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| <b>LEVEL</b>                          | 1  |
| <b>LEARNING OUTCOME</b>               | LO6<br>Students can evaluate the sustainable impact of new and existing businesses   |
| <b>SPECIFIC LEARNING OUTCOME</b>      | Students can evaluate a product, process or strategy taking into account sustainability  |
| <b>KEYWORDS</b>                       | Impact, assessment, social responsibility  |
| <b>INTRODUCTION</b>                   | In businesses impact is considered as the positive or negative influence produced by a certain enterprise in its operating context.<br>If we refer to a sustainable enterprise, the generated impact has to be evaluated with regard to society, environment and economy at the same time. |
| <b>HOW TO WORK WITH THIS MATERIAL</b> | Read the text and follow the instructions  |
| <b>TIMING</b>                         | approx. 2 hours  |



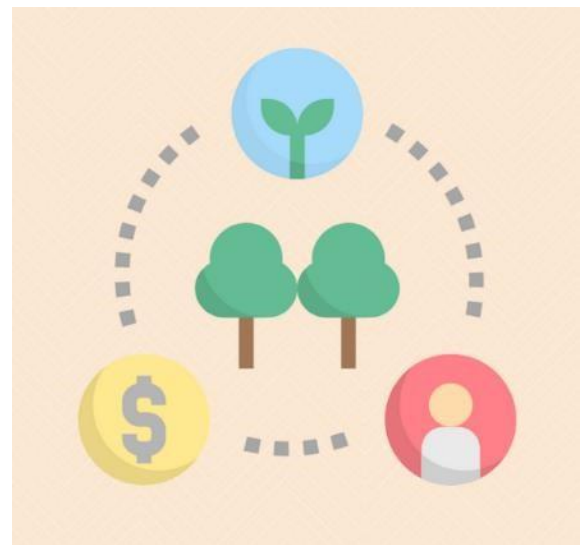
## 1. What does it mean “Impact” for businesses?

In businesses impact is considered as the **positive or negative influence produced by a certain enterprise in its operating context.**

If we refer to a sustainable enterprise, the generated impact has to be evaluated with regard to **society, environment and economy at the same time.**

As far as it regards the environment, an enterprise can generate a good or a bad impact towards air, land, water, conservation of ecosystem, depending on the production system.

For example, take the case of the fashion industry, that is one of the most polluting industries around the world. A fashion business may decide to dye its fabrics with traditional colourings, which are chemical and harmful to the environment and to health. These colourings pollute rivers and consequently the irrigated lands.





Instead, a sustainable enterprise may decide to reduce the negative impact and try to have a positive impact on environment and society. In this case, the colouring may be organic, made without chemical agents, so that it won't harm water and lands.

The same accounts for society, as a business activity could generate a good or a bad impact on people and communities. Depending on the business strategy, enterprises may affect health and welfare of their own employees or of the people living in the surrounding area, but also impact on education and rate of employment. A key role in this is played by sustainable businesses, that put at the core of their mission people and communities, aiming towards a positive impact for them.

Remember that environment and society are strongly interconnected and impact on one of them could affect both. Take the example of pollution: when a business impacts negatively on the environment, provoking the increase of pollution in a certain area, this may also have side-effects on society, as an increase of diseases related to the pollution.

**Activity: for each of the following products, read what does it take to produce them and identify what kind of impact they generate.**





### Cup of Coffee

#### Beans

- Beans grown in Colombia
- Pesticide from Germany applied to beans
- Beans roasted in New Orleans

#### Sugar and Cream

- Sugar produced in Florida
- Cream from dairy near Seattle

#### Disposable Cup

- Made from 10% recycled paper
- Virgin paper from trees grown in Canada
- Cup lined with a thin layer of plastic, made from oil drilled in Venezuela



Impact generated by the production of a cup of coffee: \_\_\_\_\_





### T-shirt

T-shirt is 50% cotton / 50% polyester.

#### Polyester

- Crude oil drilled in Venezuela
- Crude oil refined in Curacao
- Refined oil processed in Delaware to create polyester fibre

#### Cotton

- Cotton grown in Mississippi
- Cotton fibres spun into yarn in North Carolina

#### Assembly

- Shirt sewn in Honduras

Impact generated by the production of a t-shirt: \_\_\_\_\_

### Computer

#### Computer Chip

- Made of silicon mined in Washington State
- Silicon processed in Oregon
- Sent to chip manufacturer in California
- Copper from Arizona and gold from South Africa applied to chip

#### Circuit Board

- Made of tin from Brazil and lead obtained from recycled car batteries in Houston

#### Monitor

- Assembled in Japan



- Plastic created from oil drilled in Saudi Arabia and processed in the U.S.

Impact generated by the production of a computer: \_\_\_\_\_

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### **Athletic Shoes**

Athletic shoes are made of leather and synthetics.

