



# Writing an Annual Impact Report

A guide for B Corps by B Lab UK

We have created this guide for B Corps to use when writing an annual impact report. Creating an impact report is a requirement of Certified B Corporations in the UK, and is a powerful way to communicate your current and intended impact to the people your business depends on.



image: Rebel Kitchen



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# Why write an annual impact report?

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## B Corps do things differently

By considering the impact you have on people and planet to be just as important as financial performance, B Corps stand out from the crowd of traditional companies. You exist to create positive impact for the benefit of all.

This is embedded into your company's legal articles – unlike a traditional company's articles, which don't need to state an obligation beyond its duties to its shareholders. These articles are lodged at Companies House and they act as a public commitment to your values as a company. An annual impact report is a regular communication of this commitment to consider your impact on people and planet.

image: Perform Green

# Building a better future

As our understanding of the planet's environmental limits is becoming clearer, more organisations are measuring their own performance. Every business needs to track their carbon emissions to help prevent the worst effects of the climate crisis and limit their impact on the natural world by re-using and re-designing the materials they use.

Organisations are playing a greater role in creating a better society too. We are seeing companies focusing on inclusion, addressing pay ratios to tackle high levels of inequality, and improving gender equality in certain industries by engaging with local schools.

Reporting on this impact demonstrates a commitment to using business as a force for good and inspires others to follow suit. Impact reporting is a vital component of building a future role for business that serves society and the environment – to create lasting and durable prosperity for all. This is the vision of the B Corp movement.

## The positive power of impact reporting

An annual impact report enables B Corps to...

- 1** Be transparent and accountable to their stakeholders (anyone with a vested interest in the company and on whom the success of the business depends) about the social and environmental impact you are creating and planning.
- 2** Showcase that beneficial impact is possible, and inform the wider community about best practices for achieving it.
- 3** Encourage an open conversation between companies, stakeholders and investors.
- 4** Help build the business case for responsible business by making data and case studies widely available.

# The requirement for B Corps

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As a B Corp, you will already be measuring your impact as part of your certification. All B Corps need to recertify every three years, which provides an updated assessment of your social and environmental performance.

**In the two years between certification, all B Corps must write an annual impact report on their progress to create positive impact.**

This report will be written for your internal stakeholders (staff, directors, board members) as well as to your wider audiences of customers, partners and suppliers. It will explain how you will improve on your existing impact in the coming year, in a way that is proportionate to the size and complexity of your company.

The report should then be made available to all your company's stakeholders for each financial year that your company is certified as a B Corp. It should be published on your website and sent to your key stakeholders and members. The requirement to write a report is detailed in section [2.5 of the B Corp Legal Agreement](#).

A company may choose to lodge this report with Companies House, but this is not obligatory (unless the impact report is integrated into the Strategic report. Writing a Strategic report is mandatory for B Corps of a certain size (see Appendix 1)).

# What to include in your impact report

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There are a variety of frameworks and approaches that can be used to generate an impact report (see Appendix 2 for suggestions). In addition to these approaches, there are basic principles that relate to measuring, improving and reporting on your social and environmental impact.

## The basic principles

### Materiality

Is the impact significant enough to be worth measuring and monitoring?

### Externality

What is the full effect of an action on society and the environment?

### Integration

Is the activity integrated into the core behaviour of the company and not treated as an 'optional' add on?

