
Dell 2020 Legacy of Good Plan
The power to do more

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Letter from Michael Dell

With this report, we are articulating our long-term goals and plan for corporate social responsibility at Dell. We are setting the bar high. By 2020, we expect to reduce the energy intensity of our product portfolio by 80 percent, use only packaging that is 100 percent compostable or recyclable, and rally our global workforce to give 5 million volunteer hours to the communities we call home — just to name a few.

But we are also laying out a new vision that extends well beyond what Dell can do alone. We've set an aspirational goal of generating 10 times more benefit through our technology than it takes to make and use it. We call it the 10x20 Goal — A Legacy of Good.

It's about capturing the innovative ways our customers are using Dell technology to do good in the world. That could mean dramatically reducing carbon emissions with our cloud solutions, or predicting and guarding against severe weather patterns with our high-performance computing capabilities, or delivering solar-powered classrooms to remote regions of the world with our energy-efficient virtual desktops.

Our 10x20 Goal is about measuring not only the sustainable and social initiatives Dell can execute, but also the ripple effect of how our technology enables others to benefit the planet. We believe it will be dramatic.

The challenges facing the world today require collaboration and partnership among people and organizations with a shared vision of what could be. Our commitment is evident in the plan and aspirational goals outlined in this report. We are all in and look forward to working alongside our customers and stakeholders to leave a positive, measurable and lasting contribution to our planet and our society.

Michael Dell
Chairman and CEO
Dell Inc.

Doing business in a socially and environmentally responsible way is important, but more is needed.

In our first Environmental Progress Report published 15 years ago in 1998, we began articulating Dell's corporate responsibility efforts and commitments. Since then, the body of scientific evidence increasingly shows that global, meaningful action is necessary and urgent. We all must better manage the natural resources and ecosystems that are vital not only for humans, but also for economies and businesses to thrive. Global policy and multilateral systems have achieved progress on some issues but not others. Many now agree that business must take a stronger role, collaborating with governments and others to drive more sustainable practices everywhere. Doing business in a socially and environmentally responsible way is important, but more is needed.

At the same time, it has become increasingly clear that there are more opportunities and benefits to succeeding as a sustainability-focused business than we ever first imagined: developing innovative solutions for low-carbon economies, expanding the use of more sustainable materials, driving exponential efficiencies into global value chains, and finding ways to recycle and up-cycle materials in the face of resource scarcity. And we keep seeing more.

In 2012 we launched our Powering the Possible commitment as a first step toward a new sustainability strategy for Dell. Our 2020 Legacy of Good Plan brings the rest of that strategy into focus and represents the culmination of nearly 18 months of self-reflection, customer dialogue, industry and stakeholder engagement, and a deep examination of our entire value chain.

We all agree: Now is the time to back Powering the Possible with action. Our 2020 Plan is the first step toward splicing our commitment into the very DNA of Dell — setting the trajectory for how social and environmental sustainability will become an accelerator for successful and sustainable customer and societal outcomes for years to come.

About the plan (continued)

Identifying what's possible

Through meaningful discussions and an honest look at our value chain, we have continued to rely on the principles of materiality to determine where to focus Dell's strategies and initiatives. We realized our efforts must contribute additional benefits in one of three areas: to the environment we all share, in the communities where we live and work, and to our own people. These three areas (environment, communities and people) form a high-level organizing principle for all of our corporate responsibility work. And ultimately, the notion of adding value in these areas flows directly from Dell's purpose to enable people everywhere to grow and thrive and reach their full potential.

From this realization, Powering the Possible was born as a commitment to put our technology and our expertise to work where it can do the most good for people and the planet.

Another outcome of this process of examination was recognizing that, within each of these areas, we have several important things to accomplish. We call these our aspirations (see page 7): qualitative descriptions of what we hope to achieve as part of our overall commitment — from enabling customers to reduce the environmental impact of their IT infrastructure to using technology to improve the lives of young people. These 10 aspirations are the broad strokes of our overall sustainability strategy.

Genesis of the plan

With our aspirations in mind, we began to map our path forward. The following attributes helped guide the formulation of our sustainability plan and are essential to our success:

- **Focus on our customers:** Our strategy must further evolve our value proposition — Dell products and services — to deliver on our vision for social and environmental responsibility. We will succeed if we keep the customer foremost in our mind, and link our goals back to providing them with value.
- **Innovate:** Business as usual across the board is not enough if we are to succeed in delivering on our commitment. We must look at how and where we can push the envelope, reimagining what is possible and working through tough challenges that hold back our organization and the industry as a whole.
- **Scale globally:** From managing a complex supply chain to understanding and appreciating the different cultures where we live and work, we must view our activities with a global lens.
- **Be transparent and accountable:** The quantified, time-bound goals we have now set across our corporate responsibility action areas promote better and more strategic reporting that will make clear our impacts and progress each year. Our broad engagement with stakeholders, partners and our own team members will continue to inform our reporting processes.

Defining our action areas:

Environment, Communities, People

Environment: By incorporating environmental sustainability into every aspect of what we do, we provide customers with solutions that give them the power to do more while minimizing our collective impact on the planet.

Communities: When Dell team members apply their passion and unique skills in combination with our technology toward social change, it amplifies the effect of our grants and accelerates positive results in the communities where we live and work.

People: In order to enable people everywhere to grow and thrive, we first need to build enduring relationships with our fellow team members across the globe.

Explore the corporate responsibility section of our website at dell.com/PoweringThePossible to learn more.

About the plan (continued)

- **Lead by example:** We will strengthen our work as an advocate for environmental and social challenges. This means continuing to work with others — including other companies, policymakers, stakeholders and consumers — to help evolve policy, market incentives and other factors to push sustainability more into the mainstream market.

- **Welcome collaboration:** To work toward our aspirations at the necessary scale, we will need engaged, courageous collaborators. We must continue our work with Dell customers, our industry peers, academia, nongovernmental organizations and others to address important societal issues. We also must work across all of Dell, engaging the diverse perspectives and unique talents of our entire workforce.

These principles informed the definition of our 21 ambitious, strategic goals, which identify how we will reach our aspirations. Our 10x20 Goal (see page 9) is our most ambitious: aggregating the work and measuring an outcome that stretches across many of our aspirations, helping demonstrate what is truly possible at the hands of our customers and partners — all of us working together.

All of our sustainability goals are bound by an end date of 2020.

Next steps

On the following pages, we outline each of these goals and encourage feedback through Twitter via @Dell4Good.

Leaders across Dell will begin incorporating these sustainability goals into performance dashboards to drive progress and track the results against each goal. Some define a clear path toward 2020 with easy-to-identify measures that are backed by standard methodologies. For others, part of our work will include better understanding how to measure our progress. With all of our goals, we are committed to keeping our stakeholders apprised of progress.

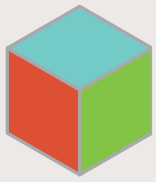
Beginning next year, we will organize our annual corporate responsibility report around tracking performance against our plan, sharing both our challenges and successes. We will also continue to provide a comprehensive Global Reporting Initiative (GRI) Report each year, following the GRI Sustainability Reporting Guidelines.

Our commitment

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.

Looking ahead

We are proud of the work we've done so far and recognize we have much more to do to live up to our Powering the Possible commitment. While we may not fully know every step of the path to achieving all the parts of our 2020 Plan, we are in clear agreement on the need to get started — realizing the potential for our positive impacts. We will work with our customers and stakeholders, reporting annually on our successes and challenges as we make our journey to 2020.



2013

2020

2020 Framework

Action areas and our 2020 aspirations

We take action to benefit the environment, strengthen our communities, and engage our people in a diverse and inclusive workforce. Our 10 aspirations qualitatively describe what we hope to achieve as part of our overall Powering the Possible commitment.

Environment

Reduce the environmental impact of our operations

Drive social and environmental responsibility in the industry and our supply chain

Enable customers to reduce the environmental impact of their IT infrastructure

Promote technology's role in addressing environmental challenges

Communities

Engage team members around the globe to use their passions in support of their communities

Use technology to improve the lives of young people

People

Develop leaders who are committed to helping our team members be their best and do their best work in service of our customers

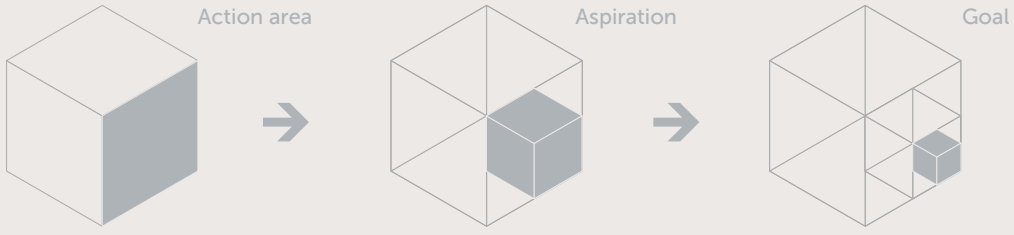
Promote a culture where team members are encouraged to take risks and feel supported, valued and proud to be part of Dell

Be a compelling destination for our team members to thrive, achieve career aspirations and have fun

Give team members a voice that influences leadership and shapes the direction of our company

Our multifaceted approach

Within each of our corporate responsibility action areas — environment, communities and people — our broad aspirations are supported by one or more time-bound goals.



Goals index

Goals

Our 21 ambitious goals identify how we will reach our aspirations.
All of these goals are bound by an end date of 2020.

10x20 Goal — A Legacy of Good

By 2020, the good that will come from our technology will be 10x what it takes to create and use it

Environment

- Reduce greenhouse gas emissions from our facilities and logistics operations by 50%
- Reduce our water use in water-stressed regions by 20%
- Ensure 90% of waste generated in Dell-operated buildings is diverted from landfills
- Develop and maintain sustainability initiatives in 100% of Dell-operated buildings
- Demonstrate 100% transparency of key issues within our supply chain, working with suppliers to mitigate risks in those areas
- Ensure 100% of product packaging is sourced from sustainable materials
- Reduce the energy intensity of our product portfolio by 80%
- Use 50 million pounds of recycled-content plastic and other sustainable materials in our products
- Ensure 100% of Dell packaging is either recyclable or compostable
- Phase out environmentally sensitive materials as viable alternatives exist
- Recover 2 billion pounds of used electronics
- Identify and quantify the environmental benefits of Dell-developed solutions

Communities

- Engage 75% of team members in community service by 2020 and provide 5 million cumulative hours of service to the communities in which we live and work
- Apply our expertise and technology in underserved communities to help 3 million youth directly and support 10 million people indirectly to grow and thrive

People

- Increase engagement and drive inspirational leadership on Dell's strategies, priorities and goals through Dell's end-to-end Leadership Development Programs
- Engage 40% of our global Dell team in employee resource groups by 2020
- Encourage eligible team members to enroll in Dell flexible work programs, increasing global participation to 50%
- Increase university hiring to a rate of 25% of all external hiring
- Be recognized as a best-in-class Employer of Choice
- Achieve 75% favorable responses (or higher) in team member satisfaction globally as measured through the annual employee satisfaction survey

The good that will come from our technology will be 10x what it takes to create and use it.

Technology has always come with a promise. A promise of advancement, of fulfillment of hopes and dreams, of betterment for every individual it touches. At Dell we have always believed in the power of technology to enable human potential. It is one of our founding principles and drives everything we do today and tomorrow.

But what if the promise of technology could go even further? What if we could invest more in technology that does more good? Technologies like cloud computing, desktop virtualization and smart grid. These technologies have the potential to give back more than they take. They enable the world to do more with the technology they already have, do more while consuming less energy, and do things within their communities that were never possible before.

We believe that by 2020, the good that will come from our technology will be 10x what it takes to create and use it. And our mission is to measure this impact — the ripple effect that our technology has, from our customers, to their customers, to the communities it affects. 10x more good.

And this vision for good isn't just about the technology itself. It's also about what our customers do with the technology and what we all do in our communities. It's about how we make our efforts not just about reducing the negatives, but also about increasing the positives.

Let's recycle more technology, let's use high-performance computing to accelerate cancer treatments, let's create solar-powered educational labs, and let's measure the impact this has, not just on the environment, but on the communities we work and live in. And let's do it together.

Because we believe doing less bad is no longer a high enough bar for us to hold ourselves to, we must reach higher. We must act bigger. And we must do it in concert with our customers and partners. We must not only reduce our footprint, but leave a footprint: a positive, measurable and lasting footprint — a legacy of good.

What we'll measure

To show how the good from our technology is 10x the impact of what it takes to create it, we will have to work with our customers, suppliers, consultants and industry partners to collect the data and establish the models that show what is possible. We will measure our own end-to-end footprint using industry-standard approaches and compare that footprint to the social and environmental benefits of:

- Dell-developed solutions
- Solutions jointly developed and marketed by Dell and one or more partners
- Customer-developed solutions enabled by Dell products and technology

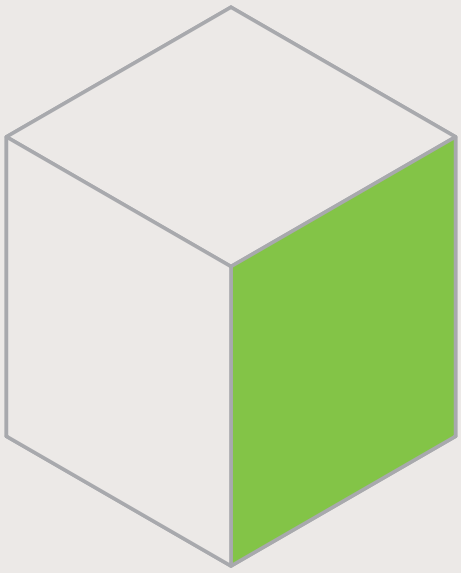
The methodology may not exist yet, but we'll work with others trying to quantify these impacts and improve approaches.

