



President's Letter

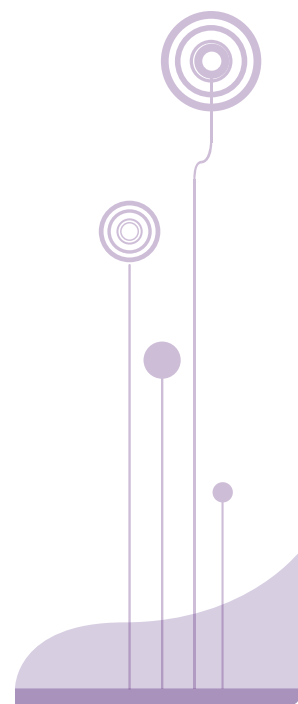
In a world where business is often dominated by the tangibles — things such as products and profit — we recently took a step back and asked ourselves, what's missing, what's the glue that holds our company together and provides context and focus for all that we do? In short, what is our purpose? Our reason for being?

Our answer...**To advance relationships.**

Sounds simple enough, right? As you read this report, our first-ever Positive Impact Report, my hope is that you'll discover what we mean by advancing relationships — with our people, our clients, and society — and how we believe that through our purpose, we can have a positive impact and be a force for good, today and in the future.

We look at advancing relationships as a way to cultivate meaningful connections between imc² and our people, imc² and our clients, our clients' brands and their customers, and the greater society and environment in which we live. By advancing relationships, we mean trusted connections that reflect what we value in human interactions — relationships that are personal, authentic, vital, and enduring. We believe these relationships have an intrinsic value (think of the meaning in your life that comes from relationships you have). We also know that our approach can deliver extraordinary results for our people, our clients, and society, both in financial terms and the positive impact we have on people's lives.

But, is it really possible for a company with revenues less than \$100 million and fewer than 600 employees to have such a profound impact? We think so. Everything we are doing as a company is geared toward our purpose. Are there things we need to change? Absolutely. Things we need to keep doing? No question. And, things we need to start doing? Without a doubt. But, we have to start somewhere, and we consider this first report our starting point. In 2007, we committed to two major efforts: create a Positive Impact Program and produce a Positive Impact Report. Our goal for 2008 is to step up as a leader in leveraging marketing to have a positive impact. A challenging goal no doubt, but a goal we are fully committed to achieving.



President's Letter

Let me begin by telling you about how we got to this point. 'Doing good' has always been a part of who I am. I taught an adult literacy class while in high school, was a big brother in college, and have participated in countless charitable activities. When I founded imc², I continued philanthropic efforts, but kept it separate from business. I looked at business as the means to an end. I looked at the money I made as something to take and do good elsewhere. Over the last couple of years, I began to look at things differently, as did many of my colleagues. We began to ask ourselves, "How can we use business to make a positive impact within and outside imc²?"

And that is where we began the journey we are on today. We worked diligently to create a purpose, vision, and guiding principles that clearly and authentically articulated what we wanted imc² to be. The end result is something that the entire company is embracing and making the very heart of what imc² is today. We have just begun this journey and have so many things to do to turn our words into reality. This report is one of our first steps.

In creating our report, we determined there are five key areas for us relating to having a positive impact: economic, people, services, society, and environment. This report provides an in-depth discussion around our goals, progress, measures, and future plans as they relate to these five areas.

While the specific details are covered throughout this report, following are the highlights of what we accomplished in 2007:

Overall: Hired a vice president of positive impact, created the Positive Impact Council, and began developing our Positive Impact Program

Economic: Grew revenues by 56 percent and began implementing an operational excellence plan

Services: Developed a new, more sustainable marketing approach

People: Created a new platform strategy for the People Team

Society: Implemented client work that has a social impact and increased our community involvement

Environment: Began the process toward documenting our carbon footprint and understanding the impact we have

Positive Impact:

What others might call CSR, Corporate Responsibility, or Corporate Citizenship, we call Positive Impact. This report discloses the impacts we have on our people, our clients, and our world.

President's Letter

In 2007, we realized many successes. We built a stronger team of professionals for the next generation of marketing. We produced game-changing work, and through our philosophy and services, we further set ourselves apart in our industry. We built stronger, more enduring relationships with many of our clients. While we've realized many successes, it was a challenging year as well. We continue to grapple with creating an infrastructure that stays ahead of our growth. We need to implement more systems and processes to support smooth, profitable delivery. And we need to more aggressively introduce leading services that help our clients create sustainable, long-term customer relationships. While we have plans in place to address each of these areas, we're not there yet. And, next year will bring different challenges, different obstacles, but we plan to forge ahead and meet them head on.



For 2008, we are committed to accomplishing even more. First, we understand that we must start within the walls of imc². We'll focus on giving our people the tools and knowledge to create their own opportunities to have a positive impact, within and outside imc². We also plan to roll out our new sustainable marketing approach with our clients, define and create plans to increase our client social impact work, develop programs to impact our clients' sustainability efforts, and improve our operational excellence, all while continuing to grow our revenue by more than 40 percent.

I am excited by the many changes happening within imc² as we work together toward creating a positive impact both within and outside imc². After reading this report, I hope it's clear that we are fully committed to doing all we can to leave the world a better place than we found it.

Sincerely,

Doug Levy



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imc² has experienced remarkable growth just within this current 2007 reporting period. This growth can be felt in several ways — nearly doubling the size of our team, expanding into new physical spaces, and building new client partnerships. As we've all experienced in our own lives, growth can bring as many new challenges as exciting new horizons.

For one, we are becoming more aware of our identity, reflected in the development of the Square Root (our purpose, vision, and guiding principles). While the main tenants of our purpose, vision, and guiding principles have been a part of who we are since the company's beginnings, having reached a certain level of maturity, we now feel it necessary to proclaim this identity — both within and outside the organization.

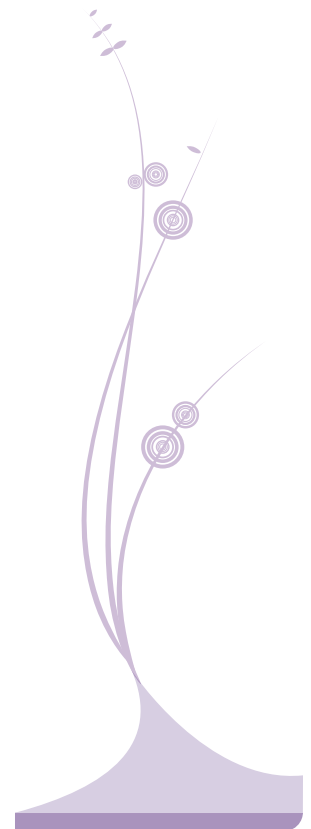
Another marker of our development is this very report. We consider the company's commitment to sustainability as significant progress in our growth. You could compare imc² in its earlier years to a 16-year-old. What does the typical 16-year-old care about? Instant gratification. Independence. Perhaps influencing a small clique of friends. With this report, we demonstrate our progress toward expanding our horizons and our overarching reason for being. A more mature imc² knows that financial achievement requires long-term, strategic thinking and action. More importantly, a more mature imc² understands financial well-being not as an end in itself, but as a means to positively impact the lives of our people, our clients, our communities, and our world. We want this impact to be sustainable and expansive.

An added marker of maturity is the ability to expose one's weakness with the intention of becoming stronger. Again, we recognize this report as one attempt to move toward this kind of maturity. We have tried to present it all — our successes and our shortcomings — in this report. We also realize that a report is insufficient evidence. Transparency and addressing shortcomings must be a lived approach, not a day off from business as usual. Indeed, if we intend to live our purpose of advancing relationships, this first Positive Impact Report must signal a change in every day business as usual.









Although we began our formal Positive Impact Program in 2007, we are still in the very early stages of this effort. We set specific goals and outcomes for 2007 and 2008 because we believe it's important to establish benchmarks as a way to begin measuring our progress. We do, however, expect these goals and target outcomes to evolve over time as we more fully integrate our Positive Impact Program into the company.

“Never doubt that a small band of caring and committed people can change the world. Indeed it is the only thing that ever has.”

- Margaret Mead



2007-2008 Commitments and Target Outcomes

Area of Focus	Commitment	2007 Target Outcome (Progress)	2008 Target Outcome
Economic	Build economically sustainable client relationships, grow aggressively, and generate profit to support our growth	Expand into new verticals and build key service areas 	Enhance our market leadership
		Define and begin to implement systems critical for operational excellence 	Implement systems critical for operational excellence
People	Provide an unparalleled opportunity for people in the marketing industry	Create a new platform for our people strategy 	Make individual opportunities explicit and supported
			Make progress toward becoming the 'place to be' for leaders in our industry
Services	Provide leading services that help our clients create sustainable relationships with their customers	Create a new approach to marketing focused on sustainability and authenticity 	Launch Integral Marketing
		Develop carbon-neutral online advertising offering 	Roll out new service offerings focused on sustainability
Society	Serve people in need	Seek client engagements that provide public benefit 	Define targets for social impact client work
		Support our people in contributing to their communities 	Launch our first company-wide community support program
Environment	Ensure that we continually reduce our environmental impact	Explore our own environmental impact 	Calculate our ecological footprint and establish a program to reduce that footprint

 Meeting our target outcome
  Significant progress toward our target outcome
  Limited progress toward our target outcome
  No progress toward our target outcome

Why do we exist? What is important to us? Where are we going?