**In proportion to your company's size, you should also provide:**

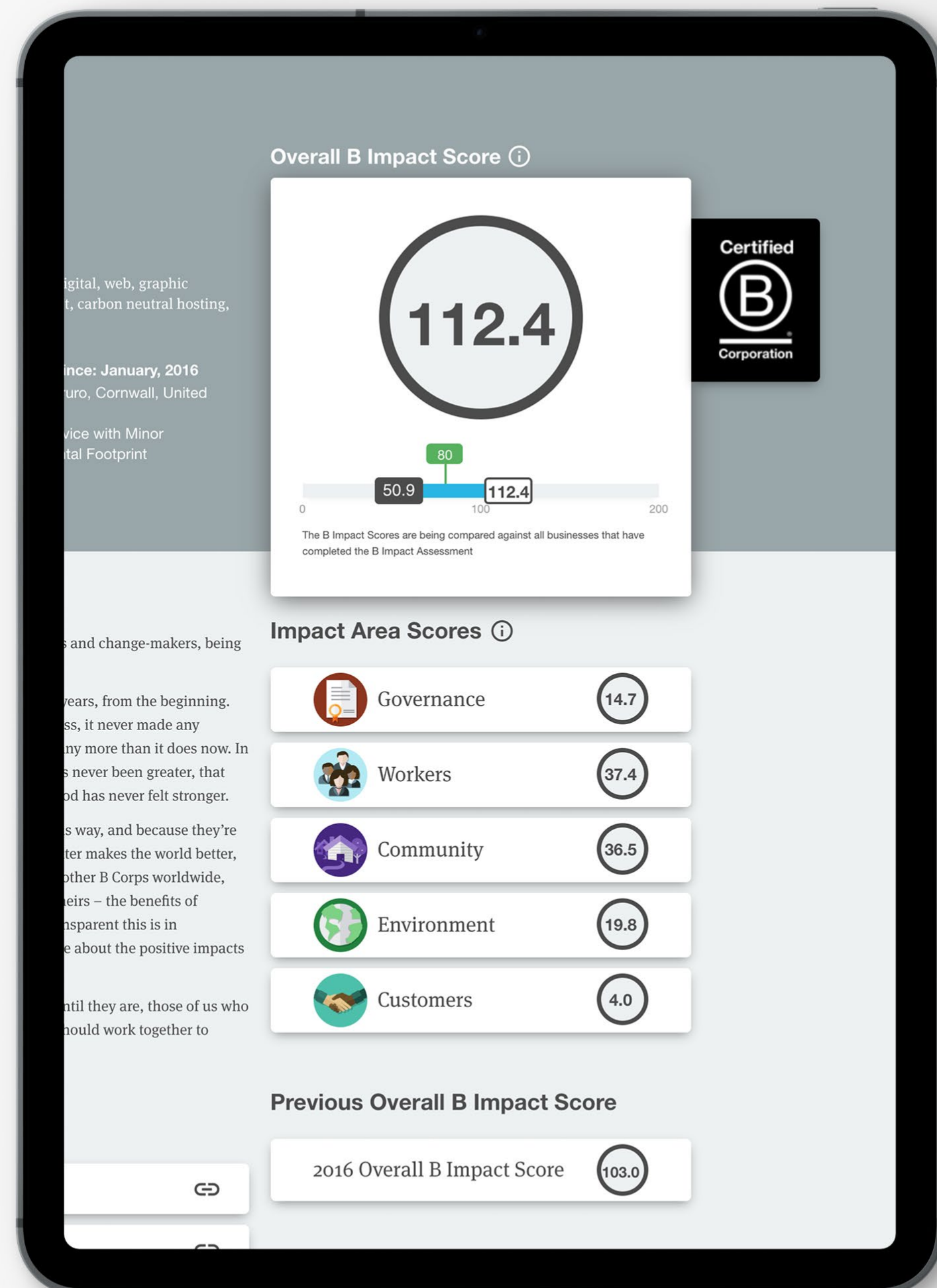
1

Details of any matter or circumstance that significantly affect the creation of positive social and environmental impact.

2

Any developments in operations in future financial years that are likely to have positive impact on society and the environment.





# Tools to help you measure

## The B Impact Assessment

A simple way to report on your social and environmental performance is to use your previous year's B Impact Assessment (BIA) score.

Your scores under each of the five sections of the BIA can be used as a base level – and then report on your progress against these scores over the last 12 months. In effect, you are self-reporting your updated BIA scores (though it should be clearly stated that these are unverified by B Lab Standards Team).











# Tools to help you measure

## The SDGs

You may also want to integrate a way of tracking your progress towards Sustainable Development Goals (SDGs).<sup>1</sup> An example of this is WHEB Asset Management’s 2018 impact report, which clearly identifies the SDGs it supports and the business activities working towards achieving them.

You may also wish to measure against other social and environmental standards relevant to your organisation.