Environment

Environmental responsibility is about more than creating an eco-friendly product or initiative. It's about incorporating sustainability into every aspect of what we do, using our technology and expertise to innovate on behalf of our customers, our communities and the planet.

This commitment starts with our own operations, becoming even more efficient in how we create and deliver technology solutions worldwide. It extends through our supply chain, where we work to ensure consistent, transparent environmental and social stewardship among thousands of companies across the globe. It ultimately provides customers with solutions that give them the power to do more while consuming less.

Our aspirations and goals for 2020 reflect our approach of considering the environment at every stage of technology's lifecycle — from design through end of life — and then measuring the impact to inform future efforts. Together they form the interconnected, inseparable components of our work to make a positive impact on the world we share.



Aspirations

- Reduce the environmental impact of our operations
- Drive social and environmental responsibility in the industry and our supply chain
- Enable customers to reduce the environmental impact of their IT infrastructure
- Promote technology's role in addressing environmental challenges

Aspiration

Reduce the environmental impact of our operations

Goals

- Reduce greenhouse gas emissions from our facilities and logistics operations by 50%
- Reduce our water use in water-stressed regions by 20%
- Ensure 90% of waste in Dell-operated buildings is diverted from landfills
- Develop and maintain sustainability initiatives in 100% of Dell-operated buildings

Reduce greenhouse gas emissions from our facilities and logistics operations by 50%

Challenges and opportunities

As global population and per-capita income continue to increase, so does the demand for energy and consumer goods. The resulting rise in greenhouse gas (GHG) emissions is driving climate change, which may further strain the worldwide energy infrastructure and negatively impact everything from air and water quality to the food supply.

According to the International Energy Agency, buildings represent 32 percent of total final energy consumption, which represents a significant amount of GHG emissions. Within our own operations, more than 96 percent of Dell's FY13 net Scope 1 GHG (direct) emissions and Scope 2 GHG (indirect) emissions were associated with our office, manufacturing and data center buildings and leased spaces; the rest were from company vehicles. Nearly 95 percent of the emissions from our buildings came from energy use: purchased electricity, heating fuels and on-site electricity generation.

Dell has reported its facility GHG emissions through the Carbon Disclosure Project (now called CDP) since 2003. GHG emissions associated with our supply chain, service providers, customers and employees are calculated as indirect, or Scope 3, emissions. Dell has reported business air travel Scope 3 emissions since 2008.

Looking ahead to 2020, our best opportunities to cut 50 percent of our facilities and logistics operational GHG footprint come from reducing our overall energy use, changing the mix of our purchased power, and driving efficiencies in the transport of materials within our supply chain.

Scope 1 and 2 emissions: energy usage

Emissions reduction opportunities within our facilities fall into two areas: reducing our energy usage and purchasing or generating our energy from lower-carbon sources.

Over the past few years, we have made numerous upgrades to our buildings, ranging from more efficient lighting to upgraded pumps and motors in our heating and air conditioning systems. We have made significant changes to technology and support equipment in our data centers. We remain committed to further enhancing our energy conservation activities, both in our current facilities and in new buildings and operations that come along.

Making energy efficiency improvements is an ongoing process. Among our challenges is that many of our locations are leased, which limits the degree to which we can make significant modifications. In addition, we must address acquisitions, divestitures and other changing business activities as we prioritize future energy efficiency projects.

Challenges and opportunities (continued)

Changing how we source our purchased energy is another way for Dell to reduce overall emissions. We already have a strong commitment to using renewably generated electricity, going back to 2003. We currently source 22.6 percent of our global facilities' electricity needs from renewable sources (as of February 2013), and have been a nationally recognized U.S. Environmental Protection Agency Green Power Partner since 2008. And in several locations, we have added systems to generate electricity or hot water from the sun. We are committed to further increasing the amount of "green" energy we use.

Because most of the energy we use comes from purchased electricity, expanding the percentage of renewable-source energy is, in part, dependent on long-term contracts we have in place with power providers. Another challenge is that renewable-source electricity is not yet widely available for purchase in some parts of the world where we have major operations, such as China, India and Latin America.

Scope 3 emissions: transportation and logistics

To achieve our 50 percent reduction in operational emissions, we will also need to reduce the emissions associated with moving materials around through our supply chain prior to sale. Although decisions to use alternative fuels or electric fleet vehicles for the transport of Dell products is out of our direct control, we do closely collaborate with our carrier partners to optimize how our products are moved from port to final destination.

We have always had a commitment to challenging our logistics models to ship products more efficiently. For example, we have transitioned a large number of our shipments to travel via ocean freight rather than planes. In addition, we are applying new technologies to select the right modes of transportation to reduce our impact.

With products shipped to 180 countries at a rate of one per second, there is still much to do. Optimizing logistics capacity utilization and modal selection is a priority for Dell, as it drives both cost savings and sustainability benefits for our supply chain.

Our approach

Reducing Dell's operational emissions by 50 percent will require a comprehensive approach that takes into account what improvements we can make at our facilities, how we source our electricity and other energy needs, and how we continue to reduce our transportation footprint.

Optimize energy use

The first priority of any sustainability program is to be as efficient as possible — by consuming fewer resources or creating less waste in the first place. In support of this ideal, we will continue to seek and implement ways to make our current facilities more energy efficient and to apply energy efficiency standards to new and renovated spaces. We will also continue to share best practices from region to region.

Increase renewable energy

According to the U.S. Energy Information Administration's forecasts, 61 percent of the world's electricity produced and 81 percent of total energy consumption in 2020 will rely on fossil fuels, which are major contributors of global GHG emissions. By sourcing more of our electricity needs from renewables like wind, solar and hydro, we can significantly reduce our own Scope 2 emissions while helping to encourage demand for cleaner energy. Through 2020 we will look for ways to transition more of our electricity purchases to renewables.

We will supplement this effort by continuing to look for opportunities where on-site generation of renewably sourced electricity is cost effective and feasible. We currently own and operate two solar photovoltaic systems for generating electricity, at Dell's headquarters in Round Rock, Texas, and at a campus in Bangalore, India, and rely on solar energy for water heating at several other owned or leased facilities. We expect that solar and other small-scale electricity generation systems will continue to improve, making new opportunities available.

Our approach (continued)

Although electricity is by far the largest source of on-site energy use, we will also evaluate using renewably sourced fuels in other areas of our operations.

Overall, we are setting a target of sourcing 50 percent of our electricity needs from renewables (purchased or generated on-site) by 2020.

Reduced transportation emissions

We are already in the process of transitioning to a new business model that takes advantage of longer lead times to transport some products via more efficient ocean and rail modes rather than aircraft, and we will continue this implementation.

We are also aggressively expanding our use of rail, intermodal and deferred ground transportation on a global basis, which will provide additional sustainability benefits to Dell's extended supply chain. And we will continue our work with industry initiatives like the U.S. Environmental Protection Agency's SmartWay program, which certifies the sustainability initiatives of our logistics partners. Additionally, we continue to require our suppliers to comply with SmartWay in the U.S. and similar programs in other regions.

To increase densities in our shipping, we will continue looking for ways to optimize our pallet, trailer and container utilization. Our ongoing commitment to minimizing the size of our product packaging will also further help us utilize space in shipping containers, helping us cut emissions from transport by reducing overall weight.

Our target is to reduce our upstream (supply chain) transportation emissions by 50 percent by 2020.

How we'll measure progress

For this goal, Dell's operational footprint is the sum of our Scope 1 and Scope 2 facility energy-related direct greenhouse gas (GHG) emissions and the estimated Scope 3 indirect emissions from our supply chain-related materials transport. The Scope 2 emissions will be reported as net emissions, which account for the renewable-source energy components.

While we have reported on our Scope 3 business air travel GHG emissions in the past, the inclusion of the supply-chain-related materials transport emissions makes this a new measure that we will begin tracking this year.

Measuring Dell's operational carbon footprint

Scope 1 emissions

Includes fuels burned for backup generators, owned or leased fleet vehicles, and other on-site generated emissions

+

Scope 2 emissions

Includes emissions associated with purchased energy, minus emissions generated by renewables

+

Scope 3 emissions

Includes emissions from the transport of materials and products within our supply chains

= Our operational carbon footprint

Reduce our water use in water-stressed regions by 20%

Challenges and opportunities

According to the United Nations (UN), global water use has been growing at more than twice the rate of population growth over the past century. By 2025, two-thirds of the world's population could be living under conditions of water stress, which the UN defines as annual water supplies falling below 1,700 cubic meters per person. Water scarcity occurs when water demands cannot be met by existing supplies, or below 1,000 cubic meters per person.

Water stress can result from physical causes such as declining rainfall or polluted water supplies. Scientists expect that climate change will further increase water stress and scarcity in many locations of the globe because of unpredictable weather patterns. All of this will be aggravated by increases in population and, in some areas, economic factors like poor infrastructure and improper management of water supplies that can prevent people from accessing the fresh water they need for washing, cooking and other basic needs.

Dell's direct water use is relatively limited, but some elements of our supply chain are water intensive. In the coming year, we will identify the water-related issues that are most associated with our business activities, from our supply chain to our operations to our customers.

Most of the water used in Dell's operations comes from municipal water supplies and is used for building heating and cooling and for domestic purposes such as food preparation, restrooms, and irrigation. We do not create or discharge any industrial wastewater. In the past few years, we have completed several different types of water conservation projects, and even recycle or reuse wastewater in some of our facilities in India and Brazil.

We are committed to careful stewardship of all natural resources in the communities we serve, and that means easing the burden on stressed water supplies where we can, through activities such as water-efficient fixtures, buildings and landscaping. After all, we're not immune to the effects of water shortages in our own facilities.

Our challenges are similar to those for energy efficiency: addressing water usage in a changing building portfolio and being limited in what physical modifications we can make at many of our leased facilities.

As the demand for fresh water continues to grow faster than supplies in many of the communities where we operate, we will need to expand our conservation efforts and find new ways to reuse water, particularly in locations that are water stressed. While the water footprint of our operations is fairly small, every drop counts.

Our approach

Water stress and water consumption at Dell facilities vary by region, so we will identify, evaluate and implement solutions that work well at the local level and share best practices across the company. As noted in our goal statement, our efforts will be focused on — but not limited to — locations that are experiencing water stress.

Our approach will include two key strategies:

Reduce water usage

We will continue and expand our ongoing water conservation activities such as retrofitting buildings with water-efficient fixtures, using efficient cooling systems, replacing water-intensive landscaping with native and low-water vegetation in arid areas, and using technology such as "smart" irrigation systems. We will also incorporate water-efficient technology in new Dell facilities.

Use alternative water sources

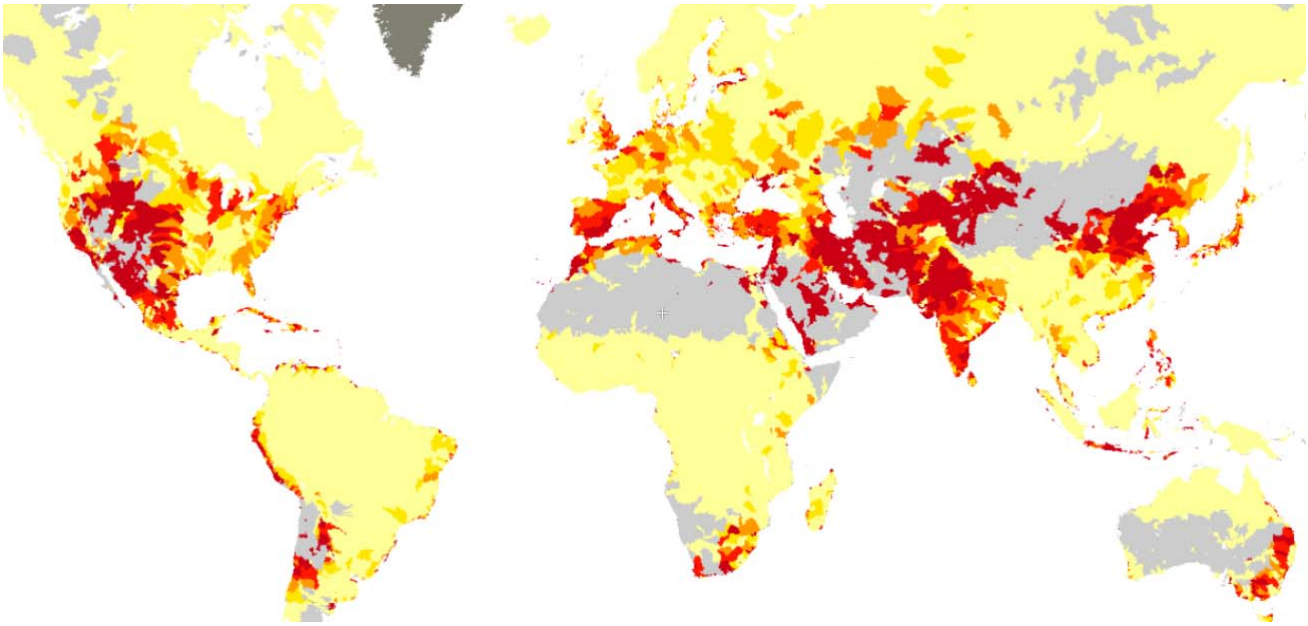
Another way to reduce local water stress is to use (or reuse) water that comes from non-drinking water sources such as rain water, treated effluent and condensate. Some of our facilities already use such reclaimed water, and we will look to expand these and similar programs to other locations in the future where it is feasible.