These are tough questions — but ones we like to ask ourselves. Before we could determine where we were going, our vision...our imagined destination, we first answered the question, “Why?” Why are we going there in the first place? The answer is our purpose. Our imagined destination is our vision. And, the values we’ll prioritize along the path are our guiding principles.

But, what drove us to seek answers to such challenging questions?

imc² has experienced tremendous growth over the last few years, and with this growth, came a need to re-examine our values and what we think is important. What we discovered is that the values we hold to be true have always been a part of imc². As a result, we created imc²'s Square Root, which includes our purpose, vision, and guiding principles.

imc²'s Purpose: To Advance Relationships

The positive impact goals we established for 2007 and 2008 are directly tied to our Square Root. We believe that because our reason for being is to advance relationships, there is no better way to measure our success than looking at it from the perspective of the positive impact we have on those relationships.

To move toward this goal, we will continue our relentless commitment to advancing relationships...

...with our people: Advancing relationships between imc² and our people means giving our people — past, present, and future — the best opportunities to advance their careers, ensure work-life harmony, provide for their families, and do great and meaningful work.

...with our clients: Advancing relationships with our clients means creating and delivering solutions that aid them in their own long-term sustainability.

...with society: Advancing relationships means finding opportunities to contribute in meaningful ways, by integrating a greater good orientation into our business.

imc²'s Vision: Transform the World of Marketing

As we advance relationships, we will continue toward our imagined destination, our vision, of transforming the world of marketing and making it a force for good. Today's reality demands nothing less. At a time when consumption patterns and behaviors — in both quality and quantity — are becoming unsustainable, we accept marketing's responsibility for its role in creating this historical moment. Some people in this industry deny marketing's tremendous influence and power, claiming that marketers simply follow consumer demand and preference. We want to shift

“...a group of people get together and exist as an institution we call a company to accomplish something collectively that they could not accomplish separately — they make a contribution to society.”

– David Packard,
co-founder,
Hewlett-Packard

the debate. What if marketing was actually a force for good? What if marketing's presence helped advance deeper relationships? What if marketing could be a tool for building long-term, trust-based relationships, rather than viewed as a tool for manipulation?

Skeptical? That's OK! We believe a truly meaningful vision induces some skepticism. Remember that some people were skeptical that we would ever put a man on the moon, even after it happened! As a leading, private independent agency, we believe that we have the unfettered thinking and long-term orientation needed to affect this change.

imc²'s Guiding Principles: Act with courage to...

Step Up:

Demanding the best of ourselves and each other, we tackle the tough challenges and create undeniable value.

Stand Together:

Confident we accomplish more together than alone, we build trust and cultivate authentic teamwork.

Tap Potential:

Certain that we are all capable of greatness, we relentlessly learn, grow, and adapt.

Achieve:

Knowing financial results fuel our quest, we deliver strong growth and profit.

Be a Force for Good:

Acknowledging a deep sense of purpose, we choose to serve others, promote sustainability, and lead the way.

Our guiding principles offer direction for our actions and our decisions. They are our North Star. These principles direct us during the good times, and perhaps more importantly, when we feel lost or face difficult choices. Our guiding principles keep us focused on what is important, especially as we strive toward more sustainable behavior in all our activities.

Moving Forward

In 2008 and beyond, our goal is to integrate the Square Root into the very being of our company. Our People Team has many initiatives planned for 2008 to ensure we walk our talk. The Square Root will guide us as we think about all aspects of our company...the way we act, make decisions, measure results, interact with each other and our clients, provide recognition, and hire and train our people.

“The core guiding principles embodied in our credo define for us what we stand for, and we hold them even if they became a competitive disadvantage in certain situations.”

- *Ralph S. Larsen,
Former CEO,
Johnson &
Johnson*

Our goal with this report is to provide a transparent, authentic discussion about all key aspects of imc² as related to the impacts we have, both positive and negative. We fully acknowledge that we may have inadvertently omitted issues or topics that our readers find relevant in better understanding imc². We encourage our readers to provide feedback and let us know how we're doing.

Report Profile

This is imc²'s first Positive Impact Report, prepared in accordance with the Global Reporting Initiative's (GRI's) G3 Guidelines, generally accepted to be the leading international standard for reporting social, environmental, and economic performance. This report covers the 2007 calendar year and operating activities in the United States, including activities at our Dallas headquarters and other offices in New York City, Philadelphia, and Cincinnati.

We want your feedback.
Email us at positiveimpact@imc2.com.

Report Scope

We prioritized topics and determined materiality based on GRI's standards and guidelines. An internal team reviewed sustainability topics and related G3 indicators to determine our significant economic, social, and environmental impacts. We then prioritized material topics based on the company's short- and long-term strategic goals and initiatives and limited stakeholder feedback.

We include detailed information related to our efforts, progress, and measures where relevant. For areas where we do not yet have measures or programs in place, we include a discussion on our future plans.

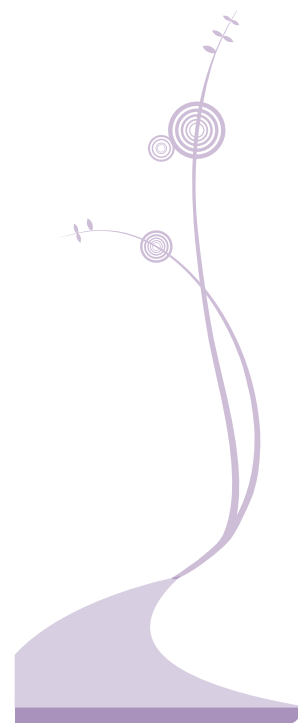
Assurance

Based on GRI's guidelines, we self declare this report to be Level C.

Stakeholder Engagement

A select group of imc² team members determined our stakeholders (employees and clients) for this first report. Although our stakeholder engagement was limited, we will use this report as one of several mechanisms with which to fully engage our stakeholders in 2008 and beyond. We recognize that the limited stakeholder engagement in 2007 may have a significant effect on future programs and reports as we will likely uncover topics that are more material to our stakeholders than we assumed to be true.

For more information, please contact Beth Bengtson, vice president, CSR/positive impact, at 212.430.3282 or beth.bengtson@imc2.com.



Company Profile

imc², formed in 1995, is a next-generation agency that delivers business results through the following digital marketing services:

- Strategy and planning
- Online search, advertising, and promotions
- Web and application development
- Relationship marketing
- Measurement and intelligence

We provide digital marketing solutions for over 90 brands at 40 different companies, including Fortune 200 companies such as Procter & Gamble, The Coca-Cola Company, Pfizer, Johnson & Johnson, and Sara Lee. We have built specific practice areas around key verticals — health and wellness; consumer goods; financial services; travel, leisure and hospitality; and retail — that allow us to deliver services that are tailored to meet our clients' unique needs. We view vertical industry specialization as a key to delivering value for our clients, focusing on the long-term by forging relationships with clients in high-opportunity verticals where we can successfully leverage our expertise.

We have offices in Dallas (our headquarters), New York City, Philadelphia, and Cincinnati. Our corporate functions — such as marketing, finance, information technology, and people teams — are primarily located in our headquarters, along with key specialty teams such as relationship marketing and business intelligence. Our media team is located in our New York office. Our delivery teams — in Dallas, New York City, and Philadelphia — are located near our clients. These teams consist of account management, project management, creative, and technology experts.

During 2007, we leased additional space in Dallas and moved our New York and Philadelphia teams to larger offices to accommodate our growth.

imc², a Texas limited liability company, is a closely held private company that is majority owned by a small number of shareholders (primarily from the senior leadership team).

Senior Leadership Team

imc²'s senior leadership team is responsible for establishing and leading the company's overall strategy. The team, led by Doug Levy, includes:

Marc Blumberg
Senior Vice President

Bryan Bradley
Senior Vice President, Technology Services, Business Process Innovation

Hensley Evans
Senior Vice President, Strategy Services

Glenna Hecht
Vice President, People

Beth Kuykendall
Senior Vice President, Managing Director, Dallas

Mike Lavey
Vice President, Finance

Renee McKeon
Vice President, User Experience

Alan Schulman
Senior Vice President, Executive Creative Director

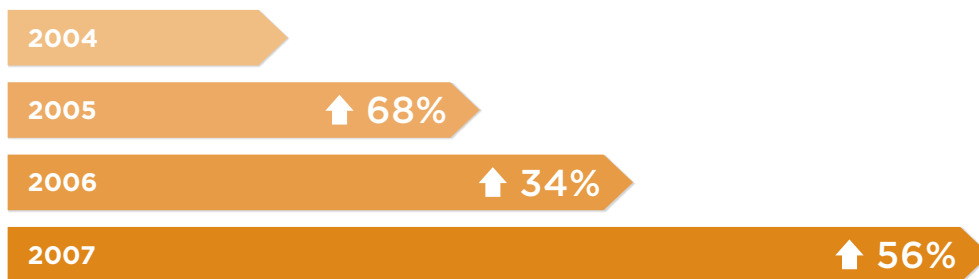
Ian Wolfman
Senior Vice President, Business Development

Our commitment: Build economically sustainable client relationships, grow aggressively, and generate profit to support our growth

While our economic performance is not our sole measure of success, strong revenue growth and profit are critical in our efforts toward long-term sustainability and having a positive impact for our people, our clients, and our world. Simply put, our vision to transform the world of marketing requires money. Our financial success puts the force in being a force for good. A sustainable business allows us to have an enduring and significant positive impact. We do not see being a force for good and achieving financial results as competing principles. Rather, we see tremendous economic opportunities in our ability to serve and lead our people and our clients into a more sustainable future.