	WHEB INVESTMENT THEMES			
	 Cleaner Energy	 Resource Efficiency	 Sustainable Transport	 Environmental Services
Indicative areas of business activity	<ul style="list-style-type: none"><li>- Renewable energy technologies</li><li>- Renewable energy generation</li></ul>	<ul style="list-style-type: none"><li>- Energy efficiency products</li><li>- Efficient buildings</li><li>- Efficient lighting</li><li>- Efficient manufacturing</li><li>- IT to improve efficiency</li></ul>	<ul style="list-style-type: none"><li>- Intermodal and rail transport</li><li>- Less polluting road transport (eg hybrid and electric vehicles)</li></ul>	<ul style="list-style-type: none"><li>- Environmentally preferable products</li><li>- Environmental consulting</li><li>- Pollution control</li></ul>
Portfolio holdings (as at 31/12/18)	<ul style="list-style-type: none"><li>- China Everbright International Ltd</li><li>- Siemens Gamesa Renewable Energy S.A.</li><li>- TPI Composites Inc</li></ul>	<ul style="list-style-type: none"><li>- AO Smith Corp</li><li>- Acuity Brands Inc</li><li>- ams AG</li><li>- Ansys Inc</li><li>- Daifuku Co. Ltd</li><li>- Daikin Industries Ltd</li><li>- IPG Photonics Corp</li><li>- Johnson Controls International</li><li>- Keyence Corp</li><li>- Kingspan Group</li><li>- Kion Group</li><li>- Lennox International</li><li>- National Instruments Corp</li><li>- Nitto Denko Corp</li><li>- Renishaw plc</li><li>- Rockwell Automation Inc</li><li>- Roper Technologies Inc</li><li>- Spectris plc</li></ul>	<ul style="list-style-type: none"><li>- Aptiv plc</li><li>- Hella KGaA Hueck &amp; Co</li><li>- JB Hunt Transport Services Inc</li><li>- Norma Group</li><li>- TE Connectivity Ltd</li><li>- Wabtec Corp</li></ul>	<ul style="list-style-type: none"><li>- Horiba Ltd</li><li>- Koninklijke DSM NV</li><li>- Lenzing AG</li><li>- Linde plc</li><li>- Smurfit Kappa plc</li><li>- Stantec plc</li></ul>
Positive impact in 2018	464,000 MWh of renewable energy generated			49,000 tons of waste recovered or recycled
	218,000 tons of CO <sub>2</sub> e avoided			
	UN SUSTAINABILITY GOALS			
Supporting SUSTAINABLE DEVELOPMENT GOALS	 7 AFFORDABLE AND CLEAN ENERGY	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	 11 SUSTAINABLE CITIES AND COMMUNITIES	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

1. In January 2020 B Lab will launch the SDG Action Manager. This will enable businesses to track their progress towards the Sustainable Development Goals by mapping the B Impact Assessment with the SDGs. To find out more about the SDGs, see Appendix 3.

Image from WHEB Asset Management’s 2018 Impact Report

# Considerations for creating your impact report

## Benchmarking is key

B Corps strive for continuous improvement to meet high standards of social and environmental performance. Benchmarking impact performance relative to last year's BIA scores (or a different set of measurements, if you have chosen an alternative model) is a useful feedback tool against which to report. It also informs practices within the company that create further impact in the future.

Ella's Kitchen offers a helpful example of this in their [2018 impact report](#), [‘The Good Stuff We Do’](#)



Image from Ella's Kitchen's 'The Good Stuff We Do' 2018 Report

# Identify real-world impact

An impact report should clearly identify the impact of the business on its stakeholders. For example, if a company introduces an employee suggestion box to ensure every voice is heard, the report should determine the extent to which this practice has any impact.

Do employees feel more engaged? Do better ideas emerge as a result? Is there greater buy-in on policies or projects as a result? Does the company see this type of approach having a longer-term impact on staff attracted and retained in the company?

## Impact vs initiatives

Having a policy in place to create positive impact is one thing; reporting on the actual positive impact that it has generated is another. An impact report should clearly differentiate between these, while recognising that impact measurement is not always a scientific process.

Pukka Herb’s clearly outline this difference in their [2018 Sustainability Report](#), when they deliberately compare the intentions of certain initiatives with the eventual impact they achieved.