#### **Leather**

- Cows raised in Texas
- Cow hides shipped to South Korea for tanning (to make leather soft and durable)

#### **Synthetics**

- Synthetic insole made of oil drilled in Saudi Arabia and refined in South Korea
- Synthetic rubber sole made of oil drilled in Saudi Arabia and refined in Taiwan

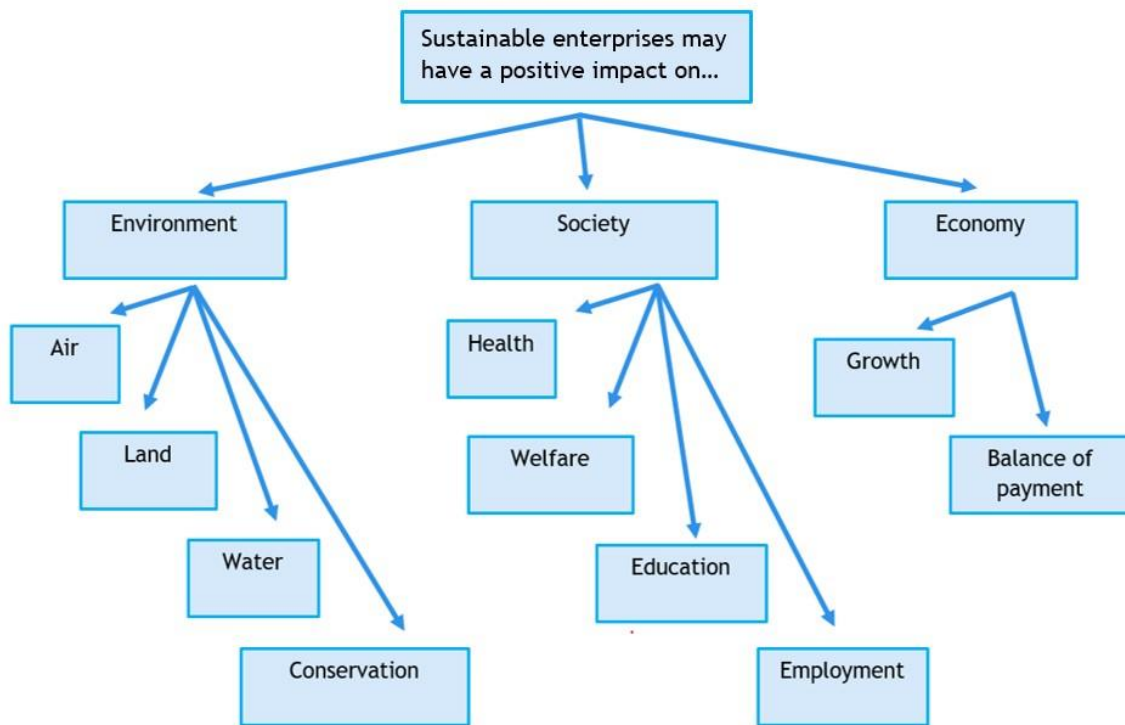
#### **Cardboard Box**

- Made from recycled paper in New Mexico



Impact generated by the production of an athletic shoes: \_\_\_\_\_

Activity: Think of examples of negative impact on environment and society generated by an enterprise. Then think how the enterprise may turn this negative impact into a positive impact. Use the following scheme to consider areas of impact and for each of them fill in the grid.



|      | NEGATIVE IMPACT | POSITIVE IMPACT |
|------|-----------------|-----------------|
| Air  |                 |                 |
| Land |                 |                 |



|                           |  |  |
|---------------------------|--|--|
| Water                     |  |  |
| Conservation of ecosystem |  |  |





|            |  |  |
|------------|--|--|
| Health     |  |  |
| Welfare    |  |  |
| Education  |  |  |
| Employment |  |  |

## 2. Impact assessment

Impact assessment has a crucial role in sustainable enterprises, as it allows to understand if a certain business has generated a positive and sustainable impact and how much. This is important for meeting sustainability certificates or law requirements, but also **to be transparent** with investors, executive boards, managers, employees, funders and communities that demand proof of impact. Only with a credible impact assessment they are able to know if their money, time and energy are making any difference.

Therefore, remember that a sustainable enterprise not only has to generate a positive impact on environment and society, but also has to demonstrate it, with a solid evaluation.

**Activity: Read the business case of EGEA Group (attached in the website). Evidence 1 the positive effects on the environment and evidence 2 the effects on society that EGEA Group aims to generate.**

**Effects on environment:**

1. \_\_\_\_\_
2. \_\_\_\_\_

**Effects on territory/society:**

1. \_\_\_\_\_



2. \_\_\_\_\_

Watch the video: <https://www.youtube.com/watch?v=S0fbZerTUjY>

Questions: 1. Why is Fairphone different from a traditional smartphone?

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2. In which way is Fairphone trying to generate a positive impact?

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3. Do you think that the way Fairphone works is important for building better societies and protecting the environment?

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4. In your opinion, which are the strengths of Fairphone?

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