Traditional measures of financial sustainability typically include healthy revenue growth and profit, which provide the foundation upon which to base all other sustainability activities. As a private company, we do not publicly disclose our revenue. However, as shown in the following chart, we have experienced strong growth year over year.

Revenue Growth 2004-2007



An area of focus moving forward is profit, which was lower than initial targets. Our aggressive organic growth, which includes several immediately expensed investments — such as team members in non-billable roles, new services, and new offices — impacted profit. Because we consider profit to be an important aspect of economic sustainability, we created a comprehensive Operational Excellence plan in mid-2007 to build systems and processes to help us smoothly and profitably scale our business. More details related to our Operational Excellence plan are included in the Operational Excellence section that follows.

Target Outcomes:

2007

- Expand into new verticals and build key service areas
- Define and begin to implement systems critical for operational excellence

2008

- Enhance our market leadership
- Implement systems critical for operational excellence

Market Leadership

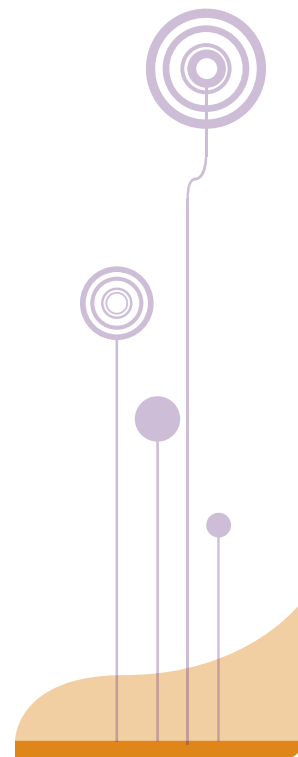
One of the strongest indicators related to economic sustainability is market leadership. Two key areas of focus for us are our vertical expertise and key service areas. Through our vertical expertise, we are better able to understand our clients' needs and add value to their digital marketing programs. Because marketers are shifting their attention away from mass marketing toward a more personal, authentic approach, we continuously look for opportunities to bring in new talent and add depth to our service offerings that allow us to deliver innovative solutions for our clients. To expand our market leadership in 2007, we focused on:

- **Vertical growth:** We expanded business in our two most mature verticals — consumer products and health and wellness — through new business, as well as organic growth with existing clients. We added 18 new brands for these verticals, accounting for approximately 25 percent of our revenue growth. To expand into new verticals — financial services, retail, and hospitality — we added new industry experts to our team and focused our business development efforts on building new partnerships with companies such as Lowe's, Sharp Electronics, Casio, and Norwegian Cruise Line, which attributed to 14 percent of our revenue growth.
- **Key service areas:** To build key service areas, we expanded our strategy and relationship marketing services. We grew both teams by more than 50 percent and implemented new processes and frameworks to create more robust offerings, resulting in additional value for our clients.

In 2008, we will continue to expand our market leadership, with particular focus on our media, search, strategy, and relationship marketing practices, as well as investing in new technology.

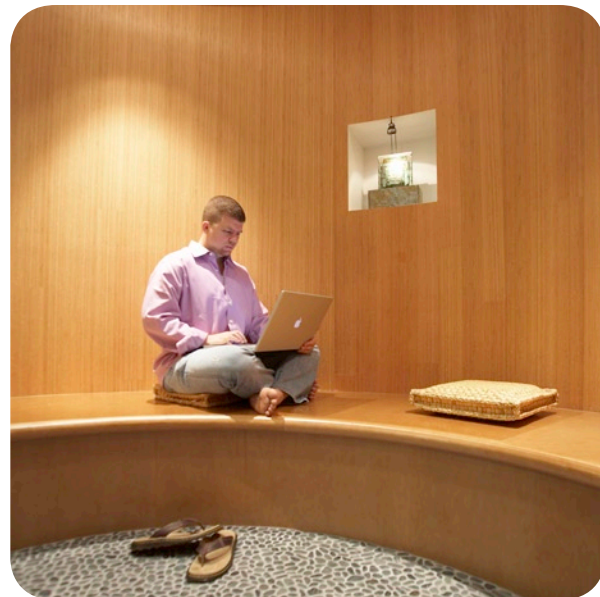
Operational Excellence

Having the right systems and processes in place to support operational processes directly impacts profit. Stronger profit will result in more cash flow to allow us to invest in initiatives and programs that ultimately lead to greater sustainability. Although we made progress toward improving our operational efficiency, we aren't where we need to be. Our rapid growth has brought numerous challenges. To overcome these challenges, we are aggressively developing and implementing a system for operational excellence that focuses on three key aspects of our operations — processes, people, and finance — to create systems that support accountability, enable smooth delivery, and enhance profitability.



In 2007, we accomplished the following:

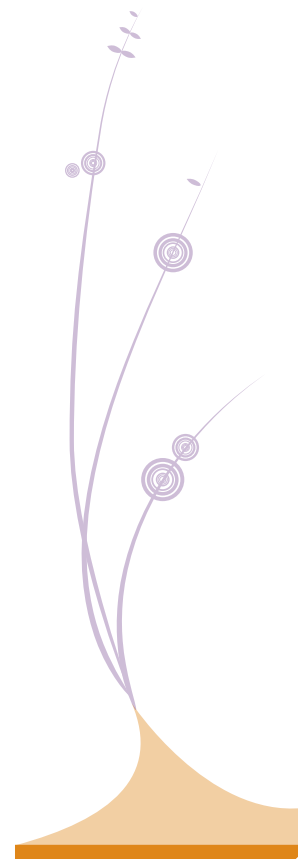
- Implemented a scalable infrastructure and formal processes related to recruiting, learning, benefits, people relations, and team development to ensure appropriate support from the People Team as the organization continues to grow (see the People section for more details)
- Made significant enhancements to our financial reporting structure to maximize our profitability while minimizing our risks
- Added appropriate finance staff to expand our infrastructure
- Automated and streamlined our staff allocation process, migrating from weekly to daily updates



While we accomplished a lot, we did not achieve all that we set out to, specifically as related to accurate revenue forecasting and investment management. We're making some mistakes, but we're learning and growing through the process.

As we move into 2008, we will continue our focus on enhancing our delivery process, improving our operations, and putting the right infrastructure in place to support our growth. Specifically, we will focus on:

- Implementing systems and tools necessary to ensure we purposefully plan our activities and measure results and progress continually, creating a greater sense of accountability for results among team members
- Building scalable people processes and solutions that support the organization's well being, identify and reward top performers, provide appropriate bench strength, accelerate learning, and drive personal accountability
- Strengthening the Program Management Office by developing core curriculum accredited by the PMI (Project Management Institute), implementing systematic methods and tools for estimating projects, and creating a methodology for scoring our process capabilities



Our commitment: Provide an unparalleled opportunity for people in the marketing industry

Sustainability is about growth for our people — from enhancing career opportunities and creating work-life harmony to providing them with the tools and knowledge to create their own positive impact. Our focus in 2007 was on creating a people strategy that will allow us to support all aspects of our people's needs today and in the future. Advancing the relationship between imc² and our people is a primary focus for us, especially as we grow and impact more and more lives. Because we have the most direct and personal impact on our people, we focused a tremendous amount of energy — at all levels of the organization — on our people.

In 2007, Human Resources became the People Team. This change signified how we really think about our people. Rather than viewing our people simply as resources serving the company, we adopted a more holistic and human approach. We began the year with an emphasis on putting the right People Team infrastructure in place to support the entire organization. Phenomenal growth also brings a slew of challenges. While we accomplished a great deal, we are humbly aware that we have more work ahead of us to create an environment that fosters a positive impact for all of our people. Other significant accomplishments for 2007:

- Expanded People Team to provide more comprehensive support for the organization (vice president, people; director, learning; director, recruiting; director, people relations)
- Created a Learning Department and developed a new Learning Program (see Learning section for more details)
- Created the People Advisory Board (see People-Focused Teams section for more details)
- Enhanced our benefits programs, absorbing the entire cost of healthcare premium increases

We have many initiatives planned to continue our progress toward having a positive impact for our people in 2008. Specific initiatives are addressed in the following sections.