How we'll measure progress

Our measurement will be calculated by looking at the total annual fresh water consumption in Dell facilities located in water-stressed regions (as defined by the United Nations), adjusted to account for significant changes in building area or number of occupants, depending on the type of building. The consumption measurements will be based on utility water meter readings in Dell facilities where we have control over water consumption.

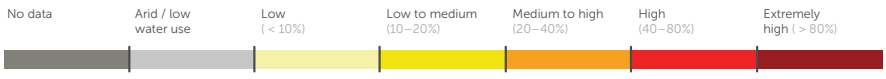
While we have reported on total water use in the past, this is a new measurement for Dell.

Water-stressed regions



Baseline Water Stress

Withdrawals / available flow



*Source: aqueduct.wri.org/atlas (October 2013)

Ensure 90% of waste generated in Dell-operated buildings is diverted from landfills

Challenges and opportunities

Waste represents opportunities for improvement. First, waste can be an indicator of resources that could have been better used or that potentially could be used again. Second, the act of managing waste can use up additional resources. Our aim should be to find better ways to use resources efficiently in the first place, repurpose materials after use, and throw things away as a last resort.

Dell has a long history of responsible waste management. We already recycle or reuse more than 95 percent of the waste from our manufacturing operations, and we are a global leader in the collection and recycling of e-waste. In many of our facilities, we recycle office paper, recycle and reuse materials from construction and renovation projects, and have partnered with our contract food service vendors to reduce waste. However, as a global corporation with more than 100,000 team members, there continue to be ample opportunities for us to further reduce the amount of waste we generate and to minimize what we send to landfill.

Our opportunities for improvement by 2020 lie mainly within Dell-operated buildings — meaning buildings where we can control how our waste is managed. We will need to take a local approach, as options that are available for waste prevention, reduction, recycling and reuse can vary greatly from one region to another. In addition, each Dell building uses on-site business partners for contracted services such as food service, janitorial and landscaping, who we will need to engage. Lastly, we will need to continue to educate our team members, on-site service providers and visitors about their part in helping us achieve our goals.

Overcoming these challenges will help us to reduce the amount of waste we generate and keep more waste out of our landfills while helping conserve our planet's valuable resources.

Our approach

By far, most of the waste that Dell generates is considered nonhazardous. It consists of materials such as office paper, food service materials from our cafeterias, discarded furniture and general supplies. In our manufacturing areas, our waste streams primarily consist of shipping and packaging materials such as cardboard, plastic, pallets and paper. Other waste includes old computer and technology equipment, printer cartridges and other end-of-life electronics. A small amount of hazardous or regulated waste, such as used oil, fluorescent lamps and old batteries, is created during the maintenance of our buildings and on-site equipment.

To divert 90 percent of our total waste at Dell facilities, we need to expand our waste avoidance, recycling and alternative waste management activities.

These efforts can be broken down to three key strategies:

Target office buildings

There is ample opportunity for us to expand our efforts within office buildings. This may come in the form of implementing new recycling programs where limited programs exist, such as adding additional items to current recycling streams, expanding food waste composting programs to new locations, modifying procurement practices, or other initiatives suitable to each building.

Our approach (continued)

Maintain high reuse and recycling rates in manufacturing operations

Over the past few years, we have consistently recycled more than 95 percent, and landfilled less than 4 percent, of the waste in Dell manufacturing and fulfillment facilities. To maintain a high level of reuse and recycling, we will continue to practice waste minimization and reduction efforts. Additionally, we will look for new opportunities to move further away from landfilling.

Refine measurement systems

Measurement is a critical tool for managing change. By 2020 we will expand our internal processes for categorizing and measuring waste. We will also hone our methods of measuring waste that falls outside of traditional recycling programs — items like discarded furniture and office supplies. And we will consider adding the amount of e-waste generated within our own facilities to our operational waste reduction metrics (it is now tracked separately).

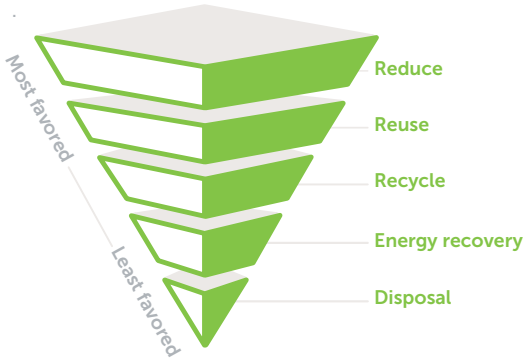
How we'll measure progress

Moving forward, we will measure the percentage of material diverted from landfills at all Dell-operated buildings. In the past, we have reported on the recycling and reuse rates for our manufacturing facilities, so this represents an expansion of our current metrics.

Waste hierarchy

At Dell, we follow the principles of the waste hierarchy when it comes to our own facilities. This process helps define how we approach the concept of "waste." Of course, ideally we do not want to create waste — it is inefficient and indicates we may not be getting the most out of our resources.

That is why source reduction — preventing waste in the first place — is atop the inverted pyramid. The next best options are reuse and recycling, followed by energy recovery. Our least preferred option is to dispose of waste in landfills.



Develop and maintain sustainability initiatives in 100% of Dell-operated buildings

Challenges and opportunities

Our 2020 goals to reduce emissions, water and waste within our operations will enable Dell to continue to make important strides in reducing our environmental footprint. But environmental programs in our operations can be much broader than those areas alone. Each of our facilities has a unique opportunity to create sustainability initiatives that address the unique needs of its location and team members.

For example, energy efficiency improvements continue to be an important activity for Dell with environmental benefits far beyond greenhouse gas emission reductions. Facilities that have relatively low energy use but high energy intensities may be candidates for initiatives that focus on operational aspects such as managing plug loads (portable equipment) or lab processes. In other facilities, we may have an opportunity to partner with community providers on initiatives such as an awareness campaign focused on the benefits of locally grown food, or testing a new recycling process. A building that is undergoing construction or major renovation may be a candidate for Leadership in Energy and Environmental Design (LEED) or similar "green" design. And in areas where electric vehicles are popular, we may consider further investing in electric vehicle charging infrastructure.

One of our very real challenges is that our facilities are unique. While we may be able to share best practices, each building has its own character and each location its own employee culture. Additionally, many of our facilities are leased, bringing additional challenges in managing or sustaining improvements. This applies to both new facilities as well as those we acquire through mergers and acquisitions. We have set this goal to apply to Dell-operated buildings, both leased and owned, to help us focus our initiatives where we can be most effective.

Finally, continuing to engage our team members and on-site business partners will be critical. We cannot be successful without the input and participation of everyone working in our buildings.

Our approach

Our facilities teams will continue to look for and make sustainability improvements, with input from team members, site leaders and other stakeholders. We will also seek out new opportunities to partner with local businesses, cities, suppliers, utility providers and others to identify and implement site-specific programs and test out new technologies that benefit the environment.

In addition, we will adjust internal facilities policies and programs as needed to further encourage environmental improvements.

Although some of these initiatives will be conceived as local actions, we will also want to duplicate and/or scale some of these to other locations. Our Facilities Councils, Planet Employee Resource Groups and other forums will provide the opportunities for us to share successes and best practices.

How we'll measure progress

While we have periodically reported on individual facility-based sustainability initiatives, this will be a new measure for us.

Aspiration

Drive social and environmental responsibility in the industry and our supply chain

Goals

Demonstrate 100% transparency of key issues within our supply chain, working with suppliers to mitigate risks in those areas

Ensure 100% of product packaging is sourced from sustainable materials

Demonstrate 100% transparency of key issues within our supply chain, working with suppliers to mitigate risks in those areas

Challenges and opportunities

Working in 138 countries worldwide, the companies in Dell's supply chain provide the parts for our products, the labor to build them and the vehicles to ship them. They service our buildings and feed our team members. They are an indispensable part of our business and an extension of our 110,000-member Dell team. Like our own team members, we expect suppliers to not only perform at their best but also to adhere to our social and environmental responsibility (SER) standards — especially since they are in a position to then influence their own suppliers.

Just as we openly report our own SER performance and policies to stakeholders, and then work to continuously improve, we must also provide 100 percent transparency of key issues within our supply chain and work with suppliers to help them mitigate their risks. To maximize both the efficiency and influence of our efforts, we focus on capability building for Tier 1 suppliers (which account for 90 percent of Dell's procurement spending). We share SER best practices with them through workshops and webinars, and conduct quarterly business reviews.

We recognize that we still have significant challenges in our supply chain, and we are committed to working with our suppliers to address them. Excessive working hours continues to be one of the challenges that has not improved much over time. We recognize that we have to think differently about these large problems in order to overcome them. Our 2020 Plan will help us work toward that goal.

We currently hold all suppliers to our SER standards, which include criteria for carbon, water and waste; worker health and safety; and fundamental human rights and dignity. We also will have SER requirements built into future contracts. We audit suppliers' conformance to these standards and work with them to correct issues and move toward compliance.

Publishing audit results is the best way to show our commitment to transparency. We have started to publish our aggregated supplier audit results and some components of corrective action plans. This provides opportunities for our customers to see the state of our supply chain and evaluate it across several categories. Moving toward 2020, we must be fully transparent, providing a greater level of detail so all Dell stakeholders can have more visibility into our performance. We also must be better about drilling down and making data available by region and by issue.

Another challenge in providing 100 percent transparency around our supply chain is that in many cases, we share suppliers with others in the industry. We recognize many of our peers could be auditing some of the same suppliers to the same Electronic Industry Citizenship Coalition Code of Conduct. This causes fatigue from duplicative audits. We understand we must lead in not only making data easily available, but also in harmonizing the audit process where we share suppliers with our peers.

Challenges and opportunities (continued)

This is why we are supportive of Dell suppliers owning the audit: Once an audit is completed, the supplier can share the data with all the customers who require it. This industry-wide effort will take time and a willingness to share data.

Within the challenge of audits is the corrective action plans they create. While being transparent about these action plans helps our suppliers become more competitive in a global marketplace where corporate responsibility is increasingly important, we acknowledge that not every supplier — and not every one of their customers — wants to be fully transparent, even around key issues. We will need to address this challenge.

The differing legal requirements and standards across our supply chain may present the biggest challenge to achieving full transparency. For example, many of our suppliers do not face the same legal requirements to publicly disclose whether they use conflict minerals, which can make it difficult to trace conflict minerals through our supply chain. It can also make some suppliers reluctant to have their information shared transparently. Despite these ongoing challenges, we are committed to sourcing responsibly and avoiding conflict minerals.

Fostering self-accountability among suppliers — through initiatives like our workshops, trainings and industry collaborations such as the Sustainable Trade Initiative (IDH) Electronics Program — will be key to increasing compliance and reporting. Educating and supporting our suppliers and holding them accountable are responsibilities and opportunities that we fully embrace.

Our approach

To achieve 100 percent transparency of key issues in Dell's supply chain, and to work with our Tier I suppliers to mitigate those risks, we will work toward three targets through 2020:

- Publish 100 percent of audit results, aggregated and by country.
- Ensure that 100 percent of Dell's Tier 1 (top 90 percent spend) production and select services suppliers publish GRI-based sustainability reports.
- Require a 5-year responsible water risk mitigation plan from all production and select services suppliers.

Aggregated audit results

We currently conduct our own audits and some third-party audits of our suppliers and report a summary of findings, along with examples of actions we are taking to correct any issues, in our annual corporate responsibility report.

Our next step in transparency is to aggregate all audit data, organize it by region and country, and put it online for year-round stakeholder access. Any system is only as good as the data that goes into it — when an audit reveals noncompliance, it remains open until all issues are corrected.

GRI-based sustainability reports

Our overall approach to defining our standards for suppliers is drawn from a review of global best practices, management systems and acknowledged standards. Our standard for sustainability reporting is the Global Reporting Initiative (GRI), an internationally recognized framework.

Our approach (continued)

We see social and environmental responsibility not as optional but rather a requirement of doing business. So we will add requirements to production and select services supplier contracts to provide a GRI-based report. We will publish a link to the report online under our list of suppliers. Our biggest challenge to obtaining reports from 100 percent of our suppliers will be willingness and ability to devote resources to reporting. We will help them overcome these obstacles by providing templates and best practices, as well as ongoing education and one-on-one support to suppliers.

Water risk mitigation plans

We work with suppliers to help them identify and mitigate their risks, and water is one key risk area we've identified as a priority over the next decade. By 2025 more than half the world's population will live in conditions of water stress, which the United Nations defines as annual water supplies falling below 1,700 cubic meters per person. The causes can be environmental (degradation, drought, floods) or economic (poor infrastructure).

