Welcome to Dell’s annual Corporate Responsibility Report covering fiscal year 2008, from February 3, 2007, through February 1, 2008 (unless otherwise noted). In this report, references that are not preceded by “fiscal year” or “FY” are to calendar years. References to dollar amounts are to U.S. dollars.

We composed this printed report primarily for stakeholders with particular interest or professional involvement in corporate responsibility. Our Web site presents greater detail than this printed report, including a more complete account of our corporate responsibility activities; see www.dell.com/values.

The report covers Dell Inc. and its consolidated subsidiaries, but not programs (for example, community activities) that our newly acquired companies may be running.

If you have comments, feedback or questions on this report, contact us at Dell_Sustainability@Dell.com.

Shown on the cover: M1000e server, M600 series blades and OptiPlex 755.

Changes made to the electronic version of this report include the following:

• Page 14: The measurement for “Water” is now “cubic meters (1000s)” not “cubic meters.”
• Page 38: The link in the sentence “For more information about business development, see” is now “www.dell.com/sb360” not “www.smallbusiness360.com”
• Page 108: The reference for “Countries with major operations” is now “www.dell.com/dellworldwide” not “www.dell.com/worldwide”
• Page 111: The web site for Capital Printing Company, is now “www.capitalprintingco.com” not “www.capitalprinting.com”
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We would like to acknowledge our partners and stakeholders, listed in Figure 1, who have provided their perspectives on our work. We believe that their insights challenge us to continuous improvements and accountability. They have not, however, endorsed or validated this report.

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**Figure 1: Partners and Stakeholders**

**SUSTAINABILITY LIFE CYCLE**

At Dell we have a vision that defines the kind of company we are and aspire to be: a company that Listens, Commits and Delivers — to and for all of our stakeholders. This vision was set early in our existence — our roots are embedded deep in being direct — with our customers, our employees and each other. This vision is embodied in our sustainable business practices, which are guided by our understanding of the impact of our business decisions in a broader context.

The Sustainability Life Cycle shown in Figure 2 on page 5 highlights the integral relationships among what we view as the key elements of sustainability: corporate accountability, environmental responsibility, employee engagement and community involvement. We enhanced the life cycle from our fiscal year 2007 report by elevating employee engagement to its own section. We use this Sustainability Life Cycle as the organizing principle for our Corporate Responsibility Report.

As the life cycle illustrates, we view all aspects of Dell’s business through the lens of sustainability. The circular format of our life cycle illustration suggests the iterative nature of our process and that all of the elements are connected. We seek out and listen to input from customers and other stakeholders to continuously deliver improvements to the way we manage the environmental, social and employee impacts and benefits of our products, processes and practices.
**EMPLOYEE ENGAGEMENT**
- Employee Relations
- Employee Ethics Programs
- Global Diversity
- Global Talent Management
- Employee Health and Wellness
- Employee Sustainability Engagement

**COMMUNITY INVOLVEMENT**
- Dell Foundation
- Employee Volunteerism
- Healthy, Literate, Connected Communities
- Digital Inclusion

**CORPORATE ACCOUNTABILITY**
- Governance and Public Policy
- Ethical Behavior
- Stakeholder Dialogue
- Global Citizenship and Ethical Sourcing
- Supplier Diversity

**ENVIRONMENTAL RESPONSIBILITY**
- Design for the Environment
- Chemical Policy and Use
- Climate Protection
- Product Recovery and Recycling
- Forest Stewardship
- Customer Empowerment
- Waste Avoidance

Figure 2: Sustainability Life Cycle
Last year was one of significant change for Dell — just as we grew as a company, so did our commitment to corporate responsibility. In fact, we significantly increased sustainable operations of our business and had some of our most important achievements to date, including:

- Committing on World Environment Day to make Dell the greenest technology company on the planet. More than ever before, we are integrating consideration of the environment into our business processes and product design to deliver the industry’s most energy-efficient products, save energy and deploy green power at our own facilities, and maintain our recycling leadership. We know that people of all ages around the globe who care about protecting the Earth expect no less.

- Pledging to make Dell’s operations carbon neutral beginning in 2008. We’ll meet this commitment through a program of improvements that save energy, using green energy at our facilities where available and economical, and offsetting our remaining impact. I’m pleased to report that our global headquarters campus in Round Rock, Texas, is now powered by 100 percent green energy sources.

- Committing to producing energy-efficient products that deliver the most performance per watt for our customers. Energy-efficient products not only help reduce our customers’ operating costs, they can help reduce the associated climate impact of those products. Our estimates are that the changes on our desktop products alone have saved our customers $2.4 billion in energy costs. And we are working with our enterprise customers around the world to make data centers more productive and energy-efficient.

- Launching ReGeneration.org, a global meeting place that enables people to learn about going “green,” share ideas and protect the environment. Through it, we’re bringing together experts, customers, stakeholders and others to foster meaningful dialogue on the environment — dialogue that will lead to action and results.

- Continuing our focus on environmentally responsible product design. We continue to take a precautionary approach to materials selection and continue to find ways to reduce product packaging and integrate recyclable packaging solutions. Our Multipack solution for multiple server orders last year reduced collateral materials shipped by 75 percent. It avoids the use of thousands of tons of cardboard and allows more shipments to fit on trucks, thereby conserving fuel in shipping.

- Joining the (PRODUCT)RED™ campaign, which raises funds to buy anti-retroviral drugs for HIV-positive individuals in Africa. We are committed to the fight against HIV and to saving lives. This pandemic affects our customers, employees, suppliers and communities around the globe, and the increase in infection rates is of great concern. During the year, we updated our global nondiscrimination policies to include HIV status among protected categories.

We have many challenges to meet on our continued journey. We are making Dell a stronger and greener company. We continue to work with our suppliers worldwide to share our sustainability best practices and ensure they are employing our own high standards for workplace and employee policies and safety.

Our goal remains the same — we want Dell to be the world’s greatest technology company and make a meaningful difference in protecting our planet and building our communities. Thank you for the ongoing support of our efforts to make our company better each year. I’m proud to present this report representing the hard work of the Dell team around the world.

I’m also happy to report that we hired a vice president of Corporate Responsibility to manage our ambitious environmental and social commitments.

Gil Casellas has the experience to align our philanthropic, diversity and sustainability efforts and further enhance our corporate responsibility programs.

Michael S. Dell
Chairman and CEO
Welcome to Dell’s 2008 Corporate Responsibility Report. I am pleased and proud to introduce a report that highlights the work of dedicated Dell employees around the globe and of our Corporate Responsibility Team.

I joined Dell because of the big and ambitious commitments throughout the company to the ideals of corporate citizenship, paired with an intense drive to continuously improve by listening to our customers and stakeholders. And we are only at the beginning of what we can achieve together. Dell will continue to be a good neighbor in all of the communities we call home by celebrating diversity, fostering inclusion, protecting the environment, supporting digital access for all, and encouraging wellness.

Our Philanthropy, Global Diversity and Sustainable Business teams are now one team working to meet the challenges of making Dell the best corporate citizen it can be.

We have a good deal to be proud of, much of which Michael shared in his letter. Our employees’ willingness to volunteer in Dell communities around the globe remains higher than ever — during our 2007 Global Community Involvement Month almost 30,000 of our employees worldwide volunteered time to non-profit organizations. And Dell’s matching program for employee donations to nonprofits has raised employee charitable giving to new levels.

We continue to recognize that the creation of an inclusive workplace for all employees regardless of background or lifestyle is critical to our future success. In the past year, we’ve been recognized for those diversity efforts by organizations ranging from the Human Rights Campaign Foundation to the Irish Chambers of Commerce to the Black Collegian magazine.

As Michael mentioned, this is a period of intense change for our employees and company, and we must recommit ourselves to our corporate responsibility goals as we reshape Dell. We have a number of challenges to meet in the coming year.

We are working hard to increase the diversity of our senior leadership so that we have the very best possible talent helping guide Dell to future success around the globe.

Our Dell Philanthropy team is actively working to mobilize our efforts to leverage the strengths of our business and employees and partner with our communities to help all realize the promise of digital inclusion. This past year we set a long-term goal to be a “one percent company,” committing one percent of our pre-tax profit to charitable giving.

We must continue to work with our supplier partners to ensure that the high workplace standards we have for our own employees are the same throughout our global supply chain.

I couldn’t have joined a better team to meet these challenges and ensure Dell leads our industry to high standards of corporate responsibility.

As we move forward, the support of our stakeholders is more important than ever. We welcome your feedback on this report, thank you for your guidance in producing it, and look forward to our continued partnership.

Gilbert Casellas
Vice President of Corporate Responsibility
EXECUTIVE SUMMARY

Listen, Commit, Deliver — more than a tag line, this is how Dell does business. From our roots as a company that values a direct relationship with our customers, employees and each other, to delivering some of the world's most energy-efficient products, we strive to continuously meet and exceed our own expectations and those of our stakeholder, customer, employee and shareholder communities.

Michael Dell’s letter describes our strategic initiatives and priorities across the environment and supply chain and in corporate governance for fiscal year 2008. These include our commitments to:

- be the greenest technology company on the planet and the first computer company to achieve carbon-neutral operations by the end of 2008
- continue leadership with our climate strategy and global recycling programs
- partner with our customers in energy-efficiency and climate-protection initiatives
- broaden our Global Citizenship commitment
- recommit our efforts to improve sustainability governance

The following information highlights some of the commitments we have made after listening to internal and external perspectives and how we have progressed toward meeting those commitments. Not every goal can be achieved in one year. Therefore, we will continue to report some multiyear efforts in the next several years.

ENVIRONMENT

Greeneest Technology Company on the Planet

In 2007 we launched a long-term, global effort to partner with our customers to become the greenest technology company on Earth. Our Zero-Carbon Initiative maximizes the energy efficiency of our products. The initiative also includes the efforts of Dell operations, employees and suppliers, and reflects the direct feedback of our customers. Our environmental commitment means we will also continue to take a precautionary approach to chemicals management and to reducing waste generated in our operations.

Throughout this journey, we plan to continuously improve our business processes and products to protect the environment while making it easy for customers to acquire, own and retire their computers responsibly.

Climate Leadership

Climate change is a key component of our commitment to becoming the greenest technology company on the planet. Dell currently has the lowest carbon intensity in the industry, and our goal is to reduce this another 15 percent by 2012. We power many of our facilities with green energy and are committed to having carbon-neutral operations worldwide starting in 2008. We also make it easy for customers to reduce their carbon footprint by providing ENERGY STAR® and Energy Smart products and services, as well as providing the “Plant a Tree for Me” program.

Leadership in Global, Free Recycling

We believe that no computer, materials or component should go to waste. Our first efforts always aim for responsible reuse. We believe that this material stream represents an industry-wide opportunity for resource conservation whether as whole-system reuse, piece-part reuse or component materials recovery. These concepts represent the foundation of our worldwide take-back programs.

We think recycling a computer should be as easy for consumers as buying it. Dell is the only electronics industry company that offers free global recycling for all of its consumer products, irrespective of product purchase. We also recycle any other manufacturer’s consumer product with the purchase of a Dell product. For commercial customers, we offer services that include destructive data overwrite, value recovery and documented, responsible disposition.

We believe in producer responsibility — that all manufacturers should partner with consumers and government to recover and sustainably recycle electronic products at end of life to ensure that all such products enter a new life cycle either as refurbished products or as commodity materials. Simply put, compared to other scenarios, producer responsibility is the most economically efficient approach. It provides incentives to eliminate substances of concern in product designs, affords transparency to downstream processes, and maintains an important relationship with consumers.
Customer Partnerships

We believe that it is critical for our customers to be engaged in reducing environmental impacts of our products. By partnering with the ReGeneration, a group of people of all ages from around the globe who believe this as well, we are empowering millions of customers through conversations and communities.

Through ReGeneration.org, we are making strides to achieve a low-carbon economy. Since launching the site in January 2008 Dell has engaged experts, advocates, visionaries, authors and customers in an effort to foster meaningful dialogue on the environment — dialogue that will lead to action and results.

SUPPLY CHAIN

Global Citizenship Commitment

Our Global Citizenship program continues to evolve. In fiscal year 2008 Dell drove more awareness about the Electronic Industry Citizenship Coalition (EICC) Code of Conduct (the Code) with our suppliers, holding two supplier education workshops. Our approach is not only to audit, but also to educate, share best practices and partner with Dell’s supply base to implement the Code.

While we require that suppliers comply with the Code and continue to score suppliers on compliance with the Code during their Quarterly Business Reviews (QBRs), we also realize process improvement is a continuing journey and that compliance will not happen overnight.

One way that Dell helps suppliers implement the Code and address supply chain opportunities is to expand the use of Business Process Improvement (BPI) methodology and tools. For nearly a decade, Dell has used this methodology to identify and address issues across the company, most notably in manufacturing where it has been used to address quality, throughput, and delivery and cost issues. In fiscal year 2008 we expanded BPI to 17 more supplier facilities.

Looking ahead, the drive to fully integrate the EICC Code into the supply chain remains a demanding challenge for our company and the industry. We will seek ongoing improvements and better working conditions throughout the supply chain.

CORPORATE GOVERNANCE

Strategic Council on Sustainable Opportunities

Our company’s leadership is strategically implementing a governance model for our sustainability efforts to ensure executive awareness and alignment around key risk areas. Continuing the process that has evolved, the Dell Leadership Team and Board of Directors are kept apprised of the wide range of risks and opportunities. By leveraging shareholder insight and support, customer feedback, and internal policies and procedures, we continue to address the material issues across the business.

ADDITIONAL EFFORTS

Our top priorities are by no means the sum total of our strategic initiatives for this year and the future. We continue our work to reduce packaging, improve transportation efficiency, preserve endangered forests, promote diversity and maintain high ethical standards. Our business-unit and site managers observe and measure employee wellness. And we continue a focus on employee benefits and development to meet the needs of our growing company, particularly in emerging countries.

Figure 3 on pages 10 and 11 lists some of Dell’s efforts, results from goals set in previous years and some of the areas we are working on for the future. We encourage you to review the remainder of the report for more detailed information. Figure 3 includes:

- Fiscal year 2008 Commitments — goals set in the previous year(s)
- Fiscal year 2008 Delivery — achievements during fiscal year 2008
- Moving Forward — areas of new or continued focus

The requirements for delivering economic, social and environmental value increase each year. We are listening, we are committed to improving in all areas of our business, and we are working diligently to deliver demonstrable results.
<table>
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<th>COMMITMENT</th>
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| Governance and Compliance | • Published public policy online  
• Updated nondiscrimination policy in Dell Code of Conduct |
| Stakeholder Engagement | • Increase reporting transparency  
• Held five stakeholder meetings |
| Suppliers | • Grow diverse spend year over year and increase ease of doing business for diverse suppliers  
• 80% of Tier 1 suppliers signed letter of commitment  
• Presented two capability building workshops in China for suppliers |

**ENVIRONMENT**

|-----------------------------|------------------------------|----------------------|----------|-------------------|-----------------------------|-----------------------------|----------------------|---------|-------------------|----------|
|                              | • Grow portfolio of energy-efficient products and services  
• Reduce GHG emissions from Dell operations and products by 25 million tons through improved product performance  
• Implement server-managed power management for customers worldwide to avoid 40,000 tons of CO2 emissions between FY08 and FY12  
• Reduce GHG emissions from shipping products by optimizing shipping routes, instituting CDN process, and opening more facilities to assemble products closer to the customer  
• Avoid 100,000 tons of lead and 60,000 tons of BFRs between FY04 and FY12  
• Eliminate all remaining uses of BFRs and PVC by 2009, including TBBP-A in circuit boards, as acceptable alternatives are identified that will not compromise product performance and will lower product health and environmental impacts  
• Use Green Cell biodegradable foam for packing material  
• Recycle and reuse 99% of waste from manufacturing operations by 2012  
• Reduce carbon intensity 15% by 2012, based on 2006 levels  
• Reduce GHG emissions of Dell’s freight operations by increasing the percentage of freight shipped through SmartWay Transport Partnership carriers  
• Recycle or reuse 99% of waste from manufacturing operations by 2012  
• Improve building LEED scores by 2012  
• Achieve 20% PCW for paper used in our U.S. catalogs  
• Maintain current minimum average of 28% PCW for copy paper used in U.S. operations  
• Offered five ENERGY STAR workstation systems  
• Offered nine ENERGY STAR notebook systems, including one workstation  
• Offered 15 ENERGY STAR desktop configurations including one consumer system and one workstation  
• Offered 15 ENERGY STAR desktop configurations including one consumer system and one workstation  
• Offered five ENERGY STAR workstation systems  
|                              | • Reduce packaging by 5,440 tons (10.88 million lbs.)  
• Reduced packaging by 5,440 tons (10.88 million lbs.)  
• Increased green electricity purchases in North American operations  
• Opened two new plants (India, Poland) to manufacture computers closer to customers, optimizing shipping routes and reducing shipping emissions  
• Recycled and reused more than 95% of nonhazardous waste from manufacturing operations in FY08  
• Obtained approximately 29% of catalog material  
• Published public policy online  
• Conducted Tell Dell employee survey and developed action plans from feedback — 89% of employees participated  
• Conducted Tell Dell employee survey and developed action plans from feedback — 89% of employees participated  
• Launched Employee Storm, an informal employee idea-generation tool, engaging more than 25% of worldwide employees in first six months  
• Gained Board agreement to increase funding for FY09 to 0.8% of pre-tax profit  
• Attained more than 30% employee participation in volunteer events | • Gained Board agreement to increase funding for FY09 to 0.8% of pre-tax profit  
• Attained more than 30% employee participation in volunteer events |

Acronyms are spelled out on page 110.

