

Corporate social responsibility and performance of unilever corporation managemen...



Consumers today are progressively watchful and conscious of social performance undertaken by large corporations on how they conduct their business activities. As we all know, social performance of a corporation is heavily stressed upon and people in general have high expectations on of a company's corporate social performance (CSR) (Golob, Lah and Jancaroniccaron 2008). Every company that wishes to have a successful and sustainable business is expected to conduct its business that contributes positively to the society as well as the environment through its business process. The focus should not only be on profit maximisation for its shareholders but also take into account the interest of its stakeholders. Let's not forget that whenever a business operates, it will somehow bring both positive and negative impact towards society. Unilever is an Anglo-Dutch multinational corporation that owns many of the world's consumer products brands in foods, beverages, cleaning agents and personal care products also faces consequences for their business operation while portraying social performance in the society. This assignment will talk about the Corporate Social Responsibilities of Unilever towards the environment. Corporate social Responsibilities are the responsibilities of an organization toward the society to meet the standard of ethics towards investors, customers, employees, business partners, local communities, the environment and society at large. (Berkhout 2005)

Unilever is first global FMCG Company to commit to sourcing all of its paper and board packaging from sustainably managed forests or recycled material within a clearly defined time frame. (Anne Marie Mohan 2010) Unilever has published a sustainable paper and board packaging sourcing policy as part of

its commitment to double the size of the business while reducing its environmental impact. The policy outlines the company's goal to work with its suppliers to source 75% of its paper and board packaging from sustainably managed forests or from recycled material by 2015, increasing to 100% by 2020. (Raz Godelnik 2010) Unilever says that its commitment makes it the first global fast-moving consumer goods (FMCG) company to commit to sourcing all of its paper and board packaging from sustainably managed forests or recycled material within a clearly defined time frame. For the company's requirements for paper from virgin sources, preference will be given to supplies delivered through the Forest Stewardship Council certification scheme. Unilever will also accept other national schemes under the framework of international Forest Management Certification standards, provided they comply with the Policy's Implementation Guidelines. The move means the logos of the acceptable forest management certification schemes will begin to appear on the packaging of Unilever's portfolio of brands as progress is made toward reaching the target, and in order to increase consumer awareness and promote the expansion of certified forests in the world. As such it is important that we promote sustainable forestry practices and help combat deforestation and climate change through the responsible sourcing of these materials. (Anne Marie Mohan 2010)

Consumer goods giant Unilever said May 1 it would back a moratorium on further palm oil deforestation in Indonesia and intended to use only fully traceable palm oil by 2015. The company, the target of environmental protests in Britain and the Netherlands last month, said it would start using palm oil from certifiable sources in the second half of this year as it becomes

available and would try to ensure that oil it uses in Europe is certified as sustainable by 2012.

Unilever markets such products as Dove soap, Omo and Surf detergents, Knorr food products and Lipton tea. (Agence France Presse 2008)

“ Palm oil is an important raw material for us and the whole consumer goods industry,” said chief executive Patrick Cescau, adding that the company for the past 10 years had been trying to “ build an industry consensus on criteria for sustainable palm cultivation.”

“ Now we need to take the next step. Suppliers need to move to meet the criteria, by getting certified both the palm oil from their own plantations and the palm oil they buy from elsewhere,” Cescau said. “ We also intend to support the call for an immediate moratorium on any further deforestation in palm oil in Indonesia.”

Indonesia is this year expected to surpass Malaysia as the world’s number one palm oil producer. The two countries combined supply 85% of the world’s palm oil needs.

Environmental protesters targeted Unilever on April 21, accusing it of contributing to the destruction of the Indonesian rainforest. About 40 members of Greenpeace entered the multinational’s factory in Merseyside, northwest England, where they said they had chained themselves to machinery to halt production. A dozen demonstrated outside Unilever’s headquarters in London, with some scaling its external walls, while another 20 held a protest outside the Rotterdam offices of the company.