Water stress has the potential to disrupt our suppliers' business in many ways. Drought could force suppliers to transport water to their facilities from other areas, which can be a costly proposition in areas of geopolitical battles over water usage. Floods could affect production, as we saw in 2011 when floods in Thailand caused a worldwide shortage of hard drives. A lack of clean drinking water can seriously affect team members' performance and livelihood.

Our requirement of a five-year responsible water risk mitigation plan aims to address these risks among production and select service suppliers. We will educate these suppliers about water-related risk and the process of creating a risk mitigation plan, providing support as needed.

How we'll measure progress

Each year as part of Dell's corporate responsibility reporting process, we will share an update on progress. For an example of how we've reported on audits in the past, see page 34 of our FY13 Corporate Responsibility Summary Report.

In our work toward this goal, we will continue to improve the way we make audit results accessible and clear for our stakeholders.

Ensure 100% of product packaging is sourced from sustainable materials

Challenges and opportunities

The United Nations estimates that the current global population of 7.2 billion will increase by almost 1 billion in the next 12 years, swelling to 8.1 billion in 2025. With this growth comes more competition for the raw materials traditionally used in packaging — petroleum for plastics, and trees for cardboard and paperboard. Packaging has a short shelf life, and we recognize that diverting such valuable resources for fleeting use is unsustainable.

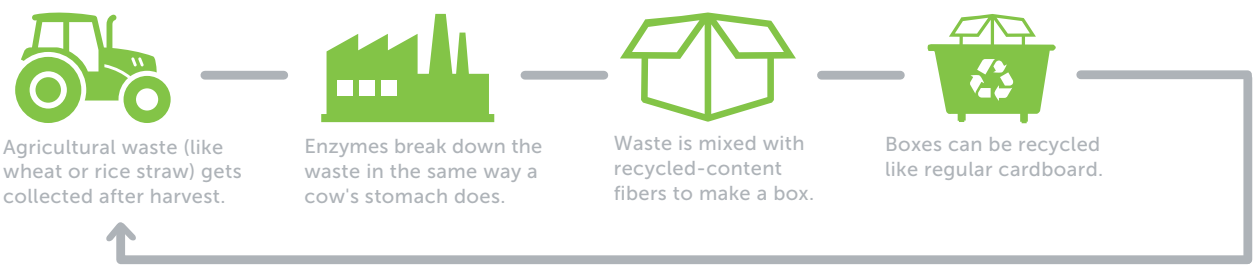
Our goal is to source 100 percent of Dell's product packaging from sustainable materials by 2020. We define sustainable materials specifically as those that are renewable or recyclable, and approximately 57 percent of our packaging fits this definition. We were the first in the industry to use renewable bamboo, mushrooms and wheat straw in our packaging. Also, the recycled cardboard, recycled plastics (sourced from milk jugs) and paper pulp we use are recyclable.

Using more sustainable materials gives us the opportunity to help Dell customers reduce their environmental impact. Beyond conserving resources like petroleum, it also allows us to go one step further and actually turn unwanted waste products like agriculture waste into viable packaging materials for us and valuable income streams for local businesses. This also creates opportunities to divert these materials from their current processes, which often involves burning them and creating unwanted pollution.

We also have an opportunity to source our packaging near where it is needed, helping reduce the upstream environmental impacts of transporting the materials. By working with our suppliers to develop processes that can use different types of agricultural waste for packaging, we are not tied to specific growing regions. By focusing on widely cultivated crops like wheat and rice, we can increase the geography of where we obtain our materials.

Our greatest challenge will be finding continuously available supplies that protect Dell products as well as nonsustainable materials do. Especially in the case of packaging that is dependent on the byproducts of agriculture, our supplies are tied to weather events and crop yields. By diversifying the types of waste we use as an input, we can mitigate that risk.

Sustainable materials: from agricultural waste to a Dell box



Our approach

As with our goal to increase recyclable and compostable packaging (see pages 32-33), we will leverage Dell's structured packaging innovation model and strong supplier relationships to pursue more sustainable materials through 2020. We will take a collaborative approach, working openly with suppliers, nongovernmental organizations and stakeholders to proactively find new materials and test those presented to us by partners.

We will look for the most viable alternatives to our petroleum-based packaging materials. Currently, that includes expanded polyethylene (EPE) cushions, HDPE cushions, plastic bags and Air Pack cushions.

Agricultural by-products will be a big focus area. For example, we've begun working with wheat straw — the part of the wheat plant left over after harvesting, which is considered an unusable by-product that is often burned by farmers, creating pollution. But a new biotechnology plant outside of Shanghai has created a process to utilize wheat straw that allows Dell to create a more sustainable cardboard box. The boxes can be recycled most places. This allows farmers to earn more money and creates jobs in the region.

We will also look for ways to expand the use of our other renewable materials, like bamboo and mushrooms, while partnering with our suppliers to search for new options. The models around sourcing materials are continually evolving, with advances in the use of sustainably grown materials and even partnerships that enable companies to utilize each other's recycled waste materials.

Lastly, we will work with our partners to develop new and more effective ways of evaluating the impact of sustainable materials.

How we'll measure progress

The Sustainable Packaging Coalition sets forth a proposed definition of sustainable packaging. From this definition, we are focusing on what makes for sustainable materials to help articulate our definition. From there we have identified the following as a start to how we identify sustainable materials in Dell packaging.

Packaging material should:

- Be beneficial, safe and healthy for individuals and communities/environment throughout its lifecycle
- Come from either recycled or rapidly renewable sources
- Be processed, manufactured and used in efficient and environmentally safe ways

Following this thinking, a sustainable material would not take away from the ability of others to meet basic needs needs such as food; it would either come from a rapidly renewable resource like bamboo or a recycled one like paper pulp, and it would not require highly energy-intensive processing to use it as a packaging material.

Approximately 57 percent of our packaging materials by volume currently fits this definition.

Aspiration

Enable customers to reduce the environmental impact of their IT infrastructure

Goals

- Reduce the energy intensity of our product portfolio by 80%
- Use 50 million pounds of recycled-content plastic and other sustainable materials in our products
- Ensure 100% of Dell packaging is either recyclable or compostable
- Phase out environmentally sensitive materials as viable alternatives exist
- Recover 2 billion pounds of used electronics

Reduce the energy intensity of our product portfolio by 80%

Challenges and opportunities

In 2002 and 2003, Professor Richard Smalley of Rice University identified the top 10 problems facing humanity over the next 50 years. Of these 10 items, he considered abundant, affordable, clean energy to be the most significant. With sufficient energy, other problems become easier to solve. Dell believes that every kilowatt-hour of energy wasted is a kilowatt-hour that could be used elsewhere. Energy efficiency is an opportunity we all must embrace as a social imperative.

Gartner estimates that the IT sector's footprint accounts for about 2 percent of global carbon dioxide emissions. This footprint is significant but also greatly outweighed by the potential for IT to help us address Professor Smalley's top 10 issues, such as water, disease and education.

The commitment to reduce the energy intensity across our entire product portfolio reflects both the footprint and the potential of IT. This is a realization that we need to understand not only the data center but also the end-user and the network that connects them all. The potential is broad as well. As mobility becomes endemic, the traditional lines between the end-user and the data center become fuzzier.

Being an end-to-end solutions provider enables Dell to leverage its traditional strengths to the challenges of efficient IT. Most components in our systems are becoming more efficient with each generation. The system, however, is more than just the sum of its parts. A firm foundation in system design is necessary to ensure that components that are efficient alone are efficient when they are working together.

The same is true at the solutions level. An efficient IT solution requires not only efficient hardware but also an approach that pulls all the systems together in an efficient manner.

In terms of being able to measure our goal, we have the added challenge of needing to map and establish baselines for new products and/or acquisitions. This includes building the ability to model both the energy consumption of all hardware products across our portfolio and the capabilities these products provide, such as compute performance, storage performance and network performance. Plus we need to firmly establish a methodology for how we aggregate the measurement of these efficiency gains across our portfolio, given that different product categories will have different delivered capabilities.

Challenges and opportunities (continued)

Additionally, we will need to work together with our supply chain and within our industry to continue to deliver ongoing efficiency improvements that match the historic trends. In some cases, we expect to see continued improvements in efficiency for the foreseeable future; in other areas, we may be approaching the limits of achievable efficiencies.

While this goal is already aspirational, it serves another purpose: Dell customers who want to project future energy requirements and support needs for their IT environments can see our roadmap. We hope setting a long-term energy intensity goal for our product portfolio provides valuable guidance and insight for our customers as they develop their own long-term plans.

This opportunity extends to both customers with stable needs, looking to reduce their energy footprint, as well as those customers looking to expand their capabilities while fitting comfortably within existing energy constraints.

Our approach

As an end-to-end provider of technology products and solutions, Dell's first strategy is to focus on how all the components come together — whether in creating a laptop, a data center or a global business network. This will require us to work with the industry and our suppliers to continue to drive the expected energy efficiency gains for processors, power supplies and other components.

Additionally, this will need to be a long-term commitment. To reach an 80 percent improvement for the whole portfolio, we will have to coordinate across product lines and focus on patiently but consistently applying our expertise in service to the goal. The types of gains we make will be different by product, too. This will allow us to better innovate and take into consideration how the products will work together, rather than trying to make improvements in a vacuum where one gain may be blocked by inefficiencies in other areas.

We will also have to apply this rigor to any new products or new acquisitions that add to our product portfolio. We will also maintain our commitment to pursuing leading product certifications, such as ENERGY STAR®

How we'll measure progress

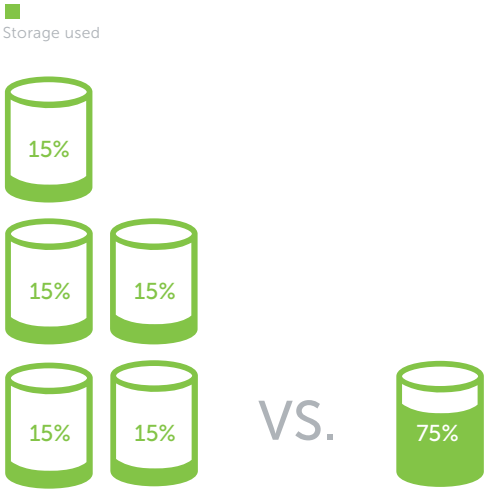
Before we begin reporting, we need to establish a methodology for demonstrating a portfolio-wide reduction in energy intensity, given that different Dell products deliver different capabilities, and thus measurement is not uniform. We will use the World Resources Institute's Scope 3 specifications to estimate energy consumption and emissions resulting from the use of sold products. Additionally, we will develop models for estimating the total delivered capabilities in a year (as applicable and by product category).

With that in hand, we will aggregate the data across the portfolio. What matters in terms of energy efficiency relative to delivered capabilities is not the same for every product type. So we may provide a dashboard of aggregated performance measures, all striving to show either an 80 percent decrease in energy intensity or a 5x improvement in productivity.

Overprovisioning

Overprovisioning is another way technology can waste power. Examples include data center cooling; too much spare storage; excessive processing capabilities for simple repetitive tasks; and using the wrong device for the wrong application. Addressing underutilization and overprovisioning is an effective strategy for reducing energy waste.

5 empty storage devices versus 1 utilized storage device (same size)



x5 storage devices at 80 watts each

x1 storage device at 80 watts

Five underutilized storage devices using 400 total watts versus one properly utilized device using just 80 watts

Use 50 million pounds of recycled-content plastic and other sustainable materials in our products

Challenges and opportunities

According to the Worldwatch Institute, rising prosperity and the increasing urbanization of the world population could lead to a doubling in the volume of municipal solid waste created annually — from the current level of 1.3 billion tons per year to 2.6 billion tons in 2025. When waste is landfilled or incinerated, it generates greenhouse gas emissions contributing to climate change. When disposed of improperly, it can also degrade air, water and soil, harming the health of both people and the planet. The best option is for waste to be avoided or recycled into new, useful materials.

At Dell, we take a lifecycle approach to all aspects of sustainability — including waste — considering the environment at every step: product design, building, packaging and shipping, use and recycling. Our waste reduction efforts thus start with incorporating sustainable materials, such as recycled-content plastics and natural fibers, into the design of Dell products and packaging whenever possible.

Today we use recycled-content plastic from sources such as bottles and CD cases to create the plastic housing of desktops and backing of monitors. In 2012 this diverted more than 7.8 million pounds of plastic from landfills. Between now and 2020, we have the opportunity to increase this amount while further closing the recycling loop by building our products using content from recycled electronics. There are also many emerging alternatives like bio-based plastics.

The challenge is that, because electronics are more difficult to recycle than consumer goods, there is a smaller supply of recycled-content plastic from electronics compared to post-consumer sources like bottles. Also, in general the demand for post-consumer recycled plastics has increased greatly, so it can be challenging to achieve a consistent supply. And with any recycled-content or alternative materials, our greatest challenge will continue to be maintaining our high mechanical and electrical performance standards for each product.

Our approach

To increase the use of sustainable materials in our products, our primary focus will be incorporating more recycled-content plastics, with a special emphasis on closed-loop plastics from electronics products. Our target is to use more than 50 million pounds of recycled-content plastics in Dell products by 2020, keeping in mind that products are getting smaller and our portfolio will change over the next decade.

We will follow our proven innovation model, which involves collaboration between Dell engineers and materials suppliers.

