

EVALUATING SUSTAINABLE PROCUREMENT PRACTICES AT UNILEVER

A Project Report

Submitted in partial fulfilment of the requirements for the

Award of the degree of

MASTER OF BUSINESS ADMINISTRATIONS (MBA)

“Name of the Program”

By Student Name

(Enter Registration Number Here)

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I, **Name of the student, Registration Number of the student,** hereby declare that the work done by me on “**Topic of the project**”, is a record of original work for the partial fulfilment of the requirements for the award of the degree, **Programme name.**

Name of the Student (Registration Number)

Signature of the student

Dated:

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EXECUTIVE SUMMARY

Finding and obtaining the supplies, products, and services required to support an organization's operations and aid in the accomplishment of its corporate objectives is known as procurement. Since procurement accounts for a large amount of a company's budget, it has a major impact on the financial success of the company. One key indicator of an organization's economic, social, and environmental effect is sustainable procurement. It focuses on obtaining ecologically friendly products and services. The performance of the supply chain may be greatly impacted by green supply chain strategies and sustainable procurement. With an emphasis on Hindustan Unilever, this paper investigates how sustainable supply chain practices (SSCPs) affect the fast-moving consumer goods (FMCG) industry. The literature study looks at how sustainability has evolved in the FMCG industry, emphasizing how crucial it is to include sustainable practices in order to satisfy customer needs and increase brand loyalty. For manufacturing and delivery, this industry is highly reliant on natural resources such as raw materials, energy, land, and water. But the FMCG industry also faces a number of possibilities and problems linked to sustainability. Sustainability, which includes environmental, social, and economic factors that affect people's and the planet's well-being, is the capacity to fulfill present demands without sacrificing the ability of future generations to meet theirs. Because of its high resource consumption and waste production throughout its value chain, the FMCG industry has a big influence on sustainability. Waste management, which includes minimizing environmental impact via waste reduction, reuse, recycling, or disposal, is a crucial issue for the FMCG industry to improve sustainability. Waste is generally produced by human activity and may take many different forms, including solid, gaseous, liquid, and dangerous. FMCG businesses may lessen their environmental impact while simultaneously gaining a competitive edge and increasing consumer happiness by using strategies like eco-friendly packaging, zero-waste production, and creative product design. The FMCG industry depends on efficient waste management since it lowers disposal costs and environmental dangers by reducing the quantity of garbage dumped in landfills or the ocean.

CHAPTER 1: INTRODUCTION

1.1 Research Background

Efforts to lessen the negative effects of human actions on ecosystems and communities are gaining momentum across the globe, and the business sector is no exception. Businesses have come to understand, in the last few decades, that environmental and social sustainability are critical to their bottom lines. Businesses have begun to incorporate sustainability into their operations as a whole after coming to this awareness. Procurement is one area where sustainable practices may make a big difference. For resource-intensive industries like fast-moving consumer goods (FMCG), sustainable procurement methods have gone from being a fringe notion to an integral aspect of business strategy. Among the most prominent companies in this field, Hindustan Unilever Limited (HUL) has achieved great achievements in incorporating sustainability into its purchasing procedures. This study examines HUL's sustainable procurement procedures in detail, looking at what motivates them, what obstacles they encountered, and how they affected the company's sustainability objectives.

The larger ideas of sustainability—which include economic, social, and environmental aspects—form the basis of the idea of sustainable purchase. In 1987, the Brundtland Commission popularized the word "sustainability" when it defined sustainable development as progress that satisfies current demands without jeopardizing future generations' capacity to do the same. Many sustainability efforts throughout the world have used this term as their basis since it was first proposed. Sustainability in procurement is considering the whole life cycle of a product or service when making a purchase, not only its monetary worth, but also its social and environmental implications. Therefore, sustainable procurement procedures aim to strike a balance between social, environmental, and economic factors.