Figure 3: Summary of FY08 Commitments, Delivery and Goals
| MOVING FORWARD                                                                 | • Continue to increase the amount of information available online and make it easier to search | • Work with partner organizations to improve industry code of conduct reflected in our internal code | • Enhance our Global Policy Council |
| • Met with Ceres stakeholder team to gather feedback on the FY07 Sustainability Report | • Continue multiple engagements each year in different regions where the issue is material | • Plan for external verification of the report no later than FY12 report |
| • Expanded criteria for GC scoring in QBRs by adding environmental aspect | • Launched Direct Talk; supported outreach with National Minority Supplier Development Council, Women’s Business Enterprise National Council, SBA and diversity-friendly organizations | • Continue to drive supplier implementation of the EICC Code and drive the Code into their sub-tier | • Continue to engage cross-functional teams to integrate GC principles into the supply base activities |
| • Engaged 17 additional supplier facilities in BPI | • Continued to retrofit office buildings, factories and data centers to reduce energy consumption | • Reduce 14.8 million tons of GHG emissions through product design and IE program | • Expand ENERGY STAR desktop and notebook offerings for consumers |
| • Offered 70 ENERGY STAR monitors and 7 ENERGY STAR printers | • Reduced 14.8 million tons of GHG emissions through product design and IE program | • Achieved 3% of FY12 goal of 40,000 tons CO2 reduction due to server-managed power management on customer systems | • Expand 80 PLUS PSU listings to include server PSUs |
| • Offered 19 high efficiency PSUs certified as 80 PLUS, including three Bronze designated PSUs | • Continued to do programs in CY08 to reduce packaging by 10 million lbs. annually | • Double the number of Bronze PSUs available to customers | • List ENERGY STAR 1U and 2U server configurations |
| • Investigated use of Green Cell biodegradable foam | • Investigating external auditors to review carbon emissions calculations | • Continued to retrofit office buildings, factories and data centers to reduce energy consumption | • Continue tracking GHG emission reductions from improved product design and performance |
| • Engaged external auditors to review carbon emissions calculations | • Continued to retrofit office buildings, factories and data centers to reduce energy consumption | • Continued to search for new sources of sustainably produced paper | • Migrate direct mail and insert pieces to higher recycled-content paper sources |
| • Achieved an average of about 45% of PCW in catalogs | • Achieved an average of about 30% PCW for copy paper in the U.S.; in January 2008 began using 100% PCW copy paper at all Austin and Nashville campuses | • Continued to search for new sources of sustainably produced paper | • Improve pallet loading to maximize trailer utilization and to reduce GHG emissions |
| • Worked with governments in 11 states to pass producer responsibility-based consumer reuse and recycling legislation | • Worked with governments in 11 states to pass producer responsibility-based consumer reuse and recycling legislation | • Continued to search for new sources of sustainably produced paper | • Analyze use of CDN process with new parcel carrier |
| • Held more than 40 Ethics Day celebrations in more than 20 countries | • Achieved 100% employee participation in the required ethics and compliance training | • Reached more than 12,000 employees with online EHS training (compliance requirements vary by job classification and region) | • Improve employee awareness of health and workplace safety in all regions |
| • Contributed more than $26 million to community organizations through Dell, Dell Foundation and Dell employee cash and in-kind donations | • Contributed more than $26 million to community organizations through Dell, Dell Foundation and Dell employee cash and in-kind donations | • Continued to develop and refine employee feedback mechanisms; take action on feedback | • Attain and maintain a recordable workplace-injury case rate of 0.4 cases per 100 employees |
| • Contributed more than $26 million to community organizations through Dell, Dell Foundation and Dell employee cash and in-kind donations | • Contributed more than $26 million to community organizations through Dell, Dell Foundation and Dell employee cash and in-kind donations | • Continued to search for new sources of sustainably produced paper | • Develop centralized process to track Dell-wide philanthropy |
COMPANY OVERVIEW

Dell Inc. was founded in 1984 by Michael Dell. We are a premier provider of products and services worldwide that enable customers to build their information technology and Internet infrastructures. Dell offers a broad range of products in the following categories: desktop computer systems, servers and networking products, mobility products, software and peripherals, and services.

Our global leadership has been the result of a persistent focus on delivering the best possible customer experience by selling products and services directly to customers. In fiscal year 2008 we launched our retail business and expanded our partnerships with value-added resellers (VARs). See “Emerging Issues” on page 17 for more information on Dell’s retail expansion.

OFFICES AND FACILITIES

We conduct operations worldwide and manage our business in three geographic regions: the Americas; Europe, Middle East and Africa (EMEA); and Asia-Pacific/Japan (APJ). Dell’s corporate headquarters are in Round Rock, Texas. Central Texas is also home to Dell Americas. The Americas region covers the U.S., Canada and Latin America. The EMEA region covers Europe, the Middle East and Africa. The APJ region covers the Asian countries of the Pacific Rim as well as Australia, New Zealand and India.

Our company currently manufactures computer systems in the following locations:

- Austin, Texas; Nashville, Tennessee; Miami, Florida; and Winston-Salem, North Carolina in the U.S.
- Chennai, India
- Hortolândia, Brazil
- Limerick and Athlone, Ireland
- Łódź, Poland
- Penang, Malaysia
- Xiamen, China

The Łódź, Hortolândia and Chennai factories opened in fiscal year 2008.

For more information about Dell’s global operations, see the interactive map at www.dell.com/dellworldwide. Additional location and property information is included in our 10-K filings located at www.dell.com/investors.

ACQUISITIONS

Since our fiscal year 2007 Sustainability Report, Dell announced eight acquisitions, closing six of them before the end of fiscal year 2008 and two in early fiscal year 2009. Per GHG Protocol, we included the six companies acquired in fiscal year 2008 in our GHG emissions calculations. Figure 4 lists companies acquired through April 2008.

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>FOCUS</th>
<th>ACQUIRED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Silverback</td>
<td>Remote systems management service</td>
<td>July 2007</td>
</tr>
<tr>
<td>Zing</td>
<td>Always-connected entertainment</td>
<td>August 2007</td>
</tr>
<tr>
<td>ASAP</td>
<td>Software license management service</td>
<td>November 2007</td>
</tr>
<tr>
<td>Everdream</td>
<td>SaaS integration platform</td>
<td>December 2007</td>
</tr>
<tr>
<td>Dell Financial Services</td>
<td>Financing</td>
<td>December 2007</td>
</tr>
<tr>
<td>EqualLogic</td>
<td>iSCSI SAN virtualized storage</td>
<td>January 2008</td>
</tr>
<tr>
<td>The Networked Storage Company</td>
<td>Storage consultancy</td>
<td>February 2008 (FY09)</td>
</tr>
<tr>
<td>MessageOne</td>
<td>SaaS e-mail continuity</td>
<td>April 2008 (FY09)</td>
</tr>
</tbody>
</table>

Figure 4: Dell Acquisitions
FINANCIAL RESULTS

Figure 7 on page 14 summarizes our revenue in aggregate. Dell has restated selected financial data as of February 3, 2006; January 28, 2005; January 30, 2004; and January 31, 2003, for the fiscal years ended on those dates and for the first quarter of fiscal year 2007. See the 10-K filing for the fiscal year ended February 2, 2007, for further information. This represents a change to financial information that may have appeared in previous sustainability reports.

For more information about our financial performance, see our Form 10-K available at www.dell.com/investors.

Figures 5 and 6 show the percent of revenue for the last three years by region and by product mix. We have combined our EMEA and APJ consumer businesses with the U.S. consumer business and re-aligned our management and financial reporting structure in light of this change. We began financial reporting for the new global consumer segment in the first quarter of fiscal year 2009 and will reflect this change in the Fiscal Year 2009 Corporate Responsibility Report.

PRODUCTS AND SERVICES

We sell our products and services worldwide. We offer customers a comprehensive portfolio of cost-effective hardware and software products to store, serve and protect customer data.

Dell products include:
- standards-based PowerEdge™ servers, PowerVault™, EqualLogic and Dell | EMC storage systems, and PowerConnect™ switches
- Dell Precision™ desktop and mobile workstations
- OptiPlex™ desktops and Latitude™ notebooks
- Dell Inspiron™ desktops and notebooks
- Alienware™ desktops and notebooks
- Vostro™ desktops and notebooks
- XPS™ desktops and notebooks
- printers, projectors, software and other complementary products

Dell services include:
- infrastructure consulting services
- deployment services
- asset recovery and recycling services
- training services
- support services
- managed services

For more information about our products and services, see www.dell.com.
## DELL BY THE NUMBERS

Figure 7 summarizes Dell’s key performance indicators from fiscal year 2008 (unless a date is otherwise noted).

<table>
<thead>
<tr>
<th>FOCUS GROUP</th>
<th>MEASURE</th>
<th>UNIT OF MEASURE</th>
<th>FY06</th>
<th>FY07</th>
<th>FY08</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Summary</td>
<td>Net revenue</td>
<td>Millions</td>
<td>$55,788</td>
<td>$57,420</td>
<td>$61,133</td>
<td>See Dell’s 10-K for further information</td>
</tr>
<tr>
<td></td>
<td>Employees (total)</td>
<td></td>
<td>73,500</td>
<td>91,500</td>
<td>88,200</td>
<td>See Dell’s 10-K for further information</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Percent of Tier 1 suppliers signing EICC Code of Conduct</td>
<td></td>
<td>—</td>
<td>—</td>
<td>80%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Diverse supplier spending</td>
<td>Millions</td>
<td>$1,900</td>
<td>$2,100</td>
<td>$2,400</td>
<td></td>
</tr>
<tr>
<td>Manufacturing and Operations</td>
<td>Process hazardous air pollutants</td>
<td>Metric tons</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>Not reported — very low or none</td>
</tr>
<tr>
<td></td>
<td>Scope 1 GHG emissions</td>
<td>Metric tons</td>
<td>NR</td>
<td>7,000</td>
<td>35,128</td>
<td>Not reported in FY06</td>
</tr>
<tr>
<td></td>
<td>Scope 2 GHG emissions</td>
<td>Metric tons</td>
<td>Partial</td>
<td>385,000</td>
<td>403,210</td>
<td>Before subtraction for green electricity purchases</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Metric tons</td>
<td>—</td>
<td>377,000</td>
<td>389,678</td>
<td>After subtraction for green electricity purchases</td>
</tr>
<tr>
<td></td>
<td>Scope 3 GHG emissions</td>
<td>Metric tons</td>
<td>—</td>
<td>—</td>
<td>51,747</td>
<td>Global-business air travel only; first year reported</td>
</tr>
<tr>
<td></td>
<td>Green electricity</td>
<td>Million kWh</td>
<td>12.0</td>
<td>12.9</td>
<td>22.8</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Process wastewater generated</td>
<td>Cubic meters</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>Not reported — very low or none</td>
</tr>
<tr>
<td></td>
<td>Hazardous waste generated</td>
<td>Metric tons</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>Not reported — very low or none</td>
</tr>
<tr>
<td></td>
<td>Nonhazardous waste generated</td>
<td>Metric tons</td>
<td>79,888</td>
<td>84,372</td>
<td>90,655</td>
<td>Manufacturing and fulfillment facilities</td>
</tr>
<tr>
<td></td>
<td>Electricity</td>
<td>Million kWh</td>
<td>361.0</td>
<td>622.4</td>
<td>645.0</td>
<td>FY06: U.S. offices/data centers, global manufacturing</td>
</tr>
<tr>
<td></td>
<td>Other process energy use</td>
<td>Million kWh</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>Not reported — very low or none</td>
</tr>
<tr>
<td></td>
<td>Water</td>
<td>Cubic meters (1000s)</td>
<td>821</td>
<td>904</td>
<td>878</td>
<td>U.S. offices/data centers, manufacturing</td>
</tr>
<tr>
<td></td>
<td>Waste recycling and reuse rate</td>
<td></td>
<td>91.0%</td>
<td>94.4%</td>
<td>95.1%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Recordable injury/illness rate</td>
<td>Cases per 100 employees</td>
<td>0.57</td>
<td>0.55</td>
<td>0.44</td>
<td>Calendar years 2005, 2006, 2007</td>
</tr>
<tr>
<td></td>
<td>Lost workday case rate</td>
<td>Cases per 100 employees</td>
<td>0.09</td>
<td>0.14</td>
<td>0.12</td>
<td>Calendar years 2005, 2006, 2007</td>
</tr>
<tr>
<td>Recycling</td>
<td>Worldwide recovery</td>
<td>Million kg</td>
<td>36.2</td>
<td>53.4</td>
<td>61.1</td>
<td>Includes product take back</td>
</tr>
<tr>
<td></td>
<td>Audits of Tier 1 environmental partners</td>
<td></td>
<td>14</td>
<td>33</td>
<td>39</td>
<td>Worldwide Tier 1 reuse and recycle vendors</td>
</tr>
<tr>
<td></td>
<td>Free-branded Take-Back Program expansion</td>
<td>Countries/ territories</td>
<td>—</td>
<td>57</td>
<td>71</td>
<td>Program launched in FY07</td>
</tr>
<tr>
<td>Community Giving</td>
<td>In-kind, cash and grants, including Dell Direct Giving match</td>
<td>Millions</td>
<td>—</td>
<td>—</td>
<td>$16.2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employee in-kind volunteer hours</td>
<td>Millions</td>
<td>—</td>
<td>—</td>
<td>$1.9</td>
<td>Estimated value of paid employee volunteer hours</td>
</tr>
<tr>
<td></td>
<td>Employee Direct Giving pledges</td>
<td>Millions</td>
<td>—</td>
<td>—</td>
<td>$7.2</td>
<td>$8.3</td>
</tr>
<tr>
<td>Employee Volunteerism</td>
<td>Employees volunteering</td>
<td></td>
<td>&gt; 29,000</td>
<td>&gt; 33,000</td>
<td>&gt; 30,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Percent of employees volunteering</td>
<td></td>
<td>44%</td>
<td>40%</td>
<td>36%</td>
<td></td>
</tr>
</tbody>
</table>

Figure 7: Key Performance Indicators
CORPORATE ACCOUNTABILITY

- Governance and Public Policy
- Ethical Behavior
- Stakeholder Dialogue
- Global Citizenship and Ethical Sourcing
- Supplier Diversity
CORPORATE ACCOUNTABILITY

Our commitment to our employees, our partners and our shareholders is to strive for a Higher Standard of corporate citizenship. We do this through our strong ethical base and through listening, engaging in dialogue and learning. We require our suppliers to join us in this commitment through engagement with the Electronic Industry Citizenship Coalition’s Code of Conduct.

Accountability at Dell starts with living our values each and every day. From ethics to diversity, human rights to privacy, the responsible actions of Dell employees are vital to achieving our corporate accountability goals. Dell’s definition of corporate accountability encompasses governance, ethics, diversity, health and safety, and global citizenship.

