

# Focus on social impact of supply chain

Focus Press, as part of its mantle as an innovator in the print industry, has undertaken a study of the social impact of its supply chain. Its co-author, Fabian Sack, provides insight into the process.

The study undertaken last year traced the print services company's social risk at home and internationally, establishing priorities for sustainable procurement.

According to Focus Press sustainability and stakeholder engagement manager Louise Pastro, it provided major insights into business operations and was a great talking point with existing and new clients.

"Our customers are really impressed that we're leading the way in understanding social impact," she said.

Some might consider it a risky decision by Focus Press to analyse social impact and communicate this to stakeholders – it is never clear what new types of analysis may reveal and it is the easier choice to simply "not go there".

Asked why he commissioned such a novel study, managing director David Fuller said: "When we first set out to understand our environmental impacts 10 years ago, it was new territory for us. In the process we engaged our customers and suppliers and I believe the project has repaid us many times over."

He expects that the process towards understanding and minimising the company's social impacts will deliver the same results.

Pastro says communicating the results of the study to stakeholders has already delivered clear reputational business benefits.

"Communications of the social side of things is really important – this is all very new for us and for our stakeholders. They are happy to be exposed to social concepts," she said.

But just as important, Pastro adds, is the business intelligence that the study has delivered.

"Not only are we learning the processes that the raw materials go through but we also now have new information emphasising where these materials come from."

The study also drew attention to core business risks like exposure to immigration issues through employment practices.

"We are now considering the need for more policy development around the immigration impacts of our employment practices," Pastro noted, adding that the results of the study, expressed as a prioritised list of environmental and social risks, would save money in the long term through risk mitigation.

## Life-cycle approach

The study uses the same life-cycle assessment approach that Puma is using to inform its innovative environmental profit and loss account – but extends the application to social impacts.

One of the study's authors, Dr Maartje Sevenster said: "In this study we didn't convert the results to a monetary figure because keeping impacts separated gives additional insights and using the dollar cost of social impacts does introduce additional uncertainty."

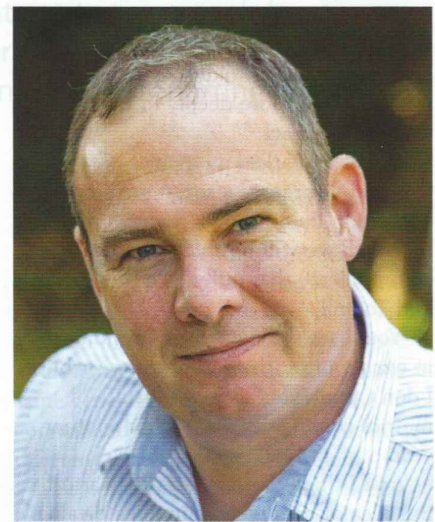
Sevenster said it would be possible to include social costs in a way similar to the carbon price that Puma used to express a dollar value for environmental impact.

"We think this approach has definite business applications in the finance industry, where players are looking for innovative ways of identifying risks, as well as for Australian manufacturing, retail and agribusiness concerns, because of their global supply chains," she said.

This is because the process allows a client to assess social costs and benefits of alternative improvement options.

It is the first social life-cycle assessment of the print industry to be published and one of the very few such studies that has been conducted in Australia to date.

The study highlighted similarities between social and environmental hotspots in the paper, ink and printing



Tracing social risks: Sack.

press supply chains but also pointed to important differences.

"Inks, computers and equipment have a much higher contribution in social assessment than in environmental assessment," Sevenster said.

Tantalum, used in the manufacture of electronic components, contributed less than a billionth of the overall supply chain volume but contributed a bit more than 2% of the social risk.

Also of interest was the fact that pulp and paper processing contributed considerably more social risk than forestry, despite forestry dominating the material flow.

This partly reflects forestry having an extremely large material output with relatively low labour input but also demonstrates the relatively high social risks associated with the pulp industry in some countries.

*Dr Fabian Sack is director of Sustainably, a social enterprise delivering research, advisory and training services around social sustainability – [sustainably.net.au](http://sustainably.net.au)*