

*Case Presentation on*

# **Case 8: Environmental sustainability initiatives at hcl info systems**

written by Besta Shankar, ICMR Center for Management Research



**Presented By – Group 6:**

Girish Kumar Kukreja (EPGP-04B-029)

Kumar Vishwajeet Singh (EEPITM-01-008)

Shazia Hassan (EEPITM-01-022)

Varun Agarwal (EEPITM-01-028)



# INTRODUCTION

- ▶ *With the growing demand for PCs and other electronic products in India concerns over the environmental impact of e-waste are both timely and legitimate. HCL Info systems therefore deserves applause for its voluntary initiatives in environment protection, as demonstrated by the launch of RoHS-complaint HCL PCs today. We can now expect other players to soon join HCL in taking similar initiatives, which will ensure a safe and rich environment for our country.*

- Vinnie Mehta,

*Executive Director, Manufacturers' Association of Information Technology (MAIT), New Delhi, in 2007*

- ▶ *"HCL Looses its top position to Wipro in the 6<sup>th</sup> Indian Version of the Greenpeace Guide to Greener Electronics. Its overall score has not changed, so the last ranking as it has not*



# INTRODUCTION

- ▶ By the First Decade of 21<sup>st</sup> century, Environmental Sustainability had become a core part of business decisions of companies in the ICT industry.
- ▶ For ICT Companies, green practices not only aimed at conserving environment resources and reducing energy consumption but also as a sound business practice to enrich the brand values.
- ▶ The HCL Enterprises group of companies which included HCL Info system Ltd and HCL Technologies Ltd., was one of the leaders in computer hardware environment protection in 2007 and 2008.
- ▶ In 5<sup>th</sup> Indian Edition of the Guide to Green Electronics Reports of Greenpeace India, the company has scored 4.12 on 10, the highest among Indian 'electronics' companies assessed by Greenpeace in 2008

# BACKGROUND NOTE



- ▶ Environmental Impact of the IT Industry
  - In India, Rapid rise in the usage of Computers and associated hardware
  - The Risk associated with the end of Life of such products poses a danger to environment and to human health
  - In 2006, by the Confederation of Indian Industry,
    - New Delhi, estimated e-waste generate in India was 146,000 tons.
    - The Number of PCs becoming Obsolete was 1.38 million per year

# BACKGROUND NOTE contd.



- According to MAIT : Estimated e-waste generation in India was projected 470000 tons by 2011
- With rise of IT Activities, the quantum of data handled by DCs increased exponentially with a corresponding huge increase in energy consumption
- According to Advanced Micro Devices (AMD) Inc. in 2007:
  - Energy Consumption by DCs worldwide doubled during the period 2000-2005.
- According to AFCOM datacenter Institute,
  - Energy Consumption occupied, half the expenditure made on a new DC.
  - The international Data Corporation (IDC) estimated that this figure would grow to around 70% by 2010.

# Solution for Environmental Impact of IT Industry



- ▶ Advance Techniques: **Consolidation** and **Virtualization** in data center management, a suitable solution to reduce energy consumption
- ▶ **Green Data Center** was able to cut its costs by half and reduce the emissions equivalent to putting 1,300 automobiles off the road
- ▶ **E-Waste Management**, companies offered take back services and arranged for recycling the e-waste to address this serious concern
- ▶ Companies initiated measures to **increase efficiency** of their operation and also supplied environmentally friendly products and services to customers

# The HCL Group



- ▶ HCL Group founded in 1976, with its headquarters in India.
- ▶ HCL Info Systems offers:  
computing Hardware, Storage Solutions, Networking products and solutions, System Integration, Enterprise Resource Planning (ERP) consulting
- ▶ HCL Technologies Ltd offers services:  
Product Engineering, Enterprise and Custom Applications, BPO Services (Financial Services, telecom retail , manufacturing etc)
- ▶ HCL garnered annual revenues of US \$ 5 billion in Financial year 2009
- ▶ In India, HCL have strong sales & distribution network of 83000 outlets in over 9000 towns to markets computers & peripherals

# HCL & Greenpeace India



- ▶ Greenpeace (GP) in 2006-2007 assessment, found that HCL was not sticking to its commitments for safeguarding the environment
- ▶ Activists demonstrated before the company's HQ in Noida, demanding strong action regarding several environmental concerns
- ▶ After facing angry agitations from GP India, HCL came out with a comprehensive plan to reduce the –ve impact on the environment of its operations
- ▶ By 2008, after a series of green initiatives, HCL commanded a high ranking in Green peace's assessment of the commitment of various Indian companies toward the environment