PROGRESS ON OUR 2017 COMMITMENTS – AT A GLANCE			
	TOPIC	IN 2017, WE SAID	IN 2018, WE DID
REGENERATIVE ORGANIC AGRICULTURE	GENERAL	Strategy	This report is our first articulation of our 'Regenerative' strategy. You can read all about our herbal education and research on <b>page 23</b> .
	Supplier resilience fund	We said we planned to launch a fund to support carbon reduction and climate resilience in our supply chain.	You can read about our 'Pukka Life Impact Fund' on <b>page 12</b> ..
	Fair for Life 	We said we would grow the volume of our herbal supplements that are made with fair-certified ingredients.	This year we added three new FFL certified herbs to our portfolio. This increased the total number of FFL certified herbs in supplements from 9 to 12.
	FairWild 	We said FairWild Week 2018 will be bigger and better. We said we would fund a report to highlight the importance of sourcing wild ingredients responsibly.	We funded Wild at Home, launched as part of FairWild week. Read about it on <b>page 21</b> .
FORCE FOR GOOD	Volunteering	We said that as part of our B Corp commitment we would launch a volunteering programme at Pukka. We had a target of 1,500 hours of volunteering during 2018.	We didn't meet our target, but this year our people volunteered 1,042 hours of their time, learning new skills, helping the community and making a difference. <b>See page 52</b> .
	Recyclable envelopes	We said we would roll out our new envelope across our tea blends and by the end of 2018, every Pukka tea bag will be packed in a recyclable envelope.	We are now printing fully on the new envelopes and are phasing them in to avoid waste of the old stock. We have now included the recycling logo on the envelopes so you'll start to see these appearing in 2019 and we'll be fully packing in them by December 2019. <b>See page 39</b> .
	Science Based Carbon reduction targets	We said we would submit our carbon reduction targets to the Science Based Targets initiative.	Our targets were approved by the SBTi. <b>See page 43</b> .
	Our offices	We said that when we moved into the Herb House – our new Pukka home – we would reuse a lot of our existing furniture, creating bespoke pieces from reclaimed materials and donating anything we're leaving behind to local charities and businesses.	We did! You can read all about the beautiful Herb House and our move on <b>page 47</b> .
	B Corp	We said we would improve our B Corp score.	We improved our B Corp score from 93.3 to 104.1 points. <b>See page 34</b> .
	IMPROVING OUR DATA METRICS	This year, we mapped all our data against the various metrics we need to report against, including B Corp, the Unilever Sustainable Living Plan and the UN SDGs. This will help us make our data reporting systems more robust from next year.	

Image from Pukka Herbs 2018 Sustainability Report



## Bring in stakeholders' views

To understand the impact your organisation is having on certain groups of stakeholders – such as improvements to employee wellbeing – think about how you can invite feedback from these stakeholders to learn more about what works and why. You can listen and learn through surveys, round tables, interviews, town hall sessions and open meetings.

Bring these perspectives into your impact report, by showing survey data, poll results and quotes, so that different groups of stakeholders have their voice included.

To see this in action, take a look at [Bethnal Green Ventures' impact report](#), which includes quotes from their members about the tangible benefits they have experienced.