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Greenpeace says the forests of Indonesia, one of the last remaining natural habitats of the orangutan, are being torn down to produce palm oil, used in foods and soaps and as a biofuel added to diesel for cars. The environmental group's Executive Director John Sauven said at the time of the protest: "Greenpeace is demanding Unilever publicly call for an end to the expansion of palm oil into forest and peatland areas and stop trading with suppliers that continue to destroy rainforests."

The Unilever Group started operations in Indonesia in 1933 as PT Unilever Indonesia Tbk

(Unilever Indonesia), which has since grown its employee strength to 3, 600.

It currently owns

eight factories and six outsourced factories, and it also won 66 local and international awards in

2008 alone, an achievement that is testament of its success and market leadership. To accommodate Unilever Indonesia's rapid expansion, the Unilever Group has sustainability initiative as part of a corporate social responsibility program that is mandatory for its operations worldwide. This requires Unilever Indonesia to reduce environmental impact, and there are specific targets and objectives to achieve. Printing is one of the key performance indicators (KPIs) for this program. After the deployment of HP MPS, the number of devices in the organization has reduced by 60%.

Additionally, by implementing default duplex printing on all printers and using digital sending features on the MFPs, Unilever Indonesia has reduced paper consumption by 50%. (Dannarjaya Sri 2009)

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An important part of Unilever's approach to water is our Sustainable Water Integrated Catchment Management (SWIM) principles, which were developed with the assistance of the UK sustainability organisation Forum for the Future. These recognise that competing demands for water – for agriculture, manufacturing and human consumption – and the need to sustain a healthy environment mean that society needs to adopt a more integrated approach to water management. The SWIM principles incorporate a practical approach to helping Unilever and our partners ensure that the community water partnerships we engage in are effective and successful.

As part of the Clean Brantas Project launched in July 2001, Unilever Indonesia has adopted four villages along the Brantas River. The company works in partnership with these communities, a local university, NGOs and government agencies to improve environmental awareness, sanitation systems, waste management and recycling, tree planting and housing development along the riverbank. As a result of these initiatives, the river now generates income for the villages through small-scale fish farming and cultivation of Java Noni fruit crops for export. It is hoped that the Village Adoption Programme will be expanded by other local companies to include more villages along the river. (Catherine Dowdney n. d)

A Unilever plant in Ontario, Canada, has an ongoing campaign to improve energy efficiency to help manage rising and unpredictable energy prices. The plant produces margarine and other vegetable oil products -expenditure on energy represents 15% of all production costs. To meet an aggressive goal of reducing energy consumption by at least 6% per year, the plant's energy team has implemented, and carefully documented, 120 projects
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since 1999, saving more than \$4. 2m in costs (based on 2006 prices), and avoiding about 23, 000 tonnes of greenhouse gases. By 2003, the energy team had exhausted many of the more obvious ways for reducing energy consumption, so needed to find more innovative ways to meet the ongoing goal of 6% reductions per year. One of the solutions was to invest in new technology - a reverse osmosis (RO) system that would enable significant, measurable improvements in the efficiency of the steam plant operations.

By converting to the RO system, the plant is consuming 13 million gallons less municipal water, with an associated cost saving of \$68, 000; and 8% less natural gas, saving \$299, 000. The plant is also saving nearly \$25, 000 in boiler and softening chemicals, releasing 240, 000 less pounds of chemicals into the sanitary sewer. As a result of consuming fewer chemicals, the environmental impact of producing and transporting them was reduced too. There were other benefits, such as savings in labour and storage costs and less back breaking work for employees. The RO system qualified the plant for a \$50, 000 incentive grant from the city of Toronto for decreased water consumption and a \$14, 000 incentive grant from the local gas utility. According to Unilever, the project was ' easily justified by the direct financial benefit to Unilever, but we are also proud of the environmental benefits.' The project has lead to the company reducing carbon dioxide emissions by 1. 6 million tonnes as well as cutting other greenhouse gases. (Cost savings and reduced environmental impact through lower energy and water consumption 2009)