1.2 Research Problem

Examining how Hindustan Unilever's (HUL) sustainable procurement strategies contribute to the company's larger sustainability objectives is at the heart of the study challenge. Managing a complicated global supply chain, making sure suppliers follow sustainability requirements, and finding a balance between sustainability and cost-effectiveness are all obstacles that HUL continues to face in its pursuit of sustainable sourcing. Examining the ways in which HUL's procurement processes impact environmental, social, and economic results, as well as providing recommendations for how to make procurement more sustainable, this study aims to fill the gaps between HUL's sustainability goals and its actual execution.

CHAPTER 3: COMPANY PROFILE



Hindustan Unilever Limited

One of India's most prominent and prosperous fast-moving consumer goods (FMCG) conglomerates is Hindustan Unilever Limited (HUL). With a long history that goes back more than 80 years, HUL is a well-known brand that millions of people love and trust. This business operates in more than 190 countries throughout the world as a wholly owned subsidiary of the multinational conglomerate Unilever. To meet the demands and tastes of the Indian customer, HUL offers a varied array of goods in many different categories, including personal care, home care, meals, and drinks.

Originally known as Lever Brothers India Limited, HUL was founded in 1933. The corporation underwent a name change in 2007 to Hindustan Unilever Limited after having grown via a series of strategic mergers, acquisitions, and expansions since its inception in 1956 as Hindustan Lever Limited. The capacity to adapt to shifting customer tastes and market conditions has propelled the firm to the forefront of the fast-moving consumer goods (FMCG) industry in India. A principle that permeates HUL's operations, product development, and community projects is the aim to make sustainable living ordinary.

Manufacturing plants, distribution locations, and a supply system that covers even the most rural areas of India allow the firm to run smoothly. Dove, Lux, Lifebuoy, Surf Excel, Rin, Wheel, Fair & Lovely (now Glow & Lovely), Pond's, Vaseline, Lakmé, and many more legendary brands are part of HUL's broad product range. These names have become almost synonymous with excellence in India, and they have also had a significant impact on how people shop and what they value. The key to the company's success has been its dedication to innovation, in-depth knowledge of the Indian market, and the delivery of high-quality goods that cater to customers' varied demands.

Strategically, HUL is focused on innovation. The corporation has put a lot of money into R&D so that they may make items that meet the specific demands of Indian customers. The

research and development (R&D) labs in Mumbai and Bangalore that are owned by HUL are manned by highly skilled individuals and have access to cutting-edge facilities. Developing new goods, upgrading current ones, and making sure HUL's offers are up to worldwide standards are the main focuses of these centers. Innovation at this organization isn't limited to only new items; it also includes distribution networks, marketing techniques, and business models. HUL was an early adopter of digital technologies for customer engagement and experience improvement.

Another important differentiator for HUL is its dedication to sustainability. From procuring raw materials to production and delivery, the whole business model is based on sustainability. After launching its Sustainable Living Plan in 2010, HUL set out to accomplish three lofty objectives: lessen its impact on the environment, improve the lives of millions of people, and make its customers healthier and happier. This plan serves as a roadmap for the company's future development and innovation, in addition to being a CSR project. In India and across the world, HUL has received a plethora of accolades for its eco-friendly practices.

Vision

The goal of Hindustan Unilever Limited is to lead the way in sustainable business practices and improve the future by establishing sustainable living as the norm. The corporation wants to expand its business while improving its positive social effect and separating its environmental impact from growth.

Mission

Providing customers with brands that enhance their quality of life is central to HUL's objective. Assuring long-term value for its customers, workers, shareholders, and communities, HUL aspires to establish a better future for people and the earth via concentrating on innovation, sustainability, and consumer-centric initiatives.

Product Profile

With a vast and varied product portfolio spanning several categories, Hindustan Unilever Limited (HUL) meets the demands of a broad range of Indian consumers. The

CHAPTER 4: REVIEW OF LITERATURE

Definition and Scope of Sustainable Procurement

An all-encompassing method, sustainable procurement takes into account economic, social, and environmental factors simultaneously. It encompasses more than simply looking for the best deal when buying products and services; it also requires thinking about how those purchases may affect other areas, such as the economy, society, and the environment. The Triple Bottom Line refers to the three sustainability pillars that, when balanced, lead to long-term value.