This past year, we demonstrated our commitment to corporate responsibility with the following initiatives:

• Dell hired Corporate Responsibility Vice President Gilbert Casellas, the former chairman of the U.S. Equal Employment Opportunity Commission.
• Dell continued work as an integral part of the Electronic Industry Citizenship Coalition (EICC), improving corporate social responsibility (CSR) standards across the industry.

Dell’s commitment to corporate responsibility received the following awards in fiscal year 2008:

• Black Collegian magazine ranked Dell 51 in its Top 100 Diversity Employers.
• Working Mother magazine named Dell one of the Top 20 Best Green Companies in the U.S.
• CRO magazine ranked Dell number 18 on the 100 Best Corporate Citizens list for 2007.
• The Sustainability Productivity Seal of Approval (SUPR Seal) List ranked Dell number one among American tech-hardware companies.

KEY ACCOMPLISHMENTS

Our key accomplishments in fiscal year 2008 include:

• Governance
  — published our public policy online
  — detailed our political spending
  — published our trade association memberships

• Ethics
  — updated our Code of Conduct to reflect the new and expanded nondiscrimination policy
  — implemented Ethics and Values 2.0 across the company
  — created the Thurmond B. Woodard Values in Action award
  — continued 100 percent compliance training
  — held numerous training courses

CRO MAGAZINE NAMES DELL ONE OF 100 BEST CORPORATE CITIZENS

In February 2007 we learned that we were ranked number 18 on the 100 Best Corporate Citizens list for 2007 by CRO magazine. Dell has been on the Top 100 list for seven of the last eight years. This recognition reflects our long-standing dedication to fostering a corporate culture of Winning with Integrity.

The 100 Best Corporate Citizens list recognizes companies that perform with excellence in eight stakeholder-service categories: shareholders, community, governance, diversity, employees, environment, human rights and product. The list is an indicator of best practices in the area of corporate social responsibility and is regarded as one of the most prestigious corporate rankings, along with Fortune magazine’s Most Admired Companies and 100 Best Companies to Work For.

The list is drawn from more than 1,100 of the largest U.S. publicly traded companies. Other technology companies joining Dell in the top 20 include AMD, Intel, IBM, Applied Materials, Texas Instruments and Cisco.

For more information, see www.thecro.com.
**Stakeholder Consultation**
- continued stakeholder engagement strategy; held sessions in San Francisco, London and China
- used stakeholder feedback in key decision-making in matters ranging from political spending to the environment

**Global Citizenship**
- completed two supplier workshops in Shenzhen and Shanghai
- fostered awareness and built capability for targeted Tier 1 suppliers in Shenzhen and Shanghai

We also face challenges and opportunities ahead as we strive to be a leader in corporate responsibility. Global citizenship and supply chain issues may present the greatest challenges to meeting our goals. This year we implemented the EICC Code more fully and are asking our supply chain to meet aggressive targets. Specifically, we requested that our Tier 1 suppliers provide carbon footprint reports and participate in the Carbon Disclosure Project’s Supply Chain Leadership Collaboration.

**EMERGING ISSUES**
Emerging issues, like all business issues, move through a business opportunities life cycle described in Figure 8. Dell has opportunities in all phases of this life cycle, each with a different focus, resource allocation and priority.

<table>
<thead>
<tr>
<th>LISTEN</th>
<th>COMMIT</th>
<th>DELIVER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Becoming Aware/Learning/Observing</td>
<td>Mining/Extractions</td>
<td>Retail</td>
</tr>
<tr>
<td>Initial insights from industry, media, NGOs; limited capability to impact change but watching the topic</td>
<td>Initial research</td>
<td></td>
</tr>
<tr>
<td>Emerging</td>
<td>Global Citizenship/Supply Chain</td>
<td></td>
</tr>
<tr>
<td>Planning</td>
<td>Resource invested; possible pilot program</td>
<td></td>
</tr>
<tr>
<td>DELIVER</td>
<td>Executing</td>
<td>Program implemented; efforts made to maintain and make incremental improvements</td>
</tr>
<tr>
<td>Resolving</td>
<td>No improvements necessary; may retire a program, or topic has become part of baseline</td>
<td></td>
</tr>
</tbody>
</table>

**Challenges of Global Citizenship**
Global citizenship and supply chain compliance potentially present our greatest opportunity.

In 2007 we implemented the EICC Code and asked our supply chain to meet aggressive targets. For example, we challenged our Tier 1 suppliers to report on their carbon footprint and participate in the Carbon Disclosure Project (CDP). For more information on the Carbon Disclosure Project, see www.cdproject.net.

We also requested our Tier 1 suppliers to cascade the EICC Code to their suppliers. The Code covers topics spanning labor, health and safety, environmental, management systems and ethics.

We face significant challenges in our continued efforts to align the supply chain with our Global Citizenship principles and the EICC Code. These challenges include price pressure by manufacturers (including Dell), host governments that are managing rapid market growth, and migrant workers who move from region to region. These realities affect all electronics industry leaders who are promoting supplier compliance.
For example, in one of the supplier workshops that Dell held last year, suppliers discussed their struggle to balance minimizing overtime with the expectations of workers looking for extra income to support their families.

Suppliers experience high turnover rates when workers move from one factory to another seeking overtime pay. In some areas of China, suppliers have to compete in a constrained labor market by providing overtime. Overtime is an example of where the Code is at odds with worker expectations.

Based on the feedback from the first workshop, the second supplier workshop covered implementing the EICC Code, creating worker communication systems, and identifying false identification cards as a step in underage labor prevention.

We learned that suppliers are engaged and want to learn about our Global Citizenship expectations. Transforming verbal commitments into 100 percent compliance across all suppliers is a challenge that will likely take years to accomplish.

Continued vigilance, supplier education, training and compliance assistance will ultimately bring about the necessary changes.

For more information about supplier expectations, programs and commitments, see “Global Citizenship and Ethical Sourcing” on page 31.

Global HIV/AIDS Awareness

Dell’s sustainability reports have referenced a number of efforts by the company and Dell employees to fight the spread of HIV/AIDS. It is one of many wellness issues that concern us.

The possibility of increased infection rates in Asia and the resulting potential workforce and economic impacts are troubling. This is especially true in India and China, two markets critically important to the technology industry. In India an estimated 2.5 million people are infected, primarily in India’s southern states. In China some estimates show as many as 30 million people at risk for HIV exposure.

HIV/AIDS affects our employees, customers, suppliers and communities everywhere Dell has a presence. All Dell communities around the globe have been affected in some way by HIV. Fighting...
the spread of HIV/AIDS is also a cause clearly important to Dell employees. Many of our volunteer efforts to support global HIV services organizations were started by employees.

This year, Dell was proud to join the (PRODUCT)RED campaign. This campaign raises funds for the purchase of anti-retroviral drugs for HIV-infected individuals in Africa where they are critically needed. Our customers expect us to support causes that are important to them, and joining RED is a key part of meeting that expectation. The campaign’s momentum will help raise customer awareness and employee engagement on this important challenge.

In fiscal year 2008 Dell began including HIV status in the list of protected categories in our global nondiscrimination policy. One of the primary objectives of our HIV prevention efforts is supporting employees who may be affected by HIV.

**Materials Extraction/Mining Challenges**

Research by the Centre for Research on Multinational Corporations (SOMO), SwedWatch and FinnWatch suggests issues associated with worker conditions, community damage and environmental repercussions in regions where metals and minerals used for electronic products are sourced. Dell is committed to continued investigation, stakeholder engagement and industry collaboration on these issues.

For years, numerous studies, initiatives, councils and programs about mining, metals, and social and environmental responsibility concerns have been initiated and completed, or have been ongoing, as shown in Figure 10.

The Mining, Minerals and Sustainable Development (MMSD) project highlighted nine major areas of concern that the mining and metals industry confronts. The project identified a number of common and widespread issues that the industry faces, including:

- The control, use and management of land from mineral development results in competing land uses that often generate problems and disagreement around issues such as compensation and resettlement.
- Effective governance in the mining sector is lacking in some countries. Despite challenges such as corruption and absence of management frameworks, mineral development could help alleviate poverty and promote broader economic development at the national level.
- Millions of people around the globe undertake artisanal and small-scale mining (ASM), often as their critical source of income. Yet ASM is characterized by low incomes, unsafe working conditions, serious environmental impacts, exposure to hazardous materials such as mercury vapors, and conflict with larger companies and governments.

The MMSD, World Bank Extractives Industry Review (EIR) and other reports have identified actions for sustainable development of mining. Local, national and global levels are segregated. Suggested actors, in approximate order of priority, are:

- Governments, especially national governments, who should provide governance, set rules and define frameworks for mining
- Mining companies and the mining industry
- Financial players who fund mining projects and expect return on capital, or those, like the World Bank, who provide financial assistance for development
- Community and local organizations, labor groups and other local stakeholders, and nongovernmental organizations (NGOs)
Focusing on capacity-building throughout the sector is important. Government has a central and unavoidable role to play in improving governance for sustainable development through a national policy framework, regulation and enforcement. Not all countries have the capacity to make these changes; therefore, empowering national and local governments to design and enforce regulations is particularly important.

The electronics industry is essentially a small consumer of metals. However, some materials (such as cobalt in rechargeable batteries) when viewed holistically across all relevant industries are used in meaningful volumes. Dell’s finished goods manufacturing operations are many steps removed from the extraction, refining and trading of these materials. This means that companies such as ours have limited influence over the social and environmental practices in metal extraction operations.

Our ability to make improvements in these areas is most effective when we engage with the supply chain that is more directly within our sphere of influence. We are working through the EICC and Global eSustainability Initiative (GeSI) Supply Chain Working Group to drive responsible practices through the electronics and information communication technology supply chain. In 2003 GeSI worked with Fauna & Flora International to study and understand the mining of tantalum in the Democratic Republic of Congo. Their report illustrates the complexity of how mined material ultimately ends up in electronic products. For more information, see www.gesi.org/activ/representing.htm.

Dell is aware of the sustainability issues associated with mining and processing metals such as tantalum. Tantalum is used in a variety of products, from pacemakers and prosthetic devices, to capacitors for automobile anti-lock braking systems, cell phones and notebook computers. We do not buy tantalum or other raw materials, but purchase finished components and assemblies from our global supply base. Tantalum capacitors, which are used in limited applications in Dell notebooks, do contain a small amount of tantalum because of its superior dielectric properties, high reliability characteristics and energy efficiency.

Many of Dell’s capacitor and tantalum powder suppliers are members of the Tantalum-Niobium International Study Center (TIC), which is a nonprofit organization focused on the raw-material production aspects of tantalum and niobium. The TIC has cooperated with other organizations such as The World Conservation Union (IUCN), the Dian Fossey Gorilla Fund and The World Wildlife Fund (WWF) to encourage major processors to obtain their tantalum raw materials from lawful sources in other parts of the world and refrain from purchasing materials from regions where either the environment or wildlife is threatened. The TIC estimates that the Democratic Republic of Congo represents less than 10 percent of the global mine output of tantalum.

In January 2008 Dell participated in Linking Extractives to Consumer Electronics, an international roundtable held in Brussels. As we engage and collaborate across industries, a broad group of stakeholders will help shape our actions in the coming years.

**Nanomaterials**

Nanotech, a relatively new form of material science, refers to engineering at the molecular level to create substances with unique structural, electronic or magnetic properties. Uses for these materials range widely from high-performance electronic device applications to improvements in everyday products such as sunscreen, food packaging and stain-proof fabrics. Medical uses such as antimicrobials and drug release agents are also emerging.

“Nano” means one thousand-millionth. Thus, one nanometer (nm) is one thousand-millionth of a meter. Nanomaterials are usually considered to have dimensions in the range of 1 to 200 nm. They can be described in one dimension (coatings), two dimensions (nanowires and nanotubes) or three dimensions (nanoparticles).

Because of their small size, nanoparticles may be able to penetrate skin or other membranes, triggering biochemical processes that could lead to cell damage. Questions also have been raised about the possibility that carbon nanotubes may pose inhalation risks similar to asbestos fibers.

In March 2008 the U.K. Department for Environment, Food and Rural Affairs launched a voluntary program to solicit information on nanoscale materials that:

- are engineered (that is, not natural or unintentional by-products of other processes)
- have two or more dimensions less than 200 nm
- are free particles at any stage in a product’s life cycle

The data will be used to collect evidence of potential risks, specifically to:

- compile a catalog of nanomaterials being manufactured, handled and marketed
- draw comparisons of potential risks with prior findings
- advise appropriate controls

Balancing the enormous societal benefit of this emerging technology with proper control of potential risks to health, safety and the environment is important. Consistent with our precautionary approach to chemicals management, we consider free nanoparticles to be a potential substance of concern.
Nanotechnology’s potential for risk has been widely considered both for current and future applications. However, a lack of consistent data assembled to date has resulted in a largely qualitative risk assessment. Dell continues to follow this important issue closely and supports the principles of the European Union’s Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) to advance public health and safety and to protect the environment.

New Sales Channel: Retail

One critical area of growth for Dell in fiscal year 2008 was the reemergence of Consumer Retail sales — the growth of the consumer business is one of our key priorities for our customer experience and for business competitiveness.

We have long prided ourselves on direct customer relationships — a tag line for Dell’s business for many years has been “Be Direct.” A core belief is that we can ensure the best possible customer experience through a direct customer relationship, which we have done through phone and online sales since Dell’s inception. The direct model was a revolution. But it is not a religion.

Some consumers told us that they want other avenues to purchase Dell products. We listened, and in May 2007 Michael Dell announced that Dell consumer products would be available in retail stores around the globe. In the past several months Dell has announced relationships with retailers in the U.S., Europe, Asia-Pacific/Japan and Latin America, and our products are currently available in approximately 13,000 retail stores worldwide.

Augmenting our direct business model to include consumer retail, however, will likely add impacts to the carbon footprint of Dell products distributed through this channel. Figure 11 illustrates that a direct relationship with a customer has fewer steps from the supply chain to the customer, resulting in lower carbon emissions.

Retail adds steps between manufacturing and the customer, potentially adding carbon emissions of transportation from Dell to a retail store (and possibly to a distribution center before the store) as well as for customers traveling to the store. Additionally, retail facilities (distribution centers, stores) use operational energy (construction resources and “keep the lights on” resources), all of which become part of the carbon footprint of every product in the store.

Dell is taking steps to quantify these impacts. We took the first step at understanding our upstream impacts by setting expectations for our primary suppliers to report their carbon emissions. As we look downstream in the supply chain we will seek to understand additional retail carbon impacts and will partner with retailers to minimize these.
GOVERNANCE AND MANAGEMENT

Dell’s corporate governance structure specifies the distribution of rights and responsibilities among different participants in the company (including shareholders) and establishes the procedures for making decisions about the company’s business. Through sound rationale, accountability at the highest levels, and documented, repeatable processes we are able to manage and report on our progress toward meeting goals. For more information about our principles, see www.dell.com/corporategovernanceprinciples.

Board of Directors

The Board of Directors believes that the company must adhere to sound corporate governance policies and practices. Doing so ensures that Dell is governed and managed in the best interests of our shareholders. The Board provides oversight and supervision of the overall affairs of the company and maintains the following committees to assist it in discharging oversight responsibilities:

• Audit Committee
• Finance Committee
• Governance and Nominating Committee
• Leadership Development and Compensation Committee

The Board and management are jointly responsible for managing and operating Dell’s business with the highest standards of ethics and integrity. In that regard, the Board expects each director, as well as each member of senior management, to lead by example in a culture that emphasizes trust, integrity, honesty, judgment, respect, managerial courage and responsibility.

Furthermore, the Board expects each director and each member of senior management to act ethically at all times and to adhere to the policies, and the spirit, expressed in Dell’s Code of Conduct. The Board will not permit the waiver of any ethics policy for any director or executive officer.

Our Board is composed of 11 directors of which nine are independent, as determined by Dell corporate governance principles. Three of our directors are diverse — two women and one person of color. For more information about Dell’s Board of Directors, see www.dell.com/boardofdirectors.

New Vice President of Corporate Responsibility

Dell appointed Gilbert Casellas, former chairman of the U.S. Equal Employment Opportunity Commission, as vice president of Corporate Responsibility. In this role, he oversees sustainability, diversity and philanthropy efforts. Gil spearheads our direct and regular engagements with global, diversity-related and nongovernmental organizations and with community and socially responsible investment groups. He reports to our senior vice president of Human Resources, who reports directly to the CEO. Figure 12 depicts the relationship between Gil’s organization and the Dell Board of Directors.