Target Outcomes:

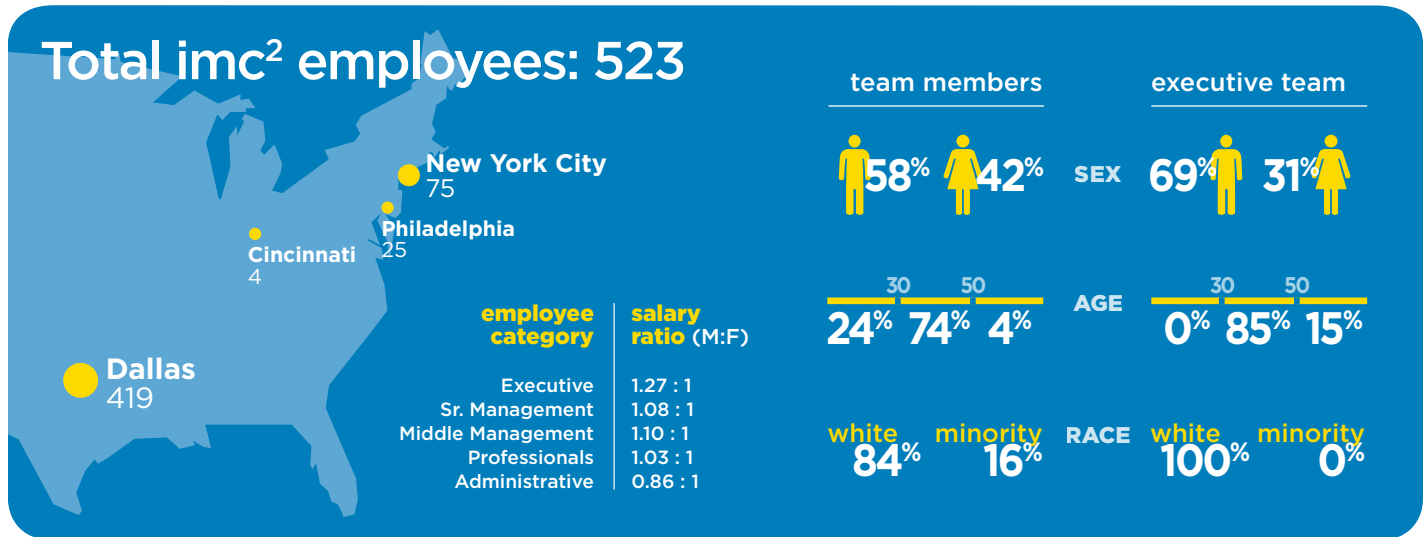
2007

- Create a new platform for our people strategy

2008

- Make individual opportunities explicit and supported
- Make progress toward becoming the 'place to be' for leaders in our industry

Who We Are: As we began to examine how we can create unparalleled opportunities for our people, we took a step back and looked at just who are the people of imc².



Male and female percentages are consistent with industry averages.

The percent of minorities (African-American, Asian, Hispanic) at imc² is 2% lower than the EEOC's latest available statistics (2005) for our industry.

The breakdown by age group is consistent with the years of business experience and depth of industry expertise required for positions at imc².

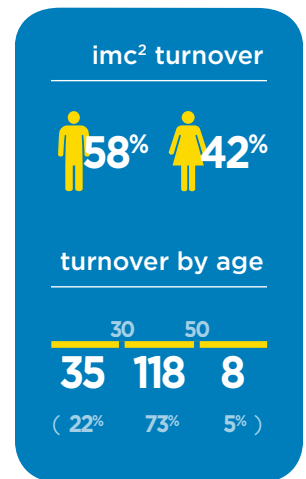
Salary ratios for males and females are acceptable for our industry.

Supporting Our Growth

In 2007, 308 new people joined imc². To facilitate this explosive growth, we focused on recruiting and creating programs and opportunities to develop our talented people. We grew our recruiting staff and placed a heavy emphasis on hiring senior level talent to support the growth. In 2008, we will implement talent management/ interviewing skills training for hiring managers, introduce behavioral-based interview guidelines, and begin a campus recruiting program to help attract top talent.

Putting the right programs in place to recruit top talent is one way to support our growth, yet we also look at the other side — turnover. Although many companies choose not to disclose turnover rates, we're openly providing this information in the interest of full disclosure and learning. We want to continue to improve our ability to provide an unparalleled opportunity for the most talented people in the business. Evaluating the data related to turnover helps us continually improve our ability to do so. One hundred and sixty one people left imc² in 2007 (includes voluntary and involuntary), resulting in an annualized turnover rate of 31 percent.

We identified two key areas of focus related to turnover where we believe we have control: leadership and involuntary turnover. We made leadership changes where it was a contributing factor. We are also implementing interviewing, talent management, and coaching skills training for our hiring managers to ensure we attract and retain the right talent.



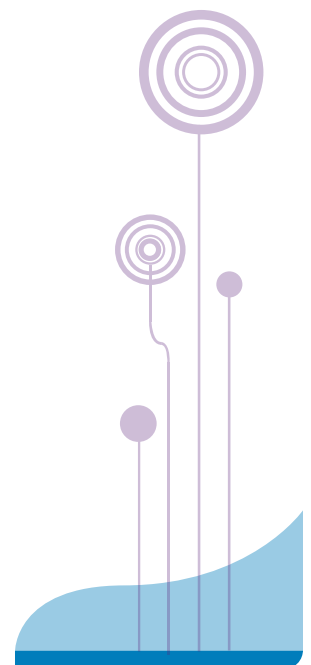
Semi-Annual Employee Survey

We conduct an employee survey two times a year as a key way to measure satisfaction among our people. Following are the areas where we received the highest scores:

- **Sense of team:** Team members’ opinions matter and their teams are dedicated to great work.
- **Management:** Managers recognize team members’ work, are proactive about performance discussions, and encourage innovative solutions.
- **Culture:** Team members see themselves working at imc² in three years, feel imc² demonstrates a commitment to its people and culture, and understand imc²’s purpose and vision.

The survey results also revealed some areas where we need to improve. To address these areas of concern, we created these specific action plans:

Area of focus	Actions Taken
Improve effectiveness of delivery process	<ul style="list-style-type: none"> • Implemented companywide operational excellence program • Added new senior leader role to focus on business process innovation • Implemented scope management and estimation training
Enhance training and commitment to learning organization	<ul style="list-style-type: none"> • Hired director and manager of learning • Implemented new hire on-boarding program called Plant the Seed • Implemented team development training
Provide more individual empowerment; ensure people have communications/information necessary to do job	<ul style="list-style-type: none"> • Created People Advisory Board • Introduced Echo, an online employee feedback tool • Introduced weekly internal communications
Work-life balance	<ul style="list-style-type: none"> • Developed a definition of work-life harmony • Created a workbook to define and discuss work-life harmony
Continue to communicate purpose, vision, and guiding principles	<ul style="list-style-type: none"> • Introduced the Square Root to entire company • Created and began implementing a plan to integrate into company



For these areas of focus, the results from our second survey (September 2007) showed we are making tremendous progress toward addressing these concerns. While not perfect, we did see significant improvements in every category. We will again identify areas that we need to address and create action plans for 2008.

Learning

We created the Learning Department within the People Team because of our increased focus on providing unparalleled opportunities for our people. We hired a director of learning to begin creating a formal learning program. The first priority was to create a new hire program called Plant the Seed (199 team members participated in the program in 2007). Every new employee, regardless of position or location, spends three days at our company headquarters for orientation.



The Learning Department also conducted a learning needs assessment survey among all team members to gather input on training areas that are important for each person's career development. This information is being used to create a robust training program to meet the needs of all our people for 2008 and beyond.

Other priorities for 2008:

- Introduce core organization-wide competencies developed in alignment with the Square Root
- Design manager's coaching toolkit that highlights the "how to's" of coaching conversations for use with people development efforts such as performance evaluations, 1:1 dialogues, career conversations, and skill-based coaching
- Develop and introduce a catalogue and calendar of course and program offerings for the company
- Conduct in-depth leadership training for top leaders

People-Focused Teams

We have several teams within the company that focus on different areas related to our people. These cross-functional teams are completely voluntary and participation is typically 'above and beyond' the participant's regular responsibilities:



- **Culture Club:** Each office maintains its own Culture Club, which is focused on ensuring we continually enhance our unique culture by developing a strong sense of affiliation through events, activities, charities, and organizations in a fun and friendly atmosphere.
- **People Advisory Board:** This group, formed in early 2007, acts as the voice of the people to advocate positive change within the company by providing input to employee survey results, acting as a sounding board to review and provide insight on company initiatives, and provide feedback from the larger imc² team.
- **Positive Impact Council:** Our newest team, formed in late 2007, is focused on fully integrating our guiding principle of *acting with courage to be a force for good* into the company. The team is helping to define and shape our Positive Impact Program and playing an active role in identifying and implementing our sustainability initiatives.
- **Wellness Committee:** This committee, which will be formed in early 2008, will focus on helping our people have a balanced, holistic lifestyle.

Performance and Career Development

An important component to providing an unparalleled opportunity for our people is ensuring we provide appropriate performance feedback and career development opportunities. To that end, we are changing our performance evaluation process in 2008. Previously, managers were required to conduct two formal performance reviews a year with all employees, yet compliance for the most recent review period was just 69 percent. To increase compliance and provide more value through our performance reviews in 2008, managers will conduct informal monthly evaluations instead of formal semi-annual reviews. This will provide for ongoing feedback and career development for every employee. This approach will be more consistent with our guiding principles in ensuring we continuously work with our people to Tap Potential.

To support our people in finding every opportunity to advance their careers, we promoted 72 people in 2007 — approximately 15 percent of our team. We also encourage our team members to explore opportunities in other departments — 27 people changed departments. And, we had five alumni return to imc², including one of our very first team members from the mid-90s.

