

How to create a powerful impact report

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Why impact reports matter

Stakeholders - whether investors, employees, customers, or regulators - are demanding greater transparency and accountability from businesses. An impact report is no longer just a 'nice to have'; it is a critical tool for demonstrating responsible business practices, measuring progress, and building trust.

According to <u>PwC's 2023 Global Investor</u> Survey, 87% of investors want companies to disclose their impact on the environment and society, and 75% say ESG factors influence their investment decisions. The demand for impact reporting is clear.

However, not all reports achieve their intended purpose - some lack credibility, while others fail to engage their audience. This guide will help you create an impact report that is transparent, engaging, and drives meaningful change.

The business case for impact reporting

A well-structured impact report is more than just a compliance document. It is a strategic asset that can offer tangible benefits:

Competitive advantage:

Companies with strong impact reporting build brand loyalty and attract purposedriven customers and investors. A 2022 NielsenlQ report found that a sustainable lifestyle is important to 78% of consumers.

Risk management:

Transparency mitigates regulatory, reputational, and operational risks. Companies with misleading claims are increasingly scrutinised, with regulatory bodies like the UK's Competition and Markets Authority (CMA) cracking down on greenwashing.

Attracting and retaining talent:

Employees, particularly younger generations, want to work for companies that align with their values. A LinkedIn study revealed that 67% of job seekers prefer to work for a company with a strong sustainability agenda.

Investor relations:

Investors want clear, standardised reporting on ESG issues. Companies that provide robust and data-backed impact reports are more likely to secure funding from sustainability-focused investors.

WHAT TO INCLUDE IN AN IMPACT REPORT

A high-quality impact report should balance data, storytelling, and transparency.

Key components include:

CLEAR OBJECTIVES

Start with a clear purpose. Is the report aimed at investors, employees, customers, or regulators? Align the content with their expectations. Define success metrics to measure progress effectively.

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KEY METRICS AND DATA

Use credible data to quantify your impact. Align with recognised frameworks like:

- Global Reporting Initiative (GRI)
- Sustainability Accounting Standards Board (SASB)
- Task Force on Climate-Related Financial Disclosures (TCFD)
- Corporate Sustainability Reporting Directive (CSRD)

Consistency is key. Companies should track and report on the same metrics year after year, regardless of whether the results improve or decline. This demonstrates a commitment to transparency and long-term progress rather than short-term optics.



SUSTAINABILITY PERFORMANCE

Detail environmental impact with specific metrics and initiatives, including:

- Carbon footprint reduction: Report on emissions data (Scopes 1, 2, and 3) and progress towards net zero goals.
- Energy efficiency: Improvements in renewable energy adoption and reductions in energy consumption.
- Waste management: Steps taken to minimise landfill waste, increase recycling, and implement circular economy principles.
- Water usage and conservation: Any reductions in consumption and efforts to improve water efficiency.





SOCIAL VALUE AND COMMUNITY ENGAGEMENT

Companies should report on their contributions to society, including:

- Volunteering and employee engagement: Hours contributed to charitable initiatives and community work.
- Diversity, equity, and inclusion (DEI): Breakdown of workforce demographics and any initiatives to improve representation.
- Living wage commitments and fair labour practices: Ensuring ethical supply chain practices and support for employees' wellbeing.
- Education and skills development:
 Training programmes, apprenticeships, and partnerships that support workforce development.

WHAT TO INCLUDE IN AN IMPACT REPORT

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GOVERNANCE AND ETHICS

Strong governance is fundamental to credibility, including:

- Board diversity and independence:
 Composition of leadership teams and efforts to improve representation.
- Ethical business practices: Anticorruption policies, compliance frameworks, and responsible sourcing.
- Stakeholder engagement: Processes for engaging investors, employees, and communities in decision-making.





CASE STUDIES AND STORYTELLING

Data alone can be dry. Use real-world examples and human stories to bring the numbers to life. Highlight employees, community members, or customers who have benefited from sustainability efforts. A strong narrative enhances credibility and engagement.

CHALLENGES AND AREAS FOR IMPROVEMENT

Honesty builds trust. Acknowledge areas where progress has been slower than expected and outline steps to improve. Companies that only highlight successes risk losing credibility with stakeholders.