From 1994 to 1997, Gil was chair of the U.S. Equal Employment Opportunity Commission. He also served as general counsel for the U.S. Department of the Air Force and co-chair of the U.S. Census Monitoring Board. Most recently, Gil was a member of the Washington, D.C., law firm of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, where he focused on workplace diversity and equal opportunity.

MICHAEL DELL NAMED ONE OF THE 100 MOST INFLUENTIAL PEOPLE IN BUSINESS ETHICS

In December 2007 Michael Dell was named one of the 100 Most Influential People in Business Ethics for 2007 by Ethisphere magazine, a global publication dedicated to underscoring the important correlation between ethics and business success.

The recipients were recognized for inspiring change in business ethics. Michael Dell came in at number 17 on the list, receiving particular commendation for his business leadership in substantially transforming Dell’s operational practices in a manner consistent with profitable ethical leadership.

To compose the list of recipients, a panel of ethics experts from various major U.S. universities along with analysts from the Ethisphere Institute researched and submitted hundreds of individuals for nomination, then ranked them as to their influence on ethical behavior in global business.

For more information about this recognition, see ethicisphere.com/michael-dell.

Figure 12: Corporate Responsibility Reporting Relationship
Gil has a long history of professional and public service. He is a director of the Johnnetta B. Cole Global Diversity and Inclusion Institute, a member of the board of directors of the Hispanic Federation, and chair of the Committee on Workplace Diversity of the Yale University Council. He has received several leadership awards, including the U.S. Department of the Air Force’s Decoration for Exceptional Civilian Service and the Spirit of Excellence from the American Bar Association. Gil earned his undergraduate degree from Yale University and his law degree from the University of Pennsylvania.

**Sustainable Business Responsibility**

Senior executive support for Dell’s sustainability efforts is critical. The Director of Sustainable Business reports progress and results to the Governance and Nominating Committee of the Board of Directors, which adjusts and confirms the company’s sustainability strategy. The full Board of Directors is briefed at least annually and more often when required.

This direct engagement of Dell’s Executive Leadership Team has been a key factor in aggregating and disseminating information about sustainable business practices to the company management structure worldwide.

Our Sustainability Council, consisting of leaders from key business functions, meets quarterly to review sustainability-related risks, opportunities and associated actions. Dell business owners who are working to address risks and opportunities are invited to provide updates and to seek approval for resources and strategies.

Figure 13 represents the accountability of sustainability work at Dell, and Figure 14 reflects the membership of Dell’s Sustainability Council.

**Political Disclosure and Accountability Policy**

Dell and Dell employees are committed to active engagement in our communities. Whether participating in charitable or political activities, our employees are informed and involved in the decisions that affect the company. We believe that supporting candidates who understand the company’s legislative initiatives and policies is appropriate and in the best interest of our customers, employees and shareholders.

In connection with this activity, Dell embraces a policy of strict adherence to federal and state campaign finance laws and regulations governing political contributions and the disclosure of those contributions. Pursuant to federal law, employees established a separate, segregated fund or political action committee (PAC), which is supported solely by voluntary contributions from eligible employees, spouses of eligible employees, and shareholders, who collectively choose to allocate those contributions to federal and state candidates and committees. Dell and Dell PAC’s political spending reflects company, employee and shareholder interests and not those of our individual officers or directors. Dell has a stringent policy regarding gifts to U.S. congressional officials. For more information about this policy, see [www.dell.com/publicpolicy](http://www.dell.com/publicpolicy).

Dell’s political disclosure and accountability policy addresses personal and corporate political activities. The full policy, which can be found at [www.dell.com/publicpolicy](http://www.dell.com/publicpolicy), governs the following:

- personal employee political activities
- Dell political contributions
We would like to highlight a few policy components this year:

**Contributions to State or Local Ballot Initiatives**: Dell does not contribute corporate funds or PAC funds to state or local ballot initiatives or to support or oppose state or local referenda.

**Contributions to 527 Organizations**: Dell makes no corporate contributions to any non-candidate or non-party-affiliated political committees organized under Section 527 of the Internal Revenue Code. Dell may make contributions to certain established and nationally recognized organizations that are organized under Section 527 of the federal tax code, such as the Republican and Democratic Governors Associations. When Dell makes these payments, they are reviewed and approved by the PAC Executive Committee and Dell’s senior vice president and general counsel. In addition, the Dell Board of Directors is informed once a year on membership and dues paid to all 527 groups. We disclose all such contributions to 527 organizations on our Web site at [www.dell.com/publicpolicy](http://www.dell.com/publicpolicy).

**Contributions to Trade Associations**: Dell belongs to several trade associations and pays regular dues to these groups. Dell does not normally make additional, non-dues contributions to these organizations to support the groups’ political activities. If we make payments to trade associations that are designated for political purposes and are beyond the required annual dues, we disclose such contributions on our Web site. Dell will inquire and make a reasonable effort to obtain from the trade associations what portion of the company’s dues or payments were used for lobbying expenditures or political contributions that if made directly by Dell would not be deductible under Section 162(e)(1) of the Internal Revenue Code.

**Major U.S. Trade Associations and Organizations**

For a list of the major U.S. trade associations of which Dell is a member, see Figure 17 on page 30.

**Online Resources**

As of fiscal year 2008 we increased our transparency and disclosure in many areas. Public policy is now available on our Web site; for more information about Dell PAC and Dell corporate contributions, see [www.dell.com/publicpolicy](http://www.dell.com/publicpolicy). To access databases of financial contributions to political campaigns and organizations, see the Web sites of the Federal Election Commission at [www.fec.gov](http://www.fec.gov), the Center for Responsive Politics at [www.opensecrets.org](http://www.opensecrets.org), and the Center for Public Integrity at [www.publicintegrity.org/lobby](http://www.publicintegrity.org/lobby).
ETHICS AND COMPLIANCE

Leadership
Fiscal year 2008 was a year of transition for the Global Ethics and Compliance Team. The most significant impact and challenge occurred on April 4, 2007, when Thurmond B. Woodard, Dell’s first vice president for global diversity and chief ethics and compliance officer, passed away. Under Thurmond’s leadership, the Global Ethics and Compliance Office became a pillar of Dell’s operations worldwide, with a team that reflects today’s multicultural base of employees and customers. Thurmond was instrumental in helping us define and promote our distinctive, winning culture. His vision and dedication to diversity and ethics were critical in helping us extend Dell’s global reputation for business ethics and integrity.

After Thurmond’s passing, Gracie Renbarger, who led the function in an acting capacity during Thurmond’s illness, was appointed chief ethics and compliance officer. Since joining Dell in 1997, Gracie has been closely aligned with the ethics and compliance function, providing legal support to the ethics function and the Audit Committee. She has also played a key role in the development of our Code of Conduct and Dell’s Higher Standard. As chief ethics and compliance officer, Gracie continues to report to Dell’s general counsel and works closely with the Executive Leadership Team and Audit Committee to drive the strategies and initiatives supporting our global culture of ethics and integrity.

Team
Under Gracie’s leadership, the Global Ethics and Compliance Team was reorganized to align more closely with the new business organizational structure and more effectively address risk. Benchmark research and best practice reviews indicate that leading companies make a distinction between ethics and compliance activities to focus on applicable legal and regulatory requirements. To this end, the compliance arm of the Dell Global Ethics and Compliance Office was created to shape the Legal and Regulatory Compliance Center of Competence (Compliance COC). The new structure allows the team to provide more customized and comprehensive support to global and regional business leaders. It also focuses more effectively on program responsibilities such as risk assessments, benchmarking, and executive and regulatory reporting. In fiscal year 2008 two team members, a team project manager and a global segment ethics manager were added to support the new model.

TIM SMITH
Senior Vice President, Environment, Social and Governance Group, Walden Asset Management

Dell’s 2008 Corporate Responsibility Report confirms that the company continues to expand its commitment and programs to put sustainability into action. The first Dell environmental report was in 1998.

Dell does not create these sustainability programs in a vacuum. Management regularly meets with investors to discuss issues they are working on and what new issues should be on their agenda. In this sense the company demonstrates its openness to input from both shareowners and stakeholders. In fact, on pages 4 and 30, many of these partners are listed.

The Dell Report appropriately references the Global Reporting Initiative as the gold standard against which they report and proudly notes that the 2007 Report received a Commendation for reporting from Ceres and the Association of Chartered Certified Accountants in 2007. This is no run of the mill report.

Furthermore, Dell acknowledges the importance of both internal and third-party external verification of sustainability programs so that the words on the page and the programs in place are confirmed to be accurately described. They recognize that a report is much more credible when it is audited by outsiders. Third-party verification is expensive so Dell chose to zero in on certain issues for outside audits, an appropriate sort of “rolling verification” system. This report properly has a significant focus on issues of environmental sustainability; however, it also reports on important issues such as the supply chain/vendor standards and political spending disclosure.

Concerned investors raised the issue of political spending with Dell. They are urging companies to oversee and be transparent about all their political spending, including through trade associations. Dell quickly agreed on the importance of transparency and then worked with investors to ensure all the bases were covered in their report, including disclosure of the trade associations they work through.

Ensuring that the electronics that go into Dell products are produced daily in overseas factories that comply with standards of excellence in health, safety and fair trade employee treatment is a gargantuan but vitally important task. Dell describes their process for promoting and implementing their Code, but is the first to admit that there are many miles to go before they sleep.
Compliance COC
In early 2008 we hired an additional global segment ethics manager and a new internal investigations counsel within the Compliance COC. Throughout fiscal year 2009 we will continue to assess the needs of the organization and make team adjustments to effectively address those needs. The Compliance COC Team will direct compliance program design and activities across Dell, oversee the development and implementation of global policies, and continue to monitor and address new and emerging global risks.

Code of Conduct
Dell’s Code of Conduct is the global set of guidelines articulating Dell’s standard of ethical behavior. The Code of Conduct provides guidance to ensure we meet our Higher Standard and conduct business the Dell Way — the right way — Winning with Integrity. Dell’s culture of performance with integrity unites us as a company that understands and adheres to our values and to the laws of the countries where we do business.

Dell’s Code of Conduct is consistent globally and available in 17 languages. Before starting work at Dell, all employees are required to read the Code of Conduct and agree to abide by it and related policies. In addition, we require our partners and suppliers to meet the expectations and requirements for business conduct outlined in the Code of Conduct. For more information, see www.dell.com/codeofconduct.

Seven Key Tenets
Our Higher Standard goes beyond legal minimums to elevate our ethical commitment and avoid even the appearance of impropriety. Dell’s Higher Standard includes seven key tenets that provide the foundation for our Code of Conduct:

- **Trust**: Our word is good. We keep our commitments to each other and to our stakeholders.
- **Integrity**: We do the right thing without compromise. We avoid even the appearance of impropriety.
- **Honesty**: What we say is true and forthcoming, not just technically correct. We are open and transparent in our communications with each other and about business performance.
- **Judgment**: We think before we act and we consider the consequences of our actions.
- **Respect**: We treat people with dignity and value their contributions. We maintain fairness in all relationships.
- **Courage**: We speak up for what is right. We report wrongdoing when we see it.
- **Responsibility**: We accept the consequences of our actions. We admit our mistakes and quickly correct them. We do not retaliate against those who report violations of law or policy.
Key Compliance Program Accomplishments

Our commitment is unyielding, and we are always reaching for the next level of excellence. In fiscal year 2008 the new Compliance COC delivered several key initiatives:

New Policies: Dell introduced policies in response to new and newly interpreted legislation. Two significant policies are the Dell Policy on Gifts to U.S. Congressional Officials (in response to the Honest Government and Open Leadership Act, effective September 2007) and the expanded Protocol for Fraud Reporting by the Chief Ethics and Compliance Officer (in response to the Sarbanes-Oxley Act, Section 302).

Building Relationships: The Ethics and Compliance Team continued to build working relationships with other compliance-focused entities within Dell, including Worldwide Regulatory Compliance and Environmental Affairs (product compliance), Global Legal, Dell Financial Services Compliance, Sustainability and Diversity, Worldwide Trade Compliance, Corporate Governance (Sarbanes-Oxley compliance), Finance, and Corporate Audit.

Risk Assessment: Dell conducted a global legal and regulatory compliance risk assessment in accordance with the U.S. Federal Sentencing Guidelines. This assessment was based on the well-established and recognized Committee of Sponsoring Organizations of the Treadway Commission, or COSO, methodology. Based on data gathered by Global Legal, business compliance teams and other sources, the Compliance COC identified more than 80 laws, regulations, and other specific compliance requirements of significance to Dell for each of the major regions. Topics included, but were not limited to, the U.S. Foreign Corrupt Practices Act, U.S. Fair Labor Standards Act, Sarbanes-Oxley Act, U.S. and European antitrust laws, U.S. export administration regulations, Waste from Electrical and Electronic Equipment (WEEE) Directive and French Data Protec-

MINDY LUBBER
President, Ceres

Dell has displayed a commitment to substantial social and environmental progress from the start of its relationship with Ceres. Its engagement with Ceres stakeholders – representing a variety of social, environmental and investor perspectives – has prompted new company sustainability initiatives. Dell’s focus is evident in its array of innovative, substantive measures and in the way concerns about sustainability permeate throughout company activities.

Most important, these efforts are not limited to a small, isolated “sustainability” group within Dell. This kind of commitment starts at the top. Michael Dell’s determination to make Dell the world’s greenest IT company empowers Dell staff, driving interest and activity at all levels.

Active sharing of information and ideas between stakeholders and Dell has helped shape some of Dell’s impressive initiatives. After a healthy debate involving Dell and Ceres stakeholders at a 2006 Ceres meeting, for example, Dell resolved to support national electronics take-back legislation. Dell’s willingness to step up to the plate with the first ever take-back program in the IT industry makes an important statement. Going the next step and pushing for industry-wide legislation demonstrates leadership and was a positive response to an issue that stakeholders had been advocating.

Dell’s take-back initiative demonstrates the value of the Ceres stakeholder process. The stakeholder meeting was instrumental in nurturing agreement on the legislative initiative, and Dell’s leadership at that forum ensured that stakeholder suggestions were taken seriously.

Some companies take action in just one sustainability area. Dell tackles social and environmental challenges holistically. I think Dell’s openness to working closely with stakeholders has influenced the breadth and creativity of how Dell approaches these challenges.

With regard to climate change, the Ceres process helped propel Dell’s decision to adopt its carbon reduction goals. Dell adopted two – a 15 percent reduction in carbon intensity by 2012 and a goal of net carbon neutrality by the end of 2008. Committing to a measurable 2012 target creates accountability. Dell has already announced a first step, using 100 percent renewable energy to power its global headquarters. Beyond goals for its own operations, Dell is also requiring greenhouse gas reporting by its suppliers.

However, there is always room for improvement and Dell can do more. In the climate arena, we’d like to see Dell be in the forefront of corporate-led change that results in a mandatory and effective U.S. climate policy. Dell could also play a more active role in state-level energy efficiency debates. Dell’s shift in product sales from its exclusive direct model to retail outlets like Best Buy, Staples and Wal-Mart will also impact its carbon footprint. I encourage Dell to assess and disclose how it will handle increased climate impacts in its transportation and logistics areas. Dell would show additional leadership by publicly discussing how it will integrate its sustainability mission into these new sales channels, which provides opportunities to educate new partners and encourage increased transparency. It would be a great feat for Dell not only to disclose its own environmental impacts, but also to encourage its customers and suppliers to do the same.

For the future, Dell should continue to share and learn with its stakeholders, and to lead by example. The technology industry provides enormous potential for making a contribution to sustainability development and, because of the great respect people have for Dell, its voice leads others.
A detailed risk analysis was then conducted based on impact and likelihood. The results of the assessment informed, and continue to inform, multiple global Dell teams as they develop legal and compliance policies, procedures, training and other internal controls.