Because few members of our workforce are nearing retirement age, we do not have a program to help with transitioning career endings related to retirement. However, we are considering implementing a formal assistance program for terminated employees in 2008.

Employee Benefits

All employees who work more than 25 hours a week are eligible to receive the following benefits:

- Healthcare: medical, dental, and vision
- Basic Life Insurance and AD&D
- Short-term and long-term disability
- 401K, with company match
- Flexible spending accounts
- Paid holidays and time off

Our commitment: Provide leading services that help our clients create sustainable relationships with their customers

Our vision is to transform the world of marketing. We see other industries learning, adapting, and shaping their role in a more sustainable world. The fields of architecture and design are radically rethinking the materials they use, the life-cycle of what they build, and the very purpose of their creations. The transportation sector is similarly rethinking design, exploring alternative fuels, and impacting larger systems like urban planning and regional infrastructure. The food sector is providing more and more information about the operations that bring their products to market, from Fair Trade to organic labeling. Retail giants like Wal-Mart are influencing their supply chain to change packaging and reworking their transportation and storage methods. Needless to say, nearly every industry is recognizing that the time for change is now.

But, how is marketing learning, adapting, and shaping its role in a more sustainable world? Our answer: not sufficiently. Some marketing agencies are engaging in occasional pro bono work for a worthy non-profit or non-governmental organization. Some might be giving to charity. But, on the whole, the marketing industry is not doing the necessary work: developing the thinking and services to fully participate in a more sustainable world.

We are doing that work and putting it at the center of our business strategy. We are not naïve; we know that we have lots of work to do if we are going to transform the world of marketing.

We begin by recognizing that marketing has a major problem of perception. It consistently ranks as one of the most despised and mistrusted industries. Consider the word associations that frequently accompany the word marketing: manipulation, materialism, mental pollution, patronizing, propaganda. Does that sound like an industry ready to participate in the sustainability revolution? Now add to the equation marketing's pervasiveness. A \$429 billion-a-year industry, perhaps the biggest explanation of marketing's perception problem is its overwhelming presence. Advertising is everywhere: on practically every square inch of public space in some cities; on every other page of some magazines; interrupting every 10 minutes of radio and television programming; sprinkled throughout popular music; popping up with every mouse click on the Internet. Is it any wonder that most people feel under attack by the messages they receive from marketing?

Target Outcomes:

2007

- Create new approach to marketing focused on sustainability and authenticity
- Develop carbon-neutral online advertising offering

2008

- Launch Integral Marketing
- Roll out new service offerings focused on sustainability

Enter Integral Marketing

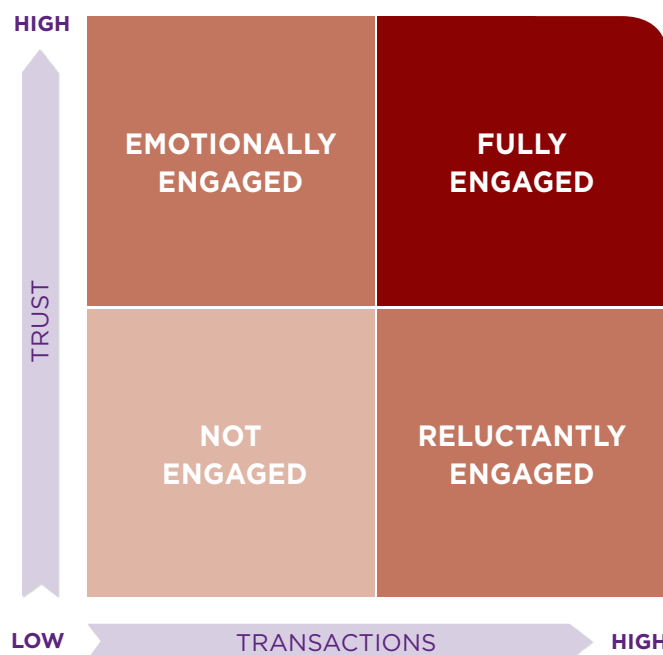
Our first task is to tackle marketing’s greatest challenge: lack of trust. Given our purpose of advancing relationships, we believe that trust is intimately bound up with the concept of sustainability. Think about it: What is the single most important factor that determines the quality and future of a relationship? Trust.

Because of the pervasive negative perceptions of marketing, most people feel a reasonable degree of distrust when confronted by marketing messages. The primary intention of Integral Marketing is, thus, to begin to create trust with consumers.

As you look at the graphic, it becomes clear that there is really only one sustainable zone: high trust and high transactions. Companies with high transactions but low trust will eventually lose out when a more trustworthy competitor emerges. Companies with high trust but low transactions will struggle to stay in business from sheer financial pressures. Companies with low trust and low transactions...well, they’re probably already out of business. Clearly, trust is a factor that must figure into any sustainable business strategy.

A critical factor in creating trust is building mutually beneficial relationships. Although marketers must ensure authentic dialogues with consumers, it’s important to first determine who the right people are to dialogue with. To better understand how to reach and dialogue with the appropriate consumers, Integral Marketing builds upon marketing best practices to add a deep appreciation for people’s core motivations. Knowledge of core motivations or values allows marketers to engage in a dialogue using the right motivation-based “dialect.” In other words, many of today’s marketing efforts are futile because they don’t speak to consumers in a way that resonates with them.

A major tool of Integral Marketing is its framework for understanding people’s dialects. Drawn from the fields of sociology and psychology, this framework understands dialects as being highly informed by world views. By understanding how to recognize these dialects (“world views”), Integral Marketing represents an approach that respects all consumer motivations. Undoubtedly one major reason



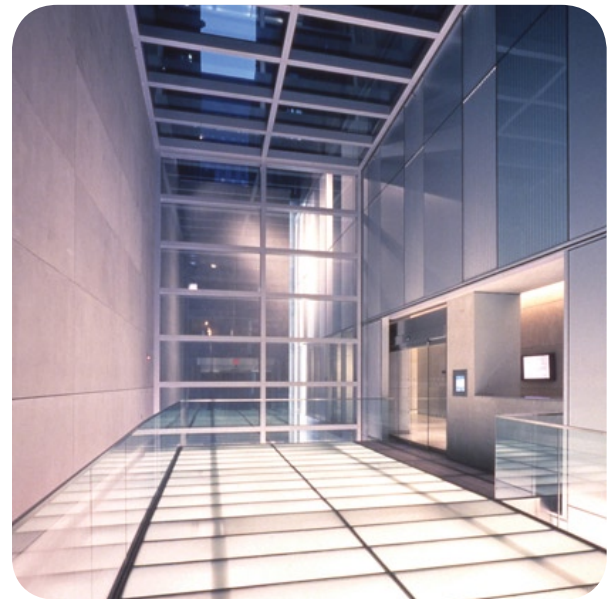
for marketing's poor perception is the disconnect that consumers feel between the dialects being expressed in marketing messages and their own. Integral Marketing seeks to advance relationships by respecting and better understanding consumer motivations. By introducing and applying this approach, we return to the essence of imc²'s purpose: what if marketing's presence helped advance deeper relationships? What if marketing could be a tool for building long-term, trust-based relationships, rather than as a tool for manipulation?

We believe our investment in developing and evolving Integral Marketing is certainly a starting point to push the world of marketing toward its role in a more sustainable world. In 2007, we formalized Integral Marketing and began training a select group of team members on the theory and practice of how to apply it to create more sustainable results for our clients. In 2008, we will pilot Integral Marketing with several clients and then roll it out to our larger client base.

Other Sustainable Service Offerings

In 2007, we took another step to support our clients' efforts to move toward sustainability. To this end, we created a tool that calculates the carbon footprint of an online advertising campaign. Based on the calculations, clients can then buy carbon offsets to negate the environmental impacts of their advertising efforts. Carbon offsetting, though just a small step toward a long-term sustainability strategy, can be seen as a symbol of a company's desire to address the impacts it has on the environment. In much the same way, the tool is our symbolic gesture to move with our clients toward this change. We will begin introducing the tool to our clients in 2008.

Through the leadership of our new vice president of CSR/positive impact, we will bring an increased focus on additional ways to support our clients' sustainability efforts in 2008. As part of our Positive Impact Program, we are exploring new services and relationships to expand the influence we have on our clients' sustainability efforts, especially since we realize that the impacts of our large and diverse clients ultimately extend far beyond imc²'s own impacts. We are in the very early stages of this process and therefore, 2008 will be the year we define, create, and roll out additional services.



Our commitment: Serve people in need

Imagine imc² as just one person. Perhaps the greatest opportunity a person has is to be able to look back at his or her life and know that they left the world better than they found it. For many, there is no greater purpose than making the world a more humane, just place. Ideally, we want our work to matter — we want to know that the hours we spend “at work” positively impact the lives of others. We also want to reach beyond our day-to-day work and find other ways to make a difference in our communities and our society.

imc² thinks about making a positive societal impact in the same way. We want the very nature of our business to be rewarding because the work we do matters. We also want to reach beyond our daily work, through the individual and collective actions of our people, to improve the lives of others.

