

Dell Forest Products Stewardship Model

Effective Date: October 15, 2004

Dell is a supplier of information technology systems to customers all over the world. It uses information technology and the Internet to communicate with customers, take orders, provide order status updates, and provide general service and support. By doing so, and conducting the majority of its business online or by telephone, Dell not only streamlines processes and saves customers time and money, it substantially reduces the use of paper in many steps of the supply chain globally. Today, where the use of paper is necessary, Dell endeavors to manage cost, quality and environmental concerns in its selection of paper products for catalogs, product packaging, and office use. In this regard, Dell supports the environmental Non-Governmental Organization (NGO) community and responsible suppliers in their efforts to reduce the use of paper by business and increase the availability and use of commercially-viable and environmentally-friendly paper and alternatives

MEASURING AND TRACKING

To ensure that Dell continues to make progress on its paper stewardship goals, Dell will:

- Establish base-line starting points and set time-bound goals and benchmarks for achieving measurable outcomes in all key areas, especially virgin fiber reduction, elimination of sourcing wood and fiber from endangered forests, increased use of recycled and alternative fiber, as well as, increased use of wood and fiber independently certified as sustainable, with a preference for wood and fiber certified by the Forest Stewardship Council (FSC);
- Report annually on its environmental progress and release this information publicly to increase transparency and the participation of all stakeholders;
- Encourage innovation in our paper supply chain to improve Dell's environmental performance and that of other catalog producers.

Protecting Endangered Forests

- It is Dell's intent not to source paper from companies that are known to log endangered forests.¹ For example:
 - I. Landscape integrity. Dell will evaluate and, if necessary, avoid sourcing from intact forest landscapes, forest restoration areas, remnant forest landscapes, and forest landscapes that provide ecological connectivity.
 - II. Biodiversity. Dell will avoid sourcing from rare forest types, forests exhibiting significant levels of species richness, rare ecological and evolutionary areas, the core habitat of conservation species, and areas which are home to high concentrations of rare and endangered species.
 - III. Ecosystem services. Dell will evaluate and, if necessary, avoid sourcing from forest landscapes that provide key carbon storage and clean drinking water.
- Dell will actively research its own paper and wood supplies and will require its paper suppliers to identify endangered forests in the regions where they source paper and wood.
- Dell will work with a variety of stakeholders including the NGO community and Dell suppliers to identify and eliminate endangered forest fiber from their supply chains. Pursuant to this, Dell will:

1. Identify its fiber supply chain for all forest products including, but not limited to, paper for catalogs and other marketing materials, internal office paper, corrugated packaging, and wood used in retail products. Dell will use commercially viable, environmentally responsible suppliers.
 2. Work with stakeholders to prioritize reduction of impacts on and encourage protection and sound management of endangered forests in key regions (see below). Dell will solicit information regarding on-the-ground practices from both its suppliers and the NGO community and will assist in researching potential improved sources of wood and paper.
 3. Use reasonable efforts to first influence changes within and, if not successful, seek alternatives and/or phase out doing business with companies within 6 months where the supplier's practices are proven to be inconsistent with Dell's values and environmental goals, and which result in damage or destruction of endangered forests.
- Dell will seek partnerships with other catalogers and related paper buyers (e.g. printers, magazines) to maximize commercially viable alternatives to paper milled from endangered forests. Dell is committed to sharing best practices with other catalogers and will seek to positively influence its customers and suppliers through its leadership role.
 - Dell recognizes the following priority regions for its paper conservation efforts:
 - Canadian Boreal Forests
 - Congo Basin Forests
 - Inland Temperate Rainforests of British Columbia, and the native forests of Indonesia and Chile
 - Russian Boreal Forests
 - Southeast Asian Rainforest
 - U.S. National Forests
 - Southern region of the U.S.

Improving Forest Practices

- Dell prefers paper suppliers that use a significant mix of fiber certified to sustainable forestry standards and endorsed by a broad spectrum of environmental and social NGOs which incorporate credible science into their approaches. Currently the only standard that we feel is broadly endorsed by NGOs is the Forest Stewardship Council (FSC) standard. Dell adopts a preference for certified products over non-certified products in general and will work to increase purchases of FSC (or other certification schemes that develop equivalent or higher standards) products for its paper purchases. It will encourage suppliers to aggressively pursue FSC (or similarly recognized) certification for all operations. Dell's long-term goal is to have all of its forest product suppliers certified to FSC or similarly recognized standards. Dell is committed to an ongoing understanding of certification standards and awareness of their level of endorsement and acceptance.
- Dell will use reasonable efforts to first influence changes within and, if not successful, seek alternatives and/or phase out doing business with companies that violate FSC principles and standards (e.g., on the conversion of natural systems to tree plantations, or the use of genetically modified organisms).