Benchmarking Against Fortune’s 200: We benchmarked our fiscal year 2008 compliance program by comparing it to 21 of Fortune’s 200 and seven of Fortune’s most admired companies, including General Electric, EDS, Intel, Sun, Xerox, Nike, AMD, Wal-Mart, Starbucks, DuPont and others. Led by Dell’s chief ethics and compliance officer, the benchmark team held conversations with the chief ethics and compliance officers at these companies to discuss compliance organization structure; mandatory training course material; compliance policies; investigation procedures; risk assessment methodologies; management, executive, and Audit Committee reporting; industry and peer council memberships; and numerous other topics. Based on the results of the study, and in alignment with the U.S. Federal Sentencing Guidelines and recognized best practices published by respected organizations such as The Corporate Executive Board, Dell’s program maintains a score of 96 percent. Dell’s positive score is attributed to implementing 27 of the 28 identified leading global practices and establishing a well-staffed program. In addition, Dell was the only program that annually achieved a 100 percent employee completion rate for compliance training.

Looking Ahead
In fiscal year 2009 the Global Ethics and Compliance Team will continue to work with global partners to review and enhance controls, policies, processes and training. As part of these initiatives, the team will focus on developing a new and updated Code of Conduct current with internal and external developments and internal program improvements. The project goals are to deliver a clear and concise Code of Conduct that is fresh, engaging, and focused on team member accountability across the globe. In conjunction with refreshing the Code, we will revisit several policies, including the Global Gifts and Entertainment Policy, Foreign Corrupt Practices Act Policy and Board Membership Policy.

STAKEHOLDER CONSULTATION
“Communication is the real work of leadership,” according to Nitin Nohria, a distinguished professor of business administration at Harvard Business School. This principle has never been more salient at Dell. It is applicable when talking about customers, employees, suppliers, government organizations and nongovernmental organizations. Traditionally we called these individuals and groups stakeholders. Today, the term stakeholder holds a much broader meaning. It has grown to represent anyone or any group that is affected by what we do or that affects us. It is as broad as the environment in which we do business and as far reaching as future generations.

Figure 15: Stakeholder Forums
Ideal stakeholders are those who will best address material issues and facilitate effective discussions. Advice, guidance and constructive feedback from our stakeholders allow us to speak intelligently and compassionately to the Executive Leadership Team about Dell’s responsibilities as a global citizen. These collaborations with stakeholders are not new, but they are becoming more critical and therefore strategic. In the past, we met with stakeholders at conferences or held quarterly conference calls. Now we directly engage on material issues in the affected regions.

Communication with stakeholders is a catalyst for change. It is the forum that we use to gather feedback, share ideas and admit challenges. We will continue to listen to stakeholders and use their input to drive and deliver change within the organization.

Open Lines of Communication
Dell benefits from regular and open dialogue with stakeholders. In fiscal year 2008 we expanded our practice of hosting stakeholder meetings at various global locations, as shown in Figure 15 on page 28.

These stakeholder forums proved essential in gathering feedback from experts in the sustainability field. Topics of discussion included:

- supply-chain global citizenship
- suggestions for new issues or initiatives for Dell
- governance and accountability
- HIV/AIDS
- carbon disclosure
- defining green information technology
- political spending

### Table: Stakeholder Input and Dell’s Responses

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>STAKEHOLDER INPUT</th>
<th>DELL RESPONSE</th>
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<tbody>
<tr>
<td>Climate Strategy</td>
<td>Develop a comprehensive climate strategy that encompasses product design, supply chain, manufacturing, facilities, logistics and policy</td>
<td>Committed to be carbon neutral in worldwide operations by end of calendar year 2008</td>
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<td></td>
<td></td>
<td>Committed to reducing carbon intensity by 15% by 2012 based on 2006 levels</td>
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<td></td>
<td>Launched additional ENERGY STAR and Energy Smart products</td>
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<td>Requested major Tier 1 suppliers to report their carbon emissions through the Carbon Disclosure Project</td>
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<td></td>
<td></td>
<td>Launched ReGeneration.org — a global community of people committed to sustaining the world’s natural environment</td>
</tr>
<tr>
<td>Global Citizenship</td>
<td>Use Dell expertise to train and improve suppliers’ social and environmental performance</td>
<td>Held two supplier workshops, one focused on workplace issues in our supply chain and one on driving EICC Code of Conduct awareness and standards deeper into the supply chain</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Worked with suppliers to start 17 more BPI projects in FY08</td>
</tr>
<tr>
<td>Governance</td>
<td>Disclose more information about Dell political contributions and who approves contributions</td>
<td>Published our public policy on political spending and included the major trade associations to which we belong</td>
</tr>
<tr>
<td></td>
<td>Provide additional transparency to the SEC investigation</td>
<td>Included information about the investigation in the FY07 report; added to and highlighted information in the FY08 report</td>
</tr>
<tr>
<td></td>
<td>Document who has responsibility for Dell’s sustainability management</td>
<td>Provided an organizational chart and information on the new vice president of Corporate Responsibility and his reporting chain to the Board of Directors in this year’s report</td>
</tr>
<tr>
<td>Emerging Issues</td>
<td>Provide information on Dell’s new areas of sustainability focus</td>
<td>Created the “Emerging Issues” section in this year’s report to discuss additional areas of Dell engagement including Global Citizenship, HIV/AIDS, Mining and Materials Extraction, Nanomaterials and Retail</td>
</tr>
</tbody>
</table>

Figure 16: Stakeholder Input and Dell’s Responses
## Dell Stakeholders

### Authorizing Organizations
- ISO (Europe)
- ME (Asia)
- TCO (Europe)
- EPA (U.S.)
- OSHA (U.S.)
- UBA (Europe)

### Coalitions
- Boston College Center for Corporate Citizenship (U.S.)
- Chemsafe (Europe)
- Climate Leaders (U.S.)
- Climate Savers (U.S.)
- ECFIC (Asia)
- EICC (Global)
- EPS Canada Coalition (Canada)
- Japan Container and Recycling Association (Asia)
- NMC (Europe)
- National Recycling Coalition (U.S.)
- STEP (Europe)
- The Green Grid (U.S.)
- USITO (Asia)
- World Business Council for Sustainable Development (Global)

### Donation Partners
- Ecodair and Emmaus (France)
- Fundação Pensamento Digital (Brazil)
- Goodwill Industries (U.S.)
- National Cristina Foundation (Canada and U.S.)
- ReCOM (U.K.)
- Rehab and the RT Centre (Ireland)

### Governmental Organizations
- EU Commission (Europe)
- Ministry of Economy, Trade, and Industry (Japan)
- DTI (U.K.)
- EPA (U.S.)
- legislators and many other regional, country and local-level agencies

### Nongovernmental Organizations
- Alliance to Save Energy
- American Association of People with Disabilities
- Basel Action Network
- Business for Social Responsibility
- Carbon Disclosure Project
- Carbonfund.org
- Catholic Agency for Overseas Development
- Ceres
- ChemSec
- Clean Production Action
- Electronics Take Back Campaign
- Environmental Defense Fund
- ForestEthics
- Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria
- Good Electronics
- GreenBlue Institute
- Greenpeace
- National Recycling Coalition
- Natural Resources Defense Council
- Oko-Institute
- Recycling Alliance of Texas
- Silicon Valley Toxics Coalition

### Socially Responsible Investment Advocates
- As You Sow
- Bank Sarasin & Co. Ltd.
- Boston Common Asset Management
- Calvert Group Ltd.
- ClearBridge Advisors
- Columbia University Endowment Fund
- Domini Social Investments
- Dreyfus Corp.
- Evangelical Lutheran Church in America
- F&C Asset Management
- Green Century Capital Management
- Interfaith Center on Corporate Responsibility

### Socially Responsible Investment Influencers and Indices
- Dow Jones Sustainability Indexes
- Ethical Investment Research Service
- Innovest Strategic Value Advisors
- KLD Research and Analytics, Inc.
- Portfolio 21
- Sustainable Asset Management Research

### Technical Associations
- Green Electronics Council (U.S.)
- HDPU (Global)
- IEC (Global)
- IEEE (U.S.)
- IPC (Global)
- JEDEC (Global)
- The Green Grid (Global)

### Non-U.S. Trade Associations
- AeA Europe (Europe)
- BITKom (Europe)
- EICTA (Europe)
- IBEC (Europe)
- Intellect (Europe)
- ITAC (Canada)
- JEITA 3R Committee (Asia)
- USITO (Asia)

### U.S. Trade Associations
- American Electronics Association
- American Enterprise Institute
- Business Software Alliance
- Center for Strategic and International Studies
- Consumer Electronics Association
- Democratic Attorneys General Association (organized as a 527)
- Democratic Governors Association (organized as a 527)
- Information Technology Association of America
- Information Technology Industry Council
- National Council of State Legislatures
- National Electronics Manufacturing Initiative
- National Governors Association
- Republican Attorneys General Association (organized as a 527)
- Republican Governors Association (organized as a 527)
- Solid State Technology Association
- TechNet
- U.S. Chamber of Commerce

Figure 17: Dell Stakeholders
We made many changes as a direct result of these stakeholder engagements. For example, we publicized our policy concerning political spending and provided a list of trade associations to which we belong. We also strengthened our Code of Conduct to include an anti-discrimination policy that addresses HIV status and gender identity.

Figure 16 on page 29 is a snapshot of key stakeholder input and responses from Dell. Figure 17 on page 30 details many of Dell’s stakeholders.

In fiscal year 2009 Dell will continue conducting targeted stakeholder forums. We plan to hold at least one stakeholder meeting in Europe and one in Asia.

**Ceres Stakeholder Team**

Dell believes that to shape effective policy we must consult broadly with stakeholders that have a vested interest in the outcome. Often this means engaging directly and transparently with issue advocates. In 2006 Dell joined Ceres, a network of investors, environmentalists and other public interest groups that works with companies and investors to address sustainability challenges. See [www.ceres.org](http://www.ceres.org) for more information.

In January 2007 Ceres helped us convene a stakeholder group to shape our recently launched Zero-Carbon Initiative, a multi-pronged commitment to provide customer solutions through energy-efficient products and services; to set expectations for suppliers to manage, reduce and disclose their greenhouse gas emissions; and to further increase our industry-leading operational carbon efficiency. The stakeholder team considered whether the company adequately addressed key impacts including goals, targets, governance systems, data and initiatives. This team is an independent group of individuals with deep expertise in environmental, social and governance issues that continues to advise Dell.

Dell engaged with Ceres and a team of external stakeholders to review this year’s corporate responsibility report. Dell agreed to work with a stakeholder team that was selected by Ceres. The Ceres stakeholder team is an independent group of individuals drawn primarily from the Ceres coalition and represents a range of constituencies that have expertise in environmental, social and governance issues. In reviewing this report, the team considered whether the company adequately reported on its sustainability performance and key impacts, including goals, targets, systems, data and initiatives. Through this review process, the Ceres stakeholder team provided Dell extensive feedback, which was considered in the preparation of the final version of this report.

**GLOBAL CITIZENSHIP AND ETHICAL SOURCING**

We build our Global Citizenship program by concentrating on increasing supplier awareness, developing supplier capability and guiding suppliers to implement global citizenship principles down into their supply chain. Figure 18 on page 32 shows the distribution of our suppliers worldwide.

In fiscal year 2008 we continued work with the electronics industry to deploy the EICC Code throughout our supply chain and drive our Tier 1 suppliers to cascade the Code to their suppliers. Our commitment was and is Code compliance with no disruption to our supply chain.

To build awareness of global citizenship in our supply chain, we engaged in the following fiscal year 2008 activities:

- continued leadership within the EICC
- asked suppliers to sign a letter of commitment to the EICC Code of Conduct
- hosted two Global Citizenship workshops
- visited suppliers to ensure compliance
- instituted a cross-department Dell Supplier Review Process
- added global citizenship and labor practice questions to QBRs
- started BPI projects at more suppliers

**EICC Leadership and Strategic Supplier Assessments**

No individual company can change suppliers’ practices alone. We work closely with other members of the EICC to ensure that working conditions in the electronics supply chain are safe, that workers are treated with respect and dignity, and that manufacturing processes are environmentally responsible. The EICC reduces the burden of multiple information and audit requests so that suppliers can focus their efforts on improving social and environmental performance. This coordinated, industrywide approach is the most effective means to support suppliers.

**DELL’S GLOBAL CITIZENSHIP STARTS AT THE TOP**

At the Dell Annual Supplier Conference in April 2007, Michael Dell, CEO, and Martin Garvin, chief procurement officer, spoke on the importance of corporate social responsibility in the supply chain. They encouraged suppliers to join the EICC and to implement the Code across their companies and in their supply chains. Dell has supported the Code and the work of the EICC from the start. Michael Dell’s conference message let suppliers know that we will continue to work toward full implementation of the Code with support from the highest level of management.
In fiscal year 2008 — as in previous years — Dell attended quarterly EICC meetings and co-led the learning and capability workgroup that helps member companies and their supply chains put the Code into action. We were especially active in the communications workgroup, which develops stakeholder strategy and determines how to respond to stakeholder reports. As a member of the Steering Committee, we helped lead the Code-change workgroup. Over the years, Dell has played a lead role in improving strategic supplier assessments, also known as third-party audits or joint audits.

Working collaboratively can be a slow process, but the EICC is experiencing tangible progress. For example, in calendar year 2007, the EICC conducted 17 strategic supplier assessments. Fourteen Tier 1 Dell suppliers were among those scheduled for this third-party audit. Results are shared on a confidential basis with appropriate EICC member companies. Dell is following up
on the audit results by asking suppliers for plans that address identified issues. The top three issues or non-conformities are consistent with what we found in our own supplier visits, discussed in “Supplier Visits” on page 35. These non-conformities are:

- working hours: overtime, days off
- emergency response: fire systems, drills, clear exits and aisles
- wages and benefits: minimum pay and overtime pay calculations; disciplinary deductions from pay

These assessments revealed areas of Code non-conformance and detailed ways to improve future audits. The goal for 2008 is to conduct 80 additional strategic assessments. We look forward to delivering positive outcomes and will continue recruiting more industry companies to join our efforts.

Commitment Letters
We asked our key Tier 1 suppliers to sign a letter of commitment to the EICC Code. In this letter, suppliers agree to develop infrastructure, training and systems to implement the Code in their own operations. They also agree to formally disseminate the Code to their Tier 1 suppliers (Dell’s Tier 2 suppliers) and verify that those suppliers understand the Code and have started to develop their own infrastructure, training and systems to implement the Code. In fiscal year 2008 approximately 80 percent of our suppliers signed this commitment letter. We continue to request signed letters from the remaining group.

Global Citizenship Workshops
Dell has been working directly with suppliers to disseminate and implement the EICC principles in one-on-one settings and during other business meetings for the past three years. Many of our suppliers told us they wanted to learn from each other and have an opportunity to spend more time with the Dell Global Citizenship Team. We listened, and for the first time we hosted two Global Citizenship workshops in China. We targeted 35 of our Tier 1 and 2 suppliers, all of whom participated in these workshops.

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Dell now requires its suppliers to report on greenhouse gas emissions, for example, as well as on issues related to the rights and welfare of workers covered by the Electronic Industry Code of Conduct. Suppliers’ responses can affect their business with Dell.

The commitment shows up at every level. When I met with people at Dell who are responsible for packaging, paper catalogs and other paper products, I was surprised by their sustainability focus. They were going past their immediate suppliers to make certain that the mills back in the supply chain were meeting Dell’s standards for paper sourcing. This is indicative of the approach throughout the company.

Beyond this effort, it’s Dell’s engagement of the broader world on sustainability that especially differentiates Dell from its competitors. Their outreach goes beyond employees and suppliers. For instance, Dell has joined in the wide debate about the environment, recycling and climate change. Whether through legislative recommendations or customer empowerment, Dell is working to educate the public on steps we can all take to improve the planet.

In the legislative arena, Dell actively promotes producer responsibility legislation at the state level. They are getting people to look at the role companies should play in recycling their own products. In practice, they back this up with free take back of old computers from Dell customers. Customer empowerment stands as one of the most unusual components of Dell’s strategy. A striking example is the company’s ReGeneration competition for greener computing, where Dell invited the public to submit ideas for green product design. But even technologically challenged customers can participate through the “Plant a Tree for Me” program to offset the emissions from using computers.

For the future, I’d like to see Dell press forward with their environmental message. They need to continue to drive the conversation on sustainability. Ultimately, it’s Dell’s on-the-ground commitment to designing greener products and driving sustainability through their supply chain that will make their message even more compelling.
Shenzhen Workshop

In May 2007, 15 of our Tier 1 suppliers were among 40 participants who met in Shenzhen to focus on workplace issues in our supply chain. Jeremy Prepscius, Asia director of BSR, provided an inspiring keynote presentation on corporate social responsibility that set the stage for a highly productive workshop. BSR is a nonprofit association that works with corporations and stakeholders to promote sustainable business practices.