As we began to think about what it means to have a positive societal impact, we determined that while charitable contributions are important, our contribution to society could be broader than that. As an organization, we want to focus on ways to serve people in need that have longer term impacts — through the essence of our work and the activities of our people. We believe that working with our clients to create engagements that benefit multiple bottom lines is the most sustainable approach. We are looking at ways we can create programs that provide financial benefit to our clients to ensure their own sustainability, while also creating value for society and our people.

Client Engagements That Have a Positive Impact

One of the ways we can fulfill our purpose of advancing relationships is through the work we do for clients. We seek opportunities to innovate within the digital space and create real value for our clients and their customers. From this perspective, we believe that much of our client work provides public benefit. As we seek to develop new services that explicitly involve sustainability and corporate social responsibility, we are intentionally putting positive impact at the very core of what we do.

With this newfound intention, we faced an honest dilemma in determining which client engagements to include in this report. We did not actively seek these engagements specifically because of the public benefit they provide, and they represent only a small portion of our overall client work. They are, nonetheless, having a positive impact. Therefore, we present the following engagements as potential models, first steps, and early opportunities for reflection as we enter 2008. Indeed, our goal for 2008 is to become more intentional in our efforts to seek client engagements that provide public benefit by clearly defining what we mean by “social impact client work” and actively seeking out these engagements moving forward. In fact, our commitment to more actively seeking client engagements that have a positive impact is such that in 2008 we are integrating activities and measures into our business development efforts to actively seek these engagements.

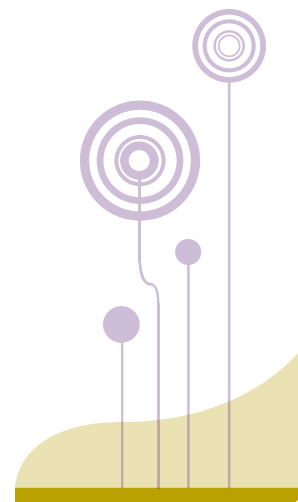
Target Outcomes:

2007

- Seek client engagements that provide public benefit
- Support our people in contributing to their communities

2008

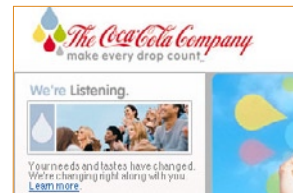
- Define targets for social impact client work
- Launch our first company-wide community support program



Following are just a few examples of relevant work we completed in 2007:

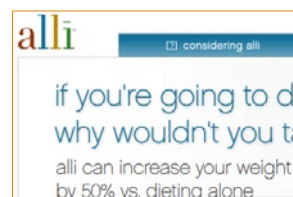
Coca-Cola's Make Every Drop Count: imc² redesigned Coca-Cola's health and wellness site, MakeEveryDropCount.com, which includes extensive content about the benefits of beverages, including information on hydration, active lifestyles, and scientific studies. It also includes useful tools for gauging hydration levels, selecting products, and asking an expert.

Link: www.makeeverydropcount.com



GlaxoSmithKline's alli: imc² partnered with alli to help launch a new over-the-counter weight loss drug targeted at people who are obese. The marketing campaign took a different approach in that it focused on helping consumers determine if they were ready to make the behavioral commitment — changes in diet and exercise — necessary to realize success.

Link: www.myalli.com



GlaxoSmithKline's APositiveLife.com: People who are HIV+ are also referred to as simply "Positive." Using this word in both of its meanings, imc² partnered with GSK to create a site for those who are HIV+ and approach life from a positive, or optimistic, point of view by allowing them to share real stories of people who are affected by HIV.

Link: www.apositivelife.com



Nestle's Lean Cuisine Inspiration Path: imc² worked with Lean Cuisine to create an experience that allows users to send a message of hope and encouragement to a friend or family member battling cancer. The team designed an "Inspiration Path" that allows the user to send that message via a personalized "stone" that lines a path which, in turn, can be virtually walked.

Link: www.leancuisine.com/Komen2007/InspirationPath/



Nestle's Lean Cuisine/Komen Foundation: imc² partnered with Lean Cuisine to build a site to sell insulated designer lunch bags for a partnership between Lean Cuisine and the Susan G. Komen Foundation. The lunch bags cost \$10, with \$5 donated to breast cancer research.



Pizza Hut's World Hunger Relief: For World Hunger Relief week in October, a callout on PizzaHut.com encouraged users to donate to the World Hunger Relief fund. Users could also add a dollar to their online order, which was directly donated to the fund.



Pizza Hut's Book IT! Literacy Program: For Pizza Hut's Book IT! Literacy program, imc² redesigned the site and supported email development.

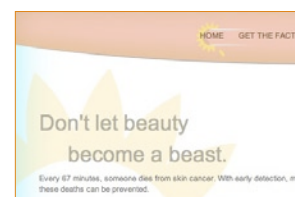
Link: www.bookitprogram.com

Procter & Gamble's beinggirl.com: imc² worked with the beinggirl.com team and its partners to launch the application process for the 2007 HERO Youth Ambassador program, a volunteer trip to Africa to help educate and build schools in impoverished areas. Qualifying teens could come to the site to get information on the program.



Link: www.beinggirl.com/en_US/heroes/hero_landing.jsp

Procter & Gamble's Olay: In support of Skin Cancer Awareness Month, Olay teamed up with the American Society for Dermatologic Surgery to promote the "Skin Cancer Takes Friends" campaign, encouraging skin cancer prevention and detection. The site featured a "Find a Dermatologist" tool that allowed consumers to find dermatologists that were participating in free skin cancer screenings.



Link: www.skincancertakesfriends.com

Silk Soy Milk Green Caps: imc² partnered with Silk to create a promotional mini-site to support Silk's Green Caps for Green Energy promotion. The site included a wealth of information on green living and tips to improve your home, community, and environment. Users could also determine their carbon footprint by using a carbon calculator.



How Our People Serve Society

imc²'s people serve society today, in many ways, regardless of any formal program we might put in place in the future. The Culture Club (responsible for our charitable work) in each office organizes our volunteer activities. In 2007, we participated in the following:

- **Alzheimer's Association Greater Dallas Chapter:** Alzheimer's Walk
- **Carson Valley School/Orphanage:** Letters to Santa program
- **Hearts N' Hammers:** Home repair for a low-income, elderly citizen
- **Mattie Dixon Food Shelter:** Canned food drive
- **National Multiple Sclerosis Society:** MS 150 Bike Ride and Walk
- **North Texas Food Bank:** Canned food drive
- **NY Cares:** Coat drive and beautified a local school
- **Salvation Army:** Angel Tree (provides clothes and toys to needy children and elderly) and volunteers to distribute gifts to families
- **The Family Place:** Donation and fund drive

In 2008, we plan to formalize our community support efforts and launch our first company-wide community support program. We will develop a plan, set targets, and create a system for recording and measuring our societal impact for 2008 and beyond. The Positive Impact Council will lead the effort to establish a formal program and work with the Culture Clubs in each office to implement the plans.



Our commitment: Ensure that imc² continually improves its environmental impact

Much of the human family is just now beginning to awaken to the reality that our current routines and patterns are not sustainable. Our every day consumption habits — of fossil fuel energy, water, and other life-sustaining nutrients — are bringing us face to face with dire environmental and humanitarian consequences. This past year has witnessed an emerging consensus that human-driven climate change is in fact a real phenomenon, that threats to biodiversity are quickening in pace, and that the hope of global access to clean water is seriously at risk. All environmental indicators suggest that the ability of future generations to meet their needs is being sacrificed.

Recognizing the urgency and immediacy of the world's present environmental risks, how do we lead? Is there really a place for a relatively small, office-based business to lead? Consider the following:

- Air travel represents by far the fastest-growing source of the world's greenhouse gas emissions. Nearly half of all U.S. domestic flights are business related.¹
- Forecasts project the most rapid growth in energy use to be electricity used to power technology in the commercial sector. The commercial sector already accounts for 18 percent of the world's greenhouse gas emissions (dominated by the heating, cooling, and lighting needs of buildings).¹
- Energy consumption by computer data centers doubled between 2001 and 2006 and is projected to do so again by 2011.²
- Electronic waste (also known as e-waste), like discarded computers and monitors, is the fastest growing portion of our waste stream in the U.S. — growing by almost 8 percent from 2004 to 2005. Much of this waste is toxic and hazardous.³

Given these signs, imc² is uniquely positioned to make a positive environmental impact and promote sustainability. Although 2007 marked the first real exploration of our environmental impact, we are confident that leading begins with learning. Our goal, then, with this section is to present information in such a way that it can be translated into both strategic company-led efforts and inspired individual action.

Target Outcomes:

2007

- Explore our environmental impact

2008

- Calculate our ecological footprint and establish a program to reduce that footprint

¹ Hillman, Mayer. *The Suicidal Planet: How to Prevent Global Climate Catastrophe*. New York: St. Martin's Press, 2007.
² Wald, Matthew L. "Taming the Guzzlers That Power the World Wide Web." *The New York Times*, November 7, 2007.
³ Computer TakeBack Campaign. www.computertakeback.com.

Imagine...