- More specifically, Dell's goals with respect to virgin fiber used in our catalogs are as follows:
 - During 2004, source 2.5% from FSC certified sources;
 - During 2005, source 5% from FSC certified sources;
 - During 2006, source 10% from FSC certified sources;
 - By the end of 2010, source at least 25% from FSC certified sources.

Should FSC markets mature more aggressively than expected we will strive to achieve these goals in a reduced timeframe.

Reducing Demand on Forests

- Dell will seek to maximize the use of recycled paper in all its purchases of paper products. Specifically, Dell will pursue the following goals², as measured from the Effective Date.
 1. Achieve 10% post-consumer recycled content in its catalogs within 12 months, 20% within 24 months, and 50% within 5 years.
 2. Achieve 20% post-consumer recycled content in Dell's circulars, inserts, and other marketing publications within 36 months, and 50% within 5 years.
 3. Maintain Dell's current minimum average of 28% post-consumer recycled content for office supplies used in Dell's operations and encourage suppliers and contractors to match this percentage on work produced on behalf of Dell.
 4. Within 3 years increase to 50% the average post-consumer recycled fiber for office supplies.
 5. Within 12 months achieve 30% post-consumer recycled in its corrugated packaging materials.
- Dell will explore and encourage paper suppliers in the development of agricultural waste as an input to paper.
- Dell will benchmark and begin measuring its efforts to reduce fiber usage. Toward this end Dell will continue its efforts to reduce demand for paper, for example, by utilizing the most advanced methods available to the catalog industry (e.g., list hygiene, basis weight reductions, reduction in catalog size, increased use of and migration to online shopping).
- Dell will develop a scorecard for each type of paper consumed in its operations so that its commitment to sustainability and responsibility can be measured over time. Specifically, this scorecard will measure:
 - Recycled Content
 - Use of Alternative Fibers, and associated impacts
 - Forest Management Practices
 - Manufacturing Process
 - Fiber Consumption Trends over the previous timeframe

During 2005 Dell will benchmark the scorecard for all US consumption and will develop improvement goals for each paper type on a rolling 3 year basis. The scorecard and improvement goals will be made available to NGOs and suppliers as evidence of Dell's commitment to progress and leadership, and to increase transparency.

Forest Impacts – Other Company Operations

Dell seeks to minimize its impacts on forests through all of its operations. Toward this end, Dell commits to develop overarching wood and paper products practices, where applicable, to ensure that it is not impacting endangered forests, and to promote the procurement of FSC certified products, throughout its operations, including but not limited to: merchandise, packaging, store construction and remodeling.

Industry Association

- Dell will challenge the industry to build upon its progressive practices in all of these key areas – Protecting Endangered Forests, Improving Forest Practices, and Reducing Demand on Forests.
- Dell will leverage its relationships with customers and suppliers, through work with stakeholders and participation in industry associations to encourage additional research and education highlighting best practices in the industry on these issues to reduce its overall ecological footprint.
- Dell believes that there is a business case for sustainable procurement practices. This business case will be further enhanced with an ever increasing adoption of similar principles by other companies.

For further information:

Dell resources:

http://www.dell.com/environment/Dell_2004_Sustainability_Report
<http://www.dell.com/supplierprinciples/>

Acknowledgements:

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- Canadian Boreal Initiative - www.borealcanada.ca/
- Canfor Corporation - www.canfor.com/
- Environmental Defense - www.environmentaldefense.org/
- Forest Ethics - www.forestethics.org/
- Forest Ethics - www.forestethics.org/pdf/commonvision.pdf
- Forest Products Association of Canada - www.fpac.ca/
- Forest Stewardship Council - www.fsc.org/fsc
- Metafore - www.metafore.org/
- Norm Thompson - www.normthompson.com/
- World Wildlife Fund - www.worldwildlife.org/

Notes:

1. Dell intends to use definitions and identifying characteristics and traits of endangered forests which have attained broad acceptance within the NGO and supplier community. Dell will seek to reflect changes in the consensus definition of endangered forests as it continues to develop over time.
2. Goals can and will be changed if progress is made more rapidly than currently projected.