**“Going to the meetup was the catalyst that made me decide to change career and become a developer”**

**“They helped me discover new resources to teach myself new skills”**

**“The meetup helped me to start my own startup and meet useful contacts”**

**“The meetups help me build and sustain a tech for good community in the Midlands”**

Image from Bethnal Green Ventures' 2018 Learning and Impact Report



# Integrate with financial reporting

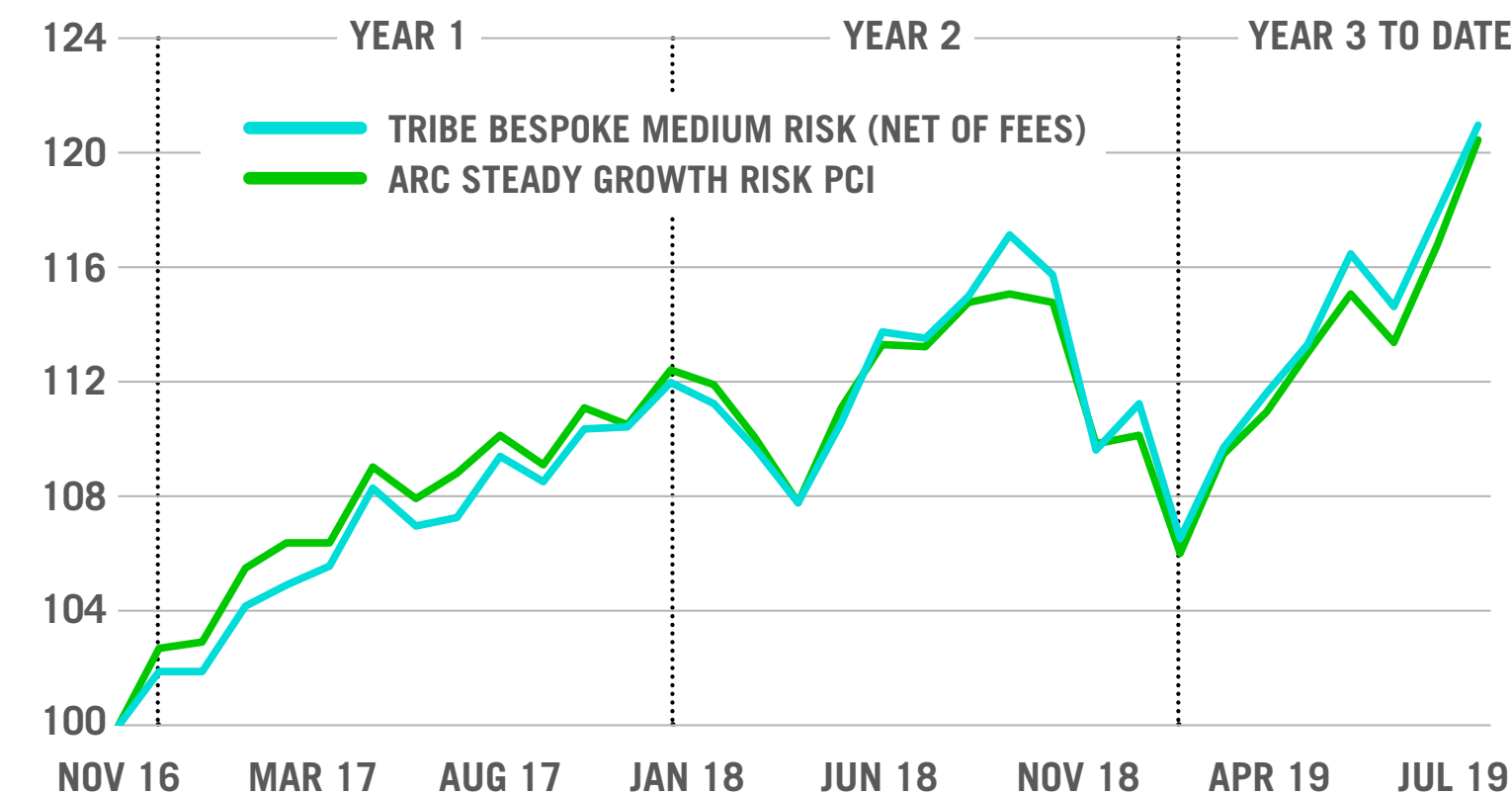
As a B Corp, you focus equally on people, planet and profit. All these considerations are built into your daily operations and it may be hard to separate financial decisions from decisions made to create positive impact. For example, energy reduction can also lead to cost saving, so can be presented as both a social and financial benefit. This has the positive side-effect of showing investors that social and economic impact are inherently interlinked.

So, if possible, aim to integrate your impact reporting with your financial reporting. Tribe Impact Capital have done this in their [2019 impact report](#), showing that positive impact and financial performance have, over time, gone hand in hand.

Of course, the most appropriate composition and presentation of the information will depend on the context of your business and stakeholders.

Here's an example from Tribe Impact Capital's 2019 Impact Report

## FINANCIAL PERFORMANCE



**85.6**  
tonnes total  
absolute carbon  
emitted per  
**£1m**  
invested

We are also very proud of how our investments have performed financially and while ordinarily would not report on financial performance in this medium, we feel it is important to, given the persistent myth that somehow investing according to your values means sacrificing financial performance. We hope that by sharing what we do and how we do it, alongside what we have achieved in terms of impact and performance will help more investors align their portfolios to driving long term sustainable and positive impact.

# 5 top tips for writing an impact report

**1 Report what matters**  
You need to get a good grip on where your big impacts are across your value chain. In a business like ours 90% of our impacts are outside our direct control. For example – most of Pukka’s carbon impact is in boiling kettles to make tea. Another large chunk is in our agricultural supply chain. So if we only reported on the carbon footprint of our offices we’d be ignoring our big impacts. And be real, it’s not always good news – we’re firm believers in ‘warts and all’ reporting.