You hop in your car, hoping that you don't meet too much traffic on the commute ahead. Maybe you stop off at your coffee spot, never considering the long chain of transactions that brought the beans to your paper cup. You get to the office, jostle the mouse to wake up the computer that has been running on standby from the day before, and perhaps you don't even realize you didn't have to flip on the light switch in your cubicle. As you send a few documents to the printer, you toss your now-empty coffee cup into the empty plastic trash bag underneath your desk. You go to the nearby printer, tossing the final, unnecessary page in the recycling bin. You realize that your morning coffee has left a thirst in your mouth, so you walk to the break room, pick up a fresh plastic cup from the stack, and fill it with water from the refrigerator. Lunch hour eventually comes around, and it's back to the car to grab a quick meal. In a meeting later on, you notice the room is cool, so you put on your sweater, unsure of how to turn the air up. You look at your clock and it's already five. You leave the office in a rush, forgetting to shut down the computer and flip off the light switch. After all, you are in the midst of an epic (but probably futile) attempt to beat the stop-and-go traffic home.

For many of us at imc², this is all part of the daily routine. Of course, the story above leaves out all of the good stuff — the human substance, the relationships — that give our days meaning. No mention of the hello at the coffee spot, the music you enjoyed on the way to work, the innovative and creative ideas contained in your emails, the joy and excitement of working with your team. These elements of the day make the little details of our routine, like the plastic cup or the light switch, seem...well, insignificant. However, when these often-ignored details are multiplied daily by the hundreds, thousands, and millions of others following a similar routine, they become significant.

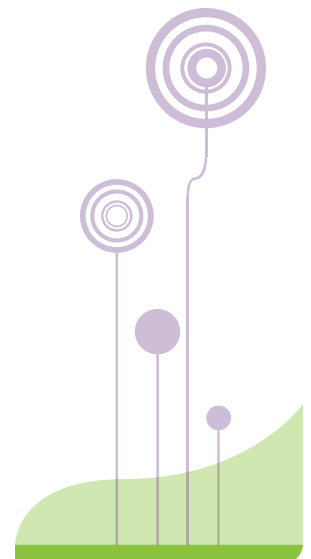
Our Environmental Impact

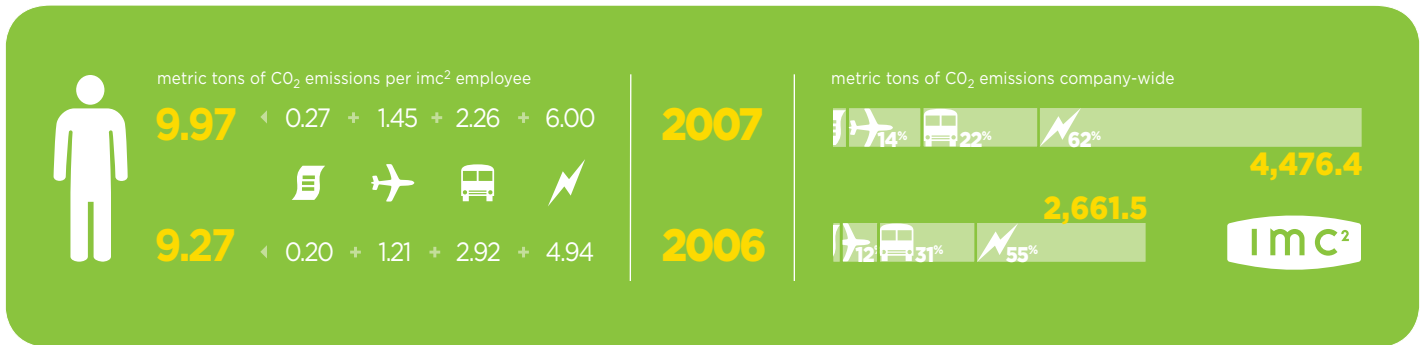
imc²'s major environmental goal for 2007 was to explore the impact we are currently having on the environment. Through various internal discussions (with internal stakeholders in Facilities, Finance, IT, People, Legal) as well as external guidance, we learned a great deal this year.

The learning process itself established the groundwork in beginning to build our internal awareness and communication around environmental impact. We began to develop pathways for gathering information related to our major areas of impact. Doing so allowed us to uncover the environmental outcomes behind many of the everyday intricacies of our operations — from the products in our break rooms to the commuting patterns of our people. We learned that with more detailed information comes a greater ability to act intentionally and effectively. Confident, engaged, and committed to continuing this learning, here is what we discovered about our environmental impact in 2007.

Ecological footprint:

A calculation of environmental impact that uses measurements such as energy consumption, resulting emissions, and material waste to determine the total share of Earth's resources being used by a given entity.



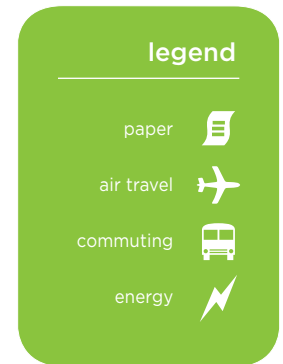


Calculating Our True Ecological Footprint

An accurate and complete ecological footprint is valuable for a couple of reasons. For one, it allows us to craft a more comprehensive and effective strategy to improve environmental performance. Secondly, it ensures that we can actually measure the impact of our future efforts by comparison. We are committed to making 2008 the base year for measuring imc²'s ecological footprint.

The timing couldn't be better for this endeavor. Having learned several lessons from our initial measuring process in 2007, we will have the necessary data-gathering processes and mechanisms in place for 2008. In addition, while imc² plans to continue its growth, 2008 will bring a greater degree of stability as far as employee numbers and physical space, both critical factors that changed dramatically throughout 2007.

To calculate our true ecological footprint in 2008, we plan to improve data quality in each of our material areas of impact.



Area of impact	To improve measurement, we will:
Office energy use and emissions	Gather precise kWh reporting for all leased spaces Commission an energy audit of all leased spaces
Commuter-related emissions	Conduct company-wide commuter survey to capture transportation methods and patterns
Flight-related emissions	Track data from travel provider (aircraft model and segmented miles for each flight) Conduct company-wide travel audit
Paper-related emissions and disposal	Track paper usage through purchasing information Compile precise paper usage information from all office printers and copiers Track precise usage of recycled paper

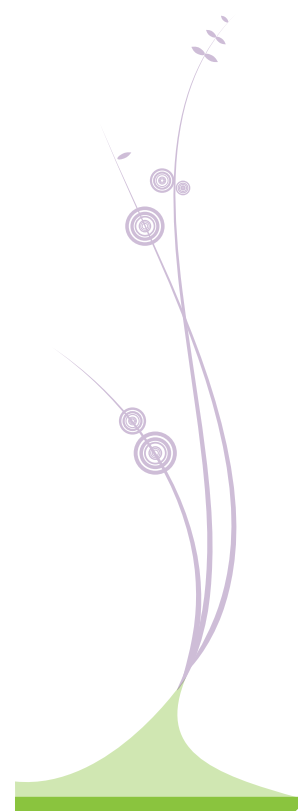
Most notable about these steps is that 2008 will require us to expand our engagement with a wider range of stakeholders. For example, gathering quality energy data will require collaboration with landlords, building management, and energy providers, as well as other tenants. In addition, we also expect to assess the environmental impact we have through our supply chain, a process that will similarly engage our current suppliers.

Establishing Programs to Reduce Our Footprint

While calculating our ecological footprint will allow us to formulate a more comprehensive and effective environmental impact strategy for the future, we are starting to develop programs using the framework of the 3Rs: reduce, reuse, and recycle.

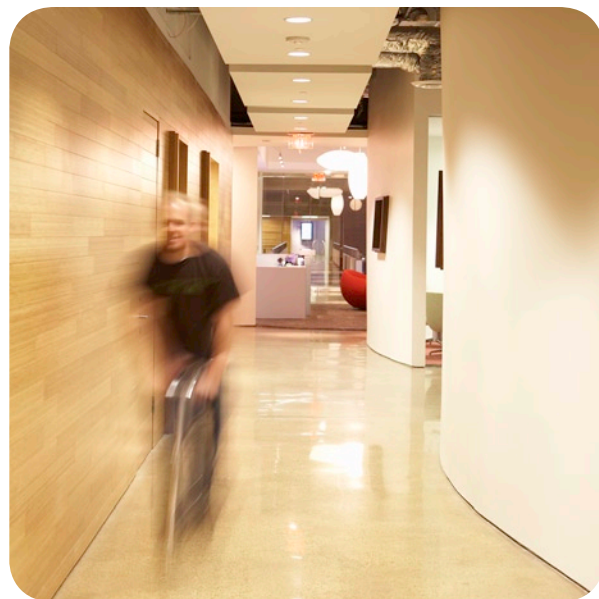
With the leadership of our new vice president of positive impact and the Positive Impact Council, we will fully develop action plans for all three footprint reduction tactics in 2008. In fact, the following first steps are already underway:

- Reduce use of resource-intensive break room materials by supplying all team members with water bottles and substituting all remaining break room supplies with biodegradable products
- Ensure that all paper products for internal use have maximum post-consumer content and FSC certification
- Provide easily-accessible recycling methods in all offices
- Arrange server equipment to maximize air flows and decrease the energy consumption associated with cooling our data centers
- Request the most environmentally-friendly options available when selecting materials for building out all new physical spaces
- Reduce the amount of paper used in Plant the Seed, imc²'s on-boarding and orientation program



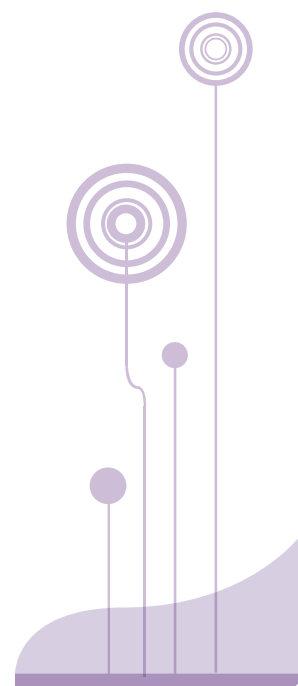
The future is now, and now is an extremely challenging, demanding, and energizing moment. The choices we make today will unquestionably determine the landscape of tomorrow. Our ability to prosper in tomorrow's world will be a direct consequence of how we are acting and thinking in the present. We hope that this report has provided an honest portrait of how imc² is acting and thinking at this moment of opportunity and where we intend to go in the coming years.