Together we will overcome key challenges to using recycled-content plastics from electronics, which include:

- Exploring the maximum post-consumer recycled content that can be used while maintaining performance
- Overcoming manufacturing challenges, from flow to temperatures to mold design
- Ensuring material is free of major contaminants for reuse in new products (for example, RoHS compliant)
- Sourcing recycled-content plastics in compliance with Dell e-waste policies

As part of our commitment, we will also explore and document the use of other sustainable materials, ranging from recycled metals to bio-based plastics to natural fibers. We will proactively look for sustainable materials we can incorporate, and also test the viable alternatives that the market presents to us over the next decade.

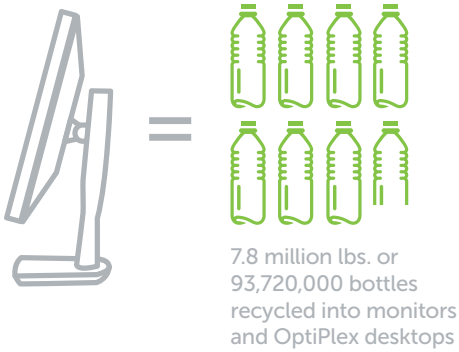
Our criteria for all materials will be continuity of supply, mechanical and electrical performance, manufacturability and cost. We will also consider the lifecycle, as some plastics may not be recyclable at end of life. With Dell electronics takeback programs in 78 countries and a goal to recover 2 billion pounds of electronics by 2020, maintaining easy, safe recyclability of our products is mandatory.

How we'll measure progress

Today we know we're already succeeding in the use of recycled-content plastics. As part of this goal, we want to incorporate 50 million pounds into our Dell products between 2013 and 2020, even as form factors continue to shrink and change.

We will also report on other measurable uses of sustainable materials. For reference, last year we used 7.8 million pounds of recycled-content plastic.

Use of recycled-content plastics in FY13



7.8 million lbs. or 93,720,000 bottles recycled into monitors and OptiPlex desktops

93,720,000 bottles lined up end-to-end is 24,836 kilometers, which equals over two times the circumference of the moon.

6% increase in FY13 compared to FY12

Ensure 100% of Dell packaging is either recyclable or compostable

Challenges and opportunities

Packaging is crucial to protecting product shipments in their journeys around the world. Packaging is also typically wasteful — something to immediately discard and forget after retrieving its contents. Envelope by envelope, box by box, this adds to a growing waste problem worldwide.

The World Bank projects a 70 percent global increase in urban solid waste by 2025, with an estimated 4.3 billion urban residents each generating more than 1.42 kilograms of waste per day — almost the same in weight as The Great Pyramid of Giza. In most parts of the developed world, packaging constitutes as much as one-third of the non-industrial solid waste stream, according to the U.S. Environmental Protection Agency. Incinerating and landfilling this waste uses valuable land space and contributes to air, water and land pollution.

The good news is that packaging, when recyclable or compostable, also represents one of Dell customers' easiest opportunities to reduce their environmental impact. By just making a different choice in packaging disposal, customers can change the trajectory of those boxes, cushions and envelopes and give them a new life. Not only does this help our planet by conserving raw materials and diverting waste from landfills, it also fuels the recyclables market, which provides jobs to local communities. But for this to happen, the choice needs to exist — packaging materials must be recyclable or compostable, and customers must be aware and act on that knowledge.

We have a strong basis upon which to build our efforts toward waste-free packaging. Over the past five years, we've pioneered the use of bamboo and mushroom packaging materials and have worked to make more than 75 percent of Dell's desktop and laptop packaging recyclable or compostable.

Per the U.S. Federal Trade Commission Green Guidelines, we define "recyclable" as being able to be recycled in at least 60 percent of the municipalities served by a product. To define packaging as "compostable," we use ASTM International standards (ASTM D6400). We have the opportunity to take this figure to 100 percent by 2020 through further innovations in alternative materials.

Looking toward 2020, our greatest challenge to meeting our goals will be engineering recyclable and compostable cushioning that can protect heavy shipments as efficiently and cost-effectively as non-recyclable cushioning does. Also, any new packaging configurations we explore must be broadly recyclable — meaning there is a secondary market for their materials. Our greatest strength lies in our industry leadership and strong, collaborative partnerships with materials suppliers worldwide.

Our approach

We will follow Dell's structured packaging innovation model, taking a collaborative approach to increase our recyclable and compostable packaging. Our process utilizes open innovation — our engineers engage with suppliers and stakeholders to discover new materials, test their viability, pilot their use and bring them to market.

For example, in 2009 Dell was the first technology company to use sustainable bamboo cushioning in place of foams in some products. We collaborated with our suppliers to meet the U.S. Federal Trade Commission's (FTC) stringent guidelines for recyclability — testing the viability of incorporating the bamboo into existing recycling streams and surveying recycling facilities about acceptance. And the bamboo we use is different from the kind pandas eat. It has become an important material in protecting our laptop shipments, and the natural fiber market we created now serves other Fortune 500 companies worldwide.

Between now and 2020, we will leverage this approach to:

- Find alternatives to the elements of our current packaging materials mix that are not recyclable or compostable, such as expanded polyethylene (EPE) cushions and plastic bags
- Expand the use of some current materials, such as wheat straw, molded paper pulp and mushroom-based cushioning, where appropriate
- Work with our partners and suppliers to explore and test other creative materials and configurations that emerge over the next decade

We are also committed to making sure it is easy for our customers to identify what to do with our packaging materials — providing multiple forms of education to increase the likelihood that they recognize our packaging as recyclable or compostable.

How we'll measure our progress

Because local recycling programs vary across the globe, we are measuring this goal against the guidelines set out by the FTC, which suggest that something could be called recyclable if it is accepted by approximately 60 percent of municipal recycling programs. A material's compostability is determined by whether it can be certified to meet the ASTM D6400 standard.

Using these standards, we will measure the percentage by volume of all Dell packaging that could be considered recyclable or compostable. In previous years, we have reported only on our desktop and laptop packaging; last year, 75 percent of desktop and laptop packaging met this definition.

Phase out environmentally sensitive materials as viable alternatives exist

Challenges and opportunities

Many customers and stakeholders are concerned that the chemicals commonly used in the technology industry could pose significant environmental or human health risks, especially at the end of a product's life.

If products are incinerated, improperly recycled or disposed of in landfills with compromised safety standards, materials like brominated flame retardants (BFRs), chlorinated flame retardants (CFRs), polyvinyl chloride (PVC) and phthalates could possibly degrade the soil, air and water, and be harmful to human health and the environment.

Dell has a responsibility — as both a supplier and a customer in the technology industry — to understand how the chemicals used inside our products and during our manufacturing processes affect humans, plants and animals.

We go beyond the world's strictest regulations and follow the precautionary principle outlined in our Chemical Use Policy, voluntarily avoiding substances if reasonable scientific grounds indicate they could be harmful to humans or the environment.

Moving toward 2020, we will phase out our current chemicals of concern (see table on page 35) as viable alternatives exist, while also targeting new substances of concern that emerge. This involves several challenges, and the first is that we can't do this alone.

Materials usage laws and regulations differ around the world, as do suppliers' levels of transparency. The industry needs consistent approaches to prioritizing materials and impacts. We have the opportunity to leverage our strong partnerships with suppliers and industry stakeholders to strengthen accountability and identify superior solutions.

This collaborative approach has helped us eliminate environmentally sensitive materials from many Dell products over the past decade. For example, our XPS and Latitude[1] product lines now have BFR-, CFR- and PVC-free features.

Another big challenge will be finding alternative materials that meet our performance requirements. Also, while we strive to stay a step ahead of research and regulations worldwide, laws will continue to change and research could reveal new substances of concern. Flexibility, creativity and persistence will be the keys to phasing out sensitive materials on behalf of our customers, our communities and our planet.

Our approach

We will work toward phasing out our priority chemicals (see table) for 2020, while also targeting any new substances of concern that may emerge. We will stay abreast of the world's most recognized regulations — RoHS and REACH in the European Union — and use them as a baseline while going beyond their requirements.

Using a collaborative approach, we will work with Dell stakeholders to identify chemicals that may cause harm, evaluate their potential impacts and decide whether to voluntarily eliminate them.

We define these substances of concern as having hazardous properties that:

- Are a known threat to human health or the environment
- Show strong indications of significant risks to human health or the environment
- Are known to biopersist or bioaccumulate in humans or the environment

[1] except Latitude 3XXX Series

Our approach (continued)

We will work with stakeholders, nongovernmental organizations, academia and suppliers throughout the elimination process. As specified in our Design for the Environment policy, we maintain a comprehensive list of Materials Restricted for Use that is incorporated into all Dell engineering specifications and supplier contractual agreements.

To increase transparency, suppliers must sign our Supplier Declaration of Conformity and ensure all product materials comply with Dell's environmental policies. To release a part to production, a supplier must ensure the product meets the Materials Restricted for Use specifications and record any applicable exemptions. Supplier declarations are collected for each part in a product's bill of materials.

Additionally, we audit by selecting Dell parts at random and submitting to third-party testing quarterly. We also actively screen samples in-house using X-Ray Fluorescence equipment.

To enforce Dell's precautionary measures, we will strive to eliminate substances of concern in products by:

- Maintaining a Banned and Restricted Substance Program
- Choosing designs and materials that avoid the use of substances of concern
- Prohibiting supplier use of these substances contractually
- Substituting viable alternative substances

How we'll measure our progress

Each year, we will report about identified environmentally sensitive materials, providing a status on their removal. As removal may not be immediate, we will continue to report any changes in status until identified materials are phased out to the levels identified by industry-wide standards.

Materials on our watch list

Materials we are currently phasing out voluntarily:	Additional materials we will target in the future:
Mercury	Beryllium
Brominated Flame Retardants (BFRs)	Antimony
Polyvinyl Chloride (PVC)	Polycyclic Aromatic Hydrocarbons (PAHs)
Di(2-ethylhexyl)phthalate (DEHP)	Additional phthalates
Butyl Benzyl phthalate (BBP)	
Dibutyl phthalate (DBP)	

Recover 2 billion pounds of used electronics

Challenges and opportunities

According to StEP (Solving the E-Waste Problem), an estimated 65.1 million tons of damaged, obsolete or simply unwanted electronic devices were discarded as e-waste in 2012. Much of what we call "e-waste" is not waste at all but rather whole electronic equipment or parts that can gain new life through reuse or recycling.

As a global producer of computer products, a local citizen of the communities we serve, and a steward of the planet we share, Dell has a responsibility to recover used electronics and recycle them properly. Giving electronics a new life through resale, or enabling their parts, components and materials to become processed into raw materials for creating new products, helps close the recycling loop and conserve precious natural resources. By recycling products safely, we protect the health of people and the planet — improper recycling or incineration can release harmful chemicals into the air, water and soil. Making recycling convenient and secure helps customers reduce their environmental footprint while protecting their data.

Between now and 2020, we have the opportunity to provide all of these benefits and more by working toward our goal of recovering 2 billion pounds of used electronics. We have a robust infrastructure to leverage — Dell leads the industry in offering convenient recycling programs for homes and businesses, with takeback services in 78 countries worldwide, and we have a strong track record of success, having already recovered 1 billion pounds of electronics since 2008.

However, we face several challenges in meeting our goal. First, electronics equipment is becoming smaller and more lightweight, which means that we must recover a greater number of pieces to reach our target weight. Second, recycling-related infrastructure and regulations vary widely across the globe, which can make expanding programs into new markets a complex proposition.

Dell is a global leader in encouraging legislation and systems that transform end-of-life electronics from a burden into a resource. Dell was the first in the industry to ban the export of nonworking electronics to developing countries. As we look to the future, creating closed-loop recycling programs in developing countries represents a new frontier. Recycling products in the countries where they're recovered brings skilled jobs, creates industry and strengthens the local economy. Using our proven abilities to leverage partnerships and government relationships to create the infrastructure needed for new programs, we can continue driving a culture of recycling in communities around the world.

Our approach

Meeting our recovery goal by 2020 will entail expanding into new markets while maximizing efforts in those we already serve.

While we don't know yet which new countries we may serve, Dell has a proven process for expanding into new markets. This has typically started with the launch of our free consumer recycling offer followed by engagement with countries at the early stage of creating and implementing effective takeback legislation.

Regulations governing the recycling and movement of waste are key to supporting the successful implementation of a formal recycling infrastructure.

Effective takeback legislation also helps ensure that all producers in the market are being responsible at end of life for the products they create. It provides a healthy marketplace for recyclers, creating jobs and boosting the local economy. These regulations ensure proper handling and disposal of products, which enables a country to protect the health of its citizens and the environment.

We also work globally with key government and nongovernmental organizations, academia, and industry leaders to drive the development of standards and practices that provide a framework for solving the challenges of managing end-of-life electronics.

In addition to expanding into new countries, we also will look for opportunities to increase recovery in all the markets we currently serve. Tactics may include increasing our trade-in programs, accepting new items and launching new customer education campaigns.

How we'll measure progress

Since 2008 we have taken back more than 1 billion pounds (453.6 million kg) of used electronics. We will continue to measure using the same methodology, updating models for collection totals to follow form-factor trends (newer electronics tend to be smaller and lighter). And we will report progress annually, building on this total toward a cumulative 2 billion pounds by 2020.

