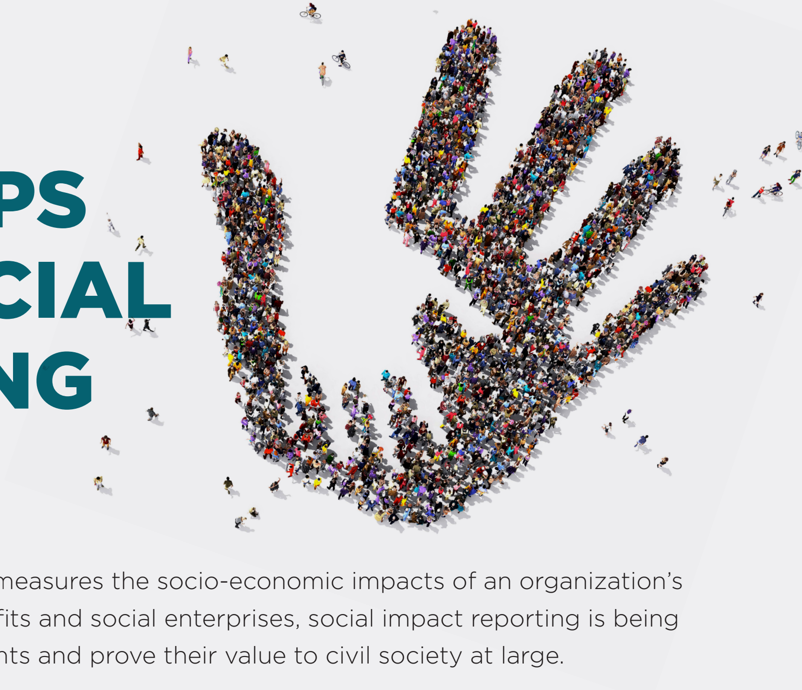
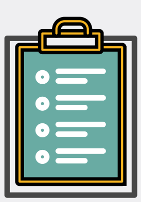
CHECKLIST: 5 ESSENTIAL STEPS FOR PUTTING SOCIAL IMPACT REPORTING INTO PRACTICE



Social impact reporting is a corporate reporting practice that measures the socio-economic impacts of an organization's business activities on society. Previously practiced by non-profits and social enterprises, social impact reporting is being adopted by companies to demonstrate their social commitments and prove their value to civil society at large.

For those new to social impact reporting, knowing where to start can be a challenge. As a result, we've created this checklist that breaks down five key steps and action items for putting social impact reporting into practice, to help make your company's positive social impact more widely known.

Step One	How to Do It
Define Your Report's Scope 	☐ **Conduct regular materiality assessments:** Undertake a materiality assessment every two to three years to help identify key ESG-related impacts, including social impacts. ☐ **Understand the relevance of impacts to stakeholders:** Consult stakeholders to help identify relevant ESG priorities and impact areas to include within the report. ☐ **Consider report's target audience:** While investors are key readers, employees and consumers make up a growing portion of readers of a corporation's annual report. Integrate these readers' interests and needs when determining the report's scope.

Step Two	How to Do It
Determine Your Reporting Format 	☐ **Review peers' sustainability reports:** Gain a greater understanding on what information similar corporations are disclosing, which standards and frameworks are used, and overall report style. ☐ **Investigate digital reporting formats:** Consider formats that facilitate sharing information across multiple distribution channels, such as social impact infographics to be shared on your company's social media channels. ☐ **Consider reporting more broadly on ESG topics using internationally recognized standards:** If integrating your social impact reporting within your company's broader sustainability or annual report, consider aligning reporting to international sustainability reporting standards such as the GRI standards and Taskforce on Climate-related Financial Disclosures (TCFD) to guide what ESG-related information to include in public reports.