# HCL's ecosafe

*A comprehensive approach to a greener environment*

- ▶ HCL brought all its environmental sustainability initiatives under 'ecoSafe'.
- ▶ It addressed all the environmental concerns associated with HCL's operations including awareness campaigns & voluntary actions. For Example:
  - Toxic effected of discarded products reduced by e-waste Management
  - To Reduce Impact of its products on Environment:
    - Manufactured products with energy efficient.
    - Restricted usage of harmful chemicals etc.
- ▶ For DC Services, HCL focused on improving energy efficiency and optimizing server usage
- ▶ Initiated 'Green warriors' program – *to create awareness among children about the hazards caused by ICT*

# HCL's ENVIRONMENT SUSTAINABLE INITIATIVES



Internal Operations		Products and Services		
Infrastructure	Employees	Data Centers	Hardware	E-Wastage
Green Buildings	Reduction of paper Usage	Virtualization	RoHS <sup>1</sup> Complaint	WEEE <sup>2</sup> Compliance
Usage of LCDs	Video-conferencing to reduce travel	Consolidation	Energy Star Certified	Take-back Services
Energy Renewable	Environmental Awareness Programs	Blade Servers		Recycling Reporting on quantity collected on recycled
Internal waste Management				Awareness program

<sup>1</sup>Restriction on the use of certain Hazardous Substances

<sup>2</sup>WEEE: Waste of Electrical and Electronics Equipment

# HCL's ENVIRONMENT SUSTAINABLE INITIATIVES



- ▶ Energy Saving Initiatives at HCL
  - Improving energy efficiency had been the top priority towards fulfilling its corporate responsibility to protect the environment
- ▶ Chemicals Management in Manufacturing
  - Banned PCB, Asbestos & its components, Ozone depleting substances, Lead Cadmium, Hexavalent Chromium, Mercury, Poly Brominated Biphenyl (PBB), and Poly Brominated Diphenyl Ether (PBDE)
- ▶ E-Waste Management
  - E-waste collected and Recycled by HCL:

Year	e-Waste Collected (in Kgs)	% Recycled
2006	30,910	2.06%
2007	22,165	0.95%
2008	73,049	1.83%



# HCL GREEN PORTFOLIO

## Green Datacenter Services:

- ▶ HCL's Green DC Services helped organizations reduce their companies' environmental impact by assessing, planning, & implementing initiatives around their DC environment
- ▶ HCL's Green Datacenter Services framework has capability to deliver cost benefits to the customers, such as:
  - Around 15–40% savings through DC Consolidation & Virtualization
  - 10–15% savings from Datacenter Asset re-build & buy out
  - 10–15% savings due to Rack Optimization in DC
  - 4–10% savings by installing best-in class power equipments in DC
  - 7–15% savings due to efficient Air conditioning architecture within the DC
- ▶ HCL has also been recognized among the Top 10 Green IT vendors by “Black Book of Outsourcing”

# Green Products



- ▶ HCL introduced the green element into the products it manufactured to achieve energy efficiency.
- ▶ Products were Certified:
  - Energy Star for energy efficiency
  - Advanced Configuration and Power Interface (ACPI) for power saving
- ▶ HCL compiled with:
  - ▶ TCO'03 certification for Liquid Crystal Display (LCD) monitors
- ▶ Products included:
  - Low power consuming Central Processing Unit (CPU)
  - Switch Mode Power Supply (SMPS)
  - Double Data Rate (DDR2) memories
- ▶ Reduction of energy consumption by 20–33 % for PCs and 75% for monitors

# HCL's GREEN: LOSING ITS SHEEN?



- ▶ In the 6<sup>th</sup> Indian version of Greenpeace India release (March 2009), HCL scored 4.1/10
- ▶ Securing 2<sup>nd</sup> place among Indian EEE manufacturers
- ▶ Globally it lagged behind several companies
- ▶ According to Greenpeace India, the areas where HCL needed to improve are as follows:
  1. HCL has not released products that were free of PVC & BFR although it gave 2009 as the year by which it would phase out those chemicals
  2. HCL has not released products that were free of PVC & BFR although it gave 2009 as the year by which it would phase out those chemicals