Our recycling model

1 Consumer Solutions

Establish recycling programs that offer consumers convenient and responsible recycling solutions.

2 Country Engagement

Advocate, collaborate and help implement stronger, more effective legislation and policies.

3 Community Support

Collaborate with local recyclers and organizations to create formal processes that improve their economy, health, education and environment.

4 Asset Resale and Recycling

Expand our commercial recycling services to provide value recovery, data security, safe recycling and donation options for our customers.

5 Environmental Outcome

Electronics are safely diverted from landfills and responsibly recycled using formal methods that improve communities health while lowering environmental footprint.

6 Investing today for the future

Helping people through technology today so they can grow and thrive to develop a strong marketplace and workforce for the future.

Aspiration

Promote technology's role in addressing environmental challenges

Goals

Identify and quantify the environmental benefits of Dell-developed solutions

Identify and quantify the environmental benefits of Dell-developed solutions

Challenges and opportunities

Organizations of all sizes are increasingly concerned with finding ways to reduce the environmental impact of their activities. Their motivations include cutting costs, conserving resources, earning new business opportunities and shaping brand perceptions. However, while they may have identified their goals and rationale, many organizations are unsure of how to achieve their desired results. And that is where we believe Dell solutions can help.

The technology solutions Dell develops and sells all have a primary objective, such as enabling secure data exchanges across a network or providing the computing power that researchers and scientists need for calculations and models. Many of these solutions also have the added benefit of enabling a more sustainable set of outcomes for our customers. For example, desktop virtualization may be put in place as a security or cost-savings solution, but the reductions in energy consumption and infrastructure needs can have far-reaching environmental benefits.

We need to identify how these solutions can help customers improve their environmental footprint while solving other business challenges at the same time. This applies to their carbon emissions as well as broader environmental and possibly social impacts.

Providing a holistic measure of our technology solutions' sustainability benefits will need to be a collaborative effort. We will have to engage customers to provide data, and we'll need to work with them — as well as with our suppliers and partners — to quantify the impacts in a meaningful way.

Each Dell solution will benefit our customers in different ways. Some will help them reduce their carbon footprint; others may help them reduce their waste. So we'll have to approach each solution as a separate problem. Metrics, measurements processes, and even whether and how to standardize may be different in each case.

For example, to help a healthcare provider using our Electronic Medical Records (EMR) solutions determine their sustainability benefits, we'll need to work with that hospital to answer questions like: How many square feet are saved by moving medical records from physical storage (in the facility and offsite long-term storage) to digital archives in the cloud? How much waste is saved by not printing and transferring records? How will transforming the hospital's newfound space into exam rooms or a laboratory rather than leasing new space affect overall greenhouse gas emissions?

Creating these models to show the scope of environmental savings that is possible also offers an opportunity for us to broaden the value proposition and expand our marketing of these solutions.

Our approach

The key phases of working toward this goal will be: completing our full inventory of existing Dell solutions that provide a positive impact, developing solution-specific models for calculating those benefits, and communicating the estimated positive impact of those introduced solutions through 2020.

Inventory and baseline measurement

We have already done a high-level inventory of the environmental benefits that some solutions, like EMR, desktop virtualization and cloud services, can provide. We will build upon this work, taking a full inventory of which Dell solutions have the most material impact on overall sustainability issues. This will help guide our work and may help uncover other solutions that should be modeled. From this, we will establish a core set of key sustainability metrics by solution that help define our measurement. We will work with customers, nongovernmental organizations and universities to ensure we develop the right tools and right metrics of success.

To determine the right metrics, we will likely look at customers' Scope 1 and Scope 2 carbon emissions (as defined by the World Resources Institute protocol), as well as certain Scope 3 emissions for specific impacts (such as team member commuting and business travel). We will also investigate reductions in consumption of other resources as appropriate.

Solutions-specific models

We will then choose customers for solutions-specific pilot testing, working with them to measure their baseline values for the identified metrics. We will then work with customers to document their technology deployment and usage while tracking changes to the identified metrics.

For each customer pilot, we will complete a case study that quantifies the key outcomes. Each pilot test also will help us create a model that defines the overall environmental benefit.

We will continue to engage customers and other stakeholders to refine the models, assess the results of their participation, and identify any gaps or outstanding needs.

Communicating impact

We will identify and create a tool for aggregating and processing sales and performance data for solutions. We will use this tool to calculate a current baseline that will allow us to track the overall estimated impact once the model can be applied to the aggregated sales and performance data.

How we'll measure progress

Over the next seven years, we will report out progress on each of the steps contained in our approach. The updates will track:

- Progress in identifying pilot tests for various solutions
- Identified metrics by solution
- Case studies and models, as they become available
- Updates on the total estimated impact

Communities

As a global technology provider and corporate citizen, we see firsthand how a lack of access to quality education and technology can prevent people from reaching their full potential.

To help our communities overcome these challenges and thrive, we believe we need to do much more than just write checks. To drive real change, we go beyond funding to apply technology, expertise and volunteerism toward solving pressing social issues.

Our aspirations and goals for 2020 focus on two interrelated aspects of our giving approach. One is to inspire more of our team members to use their passion and unique professional skills to serve their communities. The other is to connect the youth of today with a more promising tomorrow through the power of technology. Together these aspirations deliver on our Powering the Possible commitment to put our technology and expertise to work where they can do the most good for people and the planet.

Aspirations

Engage team members around the globe to use their passions in support of their communities

Use technology to improve the lives of young people

Aspiration

Engage team members around the globe to use their passions in support of their communities

Goal

Engage 75% of team members in community service by 2020 and provide 5 million cumulative hours of service to the communities in which we live and work

Engage 75% of team members in community service by 2020 and provide 5 million cumulative hours of service to the communities in which we live and work

Challenges and opportunities

At Dell, our definition of giving goes beyond monetary donations. As part of our Powering the Possible commitment, we support nonprofit organizations worldwide, not just through funding but also through our technology and expertise.

When our team members apply their passion and unique skills toward social change, it amplifies the impact of our grants and accelerates positive results in our communities. Community service also boosts team member happiness, morale and loyalty. And the new skills and insights that team members gain from volunteering often inspire new ideas for serving our customers.

Our children's cancer care initiative — one of our signature giving programs — is one example of our technology, expertise and volunteerism combining to create shared value. Through our multimillion dollar, multiyear commitment, Dell designed and donated high-performance computing and cloud technology solutions that are dramatically accelerating children cancer patients' paths to effective treatment. The technology breakthroughs our volunteers made while designing this solution have already been applied to Dell offerings for our healthcare customers. And through ongoing volunteerism with our nonprofit partners, team members are providing comfort and support to cancer patients and their families.

The beauty of our community service approach lies in its balance of strategy and flexibility. Team members' year-round service to our strategic giving programs helps align volunteerism, technology donations and grants around these initiatives for maximum impact. At the same time, we also encourage team members to volunteer for any charity they choose — local, national or international — and their ongoing service supports more than 15,000 nonprofit organizations around the world.

We facilitate volunteerism through initiatives like our Powering the Possible online community, which allows more than 62,000 enrolled team members to discover local service opportunities. We also reward their service hours by giving them the opportunity to make a donation to a qualified charity of their choice.

Our efforts have driven a threefold increase in volunteerism during the past two years, from 175,000 total team member service hours in 2010 to more than 700,000 in 2012. As of January 2013, 56 percent of our global team members volunteered, supporting charities in more than 60 countries.

The greatest challenge we face in boosting our participation numbers even higher by 2020 lies in continually inspiring — rather than mandating — volunteerism among a large, diverse and increasingly virtual workforce.

Our team members' passion is our greatest asset in overcoming this challenge. We will continue to encourage this passion by providing strong leadership support and tools that help team members share ideas and discover opportunities to change the world with their colleagues.

Our approach

To increase our level of Dell team member volunteerism by 2020, we will focus on three key areas: increasing skills-based volunteering, strengthening local leadership teams, and providing more virtual volunteering opportunities.

We will also help team members understand that their volunteerism is an indispensible part of our strategic giving initiatives, complementing the Dell technology, solutions and grants we give and helping our nonprofit partners do more good.

We will gather team member feedback and refine our tactics as needed. We will stay adaptable as new ways of volunteering arise and our business grows and changes. Finally, we will keep the "voluntary" in Dell volunteerism, inspiring participation where there is interest but never issuing mandates.

Increasing skills-based volunteering

To help our team members volunteer more strategically and put their distinct skills to work, we will leverage our Powering the Possible online community. We recently added a skills-tracking function to the portal, where team members can list their expertise and connect with charities in need of those specific skills. They can choose to volunteer for organizations in their own backyards or thousands of miles away. This helps nonprofit organizations get maximum benefit from volunteers, and helps team members hone their skills in the workplace, to better serve our customers.

Strengthening local leadership teams

Our community service governance structure accommodates both top-down and bottom-up engagement. Our Global Giving Council comprises Dell executive leaders who set strategic objectives, allocate regional and program budgets, and review and support progress. Our Regional Giving Councils, made up of regional, country and local leaders, determine country-level funding and strategies. Many Dell sites and business units around the world have community service program leaders and have also established teams to help implement Powering the Possible programs and other local community service activities. These local advocates are instrumental to bringing our programs to life around the world, and we will work to recruit and train more of them.

Virtual volunteer opportunities

Approximately 20 percent of our global team members work in some sort of flexible capacity through our Connected Workplace program. Some work at night or in large cities where volunteering could require hours of travel. To help team members overcome these barriers, we will offer more opportunities for online volunteering.

For example, last year one of our signature giving programs, the Dell Social Innovation Challenge, engaged more than 1,200 Dell team members as mentors and judges to help student social entrepreneurs from around the world finalize their project plans.

As we develop more skills-based volunteering opportunities in our Powering the Possible community, team members can connect with charities whose volunteer needs can be fulfilled remotely through activities like accounting, marketing or programming.

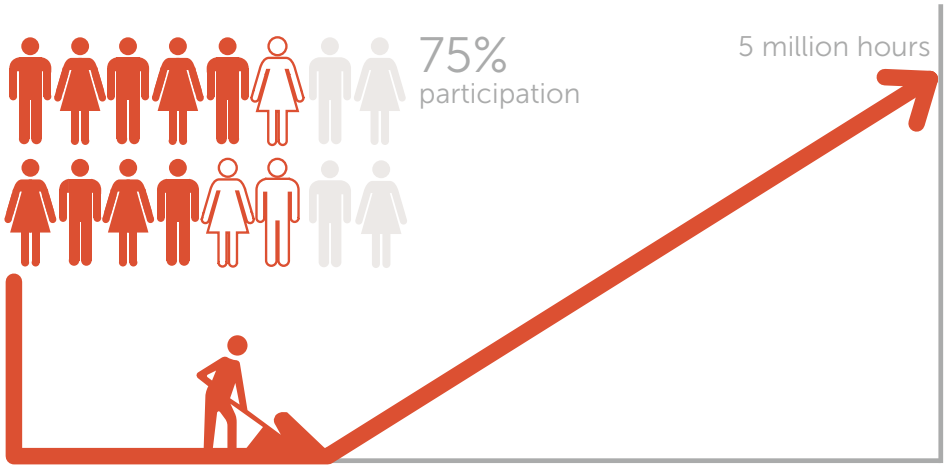
How we'll measure progress

Each year we will share the percentage of global team members who registered at least one volunteer activity through our online tracking system, comparing that percentage to the goal of 75 percent participation level by 2020. For context, 56 percent of team members volunteered in 2012.

Additionally, we will track the total number of hours entered into our Powering the Possible community by team members. We will share the yearly total, adding it to the aggregate total (2013-2020) as we strive for 5 million cumulative hours.

In service to our communities

In 2012, approximately 56 percent of Dell team members recorded volunteer time, adding up to 707,000 hours of service for the year. Our goal is to engage 75 percent of team members in community service and provide 5 million cumulative hours of service by the end of 2020.



56 percent currently volunteering

75 percent goal participation

Aspiration

Use technology to improve the lives of young people

Goal

Apply our expertise and technology in underserved communities to help 3 million youth directly and support 10 million people indirectly to grow and thrive

Apply our expertise and technology in underserved communities to help 3 million youth directly and support 10 million people indirectly to grow and thrive

Challenges and opportunities

With operations in nearly 100 countries, Dell works in areas that are urban and rural, affluent and impoverished. We see how factors like income, age, special needs, ethnicity or gender contribute to communities being "underserved" by basics such as food, education and healthcare. For example, there are 72 million children worldwide who are not in school and lack access to the facilities, teachers and technology they need for a better education. Without such necessities, one generation's problems are continued to the next.

As a global technology leader and a local citizen, we can be a powerful force for change and help connect the youth of today with a more promising tomorrow. Following our Powering the Possible commitment, we put our technology and expertise to work where it can do the most good. By focusing our efforts on serving young people, we can contribute to positively changing the trajectory of individual lives, and ultimately entire families and communities.

For example, by partnering with local nonprofit organizations to provide underserved youth with technology-based learning opportunities, we help close the learning gap and prepare students for a 21st century workforce where almost every job involves some technology. We also give educators the training needed to run a self-sustaining technology education program, opening possibilities to students year after year.