- Consistency in reporting: If a company has committed to tracking a particular sustainability metric, it should report on it every year, even if performance has worsened. Explaining setbacks and outlining corrective actions strengthens trust.
- Third-party validation: Independent verification from sustainability auditors or industry benchmarks can reinforce credibility.
- Learning from setbacks: Use challenges as an opportunity to demonstrate adaptability and longterm commitment to improvement.





STAKEHOLDER PERSPECTIVES

Incorporate voices from employees, customers, and communities to add credibility and demonstrate engagement. Gathering feedback through surveys or interviews ensures the report reflects the concerns and priorities of those affected by the company's actions.

WHAT TO INCLUDE IN AN IMPACT REPORT

AVOIDING GREENWASHING AND GREENHUSHING

Impact reporting must be both authentic and transparent. Two major pitfalls to avoid are:

Greenwashing - when companies exaggerate or misrepresent their sustainability efforts. The CMA has issued clear guidelines on misleading claims, and companies risk reputational damage or legal consequences if found guilty.

Greenhushing – when companies deliberately under-report their sustainability efforts out of fear of criticism or regulatory scrutiny. A South Pole survey found that 25% of companies are greenhushing, limiting stakeholder visibility into their real progress.

Best practices to stay credible

- Ensure all claims are backed by data and, where possible, verified by third parties.
- Avoid vague language words like 'eco-friendly' or 'sustainable' must be supported by measurable outcomes.
- Be transparent about challenges and future goals, rather than only highlighting successes.



WHY WORK WITH MAGENTA

At Magenta, we help businesses create impact reports that are honest, engaging and built to last. We don't just write what we're given - we work with our clients to uncover the real story, then bring it to life in a way that resonates with the people that matter most. Here's what sets us apart:

- We know how to tell a great story. We turn complex data into compelling, visual narratives that people actually want to read.
- We're with you from start to finish. From defining your strategy and shaping your message to designing and publicising your report, we've got it covered.
- We walk the talk. We signed the Green Claims Policy before it became law and follow our own Responsible Comms Charter. That means we're committed to transparency and authenticity - and we'll hold you to the same standard.

Get in touch with us today to create an impact report that stands out - for all the right reasons.

020 3773 3622

WHAT DO GREAT IMPACT REPORTS LOOK LIKE?

Here are some examples of reports that we have written and designed.





WE ARE COMMUNITY CHAMPIONS: Working together for change

Magenta believes in the power of collective action. Our commitment to positive change extends beyond our work for clients—it's embedded in how we engage with our community, support local intiatives, and collaborate with partners who share our values. We're proud to work clarifies, and committed to making a meaningful impact.



Our partnerships are built on shared ethics, trust, and a desire to create lasting social and environmental benefits.

We now actively track and measure our efforts across several key areas, including supply chain alignment, environmental impacts, volunteering initiatives, and probane work for community argenisations.

What we've done

Leadership-level commitment to ethical decision-making: We've implements to board resolution that legally integrates social and environmental considerations into our business decisions. This ensures that progress in these areas is valued as highly as financial performance, aligning our operations with our mission.

Philanthropy and charitable giving: We match employee danations and sporses fundralising efforts within our network. Additionally, we incentivise participation in surveys by affering charitable donations on behalf of respondents.

Community-focused initiatives: From Magenta Dollars, which can be spent at local businesses, to our Pub Fund, which supports a nearby pub, we'be constantly looking for ways to give back to our community. Our team also participates in company-wide beach cleans a few times a year.

WE ARE A FORTRESS FOR TALENT: Looking after our people

We believe that our people are our greatest asset. The well-being, satisfaction, and development of our employees set and development of our employees cell or our purpose. In this chapter, we evaluate how we've supported our employees' financial security, health, wellness, career development, and overall engogenement – and outline the steps we are taking to enhance these efforts in the future.



Proudly employee owned.



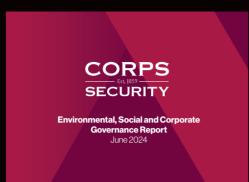
What we've done

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Equal weight for social and environmental performance. We've made in a priority to integrate social and environmental performance into an decidation-making processes. This year, we've included these metrics now quarterly board reports, where they now cony ou much weight on infoncial performance. By droing su, we've eneming that are commitment to people and the planet is embadded in our strategic planning, minforcing our values of progressive minking.



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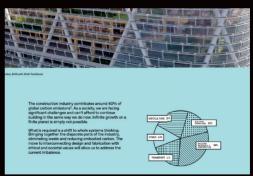














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