At the workshop suppliers learned more about Dell’s Global Citizenship program, the EICC and the benefits of membership. We encouraged these key suppliers to join the EICC organization and to help drive this industrywide initiative. Participants also discussed success stories and shared best practices on implementing the EICC Code. Many of our suppliers are still working to implement the Code internally, and we are encouraging them to extend the Code to their supply chains.

Business Process Improvement (BPI) is a proven means to drive improvements in quality and productivity. Because of BPI’s success, Dell decided to employ it with regard to global citizenship. At the Shenzhen workshop we asked suppliers to sign up as executive sponsors for a Global Citizenship BPI project to address their most significant EICC area of opportunity.

In addition to discussing EICC and BPI, suppliers learned about these topics:

- significance of corporate sustainability in Dell’s QBRs
- value of monitoring and analyzing overtime and managing to reduce it
- need to observe underage-labor and worker-safety laws
- importance of promoting the EICC to their own Tier 1 suppliers

Shanghai Workshop

The Shanghai workshop focused on driving EICC awareness and standards deeper into the supply chain, where there is more opportunity for improvement. More than 50 attendees participated, and 20 suppliers sent Human Resources and Operations executives who implement corporate social responsibility practices in support of the EICC.

Dick Conrad, Dell vice president of Worldwide Procurement, welcomed suppliers and reinforced our commitment to EICC compliance within our supply chain. Three keynote speakers provided their views on safer and healthier work environments:

- Zhang Junfeng, vice director of the National Labor and Information Research Institute of China’s Ministry of Labor and Social Security
- Li Tao, founder and director of the Cultural Communication Center for Facilitators, a local NGO
- Rev. David Schilling, program director of the Interfaith Center on Corporate Responsibility (ICCR), an international NGO

Breakout sessions covered the following topics in depth:

- improving dialogue between workers and managers
- becoming equal opportunity employers
- avoiding the use of underage labor
A salient challenge for suppliers is that many rural Chinese migrate to cities looking for work that includes overtime pay. These individuals send wages back to their families, and managers worry that overtime reductions will motivate workers to go to other companies. Further complicating labor issues in China are underage migrant workers who use false identification; they also want to send their wages back to their families.

We listen to suppliers and are aware of their issues; nevertheless, we continue to emphasize the importance of implementing the EICC Code and adhering to national and local laws. Code adherence and the resulting long-term improvements are necessary to remain competitive and relevant in the industry.

In post-workshop comments, participants noted that the event helped them better understand our expectations along with the importance of working as partners with us and their own Tier 1 (Dell’s Tier 2) suppliers. Some took away ideas for how to better integrate requirements of EICC, NGOs and Dell into their companies’ work. Participants also gained an appreciation of the importance of corporate sustainability and other companies’ efforts in sustainability.

We are planning two fiscal year 2009 workshops, one in May 2008 and the other in the second half of the year. We plan to include Tier 2 suppliers by asking Tier 1 suppliers to invite one of their critical, sub-tier suppliers.

**Supplier Visits**

The Global Citizenship Team works directly with our Tier 1 suppliers to communicate Global Citizenship requirements, verify understanding of those requirements, and set expectations for all suppliers to follow the EICC Code. Our team identifies and partners with high-risk suppliers to address gaps in their EICC processes. This partnership includes site visits, follow-up meetings and executive escalations (as needed) to discuss corrective actions.
Further reinforcing our commitment to EICC standards, in fiscal year 2008 we conducted our own EICC compliance visits to 15 suppliers at 17 sites. During these visits, we discussed the Code, toured facilities and asked suppliers to perform the EICC self-assessment. We followed up with six visits and are using our new Supplier Review Process to track issue closure.

Our goals in fiscal year 2009 are as follows:

• build upon the partnerships we have established with our Tier 1 suppliers
• better define our supplier monitoring to include leveraging internal cross-functional purchasing and operations engineering teams
• conduct 25 supplier visits
• continue work with suppliers to close issues from fiscal year 2008 visits

Supplier Review Process
In the second half of fiscal year 2008 Dell implemented a new Supplier Review Process to provide a way to respond formally and consistently to noncompliance with the Code. This process, shown in Figure 19, emphasizes to suppliers the importance of compliance and provides a way to escalate issues to a cross-functional group of Dell executives, called the Supplier Review Board, which was established as part of this review process.

If an EICC audit or Dell visit finds an issue, we categorize it as minor, major or egregious. The Global Citizenship Team responds to minor and major issues; egregious issues are immediately escalated to the Supplier Review Board. This board is composed of the relevant commodity business manager and representatives from Dell’s Legal and Human Resources departments.

Because of this new process, Dell requested that 10 suppliers provide action plans to address problems at their sites. In fiscal year 2009 we will follow up on suppliers’ action plans.

Quarterly Business Reviews
Dell commodity managers complete a QBR scorecard that measures the performance of suppliers. Dell suppliers know they are evaluated quarterly and that our purchasing decisions include scorecards. Scorecard input comes from several Dell business functions. The Global Citizenship Team subtracts points from suppliers based on answers to yes-or-no questions that characterize a supplier’s adherence to global citizenship principles. To emphasize the importance of global citizenship, in fiscal year 2008 we included points for global citizenship and added questions about labor practices.

The Global Citizenship Team tracked and scored QBRs for Dell’s key Tier 1 suppliers last fiscal year. Analysis of these suppliers’ global citizenship scores showed that:

• 45 percent identified improvement opportunities with action plans and status tracking
• 54 percent provided working-hour data tracking and are taking action for improvement
• 57 percent submitted their EICC self-assessment with supporting documents
• 66 percent established internal training plans and are implementing the training

Business Process Improvement
Dell business teams have successfully used BPI methodology to solve problems and drive continuous improvement for more than a decade. BPI teams analyze problems, determine root causes, identify corrective actions, and deliver sustainable, improved processes. The methodology has six phases described in Figure 20 on page 37: Define, Measure, Analyze, Improve, Control and Report.

Dell introduced the BPI methodology to our suppliers in fiscal year 2007 to help solve problems identified by EICC audits and Dell visits. In that year, we started BPI projects at five suppliers in China. In fiscal year 2008 we started 17 more projects. Of the total 22 BPI projects ongoing, 18 projects are in the Analyze or Improve phases, and four are in the Control phase.
H.Y. CHEN, DIRECTOR, CUSTOMER FOCUS CENTER
MAGGIE TANG, ASSISTANT MANAGER, HUMAN RESOURCE

Wistron InfoComm (Kunshan) Co., Ltd.

We take great pride at Wistron Corporation in our consistent record of partnership with Dell, both as a key supplier of notebook computers and as a partner in implementing Dell’s global citizenship goals. In 2006 with Dell’s support, we initiated our own Electronic Industry Code of Conduct (EICC) program. We intend to be champions for EICC worker health and safety, environmental and other goals, both by implementing them in our own operations, and by promoting their adoption by our first tier suppliers. We have also initiated steps to reduce our carbon emissions.

Meeting the EICC standards requires persistence, long-term planning and a commitment to continuous improvement. As part of our effort to integrate EICC standards into our daily operations, our orientation and refresher courses for all of our employees include training on the EICC requirements. We have also established internal procedures to assess how well we are meeting the standards and to make improvements where we identify shortfalls. To strengthen our involvement, we are planning to join the EICC in 2008.

Dell’s systematic approach to working with us on global citizenship has been critical in the development of our EICC program. Last year, for example, Dell assisted us in building a stronger process for engaging our employees on issues such as labor rights, environment, and health and safety issues. Dell has made clear its commitment to helping us meet EICC goals both by including these issues in our Quarterly Business Reviews and by offering EICC training for our corporate managers. We hope that, in the future, Dell will expand the EICC training so that all our factory level managers will also benefit.

Some of the EICC labor requirements create special challenges. For example, we surveyed our workers to find out how many hours of overtime they would like to work. We found that, on average, they would like an overtime range of between 100 and 130 hours per month. But this level of overtime comes at a cost in terms of worker health and safety. To meet the EICC ceiling (20 hours a week) overtime without increasing turnover of workers seeking higher incomes elsewhere, we are educating our workers on the health and safety risks, and working to persuade other companies to adopt the EICC standards themselves. We are also closely monitoring our workers’ actual overtime.

As Wistron grows, we want to build a company that, like Dell, shows respect for society by protecting the environment and improving the quality of life for our workers and our communities. We look forward to a continuing partnership with Dell to achieve these goals.

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<thead>
<tr>
<th>PHASE</th>
<th>KEY QUESTIONS</th>
<th>PHASE EXIT EXPECTATIONS</th>
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<tbody>
<tr>
<td>Define</td>
<td>What is the problem? Who can fix it? What is the current process?</td>
<td>Develop problem statement Identify project team and executive sponsors Define project scope Create as-is process map (current state)</td>
</tr>
<tr>
<td>Measure</td>
<td>Can I explain the problem with data?</td>
<td>Develop performance baseline and targets Collect data Identify potential savings and benefits</td>
</tr>
<tr>
<td>Analyze</td>
<td>What is the real problem?</td>
<td>Identify variations Analyze root cause Develop and agree on potential solutions</td>
</tr>
<tr>
<td>Improve</td>
<td>How can we improve the process?</td>
<td>Quantify the impact of a solution Evaluate process improvements and results</td>
</tr>
<tr>
<td>Control</td>
<td>Did we improve? Did we perceive any benefits?</td>
<td>Maintain improvement gains Compare processes before and after changes Validate financial and other improvements</td>
</tr>
<tr>
<td>Report</td>
<td>Who else would benefit from our improvement results?</td>
<td>Transfer knowledge and lessons learned Deploy to other areas</td>
</tr>
</tbody>
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Figure 20: Business Process Improvement Methodology
SUPPLIER DIVERSITY

Dell is committed to increasing opportunities for established small, women-owned and minority-owned businesses. We work with several organizations, including the Small Business Administration (SBA), National Minority Supplier Development Council, and Women’s Business Enterprise National Council, to identify and develop these companies. In addition, we have multiple ways for diverse businesses to engage Dell. We have expanded supplier diversity to other regions through organizations such as the Canadian Aboriginal and Minority Supplier Council, Minority Supplier Development U.K. and China’s Association of Advanced Knowledge Promotion in Ethnic Regions. Dell helps regions that want to build a model of supplier diversity that supports economic growth and diverse business opportunities.

Direct Talk

In fiscal year 2008 we launched the Direct Talk program. This program connects qualified, diversely owned companies with Dell representatives to discuss purchasing opportunities available in the next six to 12 months. We offer online resources to enhance outreach efforts and support procurement process integration. For more information about registration, see www.dell.com. For more information about business development, see www.dell.com/sb360.

As shown in Figure 21, our trend of increased spending with diverse suppliers continued in fiscal year 2008.

Figure 21: Dell’s Spending with Diverse Suppliers

<table>
<thead>
<tr>
<th>SUPPLIER DIVERSITY SPEND (IN BILLIONS)</th>
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<tbody>
<tr>
<td>FY06</td>
</tr>
<tr>
<td>$0</td>
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<tr>
<td>$1.0</td>
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</tr>
</tbody>
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BRUCE GEIER

CEO, Technology Integration Group (TIG)

TIG has collaborated extensively with Dell for many years, mainly on government contracts. As a minority-owned firm, we have worked with Dell especially closely on the federal side, since many federal government contracts have substantial minority requirements. Dell has a great federal team. We have great trust and a lot of appreciation for each other’s capabilities. Our largest jointly sold and developed project was with Sandia Lab, a $20 million project where we clustered 4,500 dual processor servers. At the time it was one of the fastest computers in the world.

We also had a big state win together in California, where TIG worked with Dell to break a local vendor’s monopoly. The contract covers servers and Network Attached Storage (NAS) for all state agencies and some municipalities.

Dell’s new value-added reseller (VAR) policy is a huge change. For many years, Dell worked only on a direct basis with enterprise clients, without much play through VAR channels. Michael Dell’s announcement that Dell is making the VAR channel part of its commercial business model means that TIG can bring commercial clients to Dell who remain TIG direct clients.

We’ve seen some bumps in the implementation, but it’s only been two years. Dell’s market space will expand dramatically with this policy. Even Dell can’t directly touch every customer out there. Dell’s VAR policy could lead to big wins for both Dell and TIG, especially with enterprizes that have diversity contracting requirements.

The successes we’ve already had with Dell demonstrate the opportunities. With our great track record together, Dell’s VAR channel policy should open the door for rapid growth of new joint business ventures in the future.
Supplier Diversity Awards

We were recognized in fiscal year 2008 with the following awards:

- We were ranked second by DiversityBusiness.com in their 2007 annual survey of top 50 companies providing multicultural business opportunities. For the second year in a row, Dell was also the highest-rated technology company on the list and joined AT&T, Lockheed Martin, Coca-Cola, and Procter and Gamble in the top five. DiversityBusiness.com is a multicultural business-to-business resource portal for large organizational buyers. For more information and the complete list, see www.diversitybusiness.com.

- We received the Corporate Rising Star award from the Women's Business Council Southwest (WBCS) for our commitment to supplier diversity and our business strategy to develop these companies as part of our supply chain. The WBCS facilitates mutually beneficial procurement opportunities among women-owned businesses and corporations. This is the first award we have received from a council of this nature and it highlights our progress in working with the women-owned business community. For more information about WBCS, see www.wbcsouthwest.org or www.wbenc.org.

- The Dell Procurement Team was recognized at the August 2007 regional MED Week Conference held in Dallas. The National Minority Enterprise Development (MED) Week Conference is the largest federally sponsored conference held on behalf of minority entrepreneurs and business enterprises. The conference honored companies and procurement professionals who spent $1 million or more with minority-owned businesses in the 11-state region. Regional MED Week events are organized by the U.S. Department of Commerce's Minority Business Development Agency in collaboration with the U.S. SBA and other public and private sector partners.

DAVE STEWARD
Founder and Chairman, World Wide Technology (WWT)

Just after Dell’s 20th anniversary celebration in 2004, Michael Dell came to St. Louis to talk to a group of diversity-owned companies. He talked about how Dell grew from a small start-up into one of the world’s giant corporations. His voice resonated with what’s possible. Hearing that story gave a lot of small businesses hope that it’s possible for them as well. For small businesses with big dreams, Dell’s achievements offer an inspiring model.

World Wide Technology has relationships with Dell both as a supplier and as a value-added reseller (VAR). We have a great relationship with Dell. Dell’s culture makes us a better company. I haven’t seen another company as demanding for its suppliers – always striving to drive down cost and bring more value. For us, that’s been healthy. Applying Dell’s exacting model to other parts of our business has made us that much more competitive as a company.

While Dell procurement people can get a little zealous in negotiating prices, they’ve also been nurturing. They have recognized that it can sometimes take smaller suppliers a little longer to meet all their goals. At the same time, they have allowed flexibility for us to do things differently. Dell may be a giant company, but in some ways it has small-company entrepreneurial vision.

As a VAR partner, we have been excited about the prospects since Dell formally launched its channel strategy with a focus of attracting enterprise clients in December of 2007. We are working together on ways to support these customers while sharing ideas on how to build a world class channel model. Prior to Dell’s entry in this market, our main efforts were on federal VAR relationships. Going forward we plan to leverage our success as well as learn from past experience to help create channel growth in the Fortune 500 market. Companies like Boeing, Microsoft, AT&T, and others are demanding diversity in their supply chains. The opportunities are enormous and we are working with Dell to help position them as a leader of choice in the channel.

For the future, I believe WWT and Dell will improve strategically as we grow our respective channel business. We’re putting things in place now to help do this and we will do more to drive our collective success and achieve the right momentum for Dell and our customers. As the largest African American-owned business in the country, WWT is quite visible. Our success embodies the dreams of hundreds of start-up diversity-owned businesses. Building more on this relationship will make a strong statement for both of us. As partners, we recognize that. Our investments in each other make us both stronger and more competitive.
HUMAN RIGHTS AND FREEDOM OF ASSOCIATION

Human rights are fundamental rights. Dell operates in countries with different cultures, norms and levels of economic development. In this diverse environment, we affirm that internationally accepted standards for human rights cross borders, levels of development and cultures.