The daunting troubles of our world must be matched by humankind's ingenuity and solidarity, by our intelligence and our ability to act with shared purpose. We will find better, more sustainable solutions by partnering, by collaborating. So, in closing our Positive Impact Report, we return to our purpose: to advance relationships. We welcome your feedback, your ideas, and your criticisms as we work together toward creating a positive impact for our people, our clients, and our world.



We want your feedback:
positiveimpact@imc2.com

Or Contact:
Beth Bengtson
Vice President, CSR/Positive Impact
212.430.3282
beth.bengtson@imc2.com



The content included in our report complies with Level C of the GRI reporting guidelines, which requires reporting on at least 10 Core Indicators. The following charts specify which section within the report the indicators are covered. We also include other relevant information below for specific indicators.

General Information

G3 Section	Indicator	Report Section or Clarification
1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	President's Letter
1.2	Description of key impacts, risks, and opportunities; table summarizing performance and targets; description of governance mechanisms in place.	Positive Impact Approach (Page 1)
2.1	Name of the organization.	About imc ² (Page 6)
2.2	Primary brands, products, and/or services.	About imc ² (Page 6)
2.3	Operational structure of the organization.	About imc ² (Page 6)
2.4	Location of organization's headquarters.	About imc ² (Page 6)
2.5	Number of countries where the organization operates.	About imc ² (Page 6)
2.6	Nature of ownership and legal form.	About imc ² (Page 6)
2.7	Markets served.	About imc ² (Page 6)
2.8	Scale of reporting organization.	About imc ² (Page 6)
2.9	Significant changes during reporting period regarding size, structure, or ownership.	About imc ² (Page 6)
2.10	Awards received during reporting period.	None received.
3.1	Reporting period for information provided.	About Our Report (Page 5)
3.2	Date of most recent previous report.	About Our Report (Page 5)
3.3	Reporting cycle.	About Our Report (Page 5)
3.4	Contact point for questions.	About Our Report (Page 5)
3.5	Process for defining report content.	About Our Report (Page 5)
3.6	Boundary of the report.	About Our Report (Page 5)
3.7	State any specific limitations on the scope or boundary of the report.	There are no known limitations.
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities.	We have no other entities to consider.
3.9	Data measurement techniques and the basis of calculations.	We will formalize our measurement techniques and disclose in future reports.
3.10	Explanation of the effect of any re-statements of information provided in earlier reports.	This is our first report.
3.11	Significant changes from previous reporting periods.	This is our first report.
3.12	Table identifying the location of the Standard Disclosures in the report.	GRI Content Index
3.13	Policy and practice regarding external assurance for report.	No external assurance sought for this report.
4.1	Governance structure of the organization.	About imc ² (Page 6)
4.2	Indicate whether the chair of the highest governance body is also an executive officer.	About imc ² (Page 6)

G3 Section	Indicator	Report Section or Clarification
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Not material.
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Not applicable because we are private and do not have any formal employee representation groups.
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	As a private company, we do not disclose this information.
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Not material.
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	We will formalize the process and report in 2008.
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Economic, Society, and Environment (Pages 7, 18, 22)
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	We will formalize the process and report in 2008.
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	We will formalize the process and report in 2008.
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	We will formalize our measurement techniques and disclose in future reports.
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	We are evaluating appropriate initiatives and will report in 2008.
4.13	Memberships in associations.	None.
4.14	List of stakeholder groups engaged by the organization.	About Our Report (Page 5)
4.15	Basis for identification and selection of stakeholders with whom to engage.	About Our Report (Page 5)
4.16	Approaches to stakeholder engagement.	We will formalize our process for stakeholder engagement and report in 2008.
4.17	Key topics and concerns raised through stakeholder engagement.	We will formalize our process for stakeholder engagement and report in 2008.

Economic

G3 Section	Indicator	Report Section or Clarification
EC1	Economic value generated and distributed.	As a private company, we do not publicly disclose financial information.
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	We are unaware of any financial implications to our organization.
EC3	Coverage of the organization's defined benefit plan obligations.	Not material because we do not have defined benefit plans.
EC4	Significant financial assistance received from government.	We do not receive financial assistance from the government.

G3 Section	Indicator	Report Section or Clarification
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Not material.
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	We will formalize a supplier program and report in 2008.
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operations.	Although the majority of our senior management is from the local community in which they work, our focus is on hiring people that add the most value to the company, regardless of their location. In an industry where skilled resources are limited, we must give preference to finding the right experience and culture fit over location.
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	We have made no infrastructure investments.
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	We will implement ways to measure this indicator in 2008.

Human Rights

G3 Section	Indicator	Report Section or Clarification
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Not material.
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Not material.
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Not material.
HR4	Total number of incidents of discrimination and actions taken.	There were no reported acts of discrimination in 2007.
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Not material.
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Not material.
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	Not material.
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Not material.
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Not material.

Labor

G3 Section	Indicator	Report Section or Clarification
LA1	Total workforce by employment type, employment contract, and region.	People (Page 10)
LA2	Total number and rate of employee turnover by age group, gender, and region.	People (Page 10)
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees.	People (Page 10)
LA4	Percentage of employees covered by collective bargaining agreements.	Not material.
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Not material.
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Not material.
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	We will implement ways to measure this indicator in 2008.
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Not material.
LA9	Health and safety topics covered in formal agreements with trade unions.	Not material.
LA10	Average hours of training per year per employee by employee category.	We will implement ways to measure this indicator in 2008.
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	People (Page 10)
LA12	Percentage of employees receiving regular performance and career development reviews.	People (Page 10)
LA13	Composition of governance bodies and breakdown of employees per category.	People (Page 10)
LA14	Ratio of basic salary of men to women by employee category.	People (Page 10)

Environmental

G3 Section	Indicator	Report Section or Clarification
EN1	Materials used by weight or volume.	Not material.
EN2	Percentage of materials used that are recycled input materials.	Not material.
EN3	Direct energy consumption by primary energy source.	Not material.
EN4	Indirect energy consumption by primary source.	Environment (Page 22)
EN5	Energy saved due to conservation and efficiency improvements.	We will implement ways to measure this indicator in 2008.
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	We will implement programs to address this indicator in 2008.
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	We will implement programs to address this indicator in 2008.
EN8	Total water withdrawal by source.	We will implement ways to measure this indicator in 2008.

G3 Section	Indicator	Report Section or Clarification
EN9	Water sources significantly affected by withdrawal of water.	Not material.
EN10	Percentage and total volume of water recycled and reused.	Not material.
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Not material.
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Not material.
EN13	Habitats protected or restored.	Not material.
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Not material.
EN15	Number of IUCN Red List species and national conservation list specific with habitats in areas affected by operations, by level of extinction risk.	Not material.
EN16	Total direct and indirect greenhouse gas emissions by weight.	Environment (Page 22)
EN17	Other relevant indirect greenhouse gas emissions by weight.	Environment (Page 22)
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Environment (Page 22)
EN19	Emissions of ozone-depleting substances by weight.	Not material.
EN20	NOx, SOx, and other significant air emissions by type and weight.	Not material.
EN21	Total water discharge by quality and destination.	Not material.
EN22	Total weight of waste by type and disposal method.	We will implement ways to measure this indicator in 2008.
EN23	Total number and volume of significant spills.	Not material.
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex.	Not material.
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected.	Not material.
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Not material.
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not material.
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	We have not incurred any fines or sanctions.
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Not material.
EN30	Total environmental protection expenditures and investments by type.	Not material.

Society

G3 Section	Indicator	Report Section or Clarification
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Not material.
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Not material.

G3 Section	Indicator	Report Section or Clarification
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Not material.
SO4	Actions taken in response to incidents of corruption.	No incidents of corruption reported.
SO5	Public policy positions and participation in public policy development and lobbying.	No participation in public policy or lobbying.
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	No contributions to political parties or politicians.
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	No legal actions against imc ² .
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	No fines or sanctions against imc ² .

Product Responsibility

G3 Section	Indicator	Report Section or Clarification
PR1	Life cycle states in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Not material.
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	No incidents of non-compliance.
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Not material.
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	No incidents of non-compliance.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	We will implement ways to measure this indicator in 2008.
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	We will implement programs to address this indicator in 2008.
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	No incidents of non-compliance.
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	None reported.
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	No fines against imc ² .