These technology solutions can provide a ripple effect to families and communities, as sisters teach brothers and mothers to use technology, and neighbors use a learning center's computer lab to look for new jobs. For instance, Dell and River City Youth Foundation's "Success Center" was the first after-school technology lab in Austin, Texas' poorest neighborhood. It is filled at all hours not only with neighborhood families but even former students who've returned as teachers to pass their technology skills to the next generation.

Looking forward to 2020, we see no shortage of opportunities to effect change in the communities we serve. Our key challenge lies in maintaining focus, being true to our Powering the Possible commitment, and directing our resources toward partners and programs that can deliver sustainable results. We will leverage the deep roots we have in our communities, along with our strong relationships with local organizations, to continue helping young people worldwide.

Our approach

Following our giving strategy, we remain adaptable to the possibilities tomorrow might hold and anticipate that our growth will be fueled not just by grants and technology donations but also by hands-on volunteering from our passionate team members.

Our strategy for transforming communities through technology entails four principles:

- We will build upon the success of our current programs, using key learnings to improve or expand future efforts as needed.
- We will evaluate new Dell technology solutions and determine how to best apply them to support our giving programs.
- We will partner with innovative nonprofit organizations that have deep expertise and community relationships.
- We will pursue programs in the communities where we live and work, so team members can easily volunteer their time and talent.

How we'll measure progress

For this goal, we will report a running total, beginning with grants concluding in 2013. It will include the number of youth reached directly and others reached indirectly. Helping "3 million youth directly" refers to the number participating directly in our programs. The "10 million indirectly" refers to the number of people who indirectly benefit from the technology and expertise that we provide in our programs — such as adults who also have access to a computer center where skills are taught or other students in a school who use the center to complete homework after hours.

A volunteer's perspective

"I've been fortunate enough to mentor a handful of incredibly talented individuals within certain nonprofits and they in turn have taught me! My career now involves so much more. Through volunteering I've learned the importance of sharing knowledge, asking questions and looking at things from someone else's perspective."

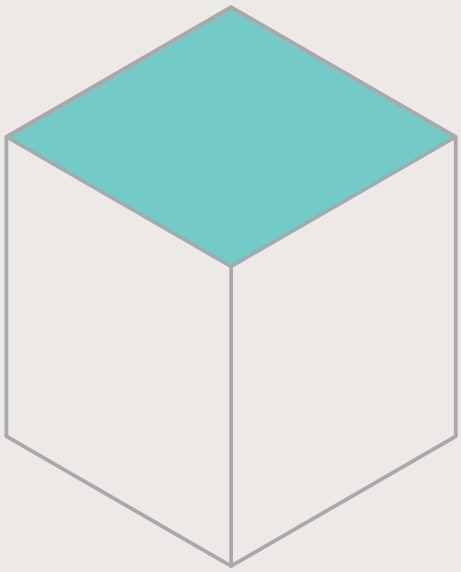
– Natasha Reuben, Transition Management Consultant, Dell South Africa

People

Dell's People Strategy is grounded in our belief that, in order to enable people everywhere to grow and thrive, we first need to build enduring relationships with our fellow team members across the globe.

We believe a fully engaged workforce is a competitive advantage, so we work to keep our people healthy, happy and committed to excellence. When we take good care of our Dell family, they feel inspired to do their best work in service of our customers and communities.

Our aspirations and goals for 2020 are designed to build strong, inclusive, global teams that effectively draw upon the diverse perspectives of the communities we serve. From fostering inspirational leadership to promoting a supportive culture to giving team members a voice in shaping our company's direction, we will work to ensure Dell is a compelling destination for team members in the decade to come.



Aspirations

- Develop leaders who are committed to helping our team members be their best and do their best work in service of our customers
- Promote a culture where our team members are encouraged to take risks and feel supported, valued and proud to be a part of Dell
- Be a compelling destination for our team members to thrive, achieve their career aspirations and have fun
- Give team members a voice that influences leadership and shapes the direction of our company

Aspiration

Develop leaders who are committed to helping our team members be their best and do their best work in service of our customers

Goal

Increase engagement and drive inspirational leadership on Dell's strategies, priorities and goals through Dell's end-to-end Leadership Development Programs

Increase engagement and drive inspirational leadership on Dell's strategies, priorities and goals through Dell's end-to-end Leadership Development Programs

Challenges and opportunities

As Dell's business grows and evolves over the coming decade, having strong, agile leadership will be an enormous competitive advantage and absolutely critical to our success. Our team members must feel inspired to follow their leaders through rapid change and must trust they will be supported for taking risks and valued for their contributions. Only then can they truly do their best work in service of our customers.

Developing inspiring leaders is one of the four pillars of Dell's People Strategy, which outlines the deliberate choices we make to unlock the full potential of our team members for our business.

To cultivate leadership at all levels of our organization, we've developed end-to-end Leadership Development Programs for entry-level leaders to executives. These programs are practical, relevant and aligned with our business goals. They also help us instill consistent values at all levels of our organization, which in turn drives our culture.

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.

Investing in this development ensures we have the right leaders in place today and are developing the leaders we need for tomorrow. It increases career satisfaction and retention among leaders and their teams. And it helps our team members be the best possible brand ambassadors to our customers and community members worldwide.

By providing training at every level, we are also better able to integrate new leaders no matter their entry point into our organization. The trainings help refine their skills and give them a connection to other leaders at Dell.

One of our biggest challenges as we move toward 2020 will be to maintain the continuity of our programs as the business changes. Looking forward seven years, we cannot anticipate all of the ways our leadership programs will have to change to meet new circumstances, but our commitment remains to build on our existing framework and evolve with the times.

Our approach

Moving toward 2020, we will build upon our strong, end-to-end leadership development framework and focus on creating a global standard of inspiring leadership.

Dell has built a global culture that values diversity and inclusion, and our human resources staff will be critical to strengthening it throughout our leadership. They are trained to help managers promote diversity and inclusion in development plans, hiring requirements and team member engagement.

Our existing Leadership Development Programs include first-time people manager training, two programs for new directors, diversity and inclusion training, hands-on workshops for experienced leaders, and our Inspirational Leader at Dell program for executives.

Together our programs served more than 10,000 Dell leaders in 2012. Maintaining continuity in our programs as our business evolves will be our biggest challenge, but we will use our People Strategy as a guiding force to maintain leadership development as an embedded practice and mindset.

To increase engagement through 2020, we will develop campaigns to ensure high awareness of and enrollment in our programs. We will also ensure we closely track return on investment to show how our leaders are improving and what that means for our business performance. And we will continually gather feedback from leaders and their teams, using their input to refine our curriculum over time.

How we'll measure progress

Each year we will report both qualitatively and quantitatively on how we are engaging our team members to cultivate inspirational leadership. This will include participation in existing programs at all levels. We will also clarify how we improve programs over time and investigate ways to further measure and report on the impact of our leadership programs.

Aspiration

Promote a culture where our team members are encouraged to take risks and feel supported, valued and proud to be a part of Dell

Goals

Engage 40% of our global Dell team in employee resource groups by 2020

Encourage eligible team members to enroll in Dell flexible work programs, increasing global participation to 50%

Engage 40% of our global Dell team in employee resource groups by 2020

Challenges and opportunities

Dell's employee resource groups (ERGs) connect team members who share common ethnicity, gender, nationality, lifestyle, sexual orientation and/or interests. They provide personal and professional development through mentoring, volunteerism and community involvement.

Our annual surveys tell us that Dell team members who are involved in employee resource groups are three times more likely to cite Dell as a great place to work than those who are not involved. They have a better understanding of our company strategy and how they can contribute to its success. They also are more willing to be inclusive of other viewpoints.

When team members are encouraged to share ideas and are valued for their diverse perspectives, they not only grow closer through this type of engagement, they also find creative solutions to unique customer needs.

For example, our True Ability ERG has helped develop products for customers with disabilities. Women in Search of Excellence helps manage various programs for developing and retaining women. Adelante developed a process by which Spanish-speaking individuals deliver product briefings to prospective Latin American customers. Asians in Motion translated materials into languages for customers across Asia. And GenNext offered its youthful perspective to shape the launch of Dell's internal social media vehicles.

We've been able to engage 10 percent of our global Dell team in ERGs through more than 90 global chapters by providing an online ERG community where members can connect, as well as targeted professional development. Support for ERGs starts at the top of our company — every ERG has an involved sponsor from Dell's executive leadership team, and every executive leadership team member sponsors at least one ERG. DiversityInc recognized our efforts to cultivate strong ERGs, naming Dell their 2012 Top Company for Resource Groups.

Looking to the future, our greatest challenge will be communicating the value of ERGs to a dynamic workforce as Dell continues to grow and transform. This includes positioning and managing the perception of that value with our team members old and new. At the same time, every acquisition or expansion into a new market represents an opportunity to build and diversify ERG membership.

The passion of current ERG chapter leaders and members will be our greatest asset in expanding participation. They will help shape our strategies for engaging more team members in ERGs around the world. Of course, a challenge — and an opportunity — is the need to grow participation while grooming new leadership within each of the ERGs and simultaneously ensuring that the cultural relevancy of each chapter is sustained.

Our approach

To grow employee resource group participation worldwide, we will focus our strategy on:

- Increasing awareness of ERGs and their benefits
- Creating new ERGs
- Recruiting motivated leaders to start new ERG chapters
- Facilitating virtual participation in ERG activities

Increasing awareness

While our ERGs are extremely successful at increasing team member satisfaction, global awareness of their existence and their benefits remains much lower than we'd like. Internal communications campaigns, informational events and peer-to-peer outreach from ERG members are a few of the tactics we may explore in raising awareness.

Creating new ERGs

We will create new ERGs focused on commonalities that unite our team members. For example, we are creating a new group for Connected Workplace participants. This will allow them to share issues and best practices related to flexible work solutions and help us all improve as a mobile workforce. Our formalization process for ERGs begins with securing executive leadership team sponsorship and moves toward finalization after the Global Diversity Council provides their stamp of approval.

Growing chapters

Many team members are interested in ERGs but do not have a local chapter to join. We will educate potential ERG leaders about the process of launching a sponsored chapter, as well as the benefits of being a leader. These benefits include high visibility and networking opportunities among Dell's executive leadership team as well as access to 6- to 12-month ERG leadership trainings.

Virtual participation

Our workforce is becoming increasingly dispersed, making virtual connection key in every aspect of our operations. ERGs can help unite team members across offices, regions and continents, providing a forum for them to connect to others with shared backgrounds or interests. We will facilitate these connections by providing more ways for team members to participate in ERGs virtually. Our recently launched online ERG community, which allows team members to find and join chapters, brainstorm with members and share success stories, is one example of such a virtual participation vehicle.

How we'll measure progress

We will measure the number of global team members who have joined one or more ERGs as a percentage of eligible employees. Roughly 1 in 10 global team members currently participates in an ERG.

Encourage eligible team members to enroll in Dell flexible work programs, increasing global participation to 50%

Challenges and opportunities

Technology now allows people to connect anytime, anywhere, to anyone in the world, from almost any device. This is dramatically changing the way people work, facilitating 24x7 collaboration with colleagues who are dispersed across time zones, countries and continents.

Dell is a global technology leader, so our team members should be able to take advantage of the flexible work opportunities that our own products and services create. Our Connected Workplace program enables 1 in 5 Dell team members (as of January 2013) to work in some type of flexible capacity, utilizing flexible work solutions such as telework, remote work, or variable daily work times. This allows team members to focus on the value of results rather than where the work gets done.

Connected Workplace enables team members to attain a true work-life balance, so they can be more fulfilled in both their work and personal lives. This gives team members the flexibility to serve our customers in a way that works best for all parties.

For example, flexible work practices can help team members minimize their transportation use while maximizing their productivity by eliminating the commute. Team members who opt to come into the office full time or even occasionally will find more dynamic combinations of open seating and private spaces, which both fuels creativity and maximizes office space.

This conserves natural resources, reduces pollution and helps us decrease both operating costs and environmental impact.

We've even begun providing consulting services to customers who want to establish similar flexible work programs, putting our technology and expertise to work to help their team members thrive.

Over the next decade, we expect Connected Workplace to remain a key component in attracting and retaining top talent. To expand the program, we need to help leaders at all levels to successfully transition from managing face-to-face to managing globally dispersed teams. We will also need to keep up with the ever-changing regulatory requirements related to flexible work, which vary from market to market.

Our approach

We are very supportive of our team members working in a flexible manner, and we strive to grow Connected Workplace participation from now through 2020.

Specifically, we will continue to provide managers with the skill set and resources they need to successfully lead global, virtual teams. Training will focus on embracing a diversity of work styles, bridging generational gaps and leading by example.

Additionally, Dell is always seeking to improve its solutions and make Connected Workplace more accessible for team members. We will examine how we can accommodate call center positions, among others. And we will pilot new technologies as we seek to expand eligibility and include as many team members as possible.

To help build Connected Workplace into our internal culture globally, we will create an employee resource group devoted to championing a flexible, collaborative work environment. The ERG will focus on connecting people, enabling technology and planning the future of the Connected Workplace program. Team members will have the opportunity to help shape and drive initiatives within each of these three areas.

Lastly, we will develop and implement a global communications strategy to increase awareness of Connected Workplace and its benefits.