We developed our global principles on human rights from best practices, management systems and acknowledged standards. These include the United Nations (U.N.) Declaration of Human Rights, the U.N. Children’s Fund (UNICEF), fundamental conventions of the International Labor Organization, International Organization for Standardization (ISO 14001), Occupational Health and Safety Assessment Series (OHSAS 18001), and the overall framework of the U.N. Global Compact. See Figure 22 for Dell’s Human Rights values and reference documents.

One aspect of human rights is the freedom of association. In fiscal year 2008 we added language, shown in Figure 23, to our supplier principles Web site to address freedom of association.


Dell and its Suppliers are to respect the rights of workers as established by local law to associate freely on a voluntary basis, seek representation, join or be represented by Works Councils, and join or not join labor unions and bargain collectively as they choose. As provided by law, employees who become worker representatives shall not be the subject of discrimination and shall have access to management and co-workers in order to carry out their representative functions. Workers shall be able to communicate openly with management regarding working conditions without fear of reprisal, intimidation or harassment. Basic worker rights to open communication, direct engagement and humane and equitable treatment must be respected even in countries where they are not given meaningful legal protection. Where worker representation and collective bargaining are restricted by law, participants are to facilitate open communication and direct engagement between workers and management as alternative ways of ensuring that workers’ rights, needs and views are considered and acted upon appropriately and in good faith.
ENIRONMENTAL RESPONSIBILITY

• Design for the Environment
• Chemical Policy and Use
• Climate Protection
• Product Recovery and Recycling
• Forest Stewardship
• Customer Empowerment
• Waste Avoidance

SUPPLIERS

TRANSPORTATION

FACILITIES

PACKAGING

PRODUCT
Environmental responsibility is a central part of our commitment to provide quality products with the best customer experience at the best value. We make continuous improvements to our business to help protect the environment while making it easy for customers to acquire, own and retire their computers responsibly.

On World Environment Day 2007, Michael Dell announced that Dell would partner with customers and members of the ReGeneration to become the greenest technology company on the planet. The announcement was an outcome from a months-long initiative and highlighted a clear purpose beyond Dell’s core business.

“We often characterize a certain age group as typifying a generation, like the ‘Me Generation,’ ‘Gen X’ or ‘Gen Y,’ but it’s clear today that we’re living in the ‘ReGeneration,’” Michael told the gathering. “This includes people of all ages throughout the world who want to make a difference in improving the Earth we all share.”

“Our goal is simple and clear. We’ll take the lead in setting an environmental standard for our industry that will reflect our partnership with, and direct feedback from, our customers, suppliers and stakeholders, and we intend to maintain that leadership.”

From development and design, to manufacturing and operations, to product use and recycling, we are partnering with the ReGeneration to help achieve a low-carbon economy. Through aggressive energy-efficiency programs, data center virtualization and power-management solutions, we are providing ways to reduce greenhouse gas emissions (GHG) while also cutting costs. Through “Plant a Tree for Me” and “Plant a Forest for Me,” we are making it easy for customers to reduce their climate footprint and partner with other organizations committed to a cleaner planet. Through our commitment to be the first carbon-neutral computer company, we are setting an example for the rest of the IT industry to follow. We believe industry leadership components must include:

- efficient product design
- climate impact reduction
- sustainable operations
- global, free recycling

Dell is currently the only company in the IT industry to offer consumers free recycling of its own equipment, worldwide. We have recycled 116 million kilograms of equipment since 2006, putting us ahead of schedule to achieve our multiyear goal of recycling 125 million kilograms (about 275 million pounds) of equipment by 2009.

We are also empowering millions of customers through conversations and communities. Our ReGeneration.org community is an innovative online experience in which people gather to learn, share and discover new ways to protect the environment. Since launching the site in January 2008, Dell has connected experts, advocates, visionaries, authors and customers in an effort to foster a worldwide dialogue on the environment — dialogue that leads to action and results.

Our challenge to all Dell stakeholders is to join the ReGeneration. We encourage everyone to visit ReGeneration.org, Direct2Dell, IdeaStorm and DellEarth and tell (or show) us how we can work together to create a greener future.

This year’s environmental section includes a Product Life Cycle review and a discussion of Product Environmental Design, Climate Leadership, Sustainable Operations and World-Class Global Recycling. See Figure 25 on page 45 for a cross-reference between the Product Life Cycle framework used in past reports and this year’s report.

“Never before in the history of business have we seen such a critical need to build a worldwide community dedicated to improving the environment.”

Michael Dell, chairman and CEO of Dell Inc.
PRODUCT LIFE CYCLE

Dell considers its environmental opportunities and challenges at every stage of the product life cycle (shown in Figure 24 on page 44), from development and design, manufacturing and operations, to product use and recovery. Our efforts are guided by corporate environmental policy and governance set to continuously improve our environmental performance. We have used this life cycle approach at Dell for nearly a decade to identify priorities, organize our programs and improve our products.

Product Concept and Design

We design products to be energy efficient, to avoid unnecessary materials — from chemicals of concern to product packaging — and to be easy to use. We monitor the integrity of these design elements with rigorous business controls and supplier audits. Core design elements include:

• Energy Efficiency: Through our energy-efficient products, we deliver optimized performance per watt and help customers deploy systems efficiently. In this way, IT can be an important avenue to decreasing cost of ownership and enhancing productivity while reducing a customer’s carbon footprint.

• Precautionary Chemicals and Materials Use: We attempt to eliminate the use of unregulated substances if we believe they possess hazard characteristics similar to other, regulated substances. If alternatives are not yet viable, Dell works to develop reliable, environmentally sound and commercially scalable solutions.

• Supply Chain Sustainability: We expect suppliers to uphold the same commitment to environmental responsibility as we do, as a condition of doing business with them.

Manufacturing and Operations

We are committed to minimizing the use of resources such as energy, water and forestry products as well as to reducing the emissions and wastes directly and indirectly generated from our facilities. Our company considers all Dell-owned and leased buildings and offices

DELL’S ENVIRONMENTAL POLICY

Dell’s vision is to create a company culture where environmental excellence is second nature. Our mission is to fully integrate environmental stewardship into the business of providing quality products, best-in-class services, and the best customer experience at the best value. We have established the following environmental policy objectives to achieve our vision and mission.

Design Products with the Environment in Mind
• Design products with a focus on: safe operation throughout the entire product life cycle, extending product life span, reducing energy consumption, avoiding environmentally sensitive materials, promoting dematerialization, and using parts that are capable of being recycled at the highest level.
• Set expectations of environmental excellence throughout Dell’s supply chain.

Prevent Waste and Pollution
• Operate Dell’s facilities to minimize harmful impacts on the environment.
• Place a high priority on waste minimization, recycling and reuse programs, and pollution prevention.

Continually Improve Our Performance
• Use an Environmental Management System approach to establish goals, implement programs, monitor technology and environmental management practices, evaluate progress, and continually improve environmental performance.
• Foster a culture of environmental responsibility among employees and management.

Demonstrate Responsibility to Stakeholders
• Act in an environmentally responsible manner through sustainable practices designed to ensure the health and safety of Dell’s employees, neighbors, and the environment.
• Periodically communicate company progress to stakeholders.
• Engage stakeholders to improve products and processes.

Comply with the Law
• Conduct business with integrity and dedicated observance of environmental laws and regulations, and meet the commitments of the voluntary environmental programs in which Dell participates.

Michael S. Dell
Chairman and CEO
Core elements of our commitment include:

- **Operational Efficiency and Conservation**: Dell is the least carbon-intense IT company in the world in terms of reported GHG Scope 1* and Scope 2 emissions per dollar of revenue. We have committed to an additional 15 percent improvement by 2012 through aggressive efficiency enhancements, investment in clean technology and conservation.

- **Green-Power and Carbon-Neutral Operations**: After exhausting reasonable opportunities to reduce energy use, even efficient companies will still have operational GHG impacts. We believe that industry leaders must account for these impacts by using green power to the extent it is viable and by offsetting the rest responsibly. Our carbon-neutral pledge commits us to this and includes all our facilities’ Scope 1 and Scope 2 GHG impacts worldwide plus business air travel.

- **Waste Avoidance and Recycling**: While absolute zero waste may be unrealistic, we believe manufacturing leaders should strive for this goal — and we are off to a good start. Dell sees this as a key element of operational efficiency. Today our manufacturing operations recycle or reuse about 95 percent of their waste, and we are committed to increasing this to 99 percent by 2012.

* Scope 1, 2 and 3 emissions are terms used by the GHG Protocol, an international accounting tool used by governments and business leaders to understand, quantify and manage GHG emissions.
Product Purchase and Use
We carefully consider the environmental aspects of how the product is packaged, shipped and used by our customers. We work to minimize energy use and climate impacts from both product delivery and product use. Core elements of this commitment include:

- **Scalable, Upgradable Architecture**: Simplifying IT through automated and integrated systems management and improving utilization through consolidation and virtualization are key aspects of how we bring scalable enterprise to customers. We use modular design to make our products easy to upgrade and service — and, when necessary, to be safely and efficiently recycled.

- **Efficient Configuration and Delivery**: We have streamlined our transportation network to reduce transit times to customers and to minimize air freight. We also build products closer to our customers. As a U.S. Environmental Protection Agency (EPA) SmartWay partner, Dell favors business with carriers that demonstrate a commitment to reducing their GHG impacts. By minimizing packaging material wherever possible, we reduce waste and transportation impacts.

- **Engagement and Empowerment**: Even the most efficient equipment uses electricity, so Dell partners with customers to help them offset the carbon impacts associated with product use. This unique outreach program, “Plant a Tree for Me,” provides us with opportunities to educate consumers about energy efficiency and climate change. Direct2Dell, IdeaStorm and online forums help us connect with customers and employees. Regular, transparent interaction with nongovernmental organizations (NGOs), investors and other stakeholders provides inputs critical to the development of effective sustainability policy.

Product Recovery and Recycling
We consider how to handle the disposal of unwanted equipment through reuse and recycling programs. During this stage, we look to extend the life of our systems through upgrading and donation programs. We have developed a global recovery and recycling supply chain on six continents to recycle the parts and materials we collect. Core elements of this effort include:

- **Global, Convenient and Comprehensive**: We think recycling should be as easy for consumers as product purchase. Dell is the only electronics industry company that offers no-charge global recycling for all of its consumer products, irrespective of product purchase. We will also recycle any other manufacturer’s consumer product with the purchase of a Dell product. We provide free donation programs for used computers through the National Cristina Foundation and through our RECONNECT alliance with Goodwill Industries.

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<tr>
<th>STAGE</th>
<th>LIFE CYCLE COMPONENT</th>
<th>PRODUCT ENVIRONMENTAL DESIGN</th>
<th>CLIMATE LEADERSHIP</th>
<th>SUSTAINABLE OPERATIONS</th>
<th>GLOBAL RECYCLING</th>
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<tbody>
<tr>
<td>Product Concept and Design</td>
<td>Precautionary Chemicals and Materials Use</td>
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Figure 25: Product Life Cycle and Green Leadership Characteristics
business-to-business asset recovery programs offer additional value services, including planning, packaging and pickup, sorting, destructive data overwrite, value recovery, and documented, responsible disposition.

- **Responsible Recovery and Disposition**: We believe that no computer, materials or component should go to waste. We also believe that all manufacturers should partner with consumers and government to recover and sustainably recycle electronic products at end of life to ensure that all e-scrap enters a new life cycle either as refurbished products or as commodity materials. Simply put, compared to other scenarios, producer responsibility is the most economically efficient approach to e-waste. It also provides incentives to eliminate substances of concern in product designs, affords transparency to downstream processes, and maintains an important relationship with consumers.

- **Transparent Reporting**: We provide transparent and effective goal setting and public reporting on our end-of-life recovery programs. We measure and publicly report our global product recovery efforts by tracking the weight (in kilograms) of systems recovered by region and by business segment.

### PRODUCT ENVIRONMENTAL DESIGN

#### Energy Efficiency

We value efficiency, as evident in our product designs and customer collaborations, to reduce the energy required to operate our products. Energy efficiency benefits the environment and lowers the total cost of ownership by reducing power consumption. We further extend our commitment by helping our larger customers to implement power-management practices and efficient heating and cooling. We work with customers, suppliers and other business partners, providing opportunities to offset electricity-induced emissions with our “Plant a Tree for Me” and “Plant a Forest for Me” programs.

Dell’s energy resource site at [www.dell.com/energy](http://www.dell.com/energy) provides customers information about the energy-efficient features of Dell product families and data centers. The Web site offers energy calculators that help estimate power needs, potential emissions avoidance and potential cost savings.

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Dell introduced the first consumer desktop that meets ENERGY STAR 4.0 requirements. Consumers using this energy-efficient Inspiron 531 can reduce their carbon footprint while also reducing their electric bills.

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**ENERGY STAR Products**

For more than a decade, Dell has partnered with the U.S. Environmental Protection Agency (EPA) in support of ENERGY STAR. ENERGY STAR products reduce energy consumption, thereby reducing electricity costs for our customers. The products also reduce GHG emissions and other pollutants emitted during power generation.

Dell offers 15 desktop, nine notebook and five workstation systems with multiple ENERGY STAR 4.0-compliant configurations. We produced approximately 70 ENERGY STAR-compliant monitors to complement these systems.

Dell is a founding member of and participant in the EPA’s recently launched ENERGY STAR Low Carbon IT program. We pledged to ensure the activation of power-management features on the systems we use in our organization to help reduce our carbon footprint. We make it easy for our customers to leverage power-management features through Dell’s Client Power Manager. This proactive systems management tool supports the Low Carbon IT program by letting IT departments implement their power-management policies across their install base.

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Dell installed 1E NightWatchman and SMSWakeUp software on Dell’s desktop and notebook computers. NightWatchman helps reduce energy waste by turning off computers overnight, and SMSWakeUp repowers machines from a centralized command. We expect up to a 40 percent reduction in energy costs for desktop and notebook computers, leading to an estimated annual savings of $1.8 million.

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**Energy Smart Products**

In fiscal year 2007 Dell introduced Energy Smart, a program similar to the EPA’s ENERGY STAR program. Energy Smart designates additional products and services that optimize performance and efficiency and is an ideal solution for systems not covered by the EPA program.

Our latest OptiPlex desktop systems are preconfigured with the new Dell Energy Smart settings. Energy Smart features can help save up to $71 annually per unit. Adding a flat-panel monitor can increase annual power savings to $82 per system.

Applying the new OptiPlex systems’ Energy Smart energy-efficiency settings to all Dell desktops sold within the past year could avoid approximately 12.5 million tons of carbon dioxide emissions. This is the equivalent of removing an estimated 2.5 million cars from the road, essentially equating to more than $1 billion in operating-cost savings opportunities for our customers.
Energy efficiency is a fundamental design criterion for all PowerEdge servers. The introduction of Energy Smart servers reduces server power draw and the resulting system heat. Dell PowerEdge Energy Smart servers use energy-efficient hard drives, advanced fan technology, high-efficiency power supplies and low-voltage processors. Together, these improvements reduce power requirements by up to 25 percent. Although Energy Smart servers may cost slightly more than similarly configured servers, the energy savings make up for this in less than a year, and Energy Smart servers create up to 1 ton less carbon dioxide annually compared with a standard server. Figure 26 shows the energy-saving features of Dell’s PowerEdge servers.

We constantly review and measure component energy consumption across our supplier base. We select components that deliver superior performance and reduced energy consumption, and we review these components periodically for leading-edge performance.

**80 PLUS**

The 80 PLUS program unites electric utilities, the computer industry and consumers to bring energy-efficient power supplies to desktop computers and servers. The 80 PLUS performance specification requires power supplies in computers and servers to be 80 percent or greater energy efficient at 20, 50 and 100 percent of rated load with a true power factor of 0.9 or greater. This makes an 80 PLUS-certified power supply substantially more efficient than typical power supplies.

Dell has more 80 PLUS-certified power supplies than any other original equipment manufacturer. This includes four Bronze level power supplies, which are 85 percent or greater energy efficient on average. For more information, see [www.80plus.org](http://www.80plus.org).