When it comes to selecting suppliers, goods, and services, as well as assessing the lifecycle consequences of procurement, there is a vast array of actions and choices that make up sustainable procurement. The premise of this method is that buying choices impact not only the purchasing organization but also the larger community and the environment in significant ways. One way a company might help promote equality and human rights is by working with vendors who use fair labor practices. In a similar vein, a company may lessen its impact on global warming and resource loss by giving preference to eco-friendly goods.

Sustainability in procurement and its significance for contemporary companies

One of the most important things that contemporary companies can do to help solve the world's increasing environmental, social, and economic problems is to practice sustainable procurement. Businesses' purchasing choices affect not only their bottom line but also the environment and society as a whole in today's linked and worldwide economy. Positive transformation, increased competitiveness, and long-term resilience may all result from organizations incorporating sustainability into their buying procedures.

The dedication to sustainability by Unilever

Understanding its responsibilities to society, the environment, and future generations is the foundation of Unilever's commitment to sustainability. As more and more people throughout the world realize the need of sustainable business operations, this pledge has changed to reflect that. The core principle of Unilever's sustainability strategy is the idea that the welfare of the earth and its inhabitants is intrinsically related to the prosperity of the company over the long run.

When Unilever unveiled its Sustainable Living Plan (USLP) in 2010, the company's efforts to become more environmentally friendly picked up speed. Pioneering in its field, the USLP established lofty goals to increase the company's positive social effect while decoupling its development from its environmental footprint. Increasing the health and happiness of over one billion people, halving the company's environmental effect, and bettering the lives of millions of individuals all throughout its supply chain were the three main tenets of the strategy. These objectives were supported by thorough strategies and precise evaluations of achievement, rather than being only lofty aspirations.

The objective is to assess Unilever's sustainable procurement processes.

The evaluation of Unilever's sustainable procurement procedures reflects the company's dedication to promoting sustainability throughout its worldwide supply chain and has many objectives. By emphasizing sustainability in procurement, Unilever aims to harmonize its buying choices with its larger social and environmental objectives, guaranteeing that all parts of its company activities have a good impact on society and the environment. By thoroughly assessing these processes, we can learn how successful they are, where we may make improvements, and whether or not our company's supply chain is ethical and ecologically conscious.

CHAPTER 5: RESEARCH METHODOLOGY

Data Collection

Depending on the needs of the study and the level of detail and coverage required, a study may use primary, secondary, or both research methodologies to gather data. To gather material for this study, the researcher used both primary and secondary research methodologies.

Primary data

To collect the primary data researcher has made a questionnaire.

Sample Size: 50

Target Respondents: Employees working procurement

Researcher Area: Delhi/NCR

Secondary data

Secondary data was collected from the following sources:-

- Website
- Online Journals
- Project Material
- Newspaper
- Magazines
- Books

Research Instrument

A survey, questionnaire, test, scale, rating, or other tool used to assess a variable, characteristic, or information of interest—typically a behavioral or psychological trait—is referred to as a research instrument. Your research project may benefit from the use of research equipment.

Data Analysis

With the use of graphs, the researcher has displayed the main data that was obtained. We used a simple percentile technique. Every graph has also been interpreted.

Limitations

Time, money, and access are the three biggest obstacles to this study's completion. There is a strict deadline for submitting the final study results, making the research a time-sensitive matter. Researchers have a limited amount of time, therefore everything has to be done swiftly, from sampling to data gathering. Since the researcher has limited time, they may not be able to contact clients, which might be a problem when trying to get company data.