# HCL's GREEN: LOSING ITS SHEEN?



- ▶ Observations of Greenpeace India contd.:
  3. Thought HCL performed well in e-waste management, it did not clarify the funds deployed to carry out responsibility in disposing the discarded products.
  4. HCL did not provide details regarding its Energy Star certification for all products
  5. HCL did not divulge the extent of recycled plastics it was using in its product range.
  6. HCL did not disclose the amount of renewable energy used and was not clear in establishing the targets to increase its percentage of usage

# HCL's GREEN: LOSING ITS SHEEN?



7. Didn't make any significant commitments toward reducing GHG emissions and failed to specify timelines to lessen them
8. Didn't completely follow GHG protocol while reporting on the GHG emissions and also had not specified the unit by which it measured the emissions
9. The company's documentation for the carbon footprint was not certified by an auditor

*Analysis believed that HCL would have to pull its act together in order to sustain its competitive position in the race for sustainable IT*

# Current Scenario

» Greenpeace – November 2012

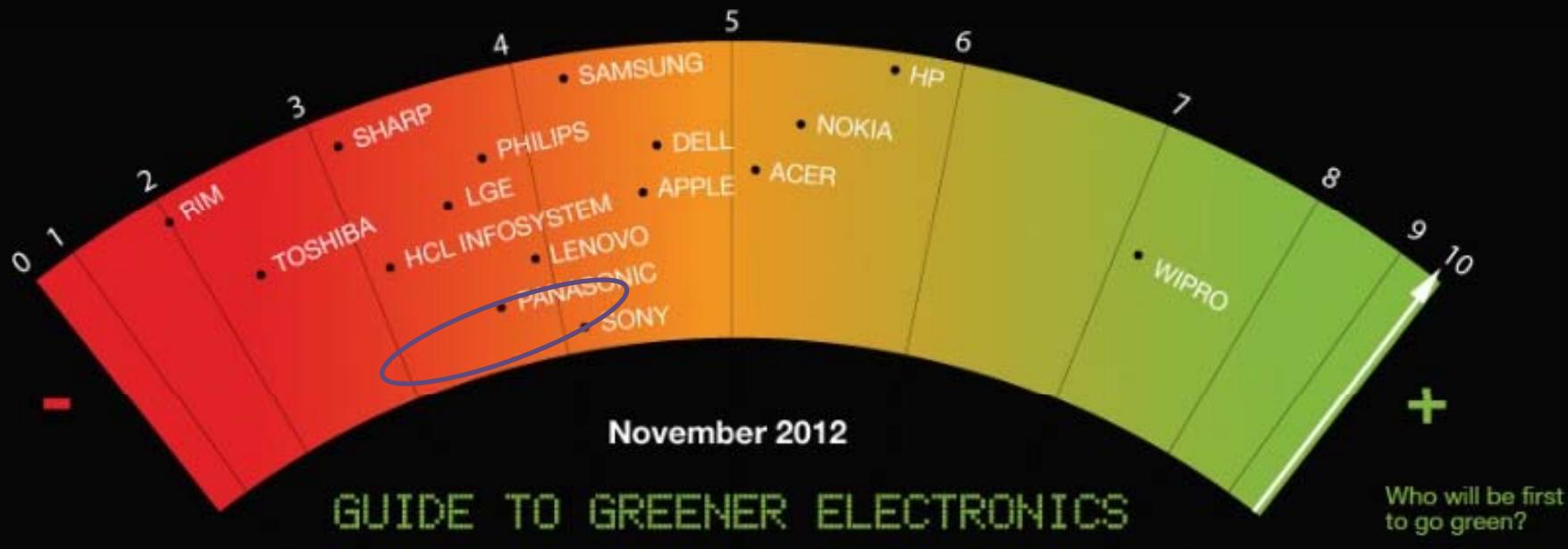
# Greenpeace's 18<sup>th</sup> Edition Guide to Greener Electronics

- ▶ 18<sup>th</sup> edition evaluated leading consumer electronics companies based on their commitment and progress in three environmental criteria:
- ▶ Energy and Climate, Greener Products, and Sustainable Operations.
- ▶ The Guide scores companies on overall policies and practices –not on specific products
- ▶ To provide consumers with a snapshot of the sustainability of the biggest names in the industry
- ▶ The Guide is not an endorsement for buying products from one company or another

# Guide to Greener Electronics 18

GREENPEACE magazine / November 2012

## HCL INFOSYSTEMS - JOINT 13TH POSITION, 3.1/10



*HCL Infosystems (HCL) is included in the global release of the 18th edition of the Greenpeace Guide to Greener Electronics for the first time, having only been included in Indian editions previously. With a score of 3.1, HCL shares 13<sup>th</sup> position with Sharp.*

