

HUL takes green route to cut costs

Namrata Singh | TNN

Mumbai: Sustainability is the buzzword at Hindustan Unilever (HUL). As the FMCG giant forges ahead to cut flab, it is for the first time sharing numbers to show how sustainability is actually working for the business.

During 2004-2008, despite a 23% rise in HUL's total production, its energy consumption has fallen by 34%, carbon dioxide emissions are down 25% and its water consumption has fallen by 9%.

Contrary to sceptics' belief that there is a cost attached to bring down emissions, HUL's case demonstrates it to be the other way around.

When the maker of Dove soaps and Sunsilk shampoos first set up a cross-functional waste management team three years ago, under executive director (supply chain) Dhaval Buch, the brief was simply to identify waste and eliminate it. This was necessitated by the need to cut costs in a volatile commodity market to protect financials.

Even as HUL faced dwindling market shares in certain categories due to competition from low-priced brands — and there was little scope to gain revenues from price increases — cost cutting helped the company in driving its financials.

"Costs have come down simply by driving out waste from our system and we continue to strive towards our goals. One of our objectives is to become water positive (restore more water than is consumed) by 2015," Buch told TOI. This is being done through various techniques like water harvesting and better cost management across the supply chain.

According to Buch, sustainability is being tackled in three ways — through its people, brands and geographic spread (70 factories in different locations). To account for various initiatives undertaken by the company in the last few years on sustainability, HUL is planning to come out with a detailed report, akin to a fi-

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nancial balance sheet. To achieve this, the company is looking at another area where it aims to become sustainable — agriculture. This is an important area for a company which regularly sources tomatoes for its ketchups, fruits for its jams and tea for its beverage brands. Two-thirds of HUL's raw materials come from agriculture.

HUL has also entered into a co-processing agreement with cement major, ACC, wherein HUL supplies damaged/expired stock of its products as scrap for ACC to burn in its cement-making kilns. Around 500-700 tonnes per month of product and packaging waste is being processed. Till date, 3,000-4,000 tonnes of such waste has been processed through this initiative.

If not properly disposed, chances are that such scrap could come back to hurt HUL in the form of counterfeit products in the grey market.

But how does the company propose to tackle the environmental impact of packaged products already sold to consumers? With ongoing research at the global level, the company says its next big challenge will be technological innovation leading to bio-degradable packaging for products.