CHAPTER 6: OBJECTIVES AND SCOPE OF THE STUDY

6.1 Objectives

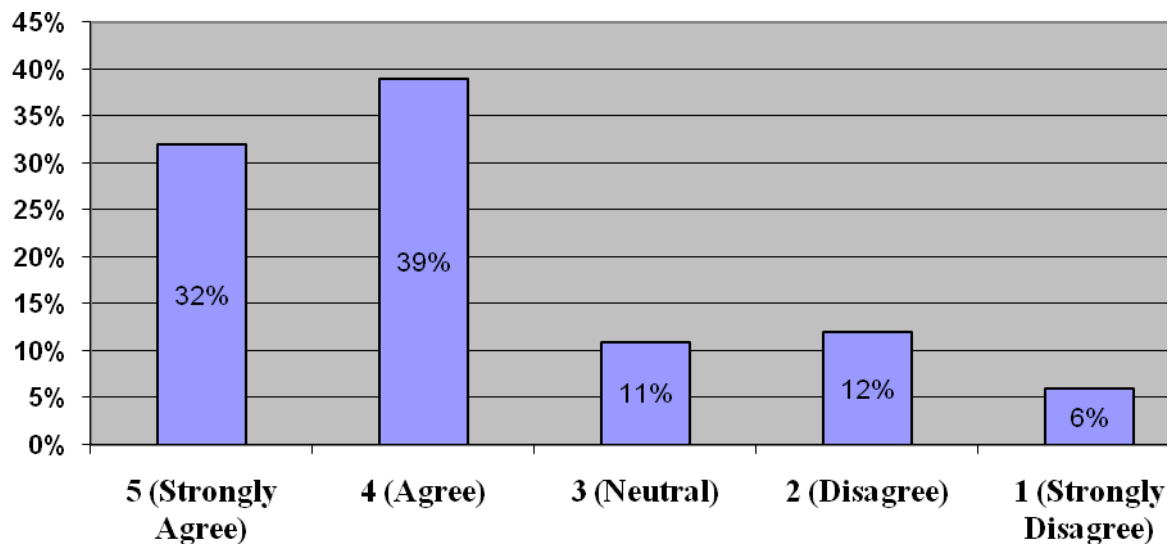
- To evaluate the extent to which Unilever's procurement practices are consistent with its overarching sustainability objectives.
- Conduct an analysis of the environmental and social consequences of Unilever's sustainable procurement practices.
- To identify opportunities and challenges in Unilever's supply chain that are associated with sustainable procurement.
- To assess the efficacy of Unilever's initiatives for supplier engagement and development in fostering sustainability.

6.2 Scope of the Study

This study looks at how well Unilever's purchasing policies match up with its broader sustainability objectives. The effects on society and the environment of Unilever's sustainable procurement practices are examined in this research. Sustainable procurement presents both possibilities and threats to Unilever's supply chain, according to this study. The purpose of this research is to assess how well Unilever's sustainability-focused supplier engagement and development programs have worked.