Unilever factories in South Africa have begun diverting food waste to make compost used in community vegetable gardens, helping local communities
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and reducing waste sent to landfill. Food-grade waste that was once sent to landfill is now helping fertilise vegetables that provide an income for poor communities in South Africa. Under project Triple R, Unilever Foods factories in Pietermaritzburg and Durban (Avenue East and Fountain Park) send all their waste food material to municipal composting facilities. Triple R (reduce, reuse, recycle) was launched in 2005 as a collaborative project between Unilever's Safety Environmental Assurance Centre (SEAC) and Unilever companies in the Africa, Middle East & Turkey (AMET) region. The project uses best practice to reduce the amount of waste factories send to landfill.

Unilever's factory in Pietermaritzburg first started composting waste tea dust and tea bag paper after sharing good practice with the UK's Trafford Park factory. Initial trials proved successful and Avenue East and Fountain Park soon became involved. Waste from Pietermaritzburg is combined with dry savoury powders – used in Knorr seasoning and bouillon products – from Avenue East, spices from Fountain Park, and other composting materials such as grass, plant cuttings and manure. Between 2004 and 2006, Pietermaritzburg and Avenue East halved the amount of food waste sent to landfill, cutting waste disposal costs by a third. (Composting waste material for community gardens 2010.)

In a separate initiative, Unilever Ghana supplied more than 21 tonnes of plastic waste in 2004 to small and medium size recycling businesses in Accra. This waste is made into flower pots and other plastic items, which are sold by people who are otherwise unemployed.

Unilever Ghana is working with industry and government bodies to expand this initiative and help reduce the amount of plastic waste sent to landfill. This will contribute to a cleaner environment in cities and villages by clearing plastic litter, as well as generating employment and providing income for local people. (Reusing waste plastic to make jewellery & flower pots 2010)

Unilever brands are encouraging consumers to recycle materials ranging from paper to used cooking oil in Brazil. Knorr, AdeS, Omo and Rexona are working with one of Brazil's leading supermarket chains, Pão de Açúcar, to set up supermarket recycling stations, making it easy for shoppers to recycle waste.

Pão de Açúcar gives customers colour-coded plastic bags when they shop at the store to help sort and bring back their waste for recycling. The bags list the types of waste that can be recycled to help educate consumers: blue for paper, red for plastics, green for glass and yellow for metal.

The recycling stations work in partnership with 21 ragpicker cooperatives which handle the materials that are collected. Since the project began in 2001, around 100 centres have been established in 24 Brazilian cities. More than 22 000 tonnes of waste plastic, cardboard, toothpaste tubes and glass have been collected for recycling. The materials are used to make new products such as toys, garden seats, furniture, pen containers and household appliances.

In May 2007 the project was extended so consumers can recycle old cooking oil. Shoppers are encouraged to leave used cooking oil in special bins. The collected oil is sent to energy companies for use as a raw material in the <https://assignbuster.com/corporate-social-responsibility-and-performance-of-unilever-corporation-management-essay/>

production of biofuels. Over 43 000 liters of cooking oil have been collected since the initiative began.

In a separate initiative, Unilever Brazil has committed to recycle laminated packaging material such as toothpaste tubes. It has been working with five small companies to collect and find a use for the material.

When food and drink pouches, sachets and toothpaste tubes are manufactured, small amounts of plastic are cut off and discarded. The waste material is combined with laminated consumer waste. It is mixed and ground down before being heated and compressed in special ovens – a process known as thermo-compression.

The material can be shaped in special molds or, once cooled down, cut into different sizes. It is used to make furniture and building materials that can be sold by the recycling companies involved, generating income and jobs. The first products to be made were roof tiles. Since then, the material has been used to create products such floor tiles, tables and chairs, some of which have been used by Unilever Brazil to equip other community projects.

The project depends on a readily available supply of laminate material. Unilever has been encouraging consumers to recycle their laminated waste packaging at the community recycling stations. (Recycling consumer waste 2010)