**2 Know your audience**  
Who needs to know your impacts? You’re likely to have a variety of audiences and ideally you’ll tailor your content to each. Consumers probably want something bite sized, whereas your suppliers might want a bit more detail. Best way to find out what they’re interested in? Ask them! If their answers match where your big impacts are (identified above) then boom – that’s your sweet spot.

**3 Tell stories to make it real**  
To grab people’s attention and keep the pages turning in an impact report it helps to have variety. Use infographics to convey the more complex data simply. Case studies and interviews help bring the data to life and people remember stories.

**4 Get everyone involved**  
Writing an impact report can feel like a labour of love. Share the load across your teams – enlist your finance colleagues who are great at numbers to capture your environmental data, find a project manager keen to coordinate the process challenge your design team to make it look great, encourage people to share the stories they’re proud of. It helps to have senior buy in to ensure people can prioritise the time.

**5 Keep Learning and experimenting**  
Just as standards evolve, so should your reporting. Keep the data consistent for comparison year on year, ideally with targets, but keen to try video content? Go for it. The world needs to know how we all do business.

Tell your stories, share your impact, change the world.

By Vicky Murray  
Sustainability  
Manager at  
Pukka Herbs





# Appendix

## Appendix 1: Threshold for writing a strategic report

Under the Companies Act 2006, all companies are obliged to write a Strategic report, unless the company qualifies for a Small Company or Micro-entity exemption. These companies are exempt from lodging an annual Strategic report at Companies House, but as a B Corp, they are still obliged to report on their impact to their key stakeholders.

	Micro-entities Must satisfy at least two of the following conditions:	Small Companies Must satisfy at least two of the following conditions:
Annual Turnover	Not more than £632,000	Not more than £10.2 million
Balance Sheet Total	Not more than £316,000	Not more than £5.1 million
Average Number of Employees	Not more than 10	Not more than 50

Table: thresholds for Micro-entities and Small Companies under CA 2006

## Appendix 2: Reporting frameworks and considerations

- ▼ [Global Reporting Initiative Framework](#)
- ▼ [Science based targets](#)
- ▼ [The International <IR> Framework](#)
- ▼ [Sustainability Accounting Standards Board frameworks](#)
- ▼ [Green America’s Green Business Standards](#)
- ▼ [UN Principles for Responsible Investment](#)
- ▼ [UN Global Compact](#)
- ▼ [Kate Raworth – the Doughnut Economy](#)
- ▼ [Future Fit](#)
- ▼ [Social Value UK](#)

## Appendix 3 : FAQs



### **How does the B Corp requirement to write an impact report fit with the Companies Act obligation to provide a Strategic report?**

The purpose of the Strategic report under the Companies Act is to show whether the directors have fulfilled their duties by promoting the profitability of the company for the shareholders. There is no obligation for traditional companies to report on their social and environmental impact, but they may choose to do so if this is seen as integral to the success of the company. Success can be affected by considerations of broader stakeholders' interests, but the focus of the report is for shareholders to understand whether directors have carried out their duties.

In the case of a B Corp, the impact that the business has created is key to its success as a company. An impact report is therefore required to provide information on how it has addressed and met this commitment.

B Corps that meet the specified size thresholds are required to prepare a Strategic report under the Companies Act 2006. These B Corps may choose to publish the impact report as part of its Strategic report (in accordance with the requirements applying to the Strategic report), or to create a separate report. Each B Corp can decide which approach will present the information most effectively to the relevant audiences.



### **How does this requirement to report affect directors' liabilities, especially if they would not have had to produce a Strategic report under the Companies Act?**

Under the Companies Act (2006), no additional liabilities arise for directors of B Corps from the obligation to provide an annual impact report. However, directors' existing liability does not alter where:

the directors include any untrue or misleading statements or omit material facts from the Strategic report – as explained above; or

any additional requirements, which are set out in the company's Articles of Association, are not met, such that the directors will have breached the terms of their own articles.



### **What are the SDGs?**

The 17 Sustainable Development Goals are a comprehensive call to action to meet the key challenges of our time. They provide a lens through which companies can reflect on their broader purpose. Many companies are now reporting against the targets outlined within these goals. [Find out more here.](#)



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