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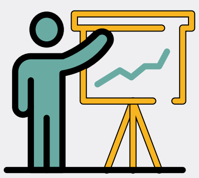
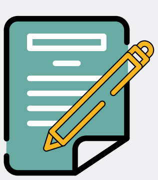
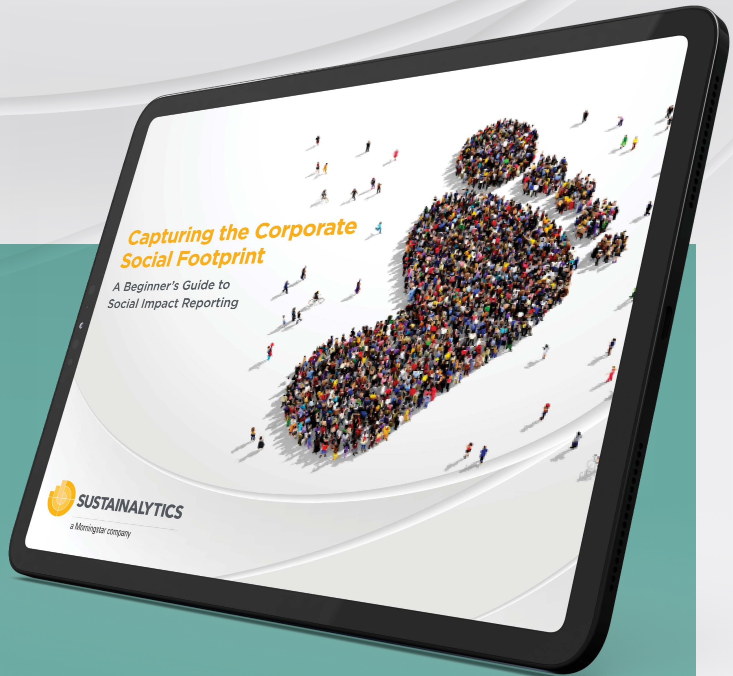
Step Three	How to Do It
Select Meaningful Indicators for Your Company 	☐ **Select clear, relevant and reproducible indicators:** Choose indicators that are clearly defined and communicate well, such as measuring impact by % of GDP or job growth, and ensure indicators allow for year-to-year comparison. ☐ **Consider partnering with an independent data provider when selecting output and outcome indicators:** Third-party partners, such as Sustainalytics, use new techniques to enable the selection of indicators for indirect impacts that were previously difficult to measure, such as lower-tier supply chain spend. ☐ **Harmonize selected indicators with selected reporting standards and frameworks:** If adhering to an established reporting framework, such as the SASB standards, ensure selected indicators meet required standards. Consider matching indicators to relevant Sustainable Development Goals (SDGs) to demonstrate your company's commitment to fostering sustainable development.

Step Four	How to Do It
Collect and Present Your Data and Findings 	☐ **Use robust measurement techniques:** Use reliable and consistent processes to gather data on social impacts, including both upstream and downstream impacts. Leverage new tools to capture indirect impacts that would otherwise be too difficult to measure. ☐ **Balance data with narratives:** Provide a mix of quantitative and qualitative reporting to provide a more human-centric approach to communicating your social impacts, including the use of case studies and program descriptions. ☐ **Leverage visuals:** Work closely with graphic designers to present complex data visually, utilize program pictures, and produce a compelling report that is accessible to your targeted audience.

Step Five	How to Do It
Continue Engagement and Evaluation 	☐ **Use data to inform corporate decision-making:** Maximize corporate investments by identifying impact areas to augment, such as establishing inclusive procurement policies to increase supplier diversity or matching employee donations to enhance corporate philanthropy in local communities. ☐ **Communicate senior management's commitment:** Advocate for senior management to take an active role in communicating social impacts to internal and external stakeholders ☐ **Establish a strategic approach for future reports:** Evaluate both the report and the reporting process, and identify areas of improvement over the long term, such as additional indicators to include or using a third-party auditor. Use these insights to establish an internal plan for future reports.



LEARN MORE about socio-economic impact reporting in our latest ebook, Capturing the Corporate Social Footprint: A Beginner's Guide to Social Impact Reporting.

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