionally, we conduct Scope 3 calculations and plan to have these verified. We follow the Defra Environmental Reporting Guidelines (2019) and the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition). Historical periods are included to allow for trend analysis.
Progress made in 2024	We have worked with third-party Ricardo to calculate our Scope 1, 2 and 3 emissions.
Further improvement	We continue to strive to improve the quality of our Scope 3 analysis and data.

Metrics and Targets continued

c) Describe the targets used by the organisation to manage climate-related opportunities and risks and performance against targets

How we comply	Our purpose drives our strategy and ambition, including our targets which have been approved by the Science Based Targets initiative ('SBTi'): – Halve our total Scope 1 & 2 CO₂ intensity by 2030 (based on a 2019 baseline) and achieve net zero for these emissions by 2040 – Reduce Scope 3 emissions by 25% by 2030 and reach net zero by 2050 (SBTi approved) – Reduce water intensity (m³ per 1,000 hours worked) by 10% by 2030 (compared to 2020) see our website for current and historic data – Cut non-recycled hazardous waste by 50% by 2030 (compared to 2022) – Reduce absolute market-based Scope 1 & 2 emissions by 67.2% by 2030 from a 2019 baseline of 39,009tCO₂e (SBTi approved). See our website for current and historical figures.
Progress made in 2024	We have achieved approval from the SBTi over our climate reduction targets both near-term and net zero for Scopes 1, 2 and 3. We have integrated our Climate Action strategy output, including our updated assessment of climate-related opportunities and risks, into a draft comprehensive Climate Transition Plan which we continue to develop and will complete in 2025.
Further improvement	Continue to expand Scope 3 verification. Advance a Climate Transition plan in line with the TPT framework in 2025 and report appropriately. Continue to expand and develop carbon emission reporting by product.
More information on governance	See SECR table page 55, Sustainability at a glance pages 42 and 43