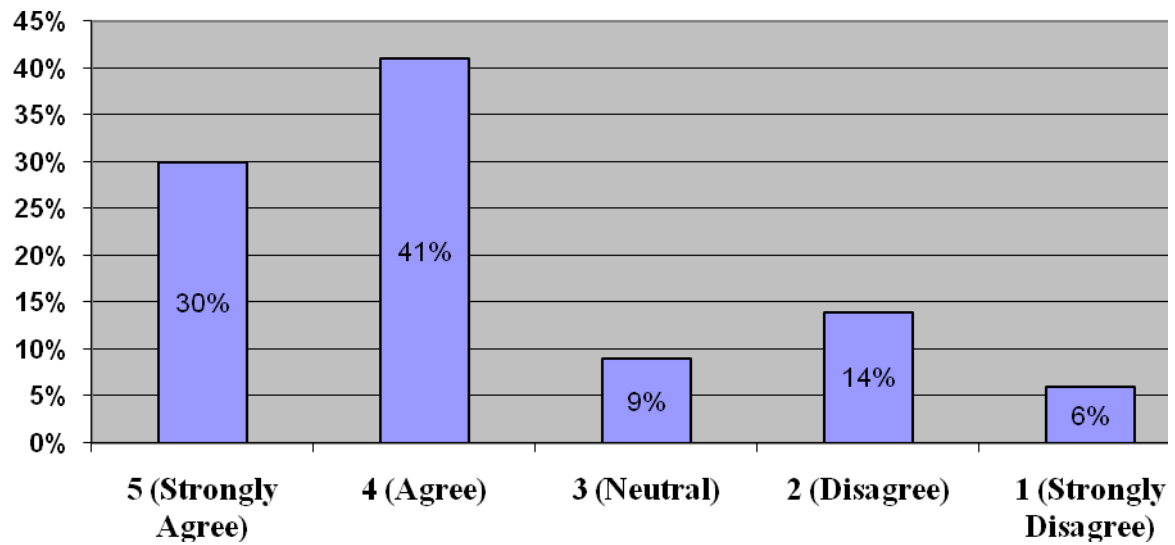
CHAPTER 7: DATA ANALYSIS AND FINDINGS

Q1. The company's sustainability goals are in line with Unilever's procurement procedures.



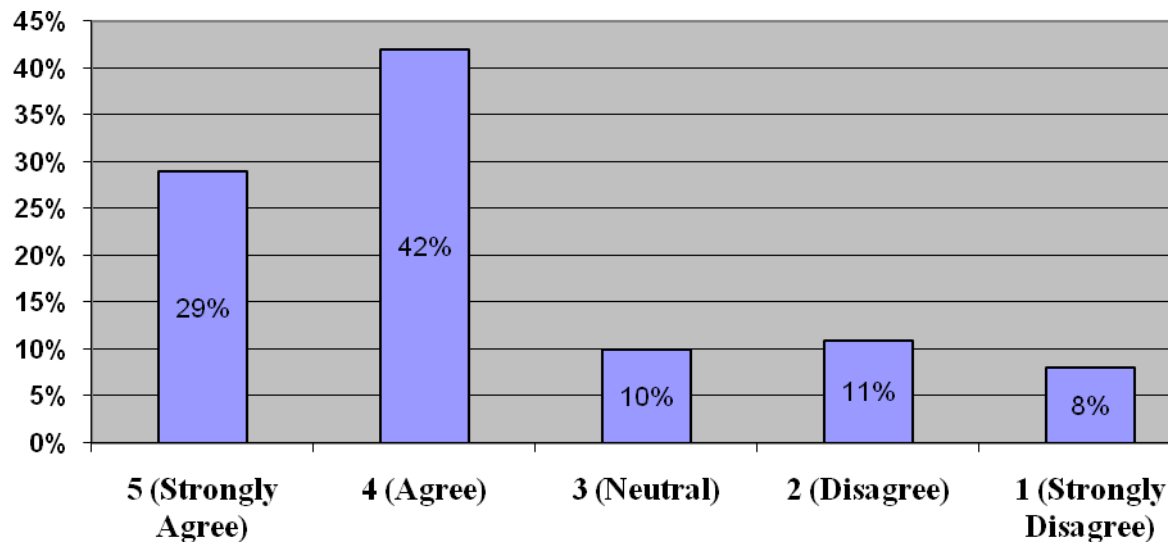
The following statement was disputed with by 12% of respondents, while 32% strongly agreed with it.

Q2. Unilever's buying practices successfully include social and environmental factors.