# Snapshot-Guide to Green Electronics 18

**HCL**



STRONG ADVOCACY FOR RENEWABLE ENERGY IN INDIA



LACK OF AN ADEQUATE MITIGATION PLAN TO ADDRESS  
ONGOING GROWTH

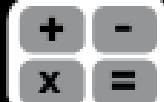


MORE DETAILED EVIDENCE OF ENERGY SAVINGS OR  
AMBITION ASSOCIATED WITH ITS SOLUTIONS

## COMPETITOR COMPARISON

		1	2	3
HCL	28	8	7	13
IBM	40	19	20	1
SAP	24	9	15	0
WIPRO	43	9	19	15

# HCL Scorecard



## SUMMARY

28/100

13<sup>TH</sup> PLACE

HCL increased its score in its second ranking in the Cool IT Leaderboard, primarily through greater advocacy leadership in India, providing critical support for laws supporting renewable energy. However, HCL still lags far behind its competitors in offering IT energy saving solutions, and also has substantial room for improvement in mitigating its own climate footprint.

HCL offers a number of IT savings solutions, but doesn't offer much in terms of metrics behind its solution offerings and case studies.



## CLIMATE SOLUTIONS

8/40

19<sup>TH</sup> PLACE

### Energy Savings Calculations (6/10)

HCL offers a number of IT savings solutions - of all of its energy savings technology, the company provided the most detail about its green logistics terminal. HCL should provide more detail of the pre- and post-intervention data behind most of its IT solutions.

### Public Metrics (2/10)

HCL doesn't offer much in terms of metrics behind its solution offerings and case studies, scoring only minimal points. HCL should provide much more detail in order to build confidence that its solutions can be brought to scale and deliver significant energy savings.

### Investment (0/10)

HCL does not score in this criteria, as it provides no concrete information on the total or scale of its investments in IT solutions that reduce carbon emissions.

### Future Savings Goal (0/10)

HCL has not set a future savings goal for its IT solutions. The company continues to say that it will set a future savings goal soon.



## IT ENERGY IMPACT

7/25 =17<sup>TH</sup> PLACE

### Energy & Emissions Targets (2/5)

HCL has increased the disclosure of its carbon footprint, but falls short of other Indian companies who have met a target reduction of 20% (or more) by 2015. HCL has committed to reduce its carbon emissions by 20% by 2020, but that reduction target is in relative terms - it could be improved if it were an absolute target.

### Mitigation Strategies (2/10)

HCL has not improved its greenhouse gas mitigation strategy since last year's Leaderboard. HCL has cited a scant amount of additional renewable energy to "offset" its emissions, but the company provides little detail about that claim, and has not placed it in the broader context of an overall mitigation strategy. HCL has set a goal of 20% renewable energy by 2020, yet provides little detail of the mid-term steps it would have to take to achieve this goal.

### Infrastructure Siting Policy (0/5)

HCL does not have a siting policy that prioritises access to renewable energy for its infrastructure investment. Given that the company has set a renewable energy goal, HCL should match that goal with a corporate policy to steer growth investments to regions or utilities with access to renewable energy.

### Product Efficiency & Supply Chain Footprint (3/5)

HCL's products are, on average, more efficient than those of its competitors. The information that HCL supplies about its supply chain emissions are focused solely on its internal production portion of its emissions profile. HCL should disclose its suppliers' footprint, and set goals for reducing supply chain emissions.



## POLITICAL ADVOCACY

13/35

5<sup>TH</sup> PLACE

### Political Speech (7/10)

HCL's leadership has supported a significant increase in renewable energy in India, as stated in [Greenpeace's Energy \[R\]evolution report](#). HCL has actively communicated its support for renewable energy to the government.

### Political Policy (6/15)

HCL also supported policy and regulatory changes for India's first national solar mission, and has pushed for a strong renewable power obligation.

HCL received no Repetition Bonus (0/10) or Negative Lobby Penalties.

# References

- <http://www.greenpeace.org/international/en/System-templates/Search-results/?all=HCL>
- <http://www.greenpeace.org/international/en/Cool-IT-Leaderboard/6th-Edition/HCL/>
- <http://www.greenpeace.org/international/en/Guide-to-Greener-Electronics/18th-Edition/HCL-Infosystems/>

# THANK YOU