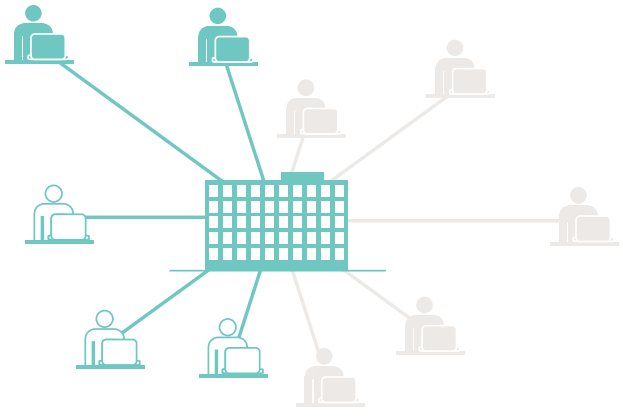
How we'll measure progress

Participation in the Connected Workplace program is calculated by determining the percentage of eligible global team members who are formally enrolled and accessing Connected Workplace. We will track and report this percentage annually.

As of January 2013, approximately 20 percent of our global team members worked in some sort of flexible capacity through Connected Workplace.

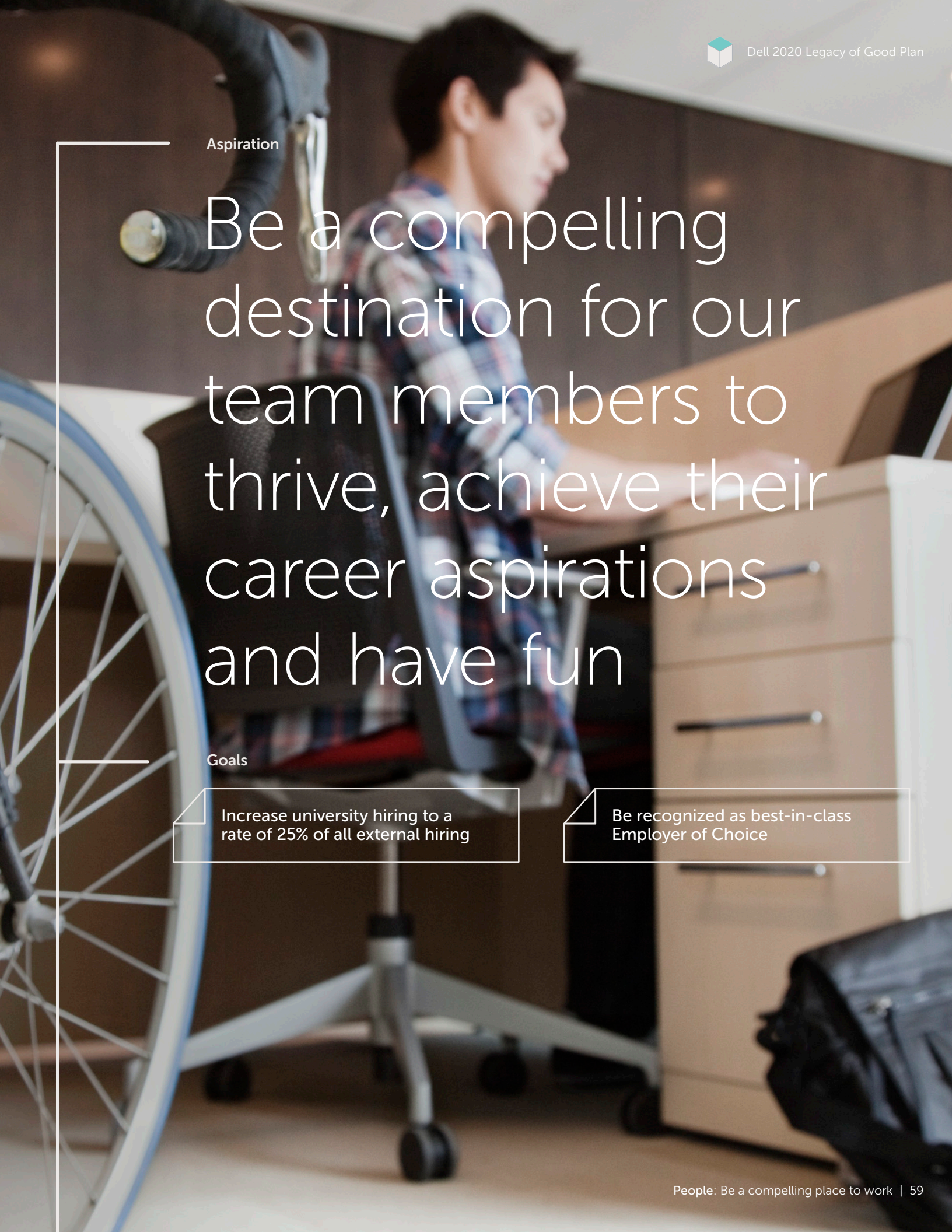
Connected Workplace

Eligible team members choosing to participate in flexible work programs around the globe



■ Connected now

□ Connected by 2020



Aspiration

Be a compelling destination for our team members to thrive, achieve their career aspirations and have fun

Goals

- Increase university hiring to a rate of 25% of all external hiring
- Be recognized as best-in-class Employer of Choice

Increase university hiring to a rate of 25% of all external hiring

Challenges and opportunities

Global students are a key source of both diverse perspectives and cutting-edge technology skills. The global, university-level talent pool is rapidly growing and diversifying. The Organisation for Economic Co-operation and Development estimates that, by 2020, more than 200 million 25- to 34-year-olds in major developed countries will have university degrees, compared to 129 million in 2010.

About 40 percent of these post-secondary degree-holders will come from India and China. And women are outpacing men in many countries when it comes to higher learning — in 2011, the National Association of Colleges and Employers estimated that women earned 59 percent of new college degrees in the U.S.

Dell has both a strong university recruitment function and highly favorable brand perception among students worldwide. We are independently ranked as a Top 50 "World's Most Attractive Employer" by students across the globe. As we capitalize on these strengths, our greatest challenge will lie in adapting to the paradigm shift in university recruiting.

In the future, we will be less likely to discover tomorrow's talent at traditional job fairs and more likely to find candidates through social media and one-on-one relationships with both educators and students. This is an exciting opportunity, as it allows us to find the best candidates for the job, wherever they may live, and to recruit from under-represented areas.

However, tracking and managing proactive outreach campaigns through thousands of global channels is a challenge. But listening to people and building relationships — especially through social media — is one of our greatest strengths in winning the hearts and minds of young talent worldwide.

Our approach

To increase our university hiring rate over the next decade, we will leverage our strong employment brand as we move to a more virtual model of recruiting. To succeed, we will also have to nurture that brand perception.

We will continue targeting diverse universities around the world, yet be open and inclusive to all interested talented students, regardless of background, who wish to explore Dell to start their career.

We will build one-on-one relationships with educators and students through tactics like social media outreach, webinars and informal speaking engagements and discussions with inspirational Dell leaders.

Internally, we will support this activity by working to make our hiring forecasting more consistent and accurate so we can hire top candidates as soon as we find them.

How we'll measure progress

In the past, we have not reported exact numbers regarding Dell's hiring practices However, as a means of demonstrating progress toward our goal of increasing university hiring, we will begin reporting this as an approximate percentage of overall external hiring.

University hiring

Recent graduates often find there are more opportunities at Dell than they first imagined.

"I was hired into Dell as part of a graduate recruitment drive. Dell is like one big marketplace that can fulfill all your career needs. I'm already working toward my next role, and I know I have the support to help me get there."

– Angela Burke, Talent Acquisition Team, Dell Ireland

View our University Hiring video

Be recognized as a best-in-class Employer of Choice

Challenges and opportunities

Within the technology industry, the competition for top talent is fierce. To attract, hire and retain the best people, Dell must continually be recognized as a best-in-class Employer of Choice by both current and potential team members worldwide. When our team members enjoy their work, it boosts our employment brand — approximately 37 percent of our hires come from team member referrals, and these referred candidates are more likely to fit our culture. Keeping this cycle going requires sharing and delivering on our promise to be a compelling destination for team members to thrive, achieve their career aspirations and have fun.

Giving team members unique opportunities for development and career growth has benefits that go far beyond the individual. Internal surveys show a clear link between team member engagement and customer success.

Looking ahead to 2020, our biggest challenge to achieving Employer of Choice recognition will be maintaining a consistently positive experience as our business becomes more complex. Acquisitions, expansions into new markets and an increasingly dispersed global workforce mean we need to maintain a unified Dell culture while embracing diverse perspectives.

We also must maintain and define what makes for an Employer of Choice across seven years — and beyond. What is valued today may not be the same tomorrow, so achieving our goal will require adjustments based on our people strategy that can match the preferences of our team members.

Our approach

Build enduring relationships with our team members everywhere, inspiring all of us to embrace and live Dell's purpose in everything we do — that is our core people philosophy.

Following this philosophy, we've developed a People Strategy to guide our focus and investment over the coming years. The strategy has four pillars: developing inspiring leaders, championing team members, listening and sharing, and being an Employer of Choice. They are inseparable parts of a whole, with strong leadership and team engagement being keys to our consistent recognition as an Employer of Choice.

To gauge our recognition as a best-in-class Employer of Choice, we will continue to include related questions on our annual Tell Dell team member survey, covering topics like pride, loyalty, ability to meet career goals and overall opinion of Dell. Externally, we will pursue awards as a means of measuring against our peers. We will track the awards we win across the globe, such as MBA Students' Ideal Employers in India and Working Mother Magazine's Top 100 List in the U.S.

We believe it is critical to stay the course with our people philosophy and strategy through 2020. By adhering to this philosophy and strategy, we can plan each year to develop internal, company-wide commitments and activation plans at the business unit level to help us adjust our trajectory as needed.

Externally, it will be important that we be recognized both globally and in local countries where we directly compete for talent. This is an example of where the whole is more than the parts — we are not the sum of each of the Employer of Choice awards; our overall employment brand is bigger than that.

How we'll measure progress

Success will be measured through a combination of internal and external targets that together create a qualitative measure of our recognition as a best-in-class Employer of Choice.

Internally, we will measure through our annual Dell team member surveys. Currently, we have a category of questions that comprise an employer of choice measure, and we aspire to scores that are 75 percent favorable or higher.

Externally, we are proud of the various awards from groups around the globe that have recognized us for having a great place to work. These awards are qualitative by nature and vary from year to year, but we will share them as context and external affirmation of the progress our own team members say we are making.

Aspiration

Give team members a voice that influences leadership and shapes the direction of our company

Goal

Achieve 75% favorable responses (or higher) in team member satisfaction globally as measured through the annual employee satisfaction survey

Achieve 75% favorable responses (or higher) in team member satisfaction globally as measured through the annual employee satisfaction survey

Challenges and opportunities

Dell's People Strategy is built on our belief that, in order to enable people everywhere to grow and thrive, we need to first build enduring relationships with our team members everywhere. When we take good care of our Dell family, they will in turn take good care of our customers and the communities in which we live.

Like any relationship, this takes work. Listening and sharing are vital parts of relationship-building, especially in a diverse, global organization like ours, with more than 100,000 team members working in over 100 countries.

For us to create value and grow together, communication needs to be open and honest, and we need to continually adjust to changing internal and external circumstances. And given the size of our family, we cannot expect that those circumstances will be uniform across our organization.

Looking toward 2020, we also cannot predict all of the technology solutions we will provide. Change can affect what team members do and how they work, which can have direct bearing on how satisfied they are.

Managing that change with a focus on team member engagement and happiness will power the success of our business strategies.

Another challenge we face: diminishing returns. If we had identified problems in this area, bold corrective action could likely move the needle far. But currently, satisfaction ratings fall between the 70 and 75 percent mark.

To consistently move the measures above our 75 percent goal will take discipline and nuanced, qualitative efforts — there are no more "easy wins."

Keeping such a large, diverse and increasingly dispersed workforce engaged in such a fast-paced industry is never easy. But listening is a key Dell priority and will be a major tactic for success over the next decade.

Our approach

Following the key priorities of our People Strategy, we will continue capturing feedback about how we can help leaders and team members be their best and do their best work in service of our customers.

Our ongoing commitments are to:

- Engage team members in two-way conversation and take action on their feedback
- Be a place where we inspire innovation among our team members
- Build a culture of collaboration that helps team members help customers
- Share timely information to build team members' trust and confidence

Our annual Tell Dell survey measures many aspects of team member satisfaction, gauging if they are passionate about serving customers, inspired by their leaders, and proud of our brand. We've used Tell Dell feedback to develop everything from our Connected Workplace flexible work program to an entirely new career development framework and approach.

To determine the effectiveness of our culture of engagement, we will continue measuring team member feedback. Our tools for doing so may include surveys like Tell Dell as well as our internal Net Promoter Score, which measures how likely team members are to recommend Dell as a great place to work and how likely they are to recommend our products and services.

And we are committed to keeping our team members informed on the progress. That means sharing results from survey tools with all team members globally in a timely manner and acting on the feedback, both at the organizational and individual leader levels.

How we'll measure progress

We will calculate category scores in the annual team member survey that measure employee satisfaction and report that score annually, aiming to reach 75 percent or better each year in every category.

Meeting our 2020 Plan goals will require collaboration with customers, partners and stakeholders worldwide. We welcome an open dialogue and encourage feedback as well as ideas.

Join the conversation

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Email us with your comments or to be included in future discussions about our progress and how you can participate.

Visit dell.com/2020 to download the plan and explore additional content.