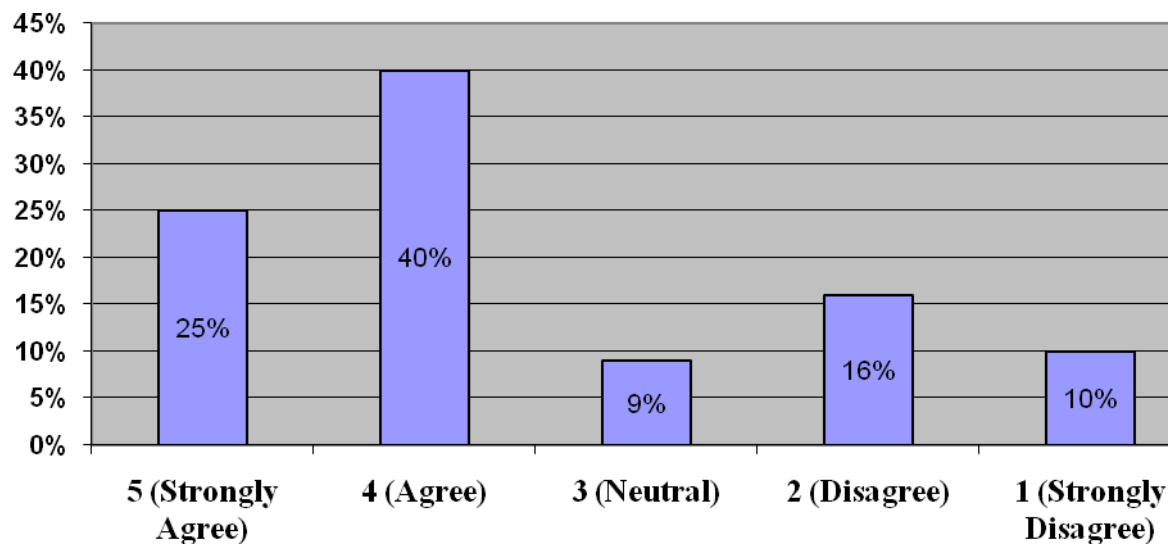
Thirty percent of respondents strongly agreed with the aforementioned statement, while fourteen percent disapproved.

Q3. Unilever's dedication to sustainability is seen in its procurement procedures..



While 11% of respondents disagreed with the aforementioned statement, 29% of respondents strongly agreed with it.

Q4. The environmental effect has significantly decreased as a result of Unilever's sustainable sourcing methods.



While 16% of respondents disagreed with the aforementioned statement, 25% of respondents strongly agreed with it.

CHAPTER 8: CONCLUSION AND SUGGESTIONS

8.1 Conclusion

Assessing Unilever's sustainable procurement procedures demonstrates the firm's dedication to incorporating sustainability into all parts of its business, but especially in sourcing and supply chain management. The strategy used by Unilever is indicative of a comprehensive and strategic knowledge of the importance of sustainability to the company's long-term performance; it is marked by a tight coupling of procurement procedures with overall sustainability objectives. In addition to being in line with global sustainability standards, the company's initiatives to lessen its impact on the environment, improve social welfare, and guarantee economic sustainability across its supply chain show that it is looking forward to the increasing demands for corporate responsibility.

The environmental and social hazards that have long been linked to global supply chains have been considerably mitigated thanks to Unilever's sustainable procurement methods. Unilever has helped cut emissions of greenhouse gases, increase biodiversity, and lessen deforestation by making sustainable procurement of raw materials a top priority. An example of the company's environmental responsibility is its pledge to use only sustainable palm oil. Unilever also acknowledges the social aspects of sustainability with its emphasis on community development programs and fair labor standards. Improved working conditions at supplier factories, stronger community resilience, and better livelihoods for smallholder farmers are all clear results of these efforts in the places where Unilever works.

Notwithstanding these successes, the assessment also shows how difficult it is to apply sustainable procurement methods all the way through a complicated global supply chain. When it comes to maintaining consistent adherence to sustainability standards, Unilever has considerable logistical and operational problems due to its size and the variety of its suppliers. Variations in the application of sustainability principles between areas or gaps in compliance might occur sometimes due to the complexity of the supply chain. In light of these difficulties, Unilever must implement stringent risk management measures, conduct frequent audits, and monitor operations around the clock to ensure that its sustainability pledges remain intact.

Unilever can improve its sustainable buying processes even more, according to the study. There is hope in recent technological developments like digital platforms for supplier involvement and blockchain technology for supply chain transparency.

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ANNEXURE-QUESTIONNAIRE

Q1.Unilever's procurement practices are well-aligned with the company's sustainability objectives.

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

Q2.The procurement strategies at Unilever effectively integrate environmental and social considerations.

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

Q3.Unilever's procurement policies clearly reflect its commitment to sustainability.

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

Q4.Unilever's sustainable procurement practices have led to a significant reduction in environmental impact.

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

Q5.The procurement decisions at Unilever positively influence the social well-being of communities involved in the supply chain.

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree