Dell
Powering
the**Possible**

**2012 Corporate
Responsibility Report**

Dell designed a rooftop Modular Data Center for eBay
that is cooled with outside fresh air instead of chillers
in the hot desert climate of Phoenix, Arizona.

DELL

The power to do more

**Dell
Powering
the Possible**

Dell Powering the Possible is our commitment to put technology and expertise to work, where it can do the most good for people and the planet.

What we believe: Inspired by our purpose and guided by our values, we take action by giving back to communities, fostering environmental stewardship, empowering team members, championing human rights and promoting supplier responsibility. Initiatives and programs in these areas fuel our efforts to power what's possible, helping to achieve social and environmental progress.

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Boys and Girls Club of East Austin

Letter from Michael Dell

Powering the Possible is more than a statement about our commitment to corporate responsibility—it's the truth about technology and what it's enabling in the world. We are amazed every day by the innovative ways in which our customers are using technology to achieve great things, making possible today what was impossible yesterday.

At Dell, we've evolved our business to help our customers do more with technology. We've expanded our portfolio of offerings to meet the end-to-end technology needs of our customers, from data center solutions to cloud applications to end-user devices—and everything in between. We are doing so with a steadfast commitment to innovate and execute best practices on behalf of our people, our communities and the planet we share.

In fiscal year 2012, we continued to optimize our own environmental footprint while developing new solutions and programs that make "green" easy for our customers. We are helping to develop the world's first sustainable packaging made from mushrooms and are piloting it in our server shipments today. We are designing cloud and data center solutions that are raising the bar for energy efficiency. We installed a state-of-the-art modular data center on the roof of a customer's building in Arizona; Dell's fresh air capability allows it to run without chillers, despite the desert heat, and frees up 95 percent of the center's power consumption for computing. And our server performance per watt has improved 10,000 percent over the past 10 years—just one reason we were ranked among the top five of Newsweek's Greenest Companies in America for the third consecutive year.

We also have an innovative approach to engaging in the global community. In fiscal year 2012, we launched a groundbreaking partnership with the Translational Genomics Research Institute. This collaboration employs Dell technology and resources to connect physicians and researchers, accelerating personalized treatment for children with cancer. The project speeds the genomic analysis time, from weeks to less than a day, and uses that critical information to deliver targeted patient care. We also partnered with the American Red Cross to develop the first-ever digital operations center, a tremendous resource that uses social media to monitor and operationalize humanitarian aid during disasters. And, expanding the use of social media inside our company, we used our own social platform to connect the Dell team to charitable causes and organizations they care about. Last year alone, our team members logged 419,000 volunteer hours in 52 countries.

Our team and partners are the backbone of our company and we work every day to create an environment in which they can be their best and do their best work. We know we can deliver better outcomes for our customers by embracing the unique experiences, talents and thinking of our diverse global team. This is not rhetoric—it's a principle that guides everything we do at Dell. In fiscal year 2012, we were ranked among the leaders in workplace diversity by DiversityInc, Working Mother magazine, and the Human Rights Campaign. We also joined the Sustainable Trade Initiative to proactively influence and improve working conditions for the roughly half-million workers at electronics suppliers in China.

We strive to be a global leader in every aspect of our business and to do so with the utmost integrity and ethics. We are proud to share our progress in the following pages of this report and to demonstrate how we're innovating at Dell to put our technology and expertise to work, creating new possibilities for our customers, partners, neighbors, team and planet.

Michael Dell
Chairman and CEO
Dell Inc.

Our heritage and business

For more than a quarter-century, Dell has been driven by a shared purpose.

We built our reputation by listening to customers and developing products and services that make technology work harder for them. We made it easy for people to get customized solutions delivered directly. And we created a business model and supply chain that made technology more accessible to everyone.

From our beginnings as a start-up PC maker, we have grown to become one of the world's leading technology solutions providers. Today, people trust us to provide world-class IT solutions. Customer needs are changing amid an evolving technology environment. Virtualization, mobility, cloud computing, data storage, anytime/anywhere access, security and the digital home are among factors that are fundamentally altering how people use technology — and what customers expect from their technology partner.

Today's Dell is very different than in the past. As an end-to-end IT solutions provider, we're offering our strongest-ever product and services portfolio. We have acquired new skills and capabilities, reorganized our operations, optimized our global supply chain and put in place a world-class management team — all to provide solutions with the best value, ease of use and flexibility.

We remain focused on delivering technology that works harder for our customers and is more accessible to people and organizations around the world.

Our growth strategy
Delivering solutions that drive efficiency and flexibility for the virtual era

Efficient IT solutions
End-to-end solutions that drive business outcomes and create competitive advantage

End user computing
Providing solutions that are flexible, mobile, virtualized and secure

Long-term value creation
Balancing liquidity, profitability and growth

How and where we report

At Dell, our commitment to corporate responsibility includes a dedication to transparency, collaboration and stakeholder engagement. As a result, we maintain a robust, multifaceted approach to reporting on our priorities, goals and impact. And each year, our approach to corporate responsibility evolves.

Our broad engagement with stakeholders, partners and our own team members informs our reporting processes. We report with the intent to hold ourselves accountable and to invite candid dialogue. We also report to share our efforts and progress as a company that links corporate responsibility with its business strategy.

Where we report

Global Reporting Initiative Report
The Global Reporting Initiative (GRI) is the most widely used framework for voluntary, nonfinancial reporting. Within the corporate responsibility section on Dell.com, we provide a link to our comprehensive GRI A-level Report produced using the GRI Sustainability Reporting Guidelines. We are also proud to participate in the GRI Organizational Stakeholder and Sector Leader programs to help advance the goals of standardized corporate responsibility reporting.

Annual Dell Corporate Responsibility Report
Our Corporate Responsibility Report is available within the corporate responsibility section on Dell.com and it complements our Annual Report.

To select the content for inclusion in our Corporate Responsibility Report, we have used the Global Reporting Initiative (GRI) Reporting Principles of materiality, sustainability context, stakeholder inclusiveness and completeness.

Dell has been disclosing its nonfinancial performance since 1998. Between 1998 and 2003, we issued four environmental reports. Since 2003 we have released sustainability reports annually. Beginning in 2003, we produced our report based on a number of external references including, but not limited to, certain elements of the GRI G2 Sustainability Reporting Guidelines. Dell had its greenhouse gases (GHG) data third-party verified in 2009, 2010 and 2011. In 2012, our GHG data was third-party assured using the AA1000 Assurance Standard.

Dell's Corporate Responsibility Website
We maintain extensive content within the corporate responsibility section of our website at www.dell.com/responsibility to provide all our stakeholders with current, detailed information. This includes case studies, policies, interactive tools, opportunities for feedback, and learning resources – on a wide range of our corporate responsibility activities, all organized by our corporate responsibility action areas. This ongoing reporting on our website complements the more focused "snapshot in time" — like content presented in our annual corporate responsibility reports.

How and where we report

Carbon Disclosure Report

Since 2003, we have provide a detailed report each year on our carbon emissions to the Carbon Disclosure Project (CDP) — the largest database of primary corporate climate change information in the world. Dell requires our Tier 1 suppliers to report their emissions to the CDP. We also report and participate in the Investor CDP, CDP Supply Chain and CDP Water.

We joined the CDP's Supply Chain Leadership Collaboration Project in 2007, working with suppliers to report their emissions and formulate climate change strategies.

Awards and Recognition

Dell is pleased to have received significant recognition in the areas of environment, citizenship, supplier responsibility, giving and the workplace. Third-party recognition is an affirmation that our efforts are having a positive impact.

How we report

Materiality Analysis for Determining Report Content

Reporting on Dell's corporate responsibility efforts, progress, metrics and the context behind it all requires that we prioritize what we cover on our website and in our annual Corporate Responsibility Report. Our corporate responsibility team leads this process annually by analyzing potential topics to select those that are most material to us and our key stakeholders. Our materiality analysis process is outlined in detail on Dell.com.

Stakeholder Engagement

Dell solicits feedback from socially responsible investors (SRIs), nongovernmental organizations (NGOs) and subject matter experts (SMEs) on our sustainability ideas early in the exploration process. This not only gives us the added confidence in our direction, but also gives stakeholders a better understanding of our decision-making process and increases their confidence that we are effectively progressing our corporate responsibility reporting.

We actively pursue engagement with our stakeholders in numerous ways throughout the year. For example, in FY12, we visited some key SRIs in an effort to increase our transparency within this community and obtain candid feedback on our upcoming plans.

In FY12, we also initiated our first stakeholder mapping process, and asked, "How do we define a stakeholder for Dell?" Through a rigorous interview process, we evaluated relationships on factors such as credibility, influence, willingness to engage and thought leadership and we used the results to create a map of Dell stakeholders. We investigated which common global topics our stakeholders felt were important to our reporting content and we mapped those priorities to the internal Dell priorities to determine what we should focus on. For example, in FY12, this mapping process highlighted Energy and Supply Chain as focus areas.

Once we identified the right experts, we applied the tool to relevant business issues. For example, we shared the draft of our 2012 Corporate Responsibility Report and the dynamic reporting content on our website with stakeholders to get their input. We asked Ceres — a national coalition of investors, environmental groups and other public interest organizations working with companies to tackle sustainability challenges — to facilitate the dialogue. After an open discussion, we garnered critical information that elevated our reporting content and led to significant key changes, with the aim to increase our supply chain transparency.

[1]Dell CR Report 2011, pg.17

By the numbers

Environment

Sustainable operations

	Unit of measure	FY10	FY11	FY12	Comments
Process hazardous air pollutants generated	Metric tons	—	—	—	Very low or none
Volatile organic compound (VOC) emissions	Metric tons	1.8	3.6	13	FY12 data includes fuel storage emissions; calculation method change
Scope 1 GHG emissions	MTCO2e	31,387	33,675	38,672	Direct emissions
Scope 2 GHG emissions	MTCO2e	347,846	390,271	397,558	Before subtraction for green electricity purchases
Scope 2 net GHG emissions	MTCO2e	272,596	332,647	328,882	After subtraction for green electricity purchases
Scope 3 GHG emissions	MTCO2e	76,551	112,679	98,407	Global business air travel only
Scope 3 travel per employee	MTCO2e/employee	0.80	1.09	0.90	—
GHG emissions intensity	MTCO2e/ million $ revenue	7.17	6.89	7.03	Calculated from Scope 1 + Scope 2 total GHG emissions
GHG emissions intensity (net)	MTCO2e/ million $ revenue	5.75	5.79	5.92	Calculated from Scope 1 net + Scope 2 net total GHG emissions
Electricity consumed (total)	Million kilowatt-hours (kWh)	603.2	662.7	672.5	Includes green electricity purchased and generated on-site
Green electricity consumed	Million kWh	144.8	128.2	129.6	Green electricity purchased and generated on-site
Other energy consumed	Million kWh	136.7	140.1	135.7	Includes heating, back-up generators and small vehicle fleet
Total energy consumed	Million kWh	739.9	802.8	808.2	—
% of Green electricity	Percentage	24	19	19	—
Process wastewater generated	Cubic meters	—	—	—	No industrial wastewater from Dell operations
Hazardous waste generated	Metric tons	—	—	—	Not reported — very low or none
Nonhazardous waste generated	Metric tons	47,119	32,095	17,302	Manufacturing and fulfillment facilities; recycling figures include small amounts of waste incinerated for energy recovery
Waste recycling and reuse rate	Percentage	95.6	95.2	98.0	Manufacturing and fulfillment facilities; data includes a small amount incinerated
Office copy paper	Percentage PCW recycled content	93	100	52	U.S. only number: 52% PWC and 53% FSC. Note: FY10 and FY11 data U.S. only. FY12 data global, except Latin America not yet available. U.S. is still at 100% PCW and 100% FSC.
Direct marketing paper	Percentage PCW content	42	43	35	FY12 showing all direct marketing paper — FY10 and FY11 were catalog only. All our paper has some % of PCW, anywhere from 10% to 95%. Total blended % is reported here.
Dell catalog fiber from Forest Stewardship Council-certified sources	Percentage	68	77	86	FY12 showing all direct marketing paper — FY10 and FY11 were catalog only
Water consumption (total)	Cubic meters (1,000s)	1,829	1,952	2,262	Includes manufacturing and administrative locations globally where water usage is measured (approximately 85% of total building space)
Water intensity	Cubic meters per m2 of building space	1.16	1.15	1.33	—

BFR = Brominated Flame Retardant   **GHG** = Greenhouse gas   **MTCO2e** = Metric tons CO2 equivalent   **PCW** = Post-consumer waste

Environment

	Unit of measure	FY10	FY11	FY12	Comments
Product and packaging stewardship					
GHG emissions reduction through improved product performance and preconfigured systems with Energy Smart operational settings	Million tons	20.85	23.88	26.88	Achieved goal of reducing by 25 million tons by FY12
Lead and BFR avoidance (FY04 to FY12)	Metric tons	Lead– 130,423 BFRs– 81,976	Lead– 150,916 BFRs– 94,919	Lead– 168,034 BFRs– 105,731	Goal to reduce 100,000 tons of lead and 60,000 tons of BFRs between FY04 and FY12 has been exceeded
Packaging reduction	Million pounds	8.7	6.0	5.9	20.6M lbs total for 3 Cs program (last 3 years) 3 Cs goal completed
Curbside recyclability of packaging components	Percentage	57	53	70	75.0 as of May 1 CY 2012 (3 Cs goal completed)
Sustainable content in cushioning and corrugated packaging	Percentage	32.9	33.3	39.8	41.9 as of May 1 CY 2012 (3 Cs goal completed)
Global Recycling					
Expansion of free Dell-branded takeback program	Number of locations	71	78	79	—
Audits of Tier 1 environmental partners	Number of audits	45	65	91	—
Worldwide cumulative takeback volume totals	Million kilograms	220.3	288.1	375.5	—

Supply chain

		FY10	FY11	FY12	
Tier 1 suppliers participating in CDP	Number of Tier 1 suppliers participating	49	49	62	Tier 1 suppliers account for 95% of Dell procurement spending
Tier 1 suppliers attending workshop	Number of suppliers	58	81	95	Number of suppliers, not attendees
Sub-tier suppliers attending workshop	Number of suppliers	43	60	15	Number of suppliers, not attendees
Supplier capability building workshops	Number of meetings	2	2	2	—
Supplier stakeholder engagements	Number of suppliers engaged	76	78	80	—
Supplier audits	Number of total audits	62	119	125	Dell and EICC audits

EICC - Electronics Industry Citizenship Coalition

People

	Unit of measure	FY10	FY11	FY12	Comments
Women on the board of directors	Percentage	9	8	15	—
Women team members	Percentage	32	33	33	—
Women managers	Percentage	26	26	25	—
People of color — board	Percentage	18	16	15	—
People of color — team members	Percentage	29	29	29	—
People of color — managers	Percentage	19	19	20	—
Employee Resource Group (ERG) participation	Percentage	10	5	10	—
ERG locations	Number of locations	31	49	65	Global chapters
Human Rights Campaign Corporate Equality Index score	Scoring between 1 and 100	100	100	100	Maintained perfect score on measures regarding Dell's commitment to an inclusive workplace for lesbian, gay, bisexual and transgender team members
Mentorship opportunities	Team members enrolled in MentorConnect	4,702	8,273	6,607	—

Occupational health and safety metrics

	Unit of measure	FY10	FY11	FY12	Comments
Recordable injury/illness rate	Cases per 100 FTEs	0.28	0.22	0.16	Data is for calendar years 2009, 2010 and 2011
DART rate	Cases per 100 FTEs	0.15	0.14	0.08	Data is for calendar years 2009, 2010 and 2011
Work-related fatalities	Number	0	0	0	Data is for calendar years 2009, 2010 and 2011

DART = Days away, restricted or transferred   **ERG** = Employee Resource Group   **FTE** = Full-time equivalent employee

By the numbers

	Unit of measure	FY10	FY11	FY12	Comments
Communities					
Team member volunteers	Percentage	42	21	41	Reduction due to acquisitions and 6-month tracking gap due to launch of new online tool
Children impacted through giving programs	Number of children in millions	1.0	2.0	2.7	Number of children in millions to date
Charitable giving as percent pre-tax profit	Percentage of U.S. dollars	1.34	1.04	1.04	Calculated charitable giving as a % of pre-tax profit to current year. Beginning in FY13 we will calculate based on prior 3 year average.
Diverse supplier spending	Billions of U.S. dollars	2.10	3.04	2.93	Requalified for Billion Dollar Roundtable
Total cash contributions	Millions of U.S. dollars	22.4	31.0	33.4	—
Total product contributions	Millions of U.S. dollars	5.1	4.2	10.7	—
Governance					
Net revenue	Millions of dollars	52,902	61,494	62,071	See Form 10-K report for more information
Team members	Number	96,000	103,300	109,400	Full-time team members include approximately 39,900 in the U.S. and approximately 66,800 in other countries
Corporate political contributions	Contributions	None	None	None	Even in jurisdictions where permissible, Dell does not make corporate political contributions; learn more about our policy at **dell.com/publicpolicy**
Compliance with the political contribution evaluation criteria used by the Center for Political Accountability	Number of criteria	9/10	9/10	84/100	New scoring is to 100; Dell scored 84 out of 100, which was announced Sept. 30, 2011
Independent Audit Committee	—	Yes	Yes	Yes	—
Independent Compensation Committee	—	Yes	Yes	Yes	—
Board meetings held or scheduled	Number of meetings	8	12	6	—
Ongoing stakeholder engagements	Number of engagements	5	5	5	Ceres, BSR, SRI in the Rockies, SRI Roadshow, SRI conference calls
Code of Conduct training	Percentage of required team members who took the training	100	100	100	—
Ethics Hotline	Number of calls and online inquiries	273	749	746	Hotline and web form inquiries/cases logged

Letter from Trisa Thompson

We are transforming our business from a computer manufacturer to an end-to-end solutions provider. Similarly, we are adapting our corporate social responsibility efforts to respond to the evolving needs of our team members, customers, communities, the planet and the many other stakeholders whose lives we touch. That's why we're launching Dell Powering the Possible, our new corporate social responsibility (CSR) platform. This will bring even more structure to integrating and communicating social responsibility across our business.

An integral part of this is a commitment to the environment that started early in our company's history. In the past several years, we've set ambitious multiyear objectives to significantly reduce our global footprint. These included initiatives to design, build, package and ship Dell products with the environment in mind; to improve their efficiency during customer use; to lead industry efforts for responsible takeback of used electronics; to more sustainably operate Dell facilities; and to support conservation organizations in their important work.

Compared to what we reported in FY08, the results for FY12 demonstrate significant progress in these areas, including:

- Reducing our net facilities' carbon footprint by 16 percent on an absolute basis. As of the end of FY12, our emissions intensity was approximately 14 percent lower than it was in FY08. And we achieved this during a time when the number of Dell team members increased by 24 percent.
- Exceeding our goal to prevent 25 million tons of greenhouse gas emissions by FY12 through improved product performance and preconfigured operational settings.
- Eliminating the need for nearly 20 million pounds of packaging material.
- Collecting and recycling more than 800 million pounds of used electronics.
- Planting more than 500,000 trees in the United States and abroad through the Dell Plant a Tree program.

These successes represent strong internal governance, organization and collaboration among Dell's many business units. They also exemplify the rich relationships we've forged over the years with external stakeholders across many disciplines. The advice, encouragement and honesty from these experts have made us smarter and stronger.

But we know there's more to do. When taken in a broader context, our operational footprint represents less than 10 percent of our total opportunity to drive more sustainable outcomes. In fact, our biggest opportunity is to work with our suppliers and customers to help make the production and use of IT more efficient, as well as to leverage the power of IT to address other areas of their operations. We will increasingly apply our focus in this direction, and we are in the process of setting new multiyear goals to reflect this effort.

Dell's capabilities have never been more complete or more possible. We look forward to writing the next chapters of Dell's sustainability story through the lens of customers as they successfully leverage technology to achieve more sustainable outcomes in the pursuit of their mission. We will put our technology and expertise to work where it can do the most good for people and the planet.

Trisa Thompson
VP, Corporate Responsibility
Dell Inc.

Environment: Societal trends over the next 20 years include: population growth to 8.4 billion; urbanization increase to 70 percent; economic wealth will rise – particularly in developing countries; energy demands will rise by an estimated 33 percent; and water needs will increase. These trends mean that collectively, we must improve the way we manage our global resources. Technology will be the engine behind this innovation – through smart grids, efficient data centers, better health data systems, and traffic control technology, to name a few examples. That excites us – that our technology can, does and will help our customers address these challenges.

1 Design
2 Build
3 Ship
4 Use
5 Recycle

As a global IT solutions provider, we possess two of the most important tools for positive change: innovation and commitment. The same innovation we use to develop products and services for customers can also be applied to discovering ways to use fewer resources. Taken a step further, we can enable customers to solve environmental problems and create business opportunities.

It all starts with building environmental stewardship into our culture. We've challenged our team members, suppliers and partners to develop creative ways to minimize the impact of our products and services throughout their entire lifecycle. This approach means managing resources effectively and finding sustainable alternatives as we design, build and ship our products, reducing Dell's environmental footprint and that of our customers. We then help our customers further reduce their environmental impact during use and end-of-life by delivering energy efficient products and easy electronics recycling solutions.

In FY12, we introduced more efficient products across our portfolio, including our Fresh Air-enabled solutions in the data center that can help customers avoid the expense of installing and operating chillers. And we expanded our free global consumer Printer Supplies Recycling programs to include businesses, and nearly doubled the number of countries served.

In addition to expanding our programs, we also leveraged our recycling industry leadership to advocate for stronger e-waste legislation. We were the first in our industry to ban e-waste exports in 2009, and in FY12 we worked with we worked with government and industry leaders to encourage the development of electronics recycling programs and regulations. Our achievements include signing an agreement with the U.S. Environmental Protection Agency to further promote producer responsibility and encourage businesses and consumers to responsibly recycle end-of-life computer equipment.

Environment
Progress to goals and commitments FY12

Build

In progress → Reduce global greenhouse gas (GHG) emissions per dollar of revenue by 15 percent from 2007 to 2012

In progress → Reduce worldwide facilities' GHG emissions by 40 percent by 2015

Nearly achieved → Drive toward zero waste by recycling or reusing 99 percent of nonhazardous manufacturing waste by 2012

Needs improvement Reduce fresh water use by 5 percent per square meter of building space by 2013

In progress → Create and communicate a water policy statement

In progress → Achieve 50 percent post-consumer waste (PCW) for paper used in our U.S. catalogs

Achieved Sustain 25 percent of Dell's catalog fiber from Forest Stewardship Council (FSC)-certified sources

In progress → Complete internal assessment to determine the viability of using Carbon Disclosure Project (CDP) and Electronic Industry Citizenship Coalition (EICC) data to estimate supply chain GHG emissions (Scope 3, Category 1)

In progress → Complete internal assessment to determine the viability of using CDP/EICC data to estimate upstream logistics and transport GHG emissions (Scope 3, Category 4)

99%
recycling or reuse of nonhazardous waste

25%
FSC-certified fibers

DELL

Environment
Progress to goals and commitments FY12

Use

Achieved — Reduce GHG emissions from Dell products by 25 million tons through improved product performance and preconfigured systems with Energy Smart operational settings

In progress → Avoid 40,000 tons of GHG emissions by implementing server-managed power management for customers worldwide in FY09–12

improved performance

Achieved — Ensure all Dell Precision™ fixed workstation and Dell OptiPlex™ products that launch in FY12 are configurable with 80 PLUS-certified power supplies

Achieved — All business client computing products that launch in FY12 will be EPEAT-registered in the U.S. and Canada*

Needs improvement — By the end of 2011, all newly introduced Dell personal computing products will be BFR-, CFR- and PVC-free**, as the industry identifies acceptable alternatives that will lower product health and environmental impacts without compromising product performance

EPEAT-registered

In progress → Complete internal assessment to determine the viability of estimating the energy usage and GHG emissions of Dell products deployed by customers (Scope 3, Category 11) and continue Dell product carbon footprint assessment

Achieved — By the end of FY12, replace all laptop displays with LED illumination, eliminating the need for mercury in our laptop products and continue to drive mercury-free LED illumination in external monitors

LED illumination for all laptop displays

* Some exclusions apply where there is no EPEAT (IEEE 1680 standard) category for certain products in our portfolio.

**Dell will adopt the BFR/CFR/PVC-free definition as set forth in the "iNEMI Position Statement on the Definition of 'Low-Halogen' Electronics (BFR/CFR/PVC-Free)." Plastic parts contain <1,000 ppm (0.1 percent) of bromine (if the Br source is from BFRs) and <1,000 ppm (0.1 percent) of chlorine if the Cl source is from CFRs, PVC or PVC copolymers. All printed circuit board (PCB) and substrate laminates contain bromine/chlorine totaling less than 1,500 ppm (0.15 percent), with maximum chlorine of 900 ppm (0.09 percent) and maximum bromine of 900 ppm (0.09 percent). Service parts after purchase may not be BFR/CFR/PVC-free.

Environment
Progress to goals and commitments FY12

Packaging

(Achieved) Eliminate 20 million pounds of packaging by 2012

(Achieved) Increase sustainable content in cushioning and corrugated packaging by 40 percent

(Achieved) Achieve 75 percent curbside recyclability of laptop and desktop packaging components

Recycling

(In progress ➜) Increase Dell Takeback volume totals to a worldwide cumulative 1 billion pounds of collected equipment by 2014

10^9

1 lb.

↑40%

DELL

Design

Smarter material choices

Challenges & opportunities

It takes chemicals to produce many of the components that make up the products we produce. As a society, we need to better understand the use of chemicals that may have harmful effects on humans, plants or animals. Responsibly disposing of some chemicals can be difficult and costly. And finding cost-effective access to alternative materials can be a challenge. Additionally, the definition of harmful materials constantly evolves while government regulation varies across the globe.

In FY12, we continued our work with industry partners to change the way materials of concern are used in our industry while also making positive changes to our own products.

Our progress

We hold ourselves to the highest environmental standards, often exceeding legal requirements when it comes to providing our customers with safe materials in our products. Dell is committed to the precautionary principle and maintains a strict Design for the Environment policy, as well as a list of Materials Restricted for Use, which is incorporated into all Dell engineering specifications and supplier contractual agreements.

- We require all of our suppliers to sign a supplier's Declaration of Conformity to ensure all product materials comply with our environmental policy. Our quarterly supplier audits include a thorough review of their adherence to our material usage guidelines.

- Dell continued to comply with the EU's Registration, Evaluation, Authorisation and Restriction of Chemicals regulation (REACH), a complex legislation that came into force in 2007 and regulates chemical substances. Every 6 months, REACH publishes an updated list of substances of very high concern, and we assess our efforts to determine if any of the substances are present. FY12 yielded some minor updates that are reflected in updates to our Materials Restricted for Use list.

Next steps

- Continue to proactively update our list of restricted materials, ensuring our global operations meet or exceed the standards set out in the European Union's (EU) Restriction of Hazardous Substances (RoHS) Directive in all RoHS-like legislation globally.

- Continue to hold our supply chain accountable for matching our commitment to meeting the strictest material usage standards and avoiding substances of concern. This work will again include quarterly audits, as well as new supplier onboarding with a requirement to sign our supplier's Declaration of Conformity.

- Many countries are adopting their own enforcement and implementation policies using the RoHS Directive as a guide. We will continue to monitor the legislation around substances of concern and remain committed to designing to the highest standards.

- Work to address the technical and supply chain challenges associated with the broad materials transition away from environmentally sensitive chemicals.

- Continue to monitor the data around phthalates to determine if we need to further add to and update our Materials Restricted for Use list.

Design

Smarter material choices (continued)

Our progress

- We continued our progress toward eliminating brominated flame retardants (BFRs), chlorinated flame retardants (CFRs) and polyvinyl chloride (PVC) from our products, removing these materials from major Dell product lines as alternatives are identified. All removable media storage devices, memory and hard drives became BFR/CFR/PVC-free in FY12. Additionally, we offered BFR/CFR/PVC-free configurations of all Dell Latitude™ laptop and XPS 13 Ultrabook products in early FY13, with more products planned for later in the year.

XPS 13 Ultrabook

Next steps

- Expand our commitment to **mercury-free products** by transitioning all newly designed flat panel displays/monitors and all-in-ones from mercury-containing LCD backlights to mercury-free LED backlights by the end of FY13.

Hg
Mercury
Free

- Support legislation and procurement standards to further restrict the use of BFRs/CFRs/PVC. In the meantime, we will continue to work toward our goal of proactively eliminating these substances where feasible.

Design

Energy-efficient design

Challenges & opportunities

Some of our greatest product innovations have come from our focus on increasing energy efficiency. From longer battery life to data center hardware able to handle extreme temperatures and humidity levels, we look for ways that smart product design can enable our customers to do more while using less energy.

In FY12, we expanded our success in energy-efficient design innovations to more of our technology to better serve our customers.

Our progress

Energy efficiency is a hallmark of elegant design. Reducing the energy use profile of our products and services in each new generation helps our customers ensure that, no matter where the solution fits in their IT ecosystem, it will help them compute more while using less energy.

- The Dell Data Center Solutions (DCS) group develops custom solutions for some of our largest customers. In FY12, DCS delivered modular data centers to both eBay and Bing Maps. These highly innovative data centers are very energy-efficient, with measured power usage effectiveness (PUE) values close to 1.0. This means virtually all of the energy delivered to the data center goes to computing.

- Dell™ PowerEdge™ 12th generation servers, developed in FY12, include some of our most significant new features for energy-efficient computing. Improvements include:

  - Reductions in fan power during normal server operation. It now takes less power to cool the PowerEdge R720 server than it does to run a typical nightlight.

  - Expand Fresh Air-enabled offerings for IT equipment, allowing an even broader array of servers, storage and network equipment to operate at temperatures up to 113° F/45° C. This allows for an extensive geographic range of potential chillerless operation.

- We apply the provisions of the EU RoHS Directive for all of our products globally. The RoHS Directive is the world's strongest baseline for substance restriction requirements for electrical and electronic products. RoHS serves as a model for many other country-specific regulations.

Next steps

- Continue our commitment to drive energy efficiency and further reduce environmental impact across the product life cycle.
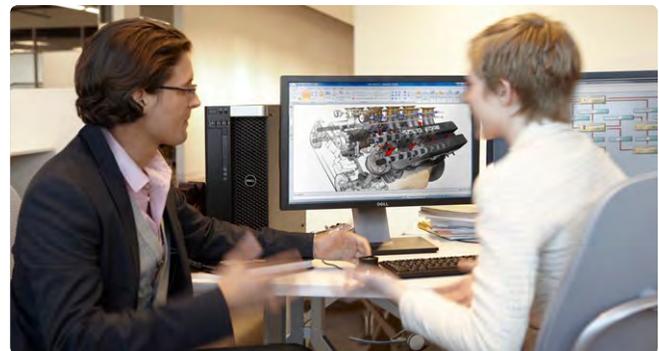
- Expand the use of high-efficiency power supplies into all segments of our business.

- Examine ways to not just extend how long a battery's charge can last, but also how long the battery itself lasts, reducing the likelihood of customers needing to replace their laptop batteries.

↘ Topic continues

Design

Energy-efficient design (continued)

Our progress

- Dell believes that legislation, such as the EU RoHS Directive, can play an important role in promoting industrywide transition to restrict substances of concern. Dell continues to support the inclusion of BFRs and PVC in future EU RoHS recasts, provided that some critical issues can be overcome or addressed by specific exemptions.

- Dell networking products have an efficient power footprint, with some of lowest per-port power consumption numbers in the industry. This gives data centers more connections with less power used*. Our most recent Dell™ Force10™ networking equipment also allows the option of selecting front-to-back or back-to-front airflow, giving network administrators greater flexibility to customize cooling solutions to fit their needs.

- In FY12, our Dell™ OptiPlex™ systems shipped with our Energy Smart power management settings enabled, just as they have since 2005. From that time, we have helped customers save more than US$6.2 billion in electricity costs with this simple default.

- Dell wants to influence the industry to design more with environmental principles in mind. We work with groups like The Green Grid, The Sustainability Consortium, and the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) to recommend design and measurement standards and demonstrate design ideas. For example, in FY12, Dell proved its Fresh Air-enabled servers can operate within ASHRAE's temperature standards, reducing energy consumption and costs.

- In FY12, Dell became the first in our industry to achieve 80 PLUS® Titanium certification (up to 96 percent efficient power conversion) for a server power supply. Additionally, all Dell Precision workstations (T3600/T5600/T7600) launched in early FY13 come standard with Gold-certified power supplies. Dell has a long-standing tradition of leadership in this space, with our large portfolio of Platinum-certified power supply units (PSUs) and having been first to achieve Gold certification almost 5 years ago.

Why 80 PLUS Matters

The 80 PLUS certification enables manufacturers and customers to compare and contrast power supplies based on established criteria. Efficiency of a power supply is a reflection of how much power is drawn from the mains versus how much power is used by the IT equipment. For example, a 750-watt power supply, operating at 75 percent efficiency, needs to draw 1,000 watts. A similar 80 PLUS Gold-certified power supply unit will only draw 815 watts (at 50 percent utilization).

Environment

Design

Design for recyclability

Challenges & opportunities

The reward for our thorough and thoughtful product **design for recyclability** is greater possibilities for our customers and better technologies with less environmental impact. To develop environmentally sound products, our designers work with downstream partners in assessing impact of product design, materials use and recycling technology. Dell designers also engage with recycling trade organizations, perform site visits and audits, and use international standards in making environmentally conscious design decisions.

In FY12, we continued our work to meet our commitment of developing more environmentally responsible products by considering how to make responsible product recycling easy from the start.

Our progress

All new Dell products follow our internal **Design for Environment specifications**. This framework reflects international standards and best practices, and it encourages products that comply with voluntary **eco-labels**. The specifications incorporate a number of elements, including increased energy efficiency, extension of product life span and design for disassembly.

- We completed our transition from LCD backlights to mercury-free LED backlights for all laptops.

- Phthalates are used in various products to make plastics softer or more flexible, but there is growing public concern that they may have human health risks. In FY12, Dell proactively eliminated the use of three phthalates identified as potentially harmful: bis(2-ethylhexyl) phthalate (DEHP), butyl benzyl phthalate (BBP) and dibutyl phthalate (DBP). We continue to monitor other phthalates for their potential effects as well.

- We collaborate with recyclers and asset recovery partners to identify design features that make **product recycling** easy. As an example, our **Dell XPS 13 Ultrabook**, launched in FY12, uses an innovative polymer-reinforced carbon fiber base that helps keep it cool to the touch. We worked with our partners to make sure this new material would meet the recyclability criteria for eco-label standards, such as **EPEAT**.

- Dell also works to help close the recycling loop by incorporating recycled-content plastics into our products whenever possible. In FY12, we used 7.4 million pounds of recycled-content plastics in Dell OptiPlex desktops and flat-panel monitors.

Next steps

- Continue to look for more opportunities to integrate alternative, recycled and recyclable materials into the devices we make and the packaging that protects them.

24,409.7 miles
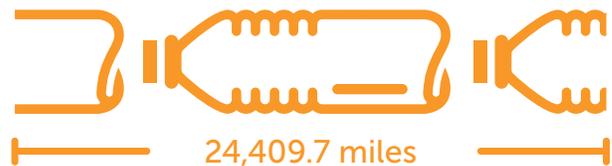
If lined up end to end, the recycled plastic content equivalent of 20 oz. water battles would stretch over 24 thousand miles.

98%

24,409.7 miles is the equivalent of 98 percent of the circumference of Earth's equator.
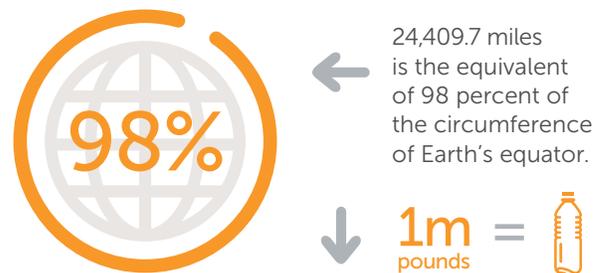
1m pounds **=** 🍶

The 7.4 million pounds of recycled-content plastic is equal to 140,600,000 plastic water bottles.

Design

Labeling

Challenges & opportunities

Customers are looking for easy ways to make comparisons between products and their environmental qualities. To make clear decisions, they want transparent, reliable tools. At Dell, we invest in helping our customers make those assessments easily through our commitment to various eco-labels.

Dell offers a wide range of products bearing eco-labels that reflect our own principles of environmental sustainability while providing consistent, impartial guidance for our customers, allowing them to purchase with confidence.

Our progress

Nearly every eligible Dell product can be configured to meet the requirements for ENERGY STAR qualification or EPEAT registration, matching the rigorous standards set by independent third parties.

- As of FY12, nearly all Dell laptops, including our Latitude, Inspiron, Vostro and XPS brands, plus many other Dell products can be configured to meet ENERGY STAR qualifications, indicating that they meet the U.S. Environmental Protection Agency's (EPA) standard for energy efficiency. This includes our new Dell XPS 13 Ultrabook and Dell PowerEdge 12th generation servers.

- Many of our ENERGY STAR-qualified products offer convenient power management features, including a low-power sleep mode, creating savings of up to US$50 in electricity costs per computer, per year. This can be implemented easily for a single laptop or across thousands of computers in a large enterprise.

- The ENERGY STAR program, which is well-recognized in the U.S., has also been adopted as a standard by Australia, the European Union, Japan and Korea and forms part of the EPEAT criteria. This allows even more Dell customers to rely on this standard.

- With multiple criteria across eight categories, EPEAT is one of the most comprehensive sustainability rating tools available for computing products. It helps institutional purchasers evaluate, compare and select desktop computers (including workstations), laptops and monitors based on their environmental attributes. In FY12, Dell increased the number of EPEAT-registered products we offer in the U.S. and Canada and now offers EPEAT-registered products in Sweden, Germany and France.

Next steps

- Continue to meet energy efficiency standards like ENERGY STAR.

- Strive to increase the number of end user products registered with eco-labels such as EPEAT.

- Achieve our goal of offering EPEAT-registered models (in the U.S. and Canada) for all newly launching Dell commercial end user computing products by the close of FY13.


- Extend the number of countries where we offer EPEAT-registered products, in order to give our customers greater ability to assess our products locally against other choices.

- Support the upcoming revisions to the EPEAT standard for PCs and displays (IEEE 1680.1) and development of new EPEAT standards for imaging devices and servers.

eBay

The innovative design by Dell's Data Center Solutions team uses fresh air year-round instead of chillers, helping eBay cut costs and electricity needs.
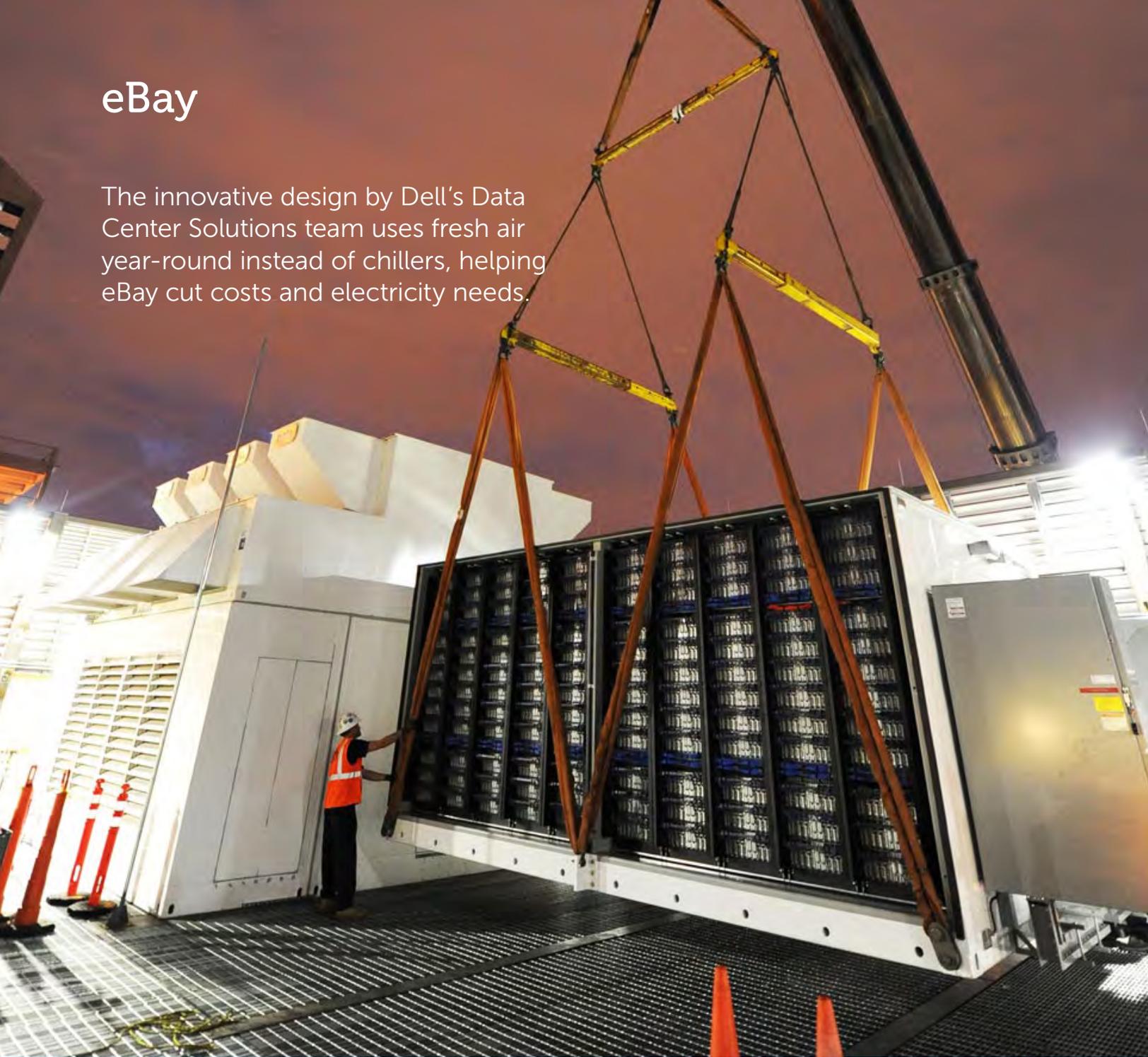
"It was 115 Fahrenheit inlet temperature to the container — 115 Fahrenheit — on the roof, exposed to the sun, in the desert, sustaining 26 kilowatts per cabinet, and we were getting free cooling. Let that sink in for a second: We were getting free cooling at 115 Fahrenheit in the desert."

– **Dean Nelson**
Vice President, Global Foundation Services, eBay

Dell designs one of the world's most efficient data centers to handle the demand of eBay commerce and its desert location

For companies like eBay that specialize in e-commerce, data centers are the engines that empower them to keep up with the tremendous demand and storage needs due to customers' digital demands, including online purchases on mobile devices. But, with energy costs soaring, the expense of cooling hot-running servers in data centers can be enormous.

Dell's Data Center Solutions (DCS) team is working to change that. With an innovative design that incorporates fresh air for cooling instead of energy-intensive chillers, the Dell Modular Data Center that Dell built for eBay's Phoenix facility is a testament to how Dell makes it possible for customers to leverage a solution that's good for the environment and the bottom line.

The DCS solution employs 1,920 custom-built servers in an innovative data center design that can sit on the facility's roof. The results are very cool: maximum power, low wattage, low total cost of ownership and an impressive power usage effectiveness (PUE) of 1.043 – meaning more than 95 percent of the electricity it uses goes to computing, even on a 119°F day. Typical data centers operate at closer to 30–40 percent. This gives eBay year-round cooling that reduces energy costs as well as its carbon footprint.

This success in energy efficiency earned the DSC team and eBay recognition as one of The Uptime Institute's 2012 Green Enterprise IT Award winners.

Explore the full eBay case study

"By lowering our overall cost per megawatt, we are ultimately lowering the cost per transaction on eBay. When facilities and IT come together, and are able to come up with an ecosystem that balances itself automatically, the result is our buyers and sellers win."

– Dean Nelson
   Vice President, Global
   Foundation Services, eBay

Build

Using resources responsibly

Challenges & opportunities

As global citizens, we are committed to minimizing the impact of our operations and those of our supply chain on the planet and the communities we live and work in. We believe it's possible to succeed in business without doing harm to the environment. Central to this idea is the practice of using resources and managing wastes responsibly.

Like other businesses, our operations consume energy, water, forestry products and other materials. The greatest challenge we face in managing resource consumption in our operations is the new direction our business made in the past few years. Acquisitions and divestitures have significantly changed our real estate profile, while the growth of data centers and other service activities has affected our total energy use. We are also not immune to weather impacts: in FY12, a historic drought and record-setting summer temperatures in parts of the U.S. caused our water usage to spike.

Despite the challenges, we are committed to being wise stewards of natural resources, and we continuously look for opportunities to reduce consumption and ensure waste materials are handled responsibly at end-of-use. We expect our suppliers to do the same.

Our progress

At Dell, **using resources responsibly** means practicing efficiency and avoiding waste in all its forms: wasted energy, water, forestry resources and manufacturing materials.

- During FY12, we estimate the total energy use for our operations to be approximately 808 million kilowatt-hours (kWh), a 1 percent increase from the revised FY11 estimate. About 83 percent of **our energy use** is in the form of electricity.

- Dell continues to be committed to using electricity that is produced from renewable sources. In FY12, we purchased and generated approximately 129 million kWh of green energy — accounting for roughly one-fifth of our total electricity purchases. As a result, for the fourth year in a row, the U.S. Environmental Protection Agency (EPA) ranked Dell as one of the National Top 50 purchasers of renewable energy in the **Green Power Partnership program**.

- In FY12, seven Dell facilities purchased 100 percent renewable electricity. Our headquarters in Round Rock, Texas, has purchased 100 percent renewable electricity since 2007.

Next steps

- Measure energy consumption at a more detailed level. This will include identifying metrics for improvement across different types of business operations.

- Increase the number of Dell facilities purchasing renewably generated electricity from their local utility.

↘ Topic continues

Build

Using resources responsibly (continued)

Our progress

- Other locations purchasing 100 percent green electricity at the end of FY12 include: Oklahoma City, Oklahoma, and Buffalo Grove, Illinois, in the U.S.; Halle and Frankfurt in Germany; Glasgow, Scotland; and Solna, Sweden.

- Seven other facilities in the U.S., Europe and Australia satisfied a portion of their electricity needs (8-79 percent) by purchasing green energy during the year. We have contracts in place to purchase additional renewably sourced electricity in the U.S., Asia Pacific-Japan (APJ) and Europe, Middle East and Africa (EMEA) in FY13 and beyond.

- On-site solar electricity generation stations on Dell Round Rock campus provide energy for building use and electric vehicle charging, and welcome shade in the Texas summers. In FY12, they generated approximately 142,000 kWh of electricity.

- We continued our energy efficiency improvements in our facilities around the globe, including lighting and motor upgrades as well as replacement of older IT equipment. We also have incorporated energy-efficient lighting, shading and cooling system designs in new buildings slated to open during FY13 in Panama, Brazil and India.

- When deciding where to locate our Western Technology Center in Quincy, Washington (U.S.), we took into account the area's ready mix of renewable energy available for purchase, particularly the abundance of hydro-electricity. The facility is cooled using heat-wheel technology that maximizes the use of outside air, which, in turn, reduces the center's overall energy and water demands.

- Water is used in many Dell facilities for domestic purposes such as cooling, food preparation, lavatories and landscaping. Even though our usage is low relative to other industries, we previously set a multiyear goal of reducing fresh water usage intensity (measured as cubic meters of water per square meter of building space) by 5 percent by the end of 2013.

Next steps

- Complete development of a Dell-wide policy on water use and management.

- Continue to incorporate water efficiency into the design of new and existing Dell facilities, including data centers.

- Advance our forest stewardship efforts, including through a commitment to increase our use of recycled-content paper products and a commitment to strengthen our responsible sourcing through FSC-certified products worldwide.

- Look for additional ways to put Dell technology and expertise to use broadly in partnership with conservation organizations, accelerating their work and expanding their potential impact across the globe.

Dell's Western Technology Center in Quincy, Washington (U.S.), uses heat-wheel technology to reduce overall energy and water demands.

- Continue to maintain a high recycling and reuse rate in our manufacturing facilities, and further develop recycling and waste reduction opportunities in our office facilities.

Build

Our progress

- Outside the U.S., we reduced water use intensity in FY12 by 3.3 percent compared to FY11 and 5.2 percent since FY10. In the U.S., however, extreme heat and historic drought conditions in parts of the country in 2011 led to our total water use increasing in FY12 by 15.9 percent, despite conservation efforts. The 2-year change was an increase of 15.2 percent.

- Current and ongoing water use reduction projects include effluent reuse, the use of native and low-water vegetation in arid areas, and the use of "smart" irrigation systems.

- **Responsibly sourcing our paper products** is critical to maintaining a sustainable supply and protecting forest habitats for plants, animals and people. We do not source from threatened or endangered forests. In FY12, we continued to work closely with the **Forest Stewardship Council (FSC)** to review our Forest Products Stewardship Model and advise us on actions.

- We exceeded our stated goal of sourcing 25 percent of our catalog fiber from FSC-certified sources. Regionally, all catalog paper in the U.S. and EMEA regions (where the majority of our catalogs are produced) was FSC-certified fiber and came from FSC-certified sources. In our APJ region, FSC-certified sourcing accounted for approximately 30 percent of paper used.

- The use of recycled-content paper in our U.S. catalogs also reduces the strain on forests and helps close the recycling loop. In FY12, we used 47 percent post-consumer waste recycled-content paper, approaching our stated goal of 50 percent.

- Currently, 52 percent of all copy paper used globally at Dell contains some recycled content; and in the U.S., 100-percent post-consumer recycled content is our standard. Additionally, we promote duplex printing as the default where possible.

- **Dell packaging efforts** also focus on sourcing sustainable materials. In FY12, all of our **bamboo cushioning** (a highly renewable fiber) came from FSC-certified sources. We used 8.5 million tons of bamboo, nearly all of which started growing back by the time this report was published.

Dell Director of Packaging Oliver Campbell stands with bamboo cushioning, drying outside in China.
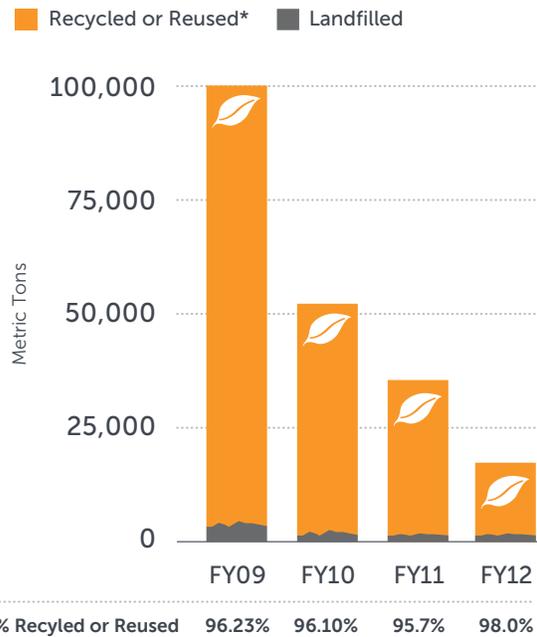
Environment

Build

Using resources responsibly (continued)

Our progress

- FY12 marks the fifth year of working directly with Conservation International on an important reforestation initiative in Madagascar. Our support enables Conservation International to work with indigenous populations, encouraging sustainable agricultural practices and water use as well as protecting the natural infrastructure. This, in turn, protects the forests, ensuring they absorb heat, store vast quantities of carbon and help regulate the Earth's climate. The project also protects some of the last remaining habitats of lemurs, found only in Madagascar.

- In FY07, we set a goal to increase our already high recycling and reuse rate in manufacturing operations from 94.4 percent to 99 percent in 5 years. We came close: we achieved a recycle and reuse rate of 98 percent at the end of the goal period in FY12, with great progress made by our Poland factory during the year.

- Our major office facilities around the world also have on-site waste recycling programs. Employee engagement is key to their success — we promote recycling and reuse through internal communications and work with our new Planet Employee Resource Group and other employee groups to further improve.

- Our dining facilities in Plano, Texas (U.S.), Limerick and Cherrywood (Ireland), and Montpelier (France) are all zero-waste operations. All food waste is composted and other waste is recycled. Our Oklahoma City facility supplies compost to a local university composting program. On-site food service vendors at many of our other facilities offer discounts to those who bring refillable cups, encouraging less waste.

Non-hazardous manufacturing waste

■ Recycled or Reused* ■ Landfilled

	FY09	FY10	FY11	FY12
% Recyled or Reused	96.23%	96.10%	95.7%	98.0%

Y-axis: Metric Tons, scale 0 to 100,000

* Including a small amount incinerated (waste to energy)

Build

Managing our emissions

Challenges & opportunities

When it comes to greenhouse gases (GHGs), our emissions fall into three categories: our own operations; "upstream" contributions from our supply chain; and "downstream" contributions, such as from the transport and use of our products. The emissions from our own operations are quite small compared to the other streams, yet they are important.

Energy consumption — direct and indirect — creates most of the GHG emissions for our own facilities and service activities. Meeting our aggressive intensity-based and absolute GHG emissions goals depends on us being successful in the plans we laid out several years ago: driving energy efficiency in our operations and supporting the use of renewably generated electricity.

Our progress

In order to manage and minimize GHG emissions, Dell needs a more sophisticated and comprehensive approach to measuring them. We also believe this work must provide the macro view of total emissions as well as insight into the various contributing factors and their influence on the total. Accordingly, we have launched pilot activities to develop the competencies and framework to expand our measurements.

- In FY12, we continued to report GHG emissions data to the Carbon Disclosure Project (CDP), just as we've done since 2003. As part of our commitment, we've also participated since 2007 in the CDP's Supply Chain Leadership Collaboration Project, working with suppliers to report their emissions and formulate climate change strategies.

- Dell's Scope 1 emissions in FY12 were 38,672 metric tons. Scope 1 emissions increased by about 15 percent over FY11. Most of this increase is attributed to a significant growth in the number of vehicles leased by Dell for use by sales executives in certain countries, as well as improvements in data collection for refrigerant leaks.

Next steps

- Continue to report greenhouse gas emissions to the CDP and work with suppliers to report their GHG emissions to CDP.

- Complete the integration of our new environmental management tool for tracking energy and emissions data for operations, supply chain and recycling/takeback activities to facilitate greater insight into our operational environmental impacts.

- Complete current Scope 3 pilot programs and assess Dell's capability to measure, report and act on the resulting data.

Dell follows the Greenhouse Gas Protocol in calculating its GHG emissions. We currently report Scope 1 and 2 emissions, and business air travel emissions (Scope 3). All data is reported as carbon dioxide equivalent (CO2e). Dell's FY12 emissions were assured in accordance with the AA1000AS (2008) Principles by Trucost.

Environment

Build

Managing our emissions (continued)

Our progress

- Dell's net Scope 2 emissions, after subtraction for renewable-source electricity purchases, were 328,882 metric tons. This represents an increase of 1.9 percent over FY11. The increased emissions reflects a slightly higher electricity intensity across parts of our businesses.

- The numbers above reflect the impact of growth and change in our business activities. In FY08, Dell set a 5-year goal of reducing net emissions intentisty (tons per revenue $US millions) by 15 percent by 2012 (FY13). As of the end of FY12, our emissions intensity is 14.2 percent lower than it was in FY08.

- In FY08, Dell set an 8-year goal to reduce net absolute emissions (tons) by 40 percent by 2015 (FY16). As of the end of FY12, we have reduced our emissions by about 16 percent, compared to the base year of FY08. The base year emissions have been adjusted to reflect acquisitions and divestitures.

- Our global business air travel emissions were 13 percent lower than last year at 98,407 metric tons, even as the number of Dell team members grew. We believe that the use of improved internal communication tools helped decrease business miles flown.

- In late FY12, Dell added to its environmental goals, including a commitment to assess the viability of estimating multiple categories of Scope 3 emissions. We launched a new environmental management tool that will help us measure, manage and report on more types of Scope 3 emissions, such as those from our supply chain, upstream and downstream logistics, and our customers' electricity use related to our products.

Ship

Packaging

Challenges & opportunities

While some packaging is necessary to ensure valuable products arrive at their destinations safely, too much packaging — as well as packaging that can't be recycled — results in a waste challenge for customers and a larger environmental footprint for us all.

In FY12, we continued our industry-leading packaging solutions focused on reducing packaging volume, increasing the use of sustainable content and making it easy for our customers to responsibly dispose of their packaging through recycling or even composting.

Our progress

At Dell, we are committed to developing innovative solutions to help businesses and households reduce their packaging waste. We turned this commitment into our 3 Cs packaging strategy outlined below. In action, this has translated into some of the industry's most aggressive packaging reduction tactics and most innovative uses of alternative packaging materials.

Cube:	Reduce packaging size
Content:	Use recycled or sustainable materials
Curb:	Make packaging easily recyclable

- In 2008, Dell announced its "Cube" goal: to reduce overall packaging volume by 10 percent by the end of 2012. In FY12, we exceeded that goal ahead of schedule — volume is down by 12.1 percent as a result of innovative design and streamlined cushioning.

Next steps

- Kick off a follow-up program to the 3 Cs packaging strategy with goals to expand sustainable packaging usage so all customers may benefit, and to challenge the industry to join us in this effort.

- Assess the results of the mushroom-based packaging pilot project and investigate ways to expand its use (if appropriate) to other geographies and in conjunction with other products.

- Determine the best ways to expand the use of our Multipack packaging to other Dell regions.

- Use lightweight envelopes for more shipments in Europe and introduce this packaging in North America and Asia.

- Continue sharing best practices through the Sustainable Packaging Coalition and in other forums, as packaging is an issue that crosses industries.

The 3 Cs: Innovations in Computer Packaging Design

Cube
12% Reduction

Content
40%

Curb
75% Increase
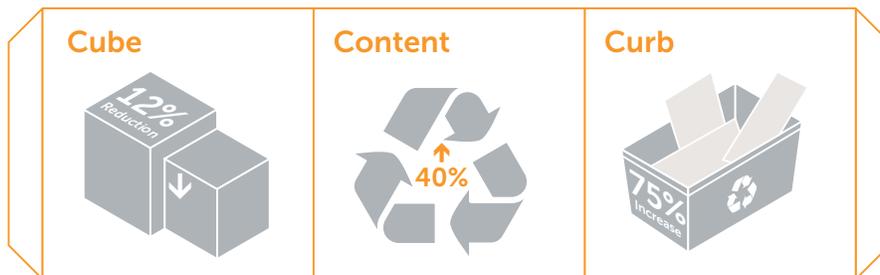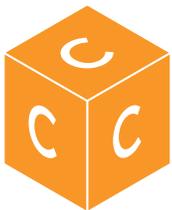
The 3 Cs strategy is a success for Dell, eliminating 20 million pounds of packaging (2008-2012) and cutting costs by more than US$18 million. We remain committed to the core tenets of this strategy.

Topic continues

Ship

Packaging (continued)

Our progress

- Dell Multipack allows us to ship six servers or 10 notebooks in one box to customers with larger orders. In FY12, this innovation reduced the average number of boxes these customers received by 80 percent.

- In Europe, we reduced packaging size and materials usage by introducing the use of envelopes for shipping more than 500 different items that don't require rigid sided-boxes for protection.

- In FY12, we also met our stated 4-year "Content" goal ahead of schedule, increasing the amount of recycled content and renewable materials in our packaging by 40 percent between 2008 and 2012.

- We expanded the use of sustainable bamboo cushioning for shipping notebook products, with bamboo now protecting 70 percent of our notebook shipments from China. In 2009, we were the first technology company to use bamboo cushioning, which is a highly renewable material (growing back at up to 1 inch per hour) that serves as a great alternative to styrene and polyethylene foams in protecting lightweight products.

- We continued our work to source our packaging materials near our manufacturing facilities when possible. This reduces transportation emissions and costs, storage space and our overall carbon footprint. We source our bamboo near our facilities in Jiangxi Province, China, and are researching new material approaches in locations such as Mexico, Brazil, the United States and Europe where bamboo is not an option.

- Dell continued to make responsible use of forestry products a priority. Our commitment to using Forest Stewardship Council (FSC)-certified products extends to our use of bamboo. In fact, 100 percent of the bamboo used in FY12 was FSC-certified.
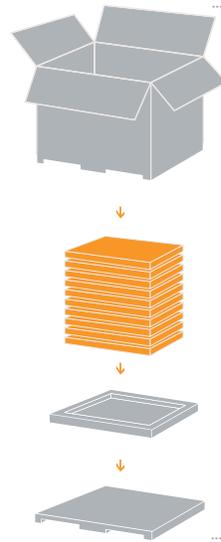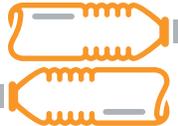
Smart packaging. Smarter supply chain.

We've reduced the number of boxes it takes to ship blade servers by 90 percent and seen a 10x reduction in boxes and pallets due to environmentally conscious packaging.
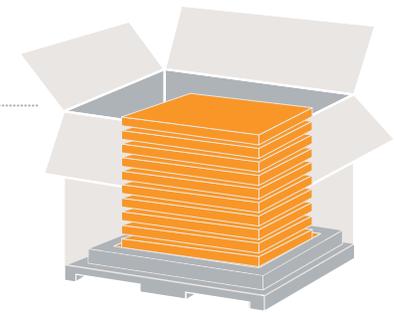
In FY12, Dell used the following in its packaging:

1.3 million — 1.3 million pounds of recycled-content plastic (the equivalent of 24.7 million 20 oz. plastic bottles)

1 million — 1 million pounds of molded paper pulp (the equivalent of using nearly 700,000 recycled newspapers)

8.5 million — 8.5 million pounds of bamboo, all of which (225,000 bamboo stalks) started growing back by the time this report was published

↘ Topic continues

Ship

Packaging (continued)

Our progress

- In FY12, Dell was also the first major company to pilot the use of **mushroom-based packaging materials**. This packaging is grown rather than manufactured, by injecting mushroom spores into agricultural waste to create an organic form that is as strong and safe as foam, but can be easily composted. We used it to cushion **Dell PowerEdge R710 servers** shipped in Multipack, and we will receive pilot testing results in FY13.

- Where we could not use organic cushioning such as mushroom or bamboo, we utilized other smart packaging materials. Options include high-density polyethylene (HDPE), which is made using recycled-content plastics derived from recycled milk jugs and detergent bottles; molded paper pulp; and lightweight air cushions that can be dramatically minimized before disposal.

- Dell met its stated "Curb" goal in May 2012 of making 75 percent of packaging recyclable at curbside.

- Our boxes are made of corrugated cardboard, a highly recyclable material that contains a minimum of 25 percent recycled content (with amounts varying by location).

- We worked with recyclers to verify that our bamboo cushioning is recyclable. It can be treated like corrugated cardboard in most communities. Our bamboo is already certified "compostable" to **ASTM International** standards by an independent test laboratory. ASTM International is formerly known as the American Society for Testing and Materials (ASTM).

Ship

Transportation and logistics

Challenges & opportunities

As Dell transforms its business into a leading end-to-end IT solutions provider, we have made major acquisitions and added multiple supply chains around the globe. Our transportation and logistics network has also grown in size and complexity as a result, giving us a broader environmental impact to consider.

After a thorough review of our global fulfillment systems in FY11, we began rolling out new strategies in FY12 to achieve maximum efficiency in the way we deliver supplies and products around the world, with a minimal environmental footprint, cost and complexity.

Our progress

Dell is continuously refining its global transportation and logistics network so transactions are more eco-friendly without added cost or complexity. This includes optimizing transportation networks by choosing the right modes and routes, developing internal processes to cut waste and collaborating with partners on green initiatives.

- As part of our **Air-to-Sea** initiative, in FY12 we converted many of Dell's longer-lead shipments (for example, for retailers and channel partners) to transport via ocean freight rather than aircraft. This greatly improved the amount of product we could ship in a single trip. While the freighters use more fuel than aircraft, the fuel associated with each product shipped is much smaller proportionally.

- We explored new transportation modes and routes, moving some Asia-to-Europe and China-to-South Asia shipments via rail instead of truck. This also reduced the fuel footprint of the products shipped.

- We refined our processes for pallet building and trailer loading at many Dell fulfillment centers. This allowed us to pack more products into every shipment, reducing fuel consumption and carbon emissions.

- We continued to evaluate pallets made from alternative materials. Employing reusable, recyclable foam pallets instead of wood pallets reduces weight and logistics costs, helping improve fuel efficiency for all transport modes. According to vendor estimates, we avoided approximately 7,000 tons of GHG emissions just by using foam pallets instead of wood in FY12.

Next steps

- After a thorough review of our global fulfillment systems in FY11, we developed new guiding principles and began rolling out new strategies in FY12. Those principles include: make the customer successful, enable sustainable operations for our customers, encourage sustainable operations for our suppliers and measure/manage our impact transparently.

- Expand our **Truck-to-Rail** initiative beyond China, taking advantage of opportunities for railroad transport from ocean terminals to Dell fulfillment centers as route safety and reliability improve.

- Work with Dell shipping partners to identify how we can more consistently track and analyze their emissions and other sustainability factors. Not all companies use the same methodologies, and measurement helps us identify room for improvement. We will integrate this information with our tracking of various **Scope 3 emissions**.

Topic continues

Ship

Transportation and logistics (continued)

Our progress

- We found ways to complete our retail orders closer to end customers and consolidate them into fewer shipments, which reduced travel distance, fuel consumption and carbon emissions. For example, in Europe, we expanded our fulfillment center distribution network for retail orders on the mainland and began using envelopes to deliver accessories.

- Dell was certified as an EPA SmartWay partner for the eighth year, continuing our commitment to measuring and reducing the size of our logistics footprint. We shipped more than 95 percent of goods through SmartWay Transport Carriers (all of our major carriers are SmartWay partners), continued our no-idle policies at fulfillment hubs and supported developing programs similar to SmartWay in other regions worldwide.

- Product returns happen for many reasons, but damage during shipping shouldn't be one of them. We have reduced the number of returned assets that had to be recycled immediately from 10 percent in FY11 to only six percent in FY12. The other 94 percent of returned assets are quickly returned to usefulness and resold as either Certified Refurbished, Dell Outlet New or Scratch and Dent (depending on condition). All Dell Outlet machines carry a Same-As-New warranty.

- We also worked closely with our carrier partners to streamline various aspects of our logistics. For example, in Canada, Purolator helped us consolidate freight services and implement electronic invoicing. In Brazil, Dell helped our logistics partners redesign and optimize the network that serves São Paulo, ensuring that carriers were taking the best routes and not making trips across the vast city unnecessarily. This not only cut emissions, but also reduced overall freight costs.

- Dell was an original contributor and signatory to the "Private Sector Declaration on Green Freight in Asia towards a Green Economy," published in FY12. We will work with other partners and signatories, pledging support to national green freight efforts and striving to improve fuel efficiency and air quality, reduce fossil fuel dependency and minimize carbon emissions.

Dell helped our logistics partners optimize the network that serves São Paulo.

Environment

Use

Helping customers reduce their environmental footprint

Challenges & opportunities

Whether to mitigate risk, open new opportunities, build a brand or just leave a smaller footprint, customers are increasingly looking to improve their own sustainability. Technology is a major driver of this transformation. And while better design minimizes the environmental impact throughout a product's lifecycle, the true measure of technology's power is in how it helps our customers change the world.

In FY12, we focused on helping customers reduce their impact by first understanding the potential scope of that impact. With ongoing measurement and easy-to-use resources, Dell customers have a framework for making better decisions about IT solutions.

Our progress

By conducting in-depth product lifecycle analysis, we are able to estimate the environmental impact of various products as they are used by our customers. We also give customers options for offsetting their carbon emissions as an option to help them further reduce their environmental impact.

- Dell has conducted lifecycle analyses on various product categories. In addition to using this information to guide our design and development, we make this information easily available on Dell.com to help customers understand their approximate carbon footprint. By the end of FY12, we posted assessments for laptops, desktops, servers and mobile devices.

- Dell supports the work of The Sustainability Consortium (TSC) and the Massachusetts Institute of Technology (MIT) and others to create a Product Attribute to Impact Algorithm. The tool, published by TSC in FY12, helps clarify how individual product attributes affect the overall carbon footprint of laptops at various stages of their lifecycle. By sharing with this group, Dell is improving and streamlining future lifecycle analyses on the way to better data.

Next steps

- Complete lifecycle analysis and carbon footprint assessment for printers and monitors, publishing data to our website.

- Work to learn more about the total emissions impact of deployed Dell products (Scope 3, Category 11 emissions), and use this information to guide development activities and help customers minimize their emissions.

- Continue supporting and promoting the Plant a Tree program as a means for customers to offset the electricity they use while preserving habitats and improving biodiversity.

Use

Helping customers reduce their environmental footprint (continued)

Our progress

- In late FY12, we set a goal to determine the viability of estimating the total energy use and greenhouse gas (GHG) emissions of all Dell products currently in use around the world (Scope 3, Category 11 emissions). This will help us better understand the full picture of all Dell-related emissions. This is a complex measure, so we expect to understand how to measure this by late summer 2012.

- In FY12, **Dell's Plant a Tree program** reached the half-million tree milestone. Since 2007, Dell customers have donated more than US$2.3 million to plant native trees as a way to offset the emissions related to the use of their products. The program's efforts will trap the equivalent of more than 400,000 metric tons of carbon dioxide in the trees' lifetime – equal to the annual GHG emissions of more than 80,000 passenger vehicles. **CarbonFund.org** awarded Dell its lifetime achievement award in early February 2012 for this ongoing effort.

> Dell customers have donated more than US$2.3 million to plant native trees to offset their emissions related to the use of their products.

Photo credit: USFWS

Photo credit: Chita Middleton

Photo credit: Jena Meredith.

In the United States, our environmental programs have accomplished a variety of important improvements. Plant a Tree participants restored 2,600 acres of floodplain in the Upper Ouachita National Wildlife Refuge in Louisiana and helped The Conservation Fund restore 775 acres of migratory bird habitat within the Marais des Cygnes National Wildlife Refuge in Kansas.

Environment

Use

Deploying green IT from mobile devices to data centers

Challenges & opportunities

Companies are increasingly deploying green IT, not only to save money but also to help achieve corporate sustainability goals. Individuals are looking to live a greener lifestyle. Technology that is itself energy efficient and built in a sustainable way is part of the equation.

Our customers are also looking for ways to manage their IT environments in a more sustainable way. From mobile devices to data centers, Dell is committed to providing end-to-end solutions to meet this need, helping customers not only be more productive, but more sustainable, too.

Our progress

- In FY12, Dell began providing links to sustainability information within product overview pages online for select systems. This includes information around various points of the lifecycle, including design (material choice), build (Dell's operations and those of our supply chain), use (especially energy efficiency) and recycling (including easy ways to recycle older systems).

- Desktop virtualization and highly efficient thin clients (networked desktops with limited or no local hard drive, relying instead on servers for applications and storage) deliver significant energy savings to customers. For example, Dell customer Eckert-Schulen, an educational services provider with about 800 employees and 5,000 students in Germany, cut energy use by 30 percent by consolidating applications to a server-based environment and then using highly efficient OptiPlex desktops. In addition to meeting environmental goals, the virtual desktop environment (paired with virtualized servers) now offers Eckert-Schulen an end-to-end virtual solution that makes it easy to grow classroom capabilities with minimal growth in energy needs.

- Customers can use Dell KACE Systems Management Appliances to optimize their networks for power savings (including Wake-on-LAN, easy scripting of tasks and remote capabilities that reduce travel and desk-side visits). The K1000 allows a network administrator to create power profiles (for both Windows and Mac end users), monitor and adjust settings via customizable reports, and even use the reports to gain eligibility for power company rebates. In FY12, reports from the K1000 Power Management Wizard were eligible for rebates in all 50 U.S. states and parts of Canada.

Next steps

- Expand the portfolio of new products with information online for customers to understand a product's lifecycle impact.

- Continue to grow the number and type of validated IT solutions in the data center that can withstand higher temperatures.

- Further promote the use of Fresh Air-enabled devices and data centers that can operate without chillers. Combined with virtualization, this is one of the best ways to help our customers significantly reduce their infrastructure energy use.

- Encourage customers to pursue data de-duplication, thin provisioning (not installing significant storage above the net need) and tiered storage to improve overall utilization, increase efficiency and reduce energy consumption.
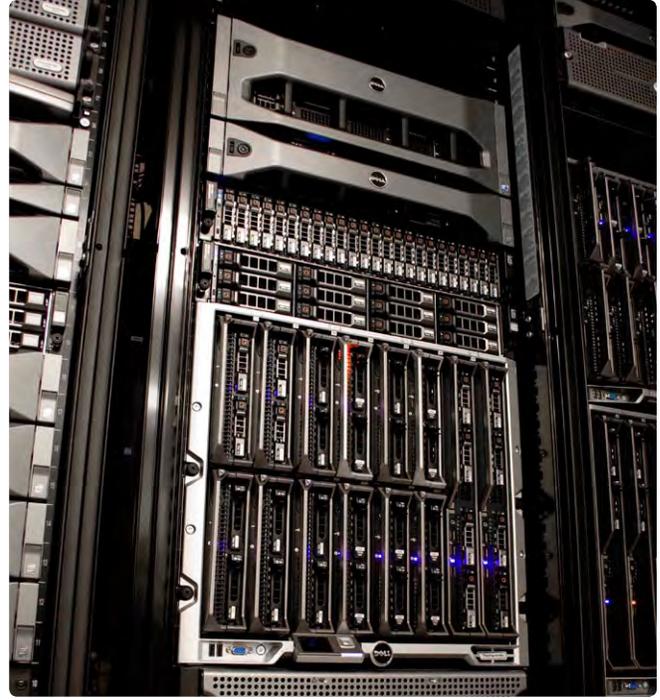
↘ Topic continues

Use

Deploying green IT from mobile devices to data centers (continued)

Our progress

- After extensive research into the operation of IT equipment over a wide range of environmental conditions, Dell began offering new Fresh Air warranty options in July FY12. The new warranties allow operation of an entire line of data center equipment at expanded temperature and humidity ranges outlined by the American Society of Heating, Refrigerating and Air Conditioning Engineers (ASHRAE).

  Warranties allow customers to operate Fresh Air-enabled products under inlet air temperatures of up to 45°C (113°F) for up to 90 hours per year. With this technology, Dell has broadened the range of geographies for which data center fresh air cooling is available.

- Customers building new data centers and using Fresh Air-enabled solutions may be able to avoid purchasing and deploying energy-intensive chillers, saving up to US$3 million per megawatt of compute capacity to install and up to US$250,000 per megawatt each year to operate.

- Dell custom-designed server equipment, paired with an innovative Dell Modular Data Centers (MDCs), enabled Dell customer, eBay, to deploy a new, highly efficient data center on the roof of their Phoenix, Arizona, facility that uses free-air all year long, without needing to add extra cooling equipment. The power usage effectiveness (PUE) of this installation was measured at 1.043 in August of FY12. This means that, together, the energy required to operate the cooling equipment and the energy lost in power distribution was only 4.3 percent of the operational energy required by the IT equipment in the MDC (typical data centers have only 60-70 percent of their power go to computing). This success in energy efficiency earned the Dell Data Center Solutions team and eBay recognition as one of the Uptime Institute's 2012 Green Enterprise IT Award winners.

Use

Our progress

- Designed during FY12 and launched in early FY13, Dell's 12th generation of PowerEdge servers and related equipment give customers greater control of their data center resources coupled with leading-edge energy efficient design. The servers are:

  - Fresh Air-capable

  - Equipped with 65 sensors to track thermal activity, regulate temperatures and reduce energy

  - Idle at 10 W less than the previous generation, ensuring servers are consuming limited amounts of power when not active

  - A continued commitment to virtualization: the PowerEdge R620 can deliver three times more virtual machines in the same physical space

- Dell's OpenManage Power Center, included with the new servers, helps customers achieve precise control over power resources at the server, rack, row or room level. The console lets customers identify underutilized servers, reduce data center consumption during low-load hours, maximize the uninterruptible power supply (UPS) uptime during a power outage, and prioritize protections for groups of servers during a brownout.

Environment

Use

Services and solutions for sustainable IT

Challenges & opportunities

Dell offers customers technology solutions that make running their businesses easier. For some customers, this means leveraging services that allow them to shift some of their IT operations to Dell's highly efficient infrastructure. For others, this means using our consulting expertise to assist with initiatives such as data center technology planning. In many of these engagements, success also means significant improvements in resource efficiency, environmental footprint and overall sustainability.

Dell and our customers realized success in our growing service offerings over FY12 in the form of reductions to energy costs and their environmental footprint.

Our progress

- We continue to invest in **Dell Solution Centers** around the globe, opening nine in FY12. Here, customers can experience Dell solutions and access our technology in a dedicated, hands-on environment equipped with state-of-the-art labs and teams of solutions experts.

Next steps

- Continue to encourage widespread use of virtualization as one of the best ways to optimize a customer's operations. By reducing physical servers and increasing the number of operating systems in play per watt of power used, virtualization can significantly reduce customer energy use, capital costs and maintenance needs.

- Strengthen our end-to-end solutions around energy efficiency through business acquisition-related opportunities:

  - Work with newly acquired companies **Clerity Solutions** and **Make Technologies** and their migration services to help customers easily migrate off older, inefficient hardware.

  - Work with **Wyse Technology** to expand our ability to offer highly efficient thin clients that can take advantage of cloud services and desktop virtualization, helping customers potentially reduce energy use, deployment and maintenance time/travel, and infrastructure costs.

Use

Services and solutions for sustainable IT (continued)

Our progress

- The **Dell Data Center Solutions team** helps customers design Dell technology to meet their needs. In FY12, for example, DCS built a new highly efficient **data center for Bing Maps**, located in Longmont, Colorado, from the ground up in under 60 days. The company needed a fast, reliable and scalable data center that could process the hundreds of terabytes a day needed to support their mapping services, while controlling energy use and costs. Now, their customized data center utilizes **fresh air cooling** from the Rocky Mountains among other Dell innovations to deliver an 80 percent reduction in power consumption with five times more processing power than they had before.

- **Virtualization services and related solutions** continue to deliver easy and impressive power reductions for customers, as well as reduced complexity, faster deployment times and greater flexibility. With **VMWare, Dell Virtual Integrated System (VIS) Creator** and the **Advanced Infrastructure Manager (AIM)** software, customers can reduce the number of physical servers they need, cut power use, improve resource utilization in the data center, and easily adjust workloads to increase capacity based on demand.

- Many customers took advantage of virtualization as a means of streamlining their operations and improving their resource utilization, including **Ryerson University in Toronto**. Virtualization, coupled with Energy Smart racks and efficient PowerEdge blades, enabled Ryerson to reduce its server footprint 10-fold, improve their visibility into power consumption, and cut total electricity use by nearly 300 MWh while reducing the overall peak daily demand for electricity by 34 kW – enough to earn them a $30,000 power rebate from local utility Toronto Hydro. The effort also gave them capacity to accommodate anticipated growth for 3 years without needing additional hardware.

Server footprint reduced

x10

Electricity use reduced

300 MWh

Rebate from Toronto Hyrdo

C$30,000

Recycling

Global recycling programs

Challenges & opportunities

According to the U.S. Environmental Protection Agency (EPA), the world discards more than 200 million pieces of electronic equipment annually, yet only 18 percent are recycled.

Dell must navigate each country's unique infrastructure challenges, legislative requirements and cultural norms to provide tailored, cost-effective recycling programs, which help keep more electronic equipment out of landfills and customers' personal stockpiles. In FY12, we expanded our global recycling programs to drive greater access and usage.

Our progress

Dell offers fee-based and free recycling programs for individuals and businesses around the globe. Our offerings vary by location, product type and community needs.

- In FY12, we recycled more than 192.3 million pounds of electronics globally, a 29 percent increase from the previous year.

- We expanded our free consumer recycling services to 79 countries, which makes our program not only the first, but also one of the largest industry takeback programs.

- Dell Asset Resale and Recycling Service allows businesses in 44 countries to recycle equipment in a secure, environmentally safe manner. In FY12, we collected approximately 1 million units.

Next steps

- Work toward our goal of Dell Takeback volume totals to a worldwide cumulative 1 billion pounds of collected equipment by 2014.

- Optimize Dell's recycling website experience in all regions to increase education and make it easier and more intuitive for our customers to take action.

- Broaden our business recycling services by expanding programs into Latin America and other regions. Develop effective Dell Takeback campaigns for servers and storage products and work with our reverse logistics (product returns) network to more efficiently collect and recycle parts from small repair orders.

Residential 79 countries

Business 44 countries

FY12 recycling by program
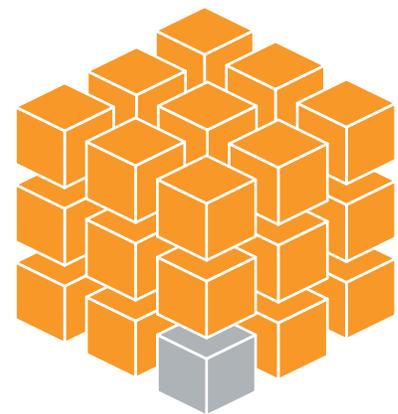
↑1 billion pounds
Increase Dell Takeback volume totals

↘ Topic continues

Recycling

Global recycling programs (continued)

Our progress

- We expanded our free global consumer **Printer Supplies Recycling** programs to include businesses, nearly doubled the number of countries served (from 27 to 51) and introduced an online program offering all participants free options for single, bulk box or pallet returns. To supplement our online program in Singapore, Dell launched **"Project Homecoming,"** a joint ink and toner cartridge recycling program with printer manufacturers Brother, Canon, Epson and Lexmark that allows the public to drop off used cartridges at 13 National Library Board libraries.

51 countries

Dell Reconnect
Technology recycling with Goodwill®

- In the U.S. and Canada, the **Dell Reconnect** program (a Dell and Goodwill® Industries partnership) recycled 2 percent more equipment in FY12. We **added 319 additional drop-off locations**, bringing our total to 2,600 Goodwill locations reaching more than 64 million households. Since its inception in 2004, the Dell Reconnect program has responsibly recycled more than 253 million pounds of electronic equipment.

- In Europe, the Middle East and Africa (EMEA), most countries participate in **Dell's Global Free Recycling Program**, which collects products directly from the consumer's location. We continued our partnership with the **National Cristina Foundation** in the U.K., which allows customers to donate their unwanted equipment.

- In Asia Pacific-Japan (APJ), we collected more than 1 million pounds of equipment through our Global Free Recycling Program, which is available in all of the region's direct countries.

Next steps

- Continue to expand Dell Reconnect throughout North America by bringing on additional Goodwill partners.

- Build upon the partnership we established with the Ireland-based **Camara** program in early FY13, so EMEA customers can donate their unwanted equipment to Camara's childhood digital literacy programs throughout Ireland, Africa and Jamaica.

- Expand Singapore's "Project Homecoming" ink and toner cartridge recycling program to Malaysia and Thailand.

"The Dell Reconnect program allows us to safely dispose of e-waste, offering a value to the community and training opportunities to our program participants."

Brian Itzkowitz — Goodwill CEO
from Little Rock, Arkansas

Environment

Recycling

Awareness and advocacy

Challenges & opportunities

Inconsistent approaches to the development of legislation and a lack of enforcement has resulted in widespread e-waste dumping worldwide, especially in developing areas.

Dell is a global leader in encouraging legislation and systems that transform e-waste from a burden into a resource. In FY12, we looked for opportunities that allowed us to further our global relationships and work closely with partners and governments to drive lasting change.

Our progress

In 2009, Dell was the first in the industry to ban the export of nonworking electronics to developing countries and in FY12, we continued our role as a global e-waste advocate and industry leader by participating in more than 20 related panels around the world.

- Dell CEO Michael Dell signed an agreement with U.S. Environmental Protection Agency (EPA) Administrator Lisa Jackson to further promote producer responsibility and encourage businesses and consumers to responsibly recycle end-of-life computer equipment. The Dell and EPA agreement came in conjunction with the EPA's national strategy to encourage the design of easily recyclable, environmentally friendly electronics.

- Dell was part of a stakeholder group that advocated for the Responsible Electronics Recycling Act (H.R. 2284), which the U.S. Congress introduced in FY12. This act would allow the export of tested and working used electronics to developing nations, but prevent the export of untested and nonworking equipment or parts containing certain toxic substances.

- We attended the Tenth Meeting of the Conference of the Parties to the Basel Convention in Cartagena de Indias, Colombia, where government and industry leaders discussed the international waste agenda's largest unaddressed challenge: how to turn wastes into valuable resources that can create job opportunities while protecting human health and the environment. Results will be measured and reported at the Eleventh Meeting of the Conference of the Parties in 2012.

Next steps

- Collaborate with industry to lead pilots in EMEA, South America and APJ to test the Basel Convention's guidance documents, which dictate shipping rules for more than 170 countries. This is part of the Partnership for Computing Equipment (PACE) project, through which Dell is helping countries develop their recycling infrastructure.

"Michael Dell joins U.S. EPA Administrator Lisa Jackson to encourage businesses and consumers to responsibly recycle end-of-life computer equipment."

- Participate in the United Nations's (UN) first E-Waste Academy, where key government officials from African and Latin American countries gathered in Accra, Ghana, in June 2012 to discuss legislative and regulatory solutions to the e-waste problem.

- Collaborate with key government and industry leaders at e-waste panels worldwide, including the Pan-African Forum on E-waste, Electronics Recycling Asia, E-Scrap Conference and International Electronics Recycling Congress.

- Provide industry leadership input in a variety of electronics recycler performance standards revisions, including R2 standards in the U.S., Recycling Vendors Qualification Program (RVQP) standards in Canada and AIIA in Australia and New Zealand.

↘ Topic continues

Environment

Recycling

Awareness and advocacy (continued)

Our progress

- Dell hosted the StEP (Solving the E-waste Problem) General Assembly in Limerick, Ireland, where industry, academic and UN organizations discussed the global e-waste challenge. Dell has been on StEP's steering committee for 4 years.

- In FY12, we cosponsored the United Nations Environment Programme (UNEP) Pan-African Forum on E-waste in Nairobi, Kenya, which assembled delegates from 18 African states, international organizations, industry and academia — resulting in a call-to-action document inviting countries to collaborate on infrastructure and legislation that will treat waste as a resource.

- Dell participated in the Eko (former Nigerian name for Lagos) International E-Waste Summit in Lagos, Nigeria. We supported recommendations that would prevent e-waste importation and dumping, and would establish effective e-waste laws and regulations, including producer responsibility and takeback programs.

- Dell helped Malaysia work toward a national e-waste collection model and legislation by participating in the Penang E-waste Project in FY12, a pilot study to develop an efficient household e-waste collection process on Malaysia's Penang Island.

Our global recycling options

Program	Description	Location
Mail-Back	We have partnered with shipping companies to provide free mail-back recycling of Dell-branded equipment.	79 countries
Asset Resale and Recycling Services	For our business customers, the Asset Resale and Recycling Services provide the logistical and disposal capabilities to recover and dispose of owned and/or leased equipment in a secure and environmentally safe way.	44 countries
Dell Reconnect	Through the Dell Reconnect program (a Dell and Goodwill partnership), customers can recycle any brand of computer equipment, in any condition, for free at one of the more than 2,600 Goodwill locations.	U.S. and Canada
National Cristina Foundation	Through our longstanding partnership with the National Cristina Foundation, it is easy for customers to donate used computers, software and peripherals.	U.S., U.K. and Canada
Printer Supplies Recycling	We make it easy for consumers and businesses to recycle toner and ink cartridges by offering free options for single, bulk box or pallet returns.	51 countries

Recycling

Quality and compliance

Challenges & opportunities

Dell coordinates a complex network of recycling partners worldwide, governed by widely varying e-waste disposal and data destruction laws that we must follow and complement with even stronger internal policies.

In FY12, we strengthened our already rigorous audit and corrective action system to ensure all partners upheld our high standards and adhered to our policies. By maintaining quality control and compliance with laws, we give customers peace of mind that their assets will always be disposed of properly.

Our progress

Dell's strict environmental and social policies guide how we do business, as well as those who do business with us. We audit all asset disposition partners to check their compliance with our data security and export standards, and require that all materials disposition be carefully tracked and documented for full transparency.

- In FY12, Dell was named to the Leaders Quadrant on Gartner's ITAD Magic Quadrant for its IT asset disposition. We were a Challenger on the Quadrant in FY11.

- Dell received the highest rank on the Electronics TakeBack Coalition's report card for the second year in a row, due to our industry-leading collection volume and number of collection sites.

- We conducted more than 1,000 scheduled and unannounced, third-party audits of our Asset Resale and Recycling partners globally. We increased the frequency of unannounced audits – they are now conducted monthly for every partner around the world, as they have been in the U.S. for the past 7 years. This increased scrutiny of security and data destruction processes allows us to catch poor or changing business practices early and work with our vendors to ensure consistent adherence to our data security policies.

Next steps

- Launch responsible recycling infrastructure and compliance programs in Brazil, Australia, India, China and Africa – our FY13 focus areas for producer responsibility compliance.

- Continue bringing all Dell internal material streams (lease, parts recovery, warranty, trade-in, trade-up) into the governance and oversight of Dell corporate policies.

- Work with stakeholders to develop international common standards for electronics recycler processing performance, using our own best practices as a guide for achieving responsibility and transparency.

Oliver Campbell and his packaging revolution

"When it comes to packaging materials, there's no magic bullet. We have operations around the globe, and while bamboo is a great cushioning choice for us in China because we can source it locally, that's not the case in Brazil, for example. Our next step is to find our next bamboo — something local to our other operations that is rapidly renewed and easily recycled while still protecting our products."

— **Oliver Campbell**
Director of Packaging, Dell

Oliver Campbell cultivates our green packaging revolution

"Mushroom-based packaging continues to sprout," Dell Director of Packaging Oliver Campbell recently tweeted. All kidding aside, Oliver has proven **Dell's commitment** to put technology and expertise to work where it can do the most good for people and the planet is also great for business. Our packaging initiatives have already helped Dell eliminate more than 20 million pounds of packaging materials and saved US$18 million since 2008, when our **3Cs packaging strategy** launched. And our industry-leading packaging solutions – including our increased use of sustainable content – are making it easy for our customers to responsibly dispose of their packaging through recycling or even composting.

In fact, Oliver looks to nature as a way to fundamentally change the packaging supply chain. He sees the models around sourcing materials evolving, with advances in the use of sustainably grown materials and even partnerships that enable companies to utilize each other's recycled waste materials. Oliver believes Dell can capture the positives of that movement while addressing our customers' goals to reduce their own environmental impact.

"In nature, there is no such thing as waste. Everything feeds something else. There's a lot we can learn from this system," he says. "Given the challenges we face as a society and as a planet, now is the time to start thinking about the impossible."

One example of Oliver and his team's efforts is their pilot project with **mushroom-based packaging** initiated in 2011. Working with Ecovative Design, the Dell packaging team began testing cushions made by growing mushroom spores in a form, fed by agricultural wastes. The lightweight, biodegradable cushions are strong enough that we trust them to cradle **PowerEdge servers** shipped in our **Multipack packaging solution** and so biodegradable that it can be used as compost or mulch. Over the next year, the team will assess results and investigate ways to expand its use to other products and geographies.

In 2008, Oliver and the Dell packaging team reached out directly to customers to ask how Dell could improve packaging, sparking our "3 Cs strategy"— a strong example of how Dell positions sustainability and design to work together and make each other better.

And in 2009, Oliver's visionary work made Dell the first technology company to use **bamboo cushions** for laptops. The highly renewable material is the fastest growing woody plant in the world and serves as a great alternative to foam for protecting lightweight products.

Explore all of our packaging and shipping innovations

Follow Oliver and his work **@oliver_campbell**

Supply chain: Globalization means conducting business on a much broader scale than ever before, and managing a complex supply chain is a rapidly evolving function of our business. Dell works with our supply chain to ensure ethical operations, behavior and sourcing, regardless of where we do business in today's world.

We work with our suppliers, sharing our expertise and best practices and striving to improve their capabilities. And, we work to make it possible for our suppliers to uphold the same high standards we set for ourselves.

The nature of the supply "chain" – a shared network of interconnected companies and industries – highlights for Dell the importance of industry collaboration to set strong supplier standards that create positive change. It also calls to our attention the value of our holistic social and environmental responsibility (SER) strategy – where responsible supplier selection, supplier diversity, supplier accountability, supplier capability building, and human rights are all represented in a forward-looking, not just reactionary, way.

For example, we recognize issues as complex as conflict minerals and human trafficking require marketplace collaboration to drive future change. We require all Dell suppliers to determine if their smelters are conflict-free; we encourage the use of the Electronic Industry Citizenship Coalition (EICC) and Global e-Sustainability Initiative's (GeSI) Conflict-Free Smelter Program. By establishing this standard now with our suppliers, Dell is committed to helping build industry and international consensus around this issue.

Our commitment to drive a culture of continuous improvement with our suppliers was made stronger in FY12 by our move to a supplier-paid audit model, aimed at reducing supplier audit fatigue while encouraging supplier ownership of their SER performance. Making this change allows us to re-focus our internal resourcing — from conducting supplier audits to helping suppliers instill behavioral changes through capability building activities, resulting in the most positive impact for workers, the environment, suppliers and, ultimately, for Dell.

In the past, we have focused on policies, codes of conduct and audits; however, we realize that is not enough and we must move beyond monitoring. We are increasing our focus on capability building, supplier accountability and transparency. One way we're driving this accountability, is through our work with leading electronics companies and nongovernmental organizations (NGOs) as part of the Sustainable Trade Initiative (IDH), a program designed to improve working conditions at the supplier level by finding innovative ways to address nonconformance issues. It is a partnership we believe will progress our commitment to understand persistent supply chain challenges and partner with suppliers, stakeholders and other companies to solve them. Through our leadership and active participation with our industry peers in the EICC, we have helped address these supply chain challenges through common tools, processes and training.

Supply chain

Progress to goals and commitments FY12

Achieved — Target 85 percent of Tier 1 suppliers with environmental initiatives

Achieved — Continue with a goal of 100 supplier facility audits including more than 25 Electronic Industry Citizenship Coalition (EICC) third-party validated audits

Achieved — As part of our commitment to the IDH Sustainable Electronics program, identify three to five key suppliers with whom we will partner over the next 3 years on issues around innovative workforce management

Achieved — Participate in the EICC Conflict-Free Smelter pilot

Achieved — Implement a training program for Tier 1 suppliers that provides specific guidance on development of a corporate responsibility report

Achieved — Implement a training program for Tier 1 suppliers that provides specific guidance on extractives (conflict minerals)

Achieved — Participate in industrywide working groups on extractives (conflict minerals), slavery and human trafficking, anti-corruption and supplier improvement

85%
Tier 1 suppliers

Supplier training program

Industry-wide supplier improvement

DELL

Supply chain responsibility

Responsible supplier selection and supplier diversity

Challenges & opportunities

The benefits of working with diverse suppliers are immense and include strengthening our ability to more effectively reach our diverse marketplace. Still, finding qualified Minority Business Enterprises (MBE), Women Business Enterprises (WBE) and all other classifications of small business capable of supplying Dell can be difficult.

In FY12, we worked to analyze the corporate spend to identify opportunity, drive Tier 2 adoption, enable and develop our diverse suppliers, and expand reach and relevance.

Our progress

Dell defines a __diverse business__ as any business that is 51 percent owned by a woman or minority, or a business that is independently owned and operated, and able to qualify under criteria as defined by the U.S. Small Business Administration; for example, socially and economically disadvantaged individuals, veterans and those in historically underutilized business zones (HUBzones).

- In FY12, Dell spending with diverse suppliers reached more than US$2.9 billion. While our total spend with minority and women owned suppliers decreased by US$104 million, our total spend with small businesses increased by US$28 million. In an effort to target specific opportunity areas, Dell leveraged 2010 U.S. Census data to benchmark our minority and women supplier spend against performance in the marketplace, and identified areas where we are outperforming others in our industry. The data reinforced our strategic focus on driving inclusion at the Tier 2 level as an enhancement to the Tier 1 efforts.

Next steps

- Continue to utilize our U.S. Census research to identify areas across our business where we can improve supplier diversity at the Tier 1 and Tier 2 levels.

- Collect Tier 2 information from Tier 1 suppliers through the use of a third-party software application in order to understand our progress in promoting inclusion and improve cooperation among our prime suppliers.

- Strengthen our executive-led supplier coaching and mentoring initiatives by increasing executive participation in national supplier events.

Supply chain

Supply chain responsibility

Responsible supplier selection and supplier diversity (continued)

Our progress

- In FY12, Dell asked our Tier 1 suppliers to report their spend with diverse businesses. As a result, Dell recognized an additional US$296 million in spend and more than doubled our goal of Tier 1 partners participating. This is encouragement that our Tier 2 supplier initiative is producing a significant multiplier effect.

- Dell facilitates engagements at the national, regional and community level that bring diverse suppliers together with Dell procurement representatives. These events identify opportunities for current and potential suppliers to grow their business with Dell.

- As a member of the **Billion Dollar Roundtable (BDR)**, Dell's Chief Procurement Officer Kevin Brown spoke at the BDR Annual Summit and discussed the new realities of the global supply chain. The BDR promotes and shares best practices in supply chain diversity excellence through the production of white papers. In discussions, the members review common issues, opportunities and strategies. The BDR was created in 2001 to recognize and celebrate corporations that achieved spending of at least US$1 billion annually with minority- and woman-owned suppliers.

- In FY12, Dell strengthened our engagement with **Women's Business Enterprise National Council (WBENC)** to further our commitment to women-owned businesses. For example, Kim Brown, vice president of general procurement and WBENC board member participated in a panel discussion on purchasing trends and issues that shape a Women's Business Enterprises' future. Additionally, Cyndi Hopkins, director of global supplier diversity, continued this commitment at the regional board level, which broadened our reach to women-owned businesses where our engagement has been limited.

Next steps

- Continue growing our Dell-powered, **web-based small business university**, launched in early FY13 in partnership with Black Enterprise Small Business University. The website offers access to ongoing events, resources and expert guidance.

- Further our new partnership between our **Dell Women's Entrepreneur Network (DWEN) Event** and the WBENC. For example, Dell is working to ensure WBENC-certified businesses are included in the development of the DWEN program and are encouraging WBENC participation in the event.

- Lend **our expertise in social media** at the WBENC annual conference by sponsoring the social media command center and coaching business owners on how to use social media effectively and ethically for marketing.

DWEN creates an atmosphere where women can connect with one another, share best practices, build business opportunities and recognize female influence in business and technology.

Supply chain responsibility

Supplier accountability

Challenges & opportunities

In our ever-evolving business environment, it is vital that we constantly hold our suppliers accountable for their performance to our high social and environmental responsibility standards and strengthen our own expertise in these areas. Given our high expectations, and the collaboration with our peers through the Electronic Industry Citizenship Coalition (EICC) Working Hours Workgroup, we are not satisfied with the progress in areas such as reducing excessive working hours and proper management of workers exposed to hazardous materials.

We drive a culture of continuous improvement with our suppliers by sharing best practices and helping suppliers develop sustainable processes. As we build suppliers' awareness of performance issues, we contribute valuable tools, resources and lessons to supplier programs that help them tackle these difficult challenges. Still, we recognize more improvement is necessary and we are committed to partnering with our suppliers to address these ongoing challenges.

Our progress

Dell and Dell's suppliers are required to comply with all applicable laws and regulations where business is conducted. Dell suppliers are also expected to embrace high standards of ethical behavior and treat their employees fairly, with dignity and respect, consistent with local law and the EICC. Learn more about this aspect of our standards on our Supplier Global Citizenship Commitment page.

- Dell conducted 125 audits, including 25 EICC third-party validated audits, at our supplier facilities — exceeding our stated goal. **See chart on page 53**

- Our internal audit team conducted supplier audits in Mexico, Brazil, China, Philippines, Thailand, Malaysia, Singapore, Japan and India to ensure our suppliers meet our high standards of excellence.

Next steps

- Conduct at least 50 third-party validated audits, at our supplier facilities, doubling our goal stated in FY12.

Number of supplier facility audits

FY09	FY10	FY11	FY12
31	62	119	125

↘ Topic continues

Supply chain responsibility

Supplier accountability (continued)

Our progress

- In FY12, we continued to make the shift to a supplier-paid audit model. Suppliers can now leverage the EICC Validated Audit Process (VAP) program — which provides a common auditing approach for companies in the electronics industry – and share one audit with all of their customers. In doing so, we aim to reduce the audit fatigue suppliers often experience, while encouraging ownership of their SER performance. We continued to assist suppliers by redirecting our internal resources to capability-building activities that will help to instill behavioral changes. This will result in the most positive impact for workers, suppliers and Dell.

- In FY12, we required suppliers to track working hour data including, weekly days off for workers. This was to give Dell and the supplier a real sense of the gap between actual hours worked and the stated goal. This data will help to determine the root cause of those gaps and improve the planning processes.

- Dell requires suppliers to submit greenhouse gas (GHG) emissions reports to the Carbon Disclosure Project (CDP) and measure and set reduction goals for water and waste.

- We are working on an internal assessment to determine the viability of using CDP/EICC data to estimate supply chain GHG emissions (Scope 3, Category 1), to reach our stated goal.

- In FY12, we implemented a training program for Tier 1 suppliers that provides specific guidance on the development of a corporate responsibility report, meeting our stated goal. Dell encourages suppliers to publish such reports because we believe public reporting holds suppliers more accountable for their SER performance.

- To begin updating our SER requirements for suppliers, we expanded the supplier scorecard we use in quarterly business reviews to include factors such as transparency, waste and water management.

Next steps

- Increase Dell supplier SER accountability by requiring executive-led performance reviews and including SER as a part of the Request-for-Quote (RFQ) process to engage suppliers in advance before awarding business.

- Formalize our off-boarding process for suppliers with poor social and environmental responsibility (SER) performance as a last resort after providing training, best practice sharing and support to correct noncompliance issues.

- Establish a full and formal nonproduction supplier audit program after analyzing success from our pilot audit of 16 nonproduction Dell suppliers in FY12. Nonproduction suppliers follow the same supplier management system as production suppliers.

- Use the findings of the EICC Working Hours Workgroup in order to leverage the collective efforts of the EICC to make progress faster as an industry than one company could make alone.

- Encourage our suppliers to use a new CDP tool to report water use. Although the submission of water reports is not a Dell supplier requirement at this time, the ongoing issue of water scarcity has propelled the CDP to develop an application for suppliers to report water usage and declare reduction goals, as they do for GHG emissions now. We will support the use of this new tool — set to launch in 2013 — and consider the requirement of water reports by suppliers in light of this advancement.

- Continue auditing suppliers against the updated EICC Code of Conduct – which now includes new sections on anti-corruption, slavery and human trafficking, and conflict minerals.

> EICC establishes standards to ensure that working conditions in the electronics industry supply chain are safe, that workers are treated with respect and dignity, and that business operations are environmentally responsible and conducted ethically.

Supply chain responsibility

Supplier accountability (continued)

FY12 facility audits

Audit section	Top findings	Frequency of finding based on audits	Actions
Labor	Excessive working hours	64%	Suppliers developed an overtime policy, analyzed root cause, set reduction goals and are tracking progress. This continues to be a challenge and change has been gradual.
	Young workers improperly managed	11%	Suppliers arranged regular health exams and ensured that protection is implemented. They also put in place policies for proper job placement.
	Disciplinary wage deduction	12%	We are working with suppliers on how to develop and implement an employee performance appraisal system. The number of findings in this area is decreasing and implementation of systems are in development.
Health and safety	Workers exposed to hazards	17%	Suppliers implemented engineering and administrative measures, trained and provided personal protection equipment (PPE) to workers.
	Insufficient emergency preparedness	34%	Suppliers implemented procedures to monitor and conduct emergency drills.
	Insufficient investigation of occupational injury and illness	12%	Suppliers have conducted risk assessments and trainings on industrial hygiene.
Environment	Improper handling of hazardous materials	12%	Suppliers implemented immediate action and contracted a third party certified service.
	Incomplete environmental permits	13%	Suppliers are required to obtain related permits within a specified timeframe and establish process for prevention.
Management System	Legal requirements not tracked	10%	Suppliers established procedures and management system to maintain most recent legal requirements.
	SER responsibility not defined	6%	Suppliers established a social and environmental responsibility organization with executive management.
Ethics	No effective method to confidentially report misconduct	4%	We are working with suppliers on how to develop mechanisms to confidentially report misconduct to protect workers. Dell has shared best practices from our own procedures.

Supply chain

Supply chain responsibility

Supplier capability building

Challenges & opportunities

Our ability to understand persistent supply chain challenges and partner with our suppliers to solve them increases our efficiency at all levels and, ultimately, enables us to better serve our customers.

A common audit finding across our industry is challenges in workplace health and safety. We saw this as an opportunity within multiple layers of our supply chain. We provided our suppliers with capability-building opportunities, and more will be needed in FY13.

These activities included supplier training and workshops, efforts to build on our strong partnerships as well as our expertise in treating non-conformance matters through new risk assessments and our collaboration with the Sustainable Trade Initiative (IDH).

Our progress

Dell's supplier capability-building activities uphold suppliers' internal ownership and self-accountability for social and environmental responsibility (SER) behavior. They are designed to enable our Dell partners to make changes for sustainable impact not only to their own facilities and operations, but also to those of their supply partners.

- Informed by the feedback from our audits, Dell hosted supply chain SER workshops in FY12 including a health and safety conference in Xiamen, China, that featured best practice sharing from Dell experts and other companies, supplier success stories, a tour of Dell's Xiamen facility and more. Dell hosts these workshops annually and typically in China to help suppliers learn more about doing business with us. Dell encourages each Tier 1 supplier to invite one of their own sub-tier partners so we may effectively reach our first and second tiers with this training.

- Dell kicked off work with leading electronics companies and non-government organizations (NGOs) as part of the IDH Sustainable Electronics Program, designed to improve working conditions at the supplier level by finding innovative ways to address nonconformance issues. The program's focus areas include precarious work, worker-management communication, occupational health and safety, and environmental issues. In FY12, Dell successfully engaged a number of suppliers to join this improvement program, meeting our stated goal.

Next steps

- Work to formalize our own SER risk assessment process of all Tier 1 suppliers in order to identify the most impactful issues so we may appropriately focus our capability building strategies on those issues. Previously, we relied on an Electronic Industry Citizenship Coalition (EICC)-based risk assessment tool; moving to our own annual process, initiated in FY13, enables Dell to reach a new level of detail to ensure supplier continuity.

- Assign our SER audit team to specific risk areas identified by our risk assessment, so that we may increase our team's knowledge and build stronger relationships with suppliers identified for those risk areas.

- Engage with external organizations for supplier capability building programs, including the Global Social Compliance Programme (GSCP). Our membership with this group includes Dell in a global cross-industry platform to promote the exchange of knowledge.

- Leverage research from our work with IDH to strengthen our own capability-building activities.

Supply chain responsibility

Human rights in the supply chain

Challenges & opportunities

The number of suppliers who manufacture a specific component for the IT industry is often limited and at times our supplier relationships take us to parts of the world that are less developed and have lower human rights standards.

This makes it all the more important for Dell to work closely with peer companies to understand socially and environmentally responsible (SER) supply chain issues and improve relationships with suppliers directly — including the overall environments they work in – through strong collaboration and collective support.

Our progress

The Democratic Republic of Congo (DRC) has been mired in a brutal conflict since 1998 and the resulting hostilities and human rights abuses are largely fueled by the trade of "conflict minerals," which includes gold, tantalum, tin and tungsten. As a manufacturer of products that contain these materials, Dell is committed to operating in a socially responsible way. It's Dell policy to refrain from purchasing from any known conflict sources, and we expect that our suppliers adhere to the same standards.

- At the time of publication, the U.S. Securities and Exchange Commission (SEC) had not yet released its official rules for conflict minerals reporting. Dell continues to support the intent of the Dodd-Frank Act and moved ahead with our FY11 goal of mapping our supply chain to the smelter level. We established a new standard requiring all Dell suppliers to follow the Electronic Industry Citizenship Coalition (EICC)-approved Conflict-Free Smelter Program audit protocols to determine if their smelters are conflict-free. By establishing this standard now with our suppliers, Dell is committed to helping build industry and international consensus around this issue and purge our supply chains of conflict minerals.

- In FY12, Dell participated in a pilot program to test the Conflict Minerals Reporting Template tool the EICC created. The tool is available publically to assist companies in their due diligence processes by tracking information on their supply chains, specifically related to conflict minerals.

Next steps

- Work with suppliers to provide required information so we can be compliant with the Dodd-Frank Act.

- Continue to implement informational training for Dell Tier 1 suppliers and global commodity managers on legislation and Dell requirements related to extractives (conflict minerals), and slavery and human trafficking, to continue meeting our stated goal.
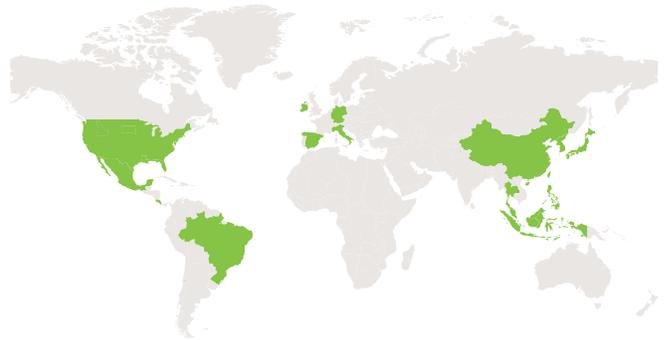
Key Dell supplier locations

↘ Topic continues

Supply chain responsibility

Human rights in the supply chain (continued)

Our progress

- Dell contributed US$25,000 to the **Public-Private Alliance, for Responsible Minerals Trade (PPA)**. This is a new, joint initiative between governments, companies and civil society to support supply chain solutions to conflict minerals challenges in the Democratic Republic of Congo (DRC) and the Great Lakes Region (GLR) of Central Africa.

- Dell attended the sixth Extractives Supply Chain Workshop hosted by the Global e-Sustainability Initiative (GeSI) and the EICC in Washington, DC to continue the ongoing dialog regarding responsible sourcing of gold, tantalum, tin and tungsten.

- The issue of forced labor in product supply chains has garnered increased focus recently. On January 1, 2012, the California Transparency in Supply Chains Act of 2010 (SB 657) went into effect. This law was designed to increase the amount of information made available by manufacturers and retailers regarding their efforts to address the issue of slavery and human trafficking in their supply chains. In FY12, we delivered training to Dell procurement team members and suppliers through webinars on the issue of slavery and human trafficking and posted our disclosure on this issue at **www.dell.com/CAtraffickingLaw**

- Dell led the EICC Freely Chosen Employment Task Force that was created to help EICC members understand the issue and prepare for the California Transparency in Supply Chains Act of 2010. In FY12, the workgroup updated the EICC Code of Conduct, gave members access to training on the subject, and created FAQs and resources for members.

IDH — The Sustainable Trade Initiative

"This is not a top-down program. It is the supplier itself – both its management and workers – that indicates what improvements are needed and how to tackle them, with the support of expert help through this program. The resulting changes benefit the business as a whole and most importantly the workers within the factory."

— May Wong
Coordinator, Globalization Monitor

The Sustainable Trade Initiative (IDH) and leading electronics companies work together to accelerate supply chain improvements

For more than 15 years, most brands with ethical supplier programs have focused much of their efforts on supplier audits. While some audit efforts have worked to address key noncompliances more complicated issues such as working hours and other human resources practices require a different approach.

For instance, one of the most prevalent noncompliance issues amongst suppliers is overtime. Research shows that this issue is both a cause and a consequence of high employee turnover – an expensive lesson for any company. Auditing for this issue as a lone measure has not resulted in substantial improvement.

Understanding and treating the root causes behind supplier noncompliances is essential for Dell and our suppliers to have a greater impact on these issues. For the issue of long working hours, for example, Dell and its supply chain partners must improve the core matters such as efficient production planning, wages and even career mapping for employees and link such improvements to business measures such as executive performance rating.

In recognition of this, Dell joined The Sustainable Trade Initiative (IDH) – a multi-stakeholder effort comprised of leading electronics companies and civil organizations working together to support and drive capacity-building and supplier improvement efforts designed to make better the working conditions for more than 500,000 workers in the electronics sector in China.

Dell – along with HP, Philips and other IDH program participants – will work with more than 100 electronics suppliers in China to improve the working conditions of hundreds of thousands of employees in this sector, and will help to improve performance and reduce turnover costs.

Learn more about our supplier accountability approach and standards

Monique Lempers, Senior Program Manager, IDH Electronics Program, gives an overview of the IDH Program to Dell, HP and Philips' electronics suppliers at a training workshop in Shenzhen, China on June 12, 2012.

People: Technology is reshaping societies and economies around the world and connects us in ways generations before us could not have thought possible. And, technology is a driving force behind globalization, contributing to emerging economies' explosive growth. For Dell, 97 percent of our future growth will come from outside the U.S.

To truly understand and respond to the broad needs of our global customer base, our workforce must mirror our customers. To do this, we have more people in more places around the world, with almost two-thirds of Dell's team members working outside the U.S.

Globalization creates many opportunities but also brings the challenge of empowering a workforce spread across five continents. With this in mind, we developed a People Strategy to enable our team members to be their best and do their best work in service of our customers.

At Dell, we are diverse by design because we believe the differences of our team members are a competitive advantage. We also know that building a team with diverse backgrounds is a key enabler of innovation, and through innovation we'll continue to transform our company.

One year since its launch we are making progress on our People Strategy with investments like our online Career Resources Center, which offers team members a suite of tools to help make the most out of their careers. We've also expanded our Employee Resource Groups to support the unique needs of our diverse employees. And our workplace transformation is working. According to FY12 Tell Dell results, more than 90 percent of team members feel inspired to help our customers achieve success.

We are also committed to strengthening relationships with groups that share our aspiration for creating new possibilities for women and minorities in their technology careers. In FY12, Dell hired its first Entrepreneur in Residence (EIR), Ingrid Vanderveldt, who is also on the board of the Dell Women's Entrepreneur Network and acts as the bridge between Dell and the marketplace.

People
Progress to goals and commitments FY12*

In progress → Continue to invest in the activation of our People Strategy

In progress → Create a workplace that supports differences and collaboration, where team members are encouraged to provide breakthrough thinking

In progress → Provide innovative programs and resource groups that support Dell's goals for diversity, talent, culture and brand

In progress → Be recognized as an employer of choice

In progress → Continue to invest in our leaders and team members to reinforce a culture of development and to ensure a robust leadership pipeline

* We revised the wording of a number of our commitments published in our FY11 report to better capture and clarify the scope of Dell's impact and goals.

Championing team members

Leadership and career development

Challenges & opportunities

The progress we're making to transform our company into an end-to-end solutions provider is due to our people, our close relationships with our customers and our differentiated view of the enterprise.

Supporting our teams' development and promoting a culture where our team members are encouraged to drive breakthrough thinking and feel supported and valued are top priorities.

As part of our People Strategy, we want our team members to be their best work in service of our customers. We know that achieving career aspirations and providing a workplace where people continuously learn leads to career satisfaction.

Our progress

In FY12, we invested in defining our global career development approach. We engaged team members and leaders around the world in creating our development framework to ensure that it would meet their development needs. Improvements include:

- We established and communicated our career development philosophy to help team members identify their aspirations, understand expectations and map their journey.

- In FY12, we launched My Development and Performance, a tool designed to facilitate and support all of our performance, development and succession planning processes. This enables us to integrate our talent management processes, a step that is critical in developing our leadership pipeline and supporting team member development.

- A key driver of team member Net Promoter Score (NPS) is meeting individual career goals. To this end, Dell developed and launched our Career Resource Center and Connected Learning (an e-learning solution) to assist team members with developing their skills and capabilities in support of their career aspirations. Our new online Career Resource Center offers centralized access to the tools and resources designed to support the development of our team members, leaders and executives. Targeted Development Solutions bring together the specific resources for a particular development need, such as "I am a new leader." These development solutions reflect our model of learning through experience, relationships and formal training.

Next steps

- Prioritize the importance of individual performance plans and increase accountability by tracking and monitoring team members' use of their plans in our My Development and Performance tool.

- Track our Career Resource Center usage to ensure we are meeting the development needs of our leaders and team members.


Topic continues

Championing team members

Leadership and career development (continued)

Our progress

We continued to invest in leadership development through:

- Our **Dell Leadership Competency Model**, which defines the competencies that leaders should develop to successfully serve our customers. In FY12, we updated this model to better align with **our business transformation**, giving our increasingly global workforce more guidance on diversity and inclusion, inspirational leadership, and ethics and compliance.

- Dell's annual **Leadership Imperative (LI)** training series, which is designed to develop inspirational leaders. In FY12, we delivered this series to 10,000 Dell leaders who, in turn, cascaded what they learned to their team members. FY12 LI curriculum focused on being an inspirational leader and true brand ambassador who engages in customer-centric thinking.
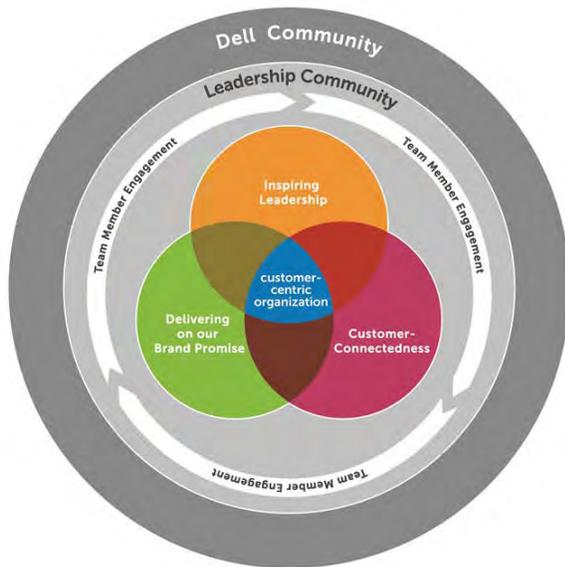
- The Pulse team member opinion survey data indicated that leaders' effective sharing of the LI messages plays an important role in aligning team members with our people, brand and business strategies.

- We developed the curriculum for our New Leader program, which provides first-time leaders with the skills and tools they need to be an inspirational leader at Dell.

Next steps

- Expand the LI learning experience to all 108,000 team members, using the theme, "Make it happen". This will ensure our team members globally are aligned with our strategy and are collaborating with each other and innovating for our customers to grow Dell.

- Roll out our Foundations of Leadership training to 1,300 new leaders at 38 global Dell locations. This new program provides first-time managers with the skills and tools they need to be an inspiring leader at Dell through a combination of face-to-face training, online training, and individual assignments over the course of a year.

- Integrate our performance and development processes to enhance the quality of feedback that team members receive and reinforce the importance of individual development plans.

- Commit to helping leaders improve their Tell Dell results by providing resource guidelines and leader and HR support on action planning and improvement.

- Continue to make new job opportunities available to team members globally. We filled more than 26,000 roles internally in FY12.

↘ Topic continues

Championing team members

Leadership and career development (continued)

Our progress

- We also revised our succession planning process and created strong linkage to executive development.

- In FY12, we committed to recognizing leaders with consistently strong Tell Dell results, our confidential annual survey of global team members. Those leaders who achieved high scores for 2 consecutive years are recognized as "Rockstars" by CEO Michael Dell.

- Because our workforce is increasingly mobile and remote, all FY12 leadership training emphasized best practices for staying connected, including how to leverage Dell's own resources including Chatter, our internal microblogging community and collaboration tool.
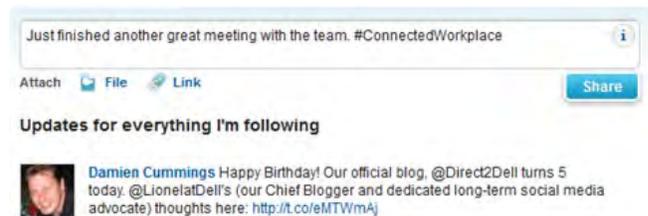
Championing team members

Team member engagement

Challenges & opportunities

As a leading technology solutions company, we use the voice of our global and diverse Dell team members to provide ideas that drive improved team member engagement.

In FY12, we enhanced our "best-in-class" practices around our Tell Dell survey by aligning all items with our People Strategy and creating additional questions related to our Net Promoter Score (NPS).

Our progress

Tell Dell is our confidential annual survey of global team members. We use the feedback we collect to influence business decisions. The survey aligns with key priorities of our People Strategy to ensure that we're capturing feedback about how we can help leaders and team members be their best and do their best work in service of our customers.

- Knowing if our team members would recommend Dell as a great place to work, as well as recommend our products and services, is just as important as knowing how our customers feel about us. We introduced our internal NPS in FY12 to measure these sentiments amongst our team.

Next steps

- Continue to meet our goal of a 75 percent favorable scores on the four People Strategy categories of Tell Dell and achieve a higher team member NPS in FY13 compared to FY12.

- Research how the key drivers of our NPS from team members and customers relate to one another, in order to measure our performance internally and externally in a more holistic way.

- Consolidate team member feedback from various sources (for example, Tell Dell, Pulse, culture surveys) to understand team member engagement better.
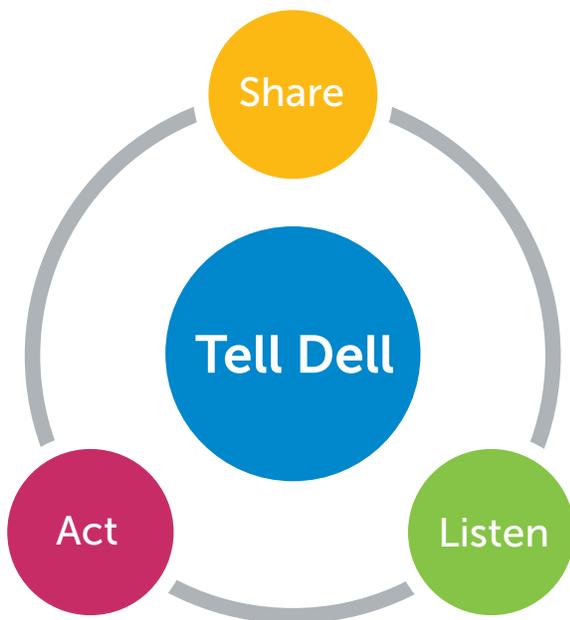
Championing team members

Team member engagement (continued)

Our progress

- The Tell Dell survey results in FY12 indicated that career development, work-life flexibility, faith in the Dell brand, and Dell's strategy are key to team member engagement.

- The annual Tell Dell survey acts as a mid-year check-in with our team members. In FY12, it indicated strong awareness and understanding of our three pillars of LI: team members are passionate about delivering to customers, are inspired by their leaders, and are proud of our brand.

- We cascade our team member survey results and the actions Dell takes in response to the survey through communications direct from our leadership team. For example, we heard from our team members that career development is critical to driving engagement. That feedback led to Dell's new career development framework and approach.

- We continued to build our intellectual property portfolio and introduce new talent into Dell through 11 strategic acquisitions, within FY11 and FY12, primarily in the U.S. For each acquisition, Dell conducts a culture assessment that is used to gauge the current culture of the acquired company based on team member feedback. The results were used to drive successful cultural integration, change management, and communication strategies.

- Recognizing and celebrating team member achievements is critical to our culture. Dell invests US$14 million annually in team member recognition and leverages opportunities like our annual Worldwide Leadership Meeting to recognize outstanding performance.

US$14 million invested

Dell Brazil named one of '150 Best Companies to Work For in 2011

Championing team members

Team member well-being

Challenges & opportunities

It is vital that we offer a strong support system to promote a healthy, safe and productive work environment at Dell. As we grow globally, we also recognize that allowing team members to do their work from anywhere and providing them with the tools to connect and collaborate allows Dell to attract and retain talent.

In FY12, we furthered our progress on important programs that center on a collaborative and mobile work environment to enable team members to balance work-life commitments.

Our progress

Dell believes smart work practices are fundamental and that long hours and face time should not become a proxy for effectiveness. Evolving the way we work – for example, by allowing flexibility in the locations from where team members conduct business – will foster individual and team efficiency.

- Dell team members have embraced Connected Workplace, our enterprisewide and global strategic business initiative to create a highly mobile, collaborative and agile work environment that enables team members to grow and thrive while ensuring Dell delivers on our business strategies and objectives. Since its FY11 launch, Connected Workplace enrollment increased by 11 percent, with 18,000 team members now participating. Twenty-two sites in 18 countries are now under the Connected Workplace umbrella, and we have a roadmap for offering the opportunity to new sites in all regions in which we operate.

- When it comes to our team members, nothing is more important than workplace safety. Our global workplace accident and injury rates continue to be very low – well below U.S. Occupational Health and Safety Administration (OSHA) industry benchmark levels.

- We have been working to reach more of our team members around the globe to help them become more aware of their safety while at work. In addition to our globally required health and safety course launched in FY11, we also offer online training for our employees in areas including office ergonomics, work-from-home safety, and risk recognition and reduction.

Next steps

- Continue to provide education about Connected Workplace and increase engagement among the eligible workforce from 20 percent to 30 percent.

- Continue to enhance the team member benefits experience, including the development of cost comparison tools.

- Continue to expand our tools and programs to enhance our workplace health and safety programs globally.

- Expand our online team member health and safety course offerings.

- Continue with events that promote and reward healthy living, such as our Global Wellness Challenge. Launched in February of FY13, Dell invited team members to take a 10-week global/team challenge to improve their health. More than 1,400 team members representing 21 countries and 136 cities worldwide posted activities and team events.

1,400 team members

21 countries

136 cities

Topic continues

Championing team members

Team member well-being (continued)

Our progress

- **Well at Dell**, our companywide health improvement program, has expanded the health and wellness programs/offerings to our team members globally. Participants in our health improvement programs are maintaining, improving or managing their health and the related costs.

- In the U.S., 73 percent of the team members who participated in free health coaching in the last year have reduced at least one health risk.

- In FY12, the Dell Global Wellness Advisory Council recognized 15 Dell site leaders with awards for their work to help our global team members to be their best, through programs and events that support our team members' health and wellness.

- We continued our commitment to support families with benefits including childcare discounts and college coaching — including for parents of children with Autism, comparison shopping tools for items including auto insurance, and one of our newest additions started in early FY13, pet insurance.

- For FY12, a total of 4,481 days' worth of productivity were saved as a result of team members' use of the Dell-provided benefit of access to back-up care, offering temporary care for dependents when normal care arrangements fall through. Dell covers the majority of costs for a maximum of 100 hours of back-up care, making use of this benefit easy and affordable.

- Dell offers a global Employee Assistance Program (EAP) and work-life resource and referral services. In FY12, we offered additional coverage for 36,358 team members and their families.

- Dell's facilities and operations are occasionally reviewed by government agencies. As a result of one review in FY12, Dell's Federal Systems subsidiary paid a fine of US$70,000 to the U.S. Occupational Health and Safety Administration (OSHA) for inadequate procedures associated with equipment installation activities inside confined spaces at a customer's facility (no injuries occurred). As corrective measures, Dell reviewed and modified its on-site safety procedures, provided additional training to employees and worked with the customer to improve communication.

73% team members

4,481 days

36,358 people

People

Olympic hopeful and team member Richard Allen
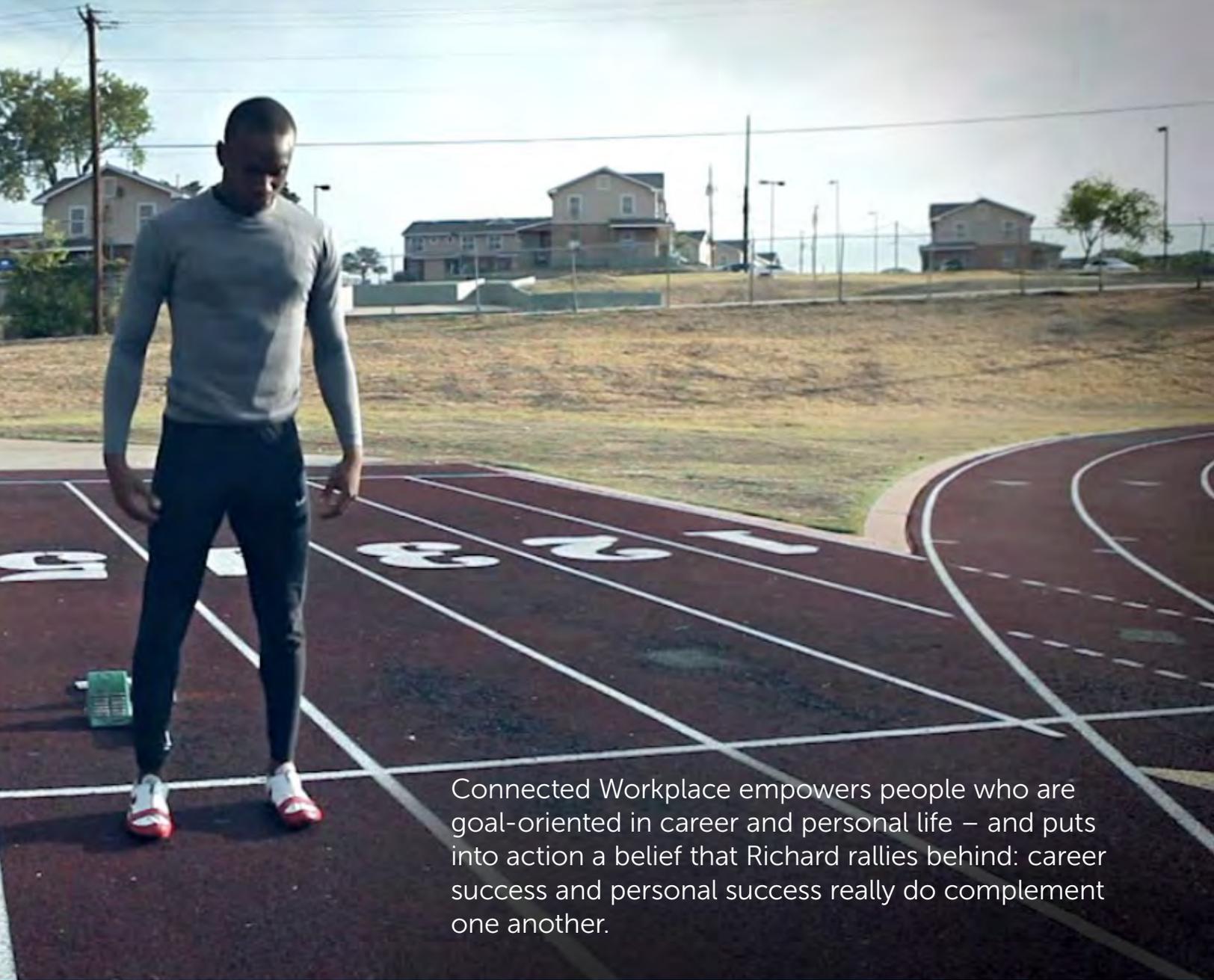
Connected Workplace empowers people who are goal-oriented in career and personal life — and puts into action a belief that Richard rallies behind: career success and personal success really do complement one another.

"Dell's emphasis on the Connected Workplace definitely gave me the chance to pursue my dream. In life, most people think you just have two options — you either work or you pursue happiness at the expense of a career. Dell has given me the option to do both. I've been able to learn and build a career, as well as pursue my lifelong dream of having a shot at the Olympic Games. For such a large company, Dell has really reached out."

— Richard Allen
Sales Account Manager

DELL

Dell's mobile, collaborative work environment helps champion an Olympic hopeful

Dell team member and track-and-field athlete Richard Allen is working to pursue his lifelong dream of competing in the Olympic Games.

When Richard received an Olympic trials invitation near the end of 2011, the benefits and resources of **Connected Workplace** provided the flexibility he needed to pursue his athletic goal and his career.

Connected Workplace is the name of our enterprisewide strategic business initiative that provides qualifying Dell team members choices in work style. It's one way we help our team members **create new possibilities** for their careers and lives by promoting a supportive culture that fosters innovation.

At designated sites, as Connected Workplace launches throughout the business since its kick off in 2010, the team members are working remotely for part or all of the week, and when at work share desks and take advantage of collaborative spaces.

"I was fully prepared that it was going to come down to work over passion. I am passionate about my work as well. But you only get one time around to really pursue your dream. Much like Michael Dell himself... if he wasn't passionate about what he did, none of us would be here today," says Richard in the **YouTube video** documenting his quest for an Olympic medal as well as Dell's ongoing commitment to work-life flexibility for all team members.

For Richard, Connected Workplace has allowed him to travel as he competed in Olympic trials. Dell applauds Richard in his efforts to win on and off the field.

Explore Dell's Connected Workplace

Richard has been competing since he was 15 years old. He ran track in college for both the University of North Carolina-Chapel Hill and Arizona State University in the U.S., where his specialty was the 400 meter sprint.

Diversity and inclusion

Leadership

Challenges & opportunities

Geographically dispersed teams, different communication styles, and varying cultural backgrounds are just some of the complexities Dell leadership must understand in order to deliver the right tools to empower team member success in our increasingly global and competitive environment.

At Dell, we are committed to equipping leaders to build and nurture a work environment that fosters collaboration and innovation, and measurable objectives to assist with executive performance evaluation.

Our progress

- To strengthen our ability to gather feedback on our diversity and inclusion performance, we report the results from all Tell Dell categories to the Global Diversity Council (GDC) and our Dell Executive Leadership team (ELT).

- As an ongoing activity, annual diversity and inclusion goals are a part of the ELT's performance plans and tied directly to compensation and bonus.

- Dell's Leadership Imperative (LI) is a fundamental part of how we educate and inspire our global team members about Dell's future. Developing inspiring leaders remains one of four vital focus areas of our People Strategy.

  "Our senior executives are involved in employee resource groups as sponsors and are committed to driving diversity and inclusion as a primary business imperative. Michael himself chairs our Global Diversity Council to ensure a top-down continued commitment to diversity progress."

  – Karen Quintos,
    Dell senior vice president and chief marketing officer

Next steps

- Continue education and awareness training on managing differences and creating an inclusive culture. In FY13, Dell will launch its first global online education module, that fosters appreciation of team member cultural differences.

- Begin implementing diversity and inclusion plans tailored for each business unit (BU) globally with strategies to fit unique hiring and development needs. This means senior-level executives will have bonuses tied to their diversity and inclusion performance.

- Strengthen our ongoing methods for monitoring executive support of diversity and inclusion in FY13, by adding the following two new areas of measurement:

  – Executive engagement through activities like executive sponsorship of Employee Resource Groups (ERGs) and community speaking engagements.

  – Sustain or achieve an increase in diverse talent engagement with Tell Dell survey with a goal of 75 percent or greater positive engagement scores.

75%+
engagement scores

↘ Topic continues

Diversity and inclusion

**Leadership (continued)**

Our progress

- For his third year as the chair of the GDC, **Michael Dell** brought together members of the ELT and other members of senior management to discuss diversity and inclusion. At each meeting in FY12, council members listened to the viewpoints and concerns of one of the seven ERGs, which connect team members who share common ethnicity, gender, nationality, lifestyle, or sexual orientation. Each ERG has one or more executive sponsors who act as liaisons between the ERG and the GDC.

- As part of our **ongoing succession planning** process, Dell has integrated diversity as a part of succession planning discussions and is focused on developing a pipeline of diverse executive talent to lead Dell's future.

Next steps

- In FY13, Dell President and Chief Commercial Officer **Steve Felice** was added to the GDC for additional executive presence and thinking on the topics of diversity and inclusion.

Steve Felice, Dell President and Chief Commercial Officer
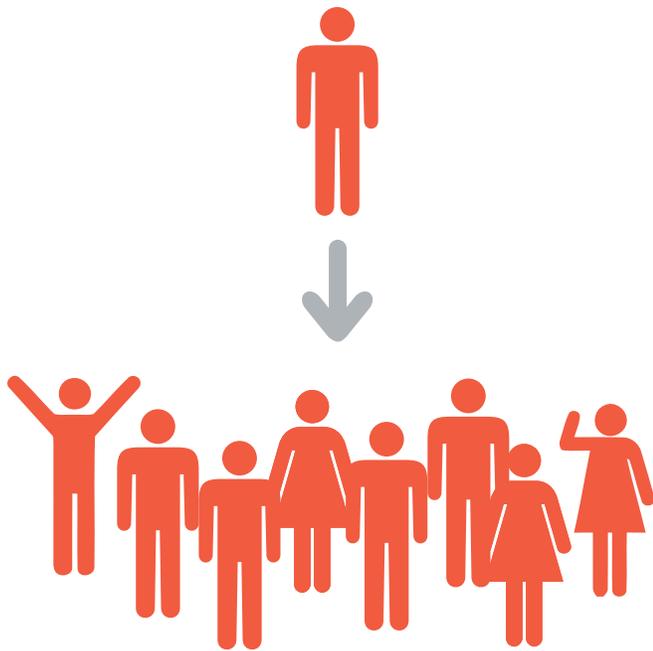
Diversity and inclusion

Workplace inclusion

Challenges & opportunities

At Dell, we are committed to growing a global workforce that thinks as differently as it looks and to providing a work environment where differences are celebrated. Our commitment to diversity and inclusion leads to better acquisition and retention of talent, as well as more innovative outcomes for our customers.

Within the technology industry, there is fierce competition for diverse technology professionals, and growing globally presents inherent challenges for building and managing an inclusive workplace.

As part of our People Strategy implementation, initiated in FY11, we continue a strong focus on talent management and providing resources for our team members.

Our progress

- In FY12, alone, Dell received **more than a dozen awards** for its people initiatives globally, including recognition as one of **The DiversityInc Top 50 Companies for Diversity** and a returning spot on **Working Mother magazine's top 100**. **Other awards** highlighting our commitment to diversity and inclusion from FY12 include:

  - The Times Top 50 Employers for Women in U.K.

  - Perfect score on the Human Rights Campaign's Corporate Equality Index for 6 consecutive years (2005-2011)

  - China Top 50 Employers

  - Best Company To Work For – Brazil

  - Employer of Choice – Malaysia

- Dell's **strong marketplace relationships** help connect us with a large pool of diverse talent. We work with organizations around the world including United Negro College Fund, National Society of Hispanic MBAs, Society of Women Engineers, and Catalyst – a leading nonprofit organization focused on expanding opportunities for women in business.

Next steps

- Continue to increase the number of underrepresented groups at Dell by aggressively sourcing new, diverse talent through our marketplace relationships and developing internal talent through our leadership development efforts. For example, we help the members of our **Employee Resource Groups (ERGs)** accelerate their leadership readiness through our ERG Leadership series, which provides them with a development framework focused on areas of greatest impact.

- Sustain engagement with Tell Dell, our confidential annual survey of global team members, with a goal of 75 percent or greater positive engagement scores. To measure this, we will look at the Net Promoter Score (NPS) variable within the survey to gauge team member views.

- Launch two new ERGs in FY13: one focused on sustainability and the other on veterans and active military members.

Discover how far you can go with us.

When you join our team, you'll have the chance to innovate and inspire in an organization where diversity and inclusion is not just a concept — it's part of our DNA.

Checkout career opportunities at: dell.com/careers

People

Diversity and inclusion

Our progress

- In FY12, we focused on strengthening and building global talent. For example, Dell sent a group of senior female leaders to one of the world's premier graduate business schools, INSEAD, in Singapore for leadership development.

- In FY12, we expanded our university recruitment function globally by adding staff in all regions and expanded the existing role in North America. This growth reflects our focus on increasing university recruitment numbers in regions around the world to better reflect the markets we serve.

- Dell's Diversity Compliance Committee meets monthly and includes leaders from Diversity & Inclusion, Global Talent Management, Global Talent Acquisition, Global HR Shared Services, Compensation & Benefits and Legal to review and recommend enhancements to our human resources policies, processes and practices.

- Participation in Dell's ERGs grew by 80 percent across all regions in FY12 due to increased awareness from additional focus in regions, as well as mergers and acquisitions. We now have 60 chapters around the world and more than 10,000 team members.

- In FY12, the membership of three ERGs grew globally including Wise (focused on women in business), GenNext (focused on team members in their 20s and 30s), and True Ability (focused on team members who are impacted by disabilities and/or special needs).

- Dell received the 2011 Above and Beyond award from Diversity Best Practices for building a "Cross ERG Forum" and developing best practices that can be used multilaterally throughout all ERGs such as talent attraction, community building, personal branding and leadership initiatives.

Dell employee resource groups

Hispanic Community	Adelante
Asian Community	Asians in Motion
African American – Building Relationships in Diverse Group Environments	B.R.I.D.G.E.
Young Professionals	GenNext
Environment	Planet
LGBT Community	Pride
Abilities, Special Needs	True Ability
Military Community	Virtus
Global Women	Wise

People

Diversity and inclusion

Marketplace relationships

Challenges & opportunities

The Boston Consulting Group estimates that women control US$12 trillion of the overall US$18.4 trillion in global consumer spending and that buying power for historically underrepresented groups continues to climb. Yet, in general, fewer women and members of certain underrepresented groups enter fields related to science, technology, engineering and math (STEM), which makes it difficult for the technology industry to mirror the market at the true scale these groups represent.

At Dell, we believe strong marketplace relationships can help shape recruitment, procurement, business goals and our own inclusive workplace culture.

FY12 marked a year of progress in our work to strengthen relationships with organizations that share our values and to act as a positive force for advancing women and minorities in careers in technology and beyond.

Our progress

- We have built **enduring relationships** with a number of organizations — including the National Sales Network, Asia Society, Congress Black Caucus Foundation, Out and Equal, Human Rights Campaign, and the Hispanic Association on Corporate Responsibility — to inform our understanding of underrepresented groups and strengthen our recruitment and procurement efforts.

- In FY12, Dell spent more than US$1.4 million on outreach, sponsorship and in-kind donations to support our underrepresented groups.

- **Michael Dell** joined the **board of directors of Catalyst**, a nonprofit organization that aims to expand opportunities for women in business. **Karen Quintos**, Dell senior vice president and chief marketing officer (CMO), **is also a member of the Catalyst Board of Advisors**.

Karen Quintos, Dell Senior Vice President and Chief Marketing Officer

Next steps

- Leverage our partnerships with Catalyst, Dell Women's Entrepreneur Network (DWEN) and other groups to continue offering breakthrough initiatives for women.

- Support career advancement for women including, a US$1 million commitment to Catalyst.

- Host our **fourth annual DWEN conference** in New Delhi, India.

- Increase diverse and veteran hires through stronger relationships with historically black colleges and universities, and military and disability hiring programs.

Diversity and inclusion

Marketplace relationships (continued)

Our progress

- DWEN grew by 108 percent in FY12 through our new Women Powering Business campaign that was launched this past year, which included the expansion of the DWEN website, as well as proactive outreach and partnership with powerful female business leaders. DWEN spotlights female entrepreneurial success and creates an atmosphere where women can connect with one another, share best practices, build business opportunities and recognize female influence in business and technology. Through regular networking events, conferences and social media forums, Dell brings women together from around the world to learn more about the solutions needed to drive businesses forward.

- Following the successful inaugural DWEN conference in Shanghai in FY11, Dell hosted another conference in FY12 in Rio de Janeiro, Brazil.

- In FY12, Dell hired its first Entrepreneur in Residence (EIR), Ingrid Vanderveldt who is on the advisory board for DWEN and acts as the bridge between Dell and the marketplace. The customers' point of view is always our number one consideration and having an EIR sitting with us and helping drive strategy takes Dell's ability to listen and act on what customers need to the next level.

Ingrid Vanderveldt, Dell's first Entrepreneur in Residence (EIR)

DWEN — Dell Women's Entrepreneurs Network

"It could not have come at a better time. Becoming part of the DWEN family, through some of the toughest moments of Sprouter when we thought we were shutting down was invaluable... Having a group of woman who have shared values and shared experience...we all need it. It's something every entrepreneur wishes for."

— Sarah Prevette
Founder, Sprouter

Advancing the global power of women through Dell Women's Entrepreneurs Network

Entrepreneur Sarah Prevette knows well the value of peer support when it comes to cultivating a successful business. In the summer of 2011, Sarah's company, Sprouter, announced it would shut down.

"We were out of cash and had no more runway," Sarah said.

Shortly following the announcement, the Dell Women's Entrepreneur Network (DWEN) rallied around her, offering support and advice.

Thanks to Sarah's perseverance and savvy, she was able to sell Sprouter and now reports the team is growing and the company is stronger than ever.

"It's what every entrepreneur dreams about," Sarah said.

That's just one of the many inspiring stories from DWEN — a community that connects hundreds of women entrepreneurs around the world through a hosted virtual network and numerous events, including the annual DWEN conference.

DWEN is part of a broader Women Powering Business initiative, striving to help women entrepreneurs and technologists expand their networks while offering capabilities to help them use technology to do more. Dell knows these types of resources come at a pivotal time when women's contributions to the global economy are growing.

Dell is uniquely positioned to deliver technology solutions, programs, partnerships and connections that can directly address areas of need to help women succeed. Through resources like DWEN, women entrepreneurs expand their networks, gain access to capital, find expert advice, and use technology to do more.

Explore all that DWEN has to offer

Sarah Prevette, founder of Sprouter and member of DWEN, speaks at the 2012 DWEN conference in India.

Follow us on **Twitter** for the latest news, invitations to events and monthly specials (#dwen)

Join us on **LinkedIn** and engage in conversations with fellow women in business.

Communities: There's a shift happening in the world of global corporate philanthropy. To truly solve some of world's most pressing issues, it takes more than just writing checks. It takes a holistic approach to giving that supplements funds with technology, expertise and volunteerism. We see through our experience that corporate giving is smarter when relevant connections between who a business is and what it can do for others are made – and for Dell this means bringing technology and society together to do more good with more impact.

Dell focuses its giving efforts strategically by developing deep relationships with community organizations and nonprofits to find opportunities that thoughtfully integrate with what we do as a technology company. That is how our financial support, technology, volunteerism and expertise can have the most meaningful impact for both Dell and those we help. This approach brings long-term results and productive relationships to the communities we work with around the world.

What's more, technology today is not just a product you can hold – it informs our connections with one another and our world. And, it plays a significant role in advancing the work nonprofit organizations do. We see our ability to help make good things possible as a serious responsibility and great opportunity to make a difference.

In doing so, we encourage our leaders and team members to leverage their skills and knowledge through volunteer opportunities and develop new skills out of volunteer work – so a deeper appreciation of societal needs and their ties to our company is the result.

The more relevant our work for good becomes, the more our team members and business units feel connected and show support for our commitment to put technology and expertise to work where it can do the most good for people and our planet.

For example, in FY12 leading physicians and researchers launched the first ever FDA-approved personalized medicine clinical trial for children with cancer. Dell high-performance computing technology is used to perform genomic analysis on the tumor cells of these children, and our cloud technology will provide a platform for sharing and collaboration amongst the clinicians working on the trial. Through our relationship with the Translational Genomics Research Institute (TGen), we have been able to decrease the amount of time it takes to analyze these tumors from weeks to days and provide physicians with the data they need to make the best treatment decisions for these children.

The following pages offer many more examples of our work for good around the world.

Communities

Progress to goals FY12

Achieved — Engage at least 40 percent of Dell team members in community involvement

Achieved — Achieve a 1 percent of pre-tax-profits charitable-giving goal

In progress → Provide technology access and drive learning outcomes for underserved students in information and communications technology skills

In progress → Move the Dell Social Innovation Challenge from an annual competition to become the year-round community for university-level social entrepreneurs to engage, learn and thrive

In progress → Use high-performance computing, cloud technology and genomics to advance the science of personalized medicine and identify targeted treatments for children with cancer

In progress → Respond to disasters with appropriate and timely aid and relief
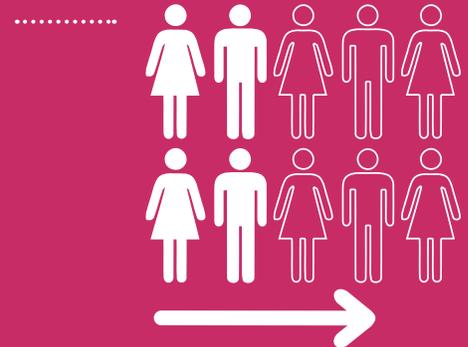
Children's Cancer Care

Support for innovative cancer treatment programs

Challenges & opportunities

Treatments for pediatric cancer are not being developed at nearly the rate as treatments for adult cancers. In fact, since 1980 only one new treatment for any type of childhood cancer has been approved by the FDA. Neuroblastoma is a particularly deadly form of children's cancer and while groundbreaking research is underway, technology is needed to help reduce the amount of time it takes to create the specialized treatment plans needed to effectively treat it.

Dell has had a long-standing relationship with the Translational Genomics Research Institute (TGen), a nonprofit organization focused on combining technology and science to diagnose and treat complex diseases. In FY12, we expanded our relationship with TGen by donating leading-edge technology and services to accelerate treatment from months to days.

Our progress

- Dell expanded its giving program in FY12 by launching one of our most ambitious projects to date: a multi-year, multi-million-dollar commitment of technology, funds and employee engagement to support innovative pediatric cancer treatment programs, including the world's first personalized medicine clinical trial for pediatric cancer, a collaboration between TGen and the Neuroblastoma and Medulloblastoma Translational Research Consortium (NMTRC).

Giselle Sholler, M.D.
Co-Director, Pediatric Cancer Translational Research Program
Associate Professor, Center for Cancer Genomics and Computational Biology
Van Andel Research Institute

View the video on dell.com

Next steps

- Contribute more technology to help facilitate the ongoing addition of data into the cloud database, help connect researchers and doctors with critical information, and further accelerate the treatment of pediatric cancer.

- Extend the clinical trial to more children once collected findings from the first 10 patients involved in the trial have been processed.

- Monitor the results of the use of our computing platform and determine the best way to scale this platform for other opportunities. While the computing platform is being developed to the exacting standards of the neuroblastoma trial, the goal is to build a model that can scale and support personalized treatments of many cancers in children and adults.

- Donate more high-performance computing technology to speed up the overall time it takes to process data required by the physicians and researchers to evaluate patients.

Communities

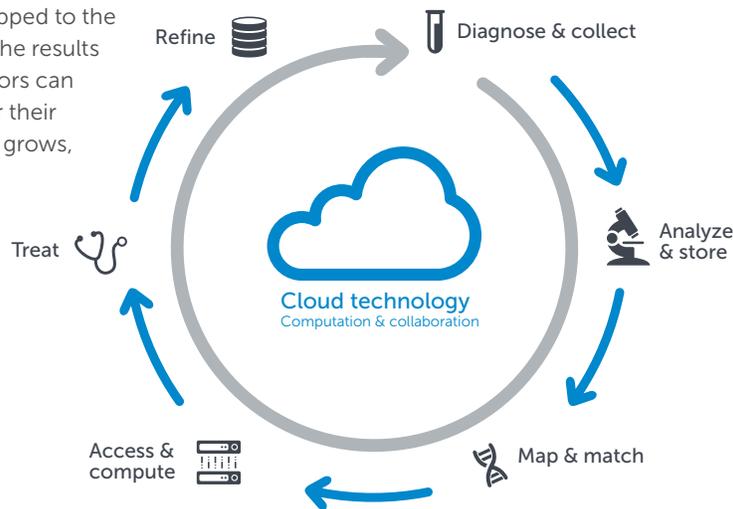# Children's Cancer Care

Support for innovative cancer treatment programs (continued)

Our progress

- In FY12, Dell experts installed the leading-edge technology and services TGen is now using to build a high-performance computing platform and cloud solution that is capable of 13 trillion operations per second. That means, in a single day this powerful system can process more data than a typical home computer can in 5 years.

- In FY12, 10 patients began the groundbreaking trial in which Dell technology will work to help reduce mapping and analysis of data from months to days. Initiated with this first clinical trial that started in FY12, Dell's technology allows doctors to collect samples from tumors, analyze their molecular characterization and store that information in the Dell-donated cloud. The tumor characterizations are mapped to the treatment database and the results are logged so other doctors can utilize the information for their patients. As the database grows, treatments improve.

Next steps

- Expand our ongoing commitment to children's cancer care initiatives by adding new partners to receive funding, technology and/or volunteer support from Dell:

  – SCLF/Second Affiliated Hospital of Huaxi (China)

  – L'Institut Gustave Roussy IGR (France)

  – The Cancer Institute(WIA) (India)

  – Mount Miriam Cancer Hospital (Malaysia)

  – Childhood Cancer Foundation (South Africa)

  – Ronald McDonald House Charities (U.S.)

Refine

Diagnose & collect

Treat

Analyze & store

Cloud technology
Computation & collaboration

Access & compute

Map & match

In a single day the powerful Dell platform can process more data than a typical home computer can in 5 years. This computing power is critical to accelerating cancer treatments, as each patient has about 30 terabytes of genetic data to analyze. That's the equivalent of about 30 million books on more than 200 miles of bookshelves.

30x

Communities

Children's Cancer Care

Today, high-performance computing (HPC) and cloud technology have the ability to help fight cancer and Dell is a powerful part of this world-changing advancement. That's because the battle against cancer is increasingly moving into cyberspace where advancements in patient data storage, analysis and sharing are taking on the challenges posed by sequencing each person's cancer tumor cells in order to develop personalized, targeted therapy — the most effective treatment.

"The Dell High-Performance Computing infrastructure is like a geneticist's dream sandbox. It lets us walk down paths we would in the past [have] said, 'We can't even try that because we won't have the results for another month.'"

— **Matt Huentelman, Ph.D.**
Associate Professor, TGen

Dell helps accelerate treatments for pediatric cancer

For children with neuroblastoma – a particularly deadly form of pediatric cancer that affects the nervous system – time is especially critical. And so is computing power.

Each patient has around 30 terabytes of genetic data to analyze. That's the equivalent of about 30 million books on more than 200 miles of bookshelves. Now, the Translational Genomic Research Institute (TGen) is using Dell-donated cloud technology and high-performance computing (HPC) to focus on combining technology and science to diagnose and treat complex diseases. Giving researchers HPC enables them to quickly analyze each patient's unique genetic makeup to develop a personalized treatment plan, reducing the time it takes to begin treating a child from months to days.

Dell's relationship with TGen is one part of our Children's Cancer Care initiatives – a multimillion dollar, multiyear commitment of technology solutions and team member engagement to help accelerate treatments and offer comfort and care for families. The work we are doing in this new giving focus area – launched in FY12 – strongly demonstrates how Dell's heritage in listening, tailoring our solutions and drawing inspiration from human potential can come together for deeper connections with partners. So, we can work together to solve pressing societal issues and use our resources in ways that make the most positive impact.

Dell believes our expertise in HPC can also advance the less technical side of patient care – such as connecting families affected by cancer with one another. We support nonprofit organizations worldwide through activities such as providing remote learning for children facing treatment, and using technology to help parents communicate with children living away from home to get the care they need. We also issue grants to cover cancer treatment for those who cannot afford it. And, our team members provide comfort and personal support to families living in homes away from home such as the Ronald McDonald House.

Learn more about our Children's Cancer Care initiatives

Youth Learning

Closing the technology gap

Challenges & opportunities

Seventy-two million school-aged children around the world do not attend school and lack access to the facilities, teachers and tools they need in order to learn.

We believe that in today's globalized world, access to technology and education is a basic human right, so through our Youth Learning initiatives, Dell forms strong partnerships with community-based, nonprofit and nongovernmental organizations around the world to support underserved youth and to close this technology gap.

In FY12, our Youth Learning initiatives expanded to three new countries (Panama, Canada and the U.S.). Our steadfast growth of our program since its initial launch in India in 2009 requires that we constantly define new strategies for improvement, including ways to build stronger partnerships and inspire employee engagement.

Our progress

Dell Youth Learning initiatives, formerly known as Dell YouthConnect, work to address this education issue by placing state-of-the-art technology in underserved communities. We work with nonprofit and nongovernmental organizations to help young people unleash their true potential and, ultimately, change their lives.
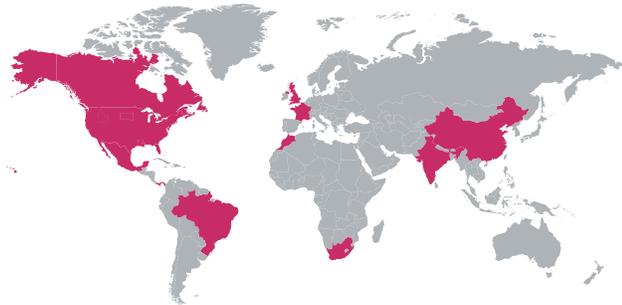
- In FY12, Dell Youth Learning initiatives expanded to three new countries – Panama, Canada and the U.S. – bringing its total reach to 11 countries and 56 partners. This program has provided technology access and skills to more than 2.7 million children since its inception in 2009.

Next steps

- Launch Youth Learning partnerships in two additional countries as a step in our commitment to build on our learning programs globally.

- Share our expertise in social media, technology, program management and reporting to help our partners increase their capabilities in these areas and strengthen their organization.

- Expand our Team Member Engagement opportunities with our Youth Learning partners to ensure program success, provide Dell role models for youth and leverage the unique skills and enthusiasm of Dell team members.

- Enhance our measurement to develop more consistent tracking across all Youth Learning programs to better understand the number of students improving their technology literacy, collaboration, communication and problem-solving skills.

Topic continues

Youth Learning

Closing the technology gap (continued)

Our progress

- Dell invested nearly US$3 million to expand Youth Learning initiatives to the U.S., enabling partnerships with 24 new organizations in 10 U.S. states. This is the largest investment we have ever made to support our partners in any country.

- In FY12, our employee volunteerism with our Youth Learning program grew significantly, with more than 5,400 global team members supporting our strategic partners – up from 1,000 team members in FY11. The support and know-how of our team members helps to advance the mission of the nonprofit organizations we work with and is one of the most valuable elements of our program.

- In FY12, Dell initiated its partnership with the Girl Scouts of the USA and four local councils throughout the U.S. (Central Texas, Oklahoma City, Washington, DC, Middle Tennessee) to enhance the Journey and Connect Through Technology initiative, which introduces girls to information and communication technology concepts that promote critical thinking and teamwork.
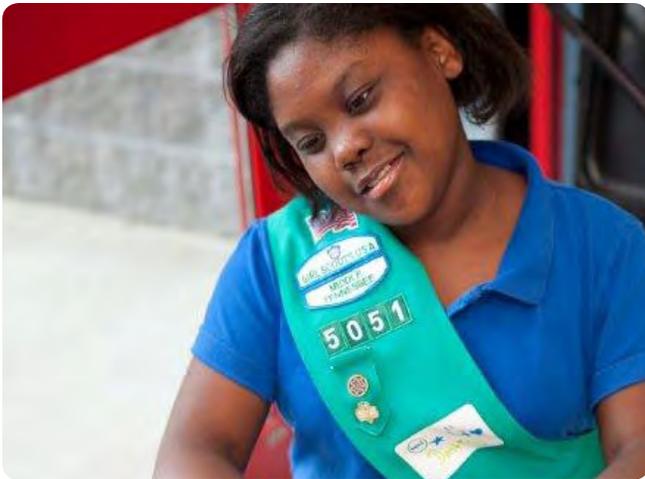
"We are deeply grateful for Dell's support dating back to 2002, which helps us to provide girls with experiences and tools to make them successful in the technological world."

– Agenia Clark, president and CEO
   for Girl Scouts of Middle Tennessee

Driving quality outcomes for underserved populations

While the number of children we reach is important, we consider the quality of our learning programs and the access to technology we provide as the true indicators of our success. Highlights of our work in positively affecting lives in some of the most underserved populations of the world include the following:

- Dell has partnered with Christel House India to help children break the cycle of poverty, In FY12, Christel House, with support from Dell, had its first graduating class of 66 students.

"I learned a lot during my years as a student of Christel House. We have many Dell computers in our school and we are trained in using technology."

– Shiva Sagar, Grade 12 student

- Dell and the Rural Education Action Project (REAP) successfully created after school programs to supplement classroom teaching and help close the technology gap for children who may not have access to it outside of the classroom, and is effectively and inexpensively raising student performance. Phase one of the program, completed in June 2011, proved computer-assisted learning (CAL) after school sessions improve the academic performance, interest levels and self-esteem of students in some of China's most rural schools. After 13 weeks of the CAL program, third and fifth graders' standardized math scores improved significantly.

- In FY12, Dell's grant helped the Center for Digital Inclusion (CDI) expand its Apps for Good program from a single London school to 45 schools serving 1,300 students across the U.K. Apps for Good empowers students to create mobile apps that tackle social problems.

Social Entrepreneurship

A global community of support for social entrepreneurs

2011 Dell Social Innovation Challenge winners

Challenges & opportunities

Dell believes that innovation and entrepreneurship are not "born" but really can be "bred" through the right community, support, tools and inspiration. This belief stems from our own start, as an idea founded in a dorm room more than 25 years ago and as a company that encourages its own risk takers and big dreamers.

But, social entrepreneurship is a fairly new concept and doesn't just happen on its own. The work by The University of Texas at Austin (UT Austin) to pioneer a new model of engaged education requires immense creativity and the support of Dell, as UT grows a strong support hub for budding social entrepreneurs through www.dellchallenge.org.

In FY12, our partnership helped evolve the Dell Social Innovation Challenge (DSIC) from an annual competition event into a growing global movement, where university students of all backgrounds and experience levels have equal access to the tools they need to make ideas a reality.

Our progress

We partner with the LBJ School of Public Affairs at UT Austin to host the DSIC, which invites the world's university students to submit their innovative ideas for solving environmental and social problems. DSIC's online community provides peer-to-peer connections, mentoring from experts (including Dell employees), tools for turning ideas into plans and the opportunity to compete for US$150,000 in cash and in-kind prizes, as well as additional learning opportunities.

- In FY12, participation in DSIC doubled over the prior year, with students from 85 countries entering more than 1,500 projects in the challenge. More than 63 percent of the teams came from outside of the U.S., representing our growing global reach.

- In FY12, Dell and UT Austin piloted a global university partner program, securing 40 university partners, who were instrumental in helping double entries from the 2010 to 2011 competition.

- In FY12, we established a formal mentoring program, which matched each of the 116 semi-final teams with an individual mentor, and 103 of those mentors were Dell employees. The DSIC online community now enables passionate Dell professionals from anywhere in the world to mentor students throughout the year.

Next steps
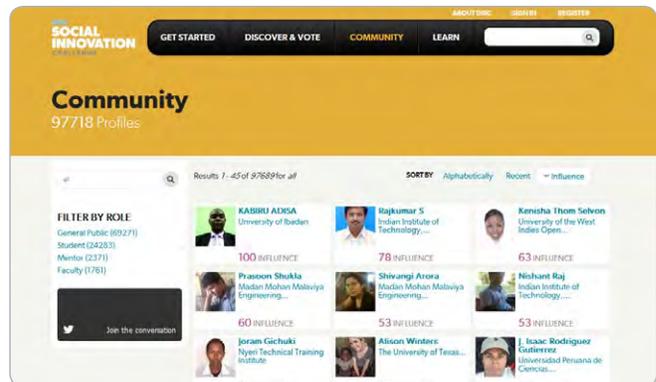
- Grow the DSIC online community through marketing communications, to build a strong, interconnected support system by attracting students, business professionals, Dell team members, university partners, and venture capitalists.

- Continue building a rich library and community of resources on the DSIC web platform, with focused information to support students' creation of social ventures.

- Grow our university partner program, which is expected to reach 150 members in FY13, with growth being primarily targeted at universities in Mexico, Brazil, India, China and Europe.

↘ Topic continues

Social Entrepreneurship

A global community of support for social entrepreneurs (continued)

Our progress

- The 2011 DSIC winner, **TakaTaka Solutions**, provides affordable, sustainable and eco-friendly waste management services in Kenya. Within months of winning the challenge, TakaTaka creator Daniel Paffenholz began using the prize money for general operational expenses and geographic information systems to expand the business.

TakaTaka Solutions collaborates with locals including the Waruku Youth Group in Nairobi.

- At the close of the 2011 DSIC, Dell announced a US$5 million gift over 5 years to expand our partnership with UT Austin, committing to engage more students, university partners and a broad community of support.

- With the support of Dell, UT Austin launched the new DSIC online community in late FY12. By February 2012, the community had 9,000 registered members, with approximately 500 more joining every day.

Next steps

- Support more students at all levels of idea creation through year-round access to mentoring, 17 new small cash awards to support students in the early stages of project development, and new capacity building programs, including on-campus bootcamps co-hosted by university partners and interactive skill-building exercises on www.dellchallenge.org,

- Enhance the social entrepreneurship teaching capacities of approximately 120 instructors from around the world by hosting three new DSIC faculty seminars in FY13.
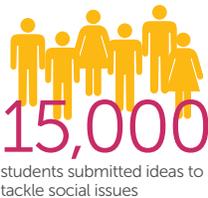
"Winning the Dell challenge was a tremendous boost. TakaTaka Solutions is now taken more seriously not only by donors and social investment funds but also by government organizations and NGOs."

— TakaTaka creator Daniel Paffenholz, who named his venture after the Swahili word for "waste"

The Dell Social Innovation Challenge

From 2006 through 2011, DSIC has given student entrepreneurs tools and resources to change our world

15,000
students submitted ideas to tackle social issues

90
countries represented from 2006 - 2011

US$350,000
awarded to support the top initiatives

3,000
ideas to tackle social and environmental problems

Disaster Relief

Effective response in times of need

Volunteers provide help in Bastrop, Texas.

Challenges & opportunities

In the immediate aftermath of a disaster, the challenge we all face is to understand the needs of those affected and find the best ways to assist quickly.

Dell works with disaster relief organizations to get the information we need so we may respond effectively, whether by technology donations, funding support, on-the-ground clean-up help and more. We quickly establish an information hub within our global online giving community so team members can discover ways they can assist, including through volunteer opportunities or by monetary donations that are matched by Dell.

Our progress

- In FY12, our online giving community facilitated team member and corporate giving in response to eight natural disasters. Our efforts included supply drives, debris clean-up, technology donations and monetary contributions.

- Team members donated more than US$350,000 to aid relief efforts in FY12. Team members' donations go further in making a meaningful difference as Dell matches their contributions dollar for dollar, up to US$10,000 per employee, per calendar year (limits established for each disaster). In total, Dell gave more than US$1.6 million to disaster relief in FY12.

- Dell donated servers and storage technology to a high-performance computing customer outside of Japan who was willing to volunteer their systems' computing capabilities for Japan research scientists' use. This was part of a broader university effort Dell engaged in to bring compute capacity to Japan researchers during the period when power outages presented a significant challenge. This teamwork, along with Dell's understanding of how to best help Japan researchers, helped disaster response coordinators respond more effectively.

More than 1,000 first graders in disaster-stricken areas received brand new backpacks filled with school supplies carefully packed by Dell volunteers. Each backpack cheered the recipient with the message: "I am not just a school bag."

Next steps

- Continue the success of our expanded relationship with the American Red Cross. In early FY13, Dell provided a significant donation to the American Red Cross, to be used for strategic programs that employ technology for emergency preparedness and disaster relief, as well as a general donation to disaster relief needs.

- Continue to monitor the success of the Red Cross Digital Operations Center Powered by Dell, launched in FY13 with Dell's support. The Digital Operations Center is the first social media command center of its kind devoted to humanitarian aid. It enables the American Red Cross to track and monitor disaster emergencies as they happen via social networks.

- Maintain our commitment to provide team members globally with information on matched giving and ways to assist others in a disaster through our Make a Difference online community.

The American Red Cross

On an average day, the American Red Cross is mentioned 3,000 times in the social media space. During a disaster, those mentions grow exponentially and range from people asking for help to those looking for a way to support their neighbors to suggestions for monetary donations.

"The use of social media during disasters has grown exponentially in recent years, and this partnership with Dell will enable us to better understand and anticipate disaster needs and help connect people with the resources they need during emergencies. Our goal is to become a social liaison for people, families and communities to support one another before, during and after disasters."

— **Gail J. McGovern**
President and CEO,
American Red Cross

Dell and the American Red Cross create a blueprint for social media-enabled humanitarian aid

Days after Dell and the American Red Cross launched the Red Cross Digital Operations Center Powered by Dell on March 7, 2012, the power of this technology became clear — as representatives were able to monitor social conversations before, during and after tornadoes hit the Midwest.

The dangerous weather prompted residents to fire-up their social media accounts to ask questions about tornado safety, to alert loved ones and, after the weather passed – to ask for help in various ways, including tips for first aid.

Increasingly, Americans are turning to social media channels to get help, updates and stay connected during a crisis. Director of Social Strategy for the American Red Cross Wendy Harman notes that one of our first instincts in an emergency — beyond ensuring survival — is to connect with one another. In fact, a 2011 survey conducted by the American Red Cross found that almost one-third of the population would use social media to let loved ones know they are safe, and 80 percent believe emergency response organizations should regularly monitor social media sites.

The Red Cross Digital Operations Center Powered by Dell and located at the organization's Washington, DC headquarters is the first social media command center devoted exclusively to humanitarian and disaster relief efforts. It is modeled after Dell's Social Media Listening Command Center. Dell's own disaster relief work and our partnership with the American Red Cross are part of Powering the Possible – our commitment to putting technology and expertise to work where it can do the most good for people and the planet.

American Red Cross representatives will now leverage Dell technology, social media engagement software, and tools such as heat maps to help visualize spikes and prevalent themes in social conversations that contribute to more effective response strategies. In the aftermath of the Midwest tornadoes, the American Red Cross was better able to provide vital emergency information and give people care and support in a whole new way.

The Digital Operations Center will also help the American Red Cross improve its response to the considerable traffic from people who are looking to help, giving them up-to-date information on the best ways to donate.

Along with Dell technology, Dell donated funding and our unique consulting expertise to architect and build the new Red Cross Digital Operations Center Powered by Dell, and design the Digital Volunteer program. Our involvement is part of the company's larger commitment to the Red Cross.

Learn more about the Red Cross Digital Operations Center Powered by Dell

Team Member Engagement

Dell people make a difference

Challenges & opportunities

We make it a priority to foster a culture that encourages team members who want to volunteer with a support system to make doing so easy and effective. Dell sustains our strong team member giving efforts through thoughtful management and by encouraging people to participate in acts of good that reflect their own passions.

Our strategy is working. Today, our greatest, fastest-growing giving resource is our individual team members, who volunteer their time, talents and financial resources to support charitable causes and nonprofit organizations around the world.

Our progress

Make a Difference is the name of our Dell Team Member Engagement initiative and our online community that allows team members to find charities to support, organize and track volunteer time and financial giving activities, connect with one another, post photos and share stories, and more. As part of Make a Difference, Dell matches all global team member charitable donations dollar for dollar, up to US$10,000 per employee, per calendar year.

- In FY12, we added functionality to our Make a Difference online community, and four new languages for a total of eight languages. At the close of FY12, our online community hosted 45,000 active Dell community members.

- We expanded the ability for Dell team members worldwide to use credit cards for donating to qualified charities in our Make a Difference online community, which helped to increase overall donations.

- In FY12, we awarded more than 7,600 Cause Cards — our way of recognizing team members who volunteer a minimum of 10 hours per quarter, and donated US$150 to the charity of their choice.

Next steps

- Promote and foster team member volunteering to achieve 500,000 volunteer hours — our new goal for FY13.

500,000 hours

- Work to increase the percentage of our team member population who volunteers for our strategic partners so that those that have received Dell technology and solutions gain the added benefit of volunteer support.

- Leverage user metrics of our Make a Difference online community to help inform our strategies for strengthening our giving efforts. For example, we will track what communications are the most effective in promoting volunteer activity within our online community.

- Continue our Make a Difference online community training to support team member engagement and offer training to charities to maximize their use of the tool for their benefit.

Communities

Team Member Engagement

Dell people make a difference (continued)

Our progress

Boys and Girls Club, East Austin

- We added 200 new Make a Difference Champions to our giving leadership team, bringing our total to 700 Champions globally — our largest number to date. All Champions drive business unit, site or country-specific signature giving initiatives. We consider these Champions our viral leaders and their role is instrumental to bringing our programs to life around the world.

Dell employees with Xiamen Xianhou Primary School students

- We initiated regional giving councils, one in each of our four regions, chaired by local leaders to engage many more giving leaders locally and to support accountability and best-practice sharing. We believe the significant increase in volunteer hours and volunteer efforts from FY11 to FY12 can be attributed to the support offered by our regional giving councils.

Next steps

- Continue to grow our Champion team and support them with resources and practice sharing opportunities.

Dell campus electronics recycling event

- Launch a new Planet Employee Resource Group so team members have more ways to volunteer for environmental initiatives.

- Encourage our team members to use their professional talents for the greater good. The FY13 launch of our new skills-based platform within our online community will allow charities to list specific skills they're looking for and team members to list skills they can provide.
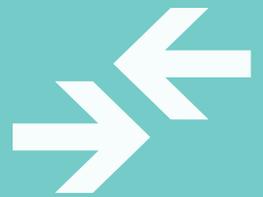
Governance: As Dell continues to expand globally, evolving our solutions and acquiring new capabilities and talent, we are reminded that – more than ever – our purpose, values and ethical principles will be key drivers of our success. Good governance helps us adapt our business to new opportunities, while keeping these fundamental pillars strong and unwavering.

Governance at Dell encompasses both strong oversight and a commitment to a culture that wins with integrity. Our board of directors provides input on initiatives that protect and maintain Dell's brand. Our executive leaders partner with program and risk experts to find better ways to embed compliance into our daily operations. Most importantly, we have a strong culture of accountability that encourages all team members, at all levels, to raise their hands and speak up about issues.

Dell knows that we can't win if we work alone. Corporate governance at its best includes thought leadership from third parties and strong collaboration with others in the industry. Partnerships with groups like the Electronic Industry Citizenship Coalition and the Center for Political Accountability help us gain objective viewpoints on global matters. Participation in organizations like the Ethics Resource Center Fellows Program gives us access to peers from multiple industries and thought leaders in ethics and compliance.

The Corporate Executive Board's Compliance & Ethics Leadership Council partnered with Dell to gather our global team members' insights into our organizational culture. They benchmarked our responses with those from other companies surveyed. The results showed that our team members overwhelmingly feel that Dell makes integrity a key priority and reinforces this priority with action.

Although the analysis was positive, we saw areas for improvement. As a result, in FY12 we focused on increasing global team members' awareness of the Dell Ethics Helpline and enhanced the effectiveness of our training.

We took this same approach with external stakeholders in FY12, encouraging open communication and launching our first-ever SRI Roadshow to meet with socially responsible investors. We also communicated openly with all stakeholders about our board governance processes, enterprise risk management, CEO succession planning framework, commitment to socially responsible supply chain management and our work to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act requirements as rules are issued and come into effect.

We invite you to learn more in this report about the strong processes Dell developed during FY12 to ensure we operate efficiently, optimize returns and manage our company with integrity.

Governance

Progress to goals and commitments FY12

| Achieved | Hold 100 percent of eligible team members accountable for taking globally required compliance training on time |

| Achieved | Conduct global pulse survey and gather analysis to foster a corporate culture rooted in integrity |

| In progress → | Launch pilot for People Manager live education around ethical leadership and decision-making |

Corporate accountability

Managing our company with integrity

Challenges & opportunities

The global financial crisis, along with the Dodd-Frank Wall Street Reform and Consumer Protection Act's regulatory requirements, have increased investors' desire for transparency, accountability and good governance from the corporations in which they invest. Additionally, our ongoing business transformation and expansion have brought changes that affect our governance structure and the board's view of enterprise risk.

In FY12, we provided more opportunities for stakeholder engagement to: address investors' concerns regarding the regulatory environment, explain our compliance with new laws, further the sharing of expertise between Dell team members and partners, and ensure stakeholders and suppliers understand our vision for risk management and corporate governance.

Our progress

- The lead director of the Dell board of directors met more frequently with large investors and other governance advocates to discuss our strategic transformation and board leadership and to address their governance-related concerns.

- During our first-ever SRI Roadshow, we met with socially responsible investors (SRIs) one-on-one. We used the insight gained through these meetings – along with sustainability-focused conference calls and interaction at conferences like SRI in the Rockies and Ceres – to increase our transparency, change our website and enhance our corporate responsibility report.

- We exchanged best practices with our peers and corporate governance advocates through our relationships with groups including the Society of Corporate Secretaries & Governance Professionals, the Association of Corporate Counsel's SEC Roundtable, the National Association of Corporate Directors, Ceres, Center for Political Accountability, Dutch Sustainable Trade Initiative (IDH) and the Electronic Industry Citizenship Coalition.

Next steps

- Strengthen engagement with stakeholders by formally adding an SRI Roadshow to the FY13 event plan and increasing transparency around our supply chain.

- Continue implementing the requirements outlined in the Dodd-Frank Wall Street Reform and Consumer Protection Act.

- Maintain our formal and informal relationships with the corporate governance community to ensure Dell is implementing best practices in governance.

- Continue to focus on exerting our leverage to drive sustainability, disclosure and governance changes down our supply chain.
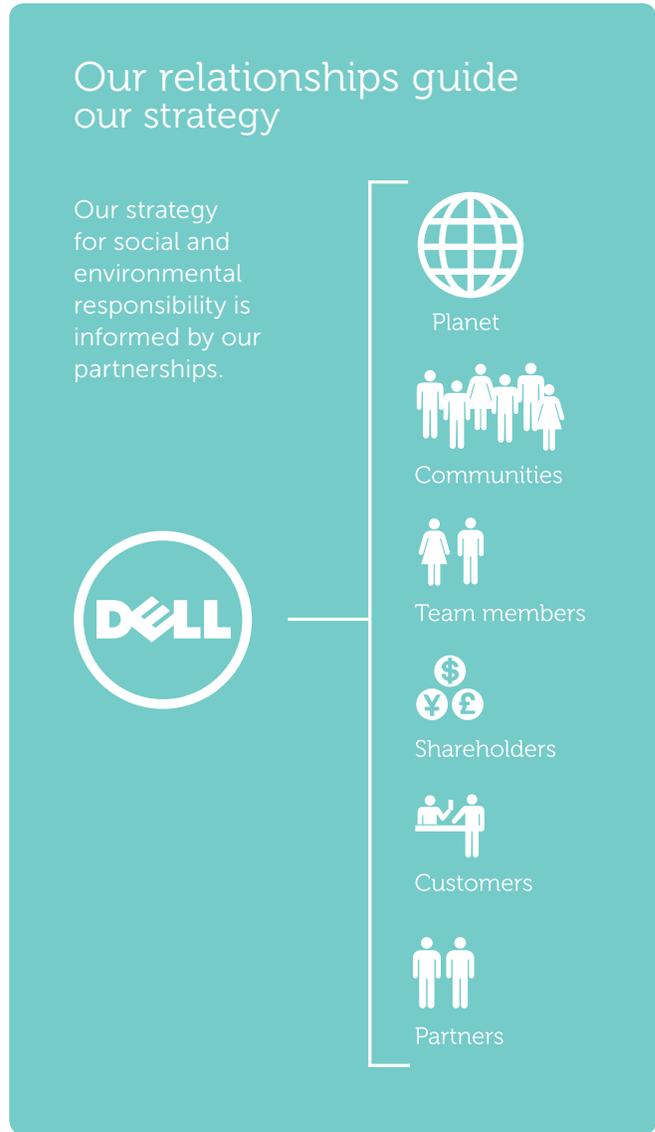
Corporate accountability

Managing our company with integrity (continued)

Our progress

- The Dell board of directors continued its oversight of our company's risk management. We delegate specific areas of risk to four board committees:

  - The **Audit Committee**, which oversees risk policies and processes for Dell's financial statements and reporting

  - The **Finance Committee**, which reviews and approves strategies and plans for corporate finance, capital transactions and other transactions involving financial risks

  - The **Leadership Development and Compensation Committee**, which handles risks associated with succession planning, development and compensation plans

  - The **Governance and Nominating Committee**, which manages risks related to our governance structure and processes

- Dell brought on three new board members in FY12, using a qualifications matrix to evaluate candidates. The matrix, first disclosed in **Dell's 2011 Proxy Statement**, evaluates candidates on qualities like leadership, financial expertise, international experience and diversity.

- In Dell's Proxy Statement, we formally disclosed our CEO succession plan, which ensures that the CEO builds **talented leadership** that can drive Dell's strategic objectives. The plan, developed by our board, outlines strategies for: addressing any unexpected, short-term absence of the CEO; identifying potential successors; framing the search process; and managing the succession process and determining the current CEO's role in that process.

Our relationships guide our strategy

Our strategy for social and environmental responsibility is informed by our partnerships.

Planet

Communities

Team members

Shareholders

Customers

Partners

Ethics and compliance

Culture, compliance and credibility

Challenges & opportunities

Dell's continued global growth and business transformation, combined with a rapidly changing technology landscape and increasing level of global regulatory focus, present a greater need for robust, risk-based ethics and compliance programs.

Our customers' businesses are also growing more complex, requiring more proactive efforts to ensure compliance. Dell's global team members are also actively seeking more avenues that they can use to resolve issues and protect Dell's business, brand and customer relationships. In FY12, we enhanced tools and processes that extend our programs for addressing these needs.

Our progress

- In response to the transformation of our business and the global regulatory climate, we expanded our corporate Ethics and Compliance team to include a new chief privacy officer and a dedicated director of knowledge assurance (previously called records management).

  - Our chief privacy officer is responsible for global oversight of the Global Data Privacy Policy, as well as working with stakeholders to drive change and accountability through the Global Privacy's Compliance by Design program.

  - Our director of knowledge assurance is responsible for ensuring that our team members understand that proper protection, management and disposition of information is critical to Dell's success.

  - Both leaders chair the Data Protection and Management Council, an enterprisewide forum created in FY12 to address data management and governance processes that support customer solutions.

- Dell introduced two new initiatives in FY12 to enhance and further strengthen accountability in our business: Compliance by Design and Data Management Stewards. The Compliance by Design program assigns a privacy manager to each business line and includes various implementation guidelines to ensure our privacy requirements are built into business processes and priorities. The Data Management Stewards are charged with assisting the Global Privacy Team and Knowledge Assurance Team in prioritizing and implementing strategic initiatives.

Next steps

- Launch a new Information Lifecycle Management (ILM) policy and training to help team members identify confidential information and learn the proper steps for protecting, managing and disposing of it.

- Expand our Compliance by Design program through more training and enhanced monitoring of business processes.

- Introduce new decision-making tools to help global team members quickly address ethics- and compliance-related questions.

- Evolve and enhance our anti-corruption program.

- Enhance our programs on third-party oversight.

Ethics and compliance

Culture, compliance and credibility (continued)

Our progress

- In FY12, we partnered with The Compliance & Ethics Leadership Council (CELC) to conduct an independent, sample survey of our global team members to analyze Dell's commitment to a culture of integrity. The results were very positive, underscoring the effectiveness of our proactive efforts and providing insight into the areas we wish to strengthen. Executive leadership and key stakeholders used the results as a baseline for expanding new business integrity programs.

- We conducted global focus groups with key constituents to develop the scope for a values-based decision-making pilot training program for our leaders.

- We launched an internal communications campaign in FY12 to increase team members' awareness of Dell's Code of Conduct, ethical principles and compliance guidelines.

- Dell supported interactive, grassroots efforts to engage our team members in Asia, including our ethics engagement week in FY12, featuring games that challenged team members to solve potential ethical dilemmas.

- We improved the usability of Dell's Ethics Helpline in FY12 and advertised it globally in our facilities to promote awareness and comfort with this resource for anonymously reporting ethics concerns (where allowed by law).

- We capitalized on our existing ethics and compliance investigations model by adding resources and streamlining processes to make the reporting and resolution of issues more efficient. We also enhanced our internal data reporting capabilities so we can better analyze and leverage critical information for our stakeholders.

- All eligible team members completed key compliance and ethics education requirements on time, underscoring their commitment to win with integrity.

Next steps

- Increase our focus on ethics and compliance training for team members of newly acquired companies, to successfully integrate them into our culture of strong ethics and compliance.

"At Dell, we believe that knowing and following the rules is critically important but not enough. We strive for a team that lives Dell's core value of winning with integrity every day, in every decision they make for the company. Winning with integrity… it's how we win at Dell."

— Michael McLaughlin,
  Vice President Legal and Chief Ethics and Compliance Officer

- Expand our internal ethics and compliance awareness campaign through cross-functional team support, engaging intranet tools and creative videos.

- Sharpen values-based decision-making through global leader training.

- Enhance our external communications campaign to educate Dell stakeholders about our high ethical standards and commitment to winning with integrity.

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