**Energy Efficiency Consulting Services**

In addition to selling energy-efficient products, we provide consulting services to improve the energy efficiency of our customers’ data centers. Our consulting services include environmental assessments, capacity planning, virtualization and energy efficiency research.
Dell encourages customers to achieve energy efficiency in existing facilities and newly acquired data centers. We perform comprehensive assessments and develop customized remediation plans to reduce energy use in heating, ventilating, and air conditioning (HVAC) and power-delivery systems.

**Data Center Capacity Planner**
Growing businesses require more computational capacity, a need typically met by adding servers in the data center. The heat generated by each server requires additional energy to cool the equipment. Every watt consumed by a server and other IT equipment generally incurs at least another watt through cooling, power backup and power delivery. Dell provides an online tool for customers to plan their data centers to use the latest energy-efficiency and computing technology to accommodate capacity growth. The tool is available at [www.dell.com/energy](http://www.dell.com/energy).

**Virtualization**
Many are turning to virtualization as a means of consolidation to fewer, higher-performing servers. This approach not only reduces the amount of equipment needed, but also decreases power consumption, cooling requirements and data center square footage. Dell helps ensure customers’ transition to virtualization will be smooth and efficient by tailoring a solution that makes sense for their budgets, staffs and businesses. Dell’s Virtualization Readiness Assessment Service is designed to maximize the benefits of virtualization by helping to identify the full scope of solution options and providing recommendations for maximizing value.

**Energy Efficiency Research**
Vendors or customers who want to validate or develop custom energy-efficient solutions can work directly with the Dell Energy Smart Research Center in Austin. At the lab, customers and vendors test different HVAC, power delivery and airflows on a range of IT deployments and workloads. The tests help identify which technology or combination of technologies delivers the most efficient solutions.

**Dell and Energy Industry Groups**
Dell delivers the latest energy-efficient best practices and technology standards to customers in part by working with industry groups and participating in global initiatives such as the following:

- **ASHRAE**: The American Society of Heating, Refrigerating, and Air Conditioning Engineers advances the art and science of heating, ventilation, air conditioning and refrigeration to promote sustainability.
- **BAPCo**: Business Applications Performance Corporation is a nonprofit consortium that develops and distributes a set of objective performance benchmarks based on popular computer applications and industry-standard operating systems.
- **CSCI**: Climate Savers Computing Initiative is an association of companies promoting improved energy efficiency in power supplies and enabling power management in computing environments.
- **DMTF**: The Distributed Management Task Force is leading an industry effort to ensure that all energy-related and power-consumption components in a system are interoperable, can communicate with management systems and can support virtualization.
- **ECCJ**: The Energy Conservation Center Japan helps to promote energy efficiency, reduce global warming and encourage sustainable development.
- **ECMA International**: Originally the European Computer Manufacturers Association, ECMA is an internationally based standards organization that is leading the development of international IT standards, including an effort focused on an energy benchmark tool for the ENERGY STAR 5.0 standard.
- **The Green Grid**: An association of IT professionals that seeks to lower the overall consumption of power in data centers worldwide. As a founding member, Dell joined other IT companies to encourage the private and public sector to develop and use...
power-conserving information technologies. For more information, see www.thegreengrid.org.

MEPS: The governments of Australia and New Zealand developed the Minimum Efficiency Performance Standard to improve the energy efficiency of appliances and equipment. This standard reflects the basic tenets of the EPA’s ENERGY STAR program.

SPEC: Standard Performance Evaluation Corporation is a non-profit corporation formed to establish, maintain and endorse a standardized set of relevant benchmarks for the newest generation of high-performance computers.

• SPECpower: SPEC’s Power Group is a workgroup that developed an industry-standard benchmark for 1U/2U servers.
• SPECgwpg: SPEC’s Graphics and Workstation Performance Group is a workgroup that has begun developing an industry-standard benchmark for measuring professional workstation power consumption in relation to performance.

Looking Forward
Dell is developing an essential industry metric to shed light on annual energy use. This metric lets us measure energy consumed against useful work performed. Our goal is to increase computational processing — useful work performed — as energy requirements drop. Refinement of this metric will continue as we pilot its use.

Also on the horizon are the first worldwide power supply regulations, expected in mid-2009.

Chemicals Management
In 2002 Dell formalized a chemicals management process — shown in Figure 27 — to minimize or eliminate the use of certain environmentally sensitive materials. The resulting, publicly available Dell’s Materials Guidance document is the cornerstone for our chemicals management process. For more information, see www.dell.com/materialguidance. The information in this document is reflected in Dell engineering specifications and supplier contractual agreements. In addition, we have implemented

Quarterly Business Reviews to:
• Show progress toward goals
• Report metrics
• Inform Dell senior management and Board

Key Stakeholders:
- Customers
- Shareholders
- NGOs
- Suppliers
- Government
- Academia

• Define corporate environmental goals
• Engage with stakeholders on chemicals policies
• Assess legal and market chemical restrictions
• Evaluate scientific environmental health and safety risk assessments on currently used and potential substitute materials
• Identify substitution opportunities with suppliers
• Develop engineering specifications and supplier management processes (contracts, audits and so on)
• Offer internal and external training
• Require supplier declarations and test audits
• Monitor and measure risk assessments
• Communicate results to Product Engineering and Procurement
• Take swift, robust corrective actions

Figure 27: Dell’s Chemicals Management Process
process controls and corrective actions throughout our organization and supply chain. These ensure compliance to our chemicals management objectives and mandate the replacement of targeted restricted materials. They also facilitate the acquisition or development of alternative materials for future generations of products. Our integrated management process helped us develop a working model that leads to more informed decisions about alternative materials selections.

**Dell’s Chemical Use Policy**

In December 2005 we published our Chemical Use Policy. The policy presents our long-term vision, which is essentially a precautionary approach to chemicals management. Dell’s vision is to avoid the use of substances in our products that could seriously harm the environment or human health and to ensure that we act responsibly and with caution.

To act responsibly, Dell believes that if reasonable scientific grounds indicate that a substance or group of substances could pose significant environmental or human health risks, it is considered a substance of concern. We should avoid using the substances and take precautionary measures — even if the full extent of harm has not yet been definitively established — unless there is convincing evidence that the risks are small and outweighed by the benefits. Dell considers legal requirements, international treaties and conventions, and specific market demands when identifying substances of concern. Substances of concern contain 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

To enforce our precautionary measures, Dell strives to eliminate substances of concern in our products by:

- maintaining a Banned and Restricted Substance Program
- choosing designs and materials that avoid using substances of concern
- contractually prohibiting suppliers from using these substances
- substituting viable alternative substances

If alternatives are not yet viable, Dell works with industry partners to promote industry standards and the development of reliable, environmentally sound and economically scalable technical solutions. For more information, see the Chemical Use Policy at [www.dell.com/chemicalusepolicy](http://www.dell.com/chemicalusepolicy).

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**RICHARD LIROFF**

Executive Director, Investor Environmental Health Network (IEHN)

IEHN brings together investment managers and environmental NGOs concerned about toxic chemicals in products. Through dialogues with companies and shareholder resolutions, we try to educate companies about the business risks of toxics in their products and encourage them to adopt safer-chemical policies.

I first realized the high priority Dell places on designing toxic chemicals out of its products at a conference of progressive companies and NGOs in Europe. In that and subsequent meetings with Dell staff, I realized how much Dell stands out as a leader on chemicals policy. Dell’s approach shows other companies what steps they can take to develop and implement safer chemicals policies.

The most noteworthy element of Dell’s chemicals policy is its precautionary tone. I’ve included Dell’s explanation of their precautionary approach on IEHN’s website as an example others can replicate.

Other elements of Dell’s work impress me as well. The first is the company’s emphasis on integrating chemical concerns at the earliest possible moment into product design. Another is Dell’s leadership in engaging their supply chain on sustainability issues, such as their request for greenhouse gas emissions information from suppliers.

I’m a Dell customer, not just an investor/stakeholder. When I bought my most recent Dell computer, I found the website’s offer of high quality recycling remarkable. Even more striking for such a customer website, though, Dell highlighted environmental concerns. I even saw a reference to “RoHS,” which I could highlight for an explanation. That’s extraordinary — a computer company throwing an obscure European acronym for regulating hazardous chemicals at its average customer as part of the purchasing experience!

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“Dell shows exceptional and unmatched environmental leadership through its simultaneous commitments to safer materials, reduced carbon emissions and responsible recycling. These commitments are backed by aggressive goals to phase out substances of concern like polyvinyl chloride and brominated flame retardants, improve energy efficiency and increase recycling rates. For the future, their continuing collaboration with NGOs will lead to better, faster solutions to environmental challenges.”

Alexandra McPherson, North American Project Director
Clean Production Action
Eliminating Brominated Flame Retardants and Polyvinyl Chloride

In line with our Chemical Use Policy and the Precautionary Principle, and with consideration for Chemicals for Priority Action identified by the Convention for the Protection of the Marine Environmen of the Northeast Atlantic (OSPAR), our goal is to eliminate the use of all brominated flame retardant (BFR) chemicals and polyvinyl chloride (PVC) plastics in our products, worldwide.

We currently avoid the use of BFRs and PVC by using design strategies that minimize plastics, reducing the need to use any flame-retardant plastics. When necessary, we use plastics that can be made flame-retardant with non-halogenated compounds.

Our current BFR and PVC restrictions include prohibiting the use of:

• PBBs and PBDEs (including Deca-BDE) for all applications
• all other BFRs (including TBBP-A and HBCD) in plastic parts for desktops, notebook, and server products as well as TCO-certified displays and Blue Angel-certified printers
• all BFRs in plastic parts for all Dell products developed after June 2006
• PVC in mechanical plastic parts and product packaging

BFRs and PVC are covered in Dell’s Banned and Restricted Substance Program. For more information, see Dell’s Supply Chain Management and Compliance Process at www.dell.com/supplychaincompliance.

Long-Term Elimination Goal

Dell and industry partners are actively working to help the supply chain develop the capability and capacity to use viable alternative materials. These alternative materials will be needed to eliminate all remaining uses of BFRs and PVC in our new products, including TBBP-A in circuit boards, in advance of regulation and as acceptable alternatives are identified. However, to be acceptable, any alternative materials must have a reduced impact on health and the environment without compromising product performance. We will continue to strive to meet our goal to eliminate the use of environmentally sensitive materials in our products, as well as continue to evaluate the viability of halogen-free flame-retardant alternatives.

Progress Toward Long-Term Goals

In 2006 Dell established an internal team to analyze supply-chain readiness for BFR- and PVC-free electronics, develop technology roadmaps and qualify suitable replacement materials. As of the end of fiscal year 2008, the Dell team:

• launched the Color Laser Printer 1320c featuring multiple printed circuit boards containing halogen-free laminates (per Japan Printed Circuit Association, JPCA, ES-01-1999).
• sponsored a halogen-free electronics session at the IMPACT technology conference (Taipei, October 2007). Dell convened representatives from companies including AMD, Compal, Intel and the Industry Technology Research Institute (ITRI) to discuss halogen-free technology roadmaps and to broaden industry commitment toward viable halogen-free solutions. Approximately 90 participants attended. For more information, see the IMPACT Web site, impact.itri.org.tw/2007/General/.
• partnered with IPC and Intel to participate in a halogen-free symposium (January 2008) attended by more than 200 industry representatives. We presented our perspectives on halogen-free electronics and provided an update on the High-Density Packaging User Group (HDPUG) halogen-free project that we chair. For more information, see www.ipc.org. (The Dell presentation is available only to IPC members.)

Dell is also developing additional halogen-reduced products for introduction in 2008. Dell will continue to publish a quarterly BFR and PVC phase-out progress report, available at www.dell.com/chemicalusepolicy.

In addition, Dell is working with industry partners to promote new industry standards and develop reliable, environmentally sound and economically scalable technical solutions. Our partners include the HDPUG, IPC and the EPA. Our partners are working with us to identify and assess alternatives to the use of TBBP-A in circuit boards and alternatives to PVC in cables. These efforts require researching, testing and approving BFR- and PVC-free technology that will not compromise product performance. It also means establishing the necessary supply chain capability and capacity to meet our global procurement needs.

Challenges

Dell is committed to eliminating remaining uses of BFRs and PVC in new products as acceptable alternatives are identified. These alternatives must be technically feasible as well as scalable to Dell’s worldwide volumes.

In 2007 Dell established a global BFR/PVC-free team to evaluate alternative materials and develop transition plans across Dell’s entire product portfolio. In some applications, viable replacements for BFRs and PVC have not been confirmed. We are working in partnership with our suppliers (and with trade associations such as IPC and HDPUG) to identify replacement resins with acceptable material properties that meet the various mechanical, safety, reliability, quality and environmental specifications we require. In some cases, the qualification of these alternative materials is still in progress through pilot programs. Specifically, laminate materials that are free from TBBP-A for use in circuit boards are still being evaluated to understand their effect on circuit board designs.
Dell is also committed to ensuring that new materials do not create a greater impact on the environment than the BFR and PVC materials that they are replacing. Comprehensive environmental assessments are not complete and available on all replacement materials, specifically on phosphorous-based flame retardants proposed for use in many applications. Without these assessments, Dell cannot fully evaluate and implement new materials. In some instances where replacement materials have been qualified, availability of these materials may be limited to a single source, not providing a scalable solution to support Dell’s global volumes. Dell continues to work through supplier partnerships and industry consortia to drive high-volume capacity of replacement materials.

**Lead-Free Enterprise Product Transition**

Dell is committed to complying with the European Union (EU) Restrictions on Hazardous Substances (RoHS) Directive’s prohibition on lead in solders for servers, storage and networking equipment, at the time this exemption expires per EU regulatory process. In early 2007 we established a lead-free enterprise team to manage the transition across our enterprise product lines. As part of this transition, the team defined a lead-free solution that was qualified across our supply base. We have demonstrated that our solution addresses the major issues associated with lead-free technology.

Dell launched the industry’s first RoHS-compliant lead-free server products, the M-Series Blades, in January 2008. Dell continues to launch lead-free and lead-reduced RoHS-compliant enterprise platforms ranging from tower servers to high-end 4-socket rack server and storage systems. Many Dell servers are now available in a RoHS-compliant lead-free configuration. As part of our commitment to the environment, we will increase our selection of servers in RoHS-compliant lead-free configurations and will continue to anticipate and meet future RoHS requirements across our entire enterprise portfolio.

**Emerging Chemicals Management Strategies**

The substitution of chemicals can affect the entire product life cycle; it is critical to thoroughly evaluate the environmental and human health aspects of currently used chemicals and candidate substitution chemicals. Dell has recently engaged stakeholders such as Clean Production Action (CPA) to develop principles and assessment tools that effectively promote and develop the use of environmentally preferable chemicals across the entire life cycle. One aspect of our strategy is to understand where and in what concentrations we can use certain substances. In fiscal year 2009 Dell will begin requesting supplier disclosure of the Joint Industry Guide (JIG) Level B substance list and additional substances that are likely subject to EU Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) disclosure requirements. Substances such as antimony compounds, beryllium compounds, phthalates and bisphenol-A are included in the JIG Level B list.

**International Restrictions on Hazardous Substances**

Global concerns over human health and environmental risks associated with the use of certain environmentally sensitive materials in electronic products led numerous countries to restrict the use of certain hazardous substances. We work with our supply chain to develop substitutions, to modify our specifications and to verify compliance with these requirements.

**European Union RoHS**

In 2006 the EU Directive RoHS went into effect. The directive restricts the use of cadmium, hexavalent chromium, lead, mercury and certain halogenated flame-retardants (PBBs and PBDEs) in electronic products. All Dell products sold in the EU on or after July 1, 2006, complied with the EU RoHS requirements. (As permitted by the RoHS Directive, Dell may offer service or upgrade parts that do not meet the restricted levels to support legacy products that were sold prior to July 1, 2006.) As of the beginning of 2007, all Dell-branded products worldwide were compliant with the EU RoHS requirements.

As the EU RoHS requirements change over time, we will comply with new requirements across our global product lines. In some cases, Dell anticipates the changes in the requirements. For example, in April 2008 the EU Court of Justice removed the exemption of Deca-BDE from the EU RoHS. Because we have proactively prohibited the use of Deca-BDE in our products since 2002, this exemption sunset will have no impact on our products.

**Asia-Pacific RoHS**

On February 28, 2006, China released Management Methods for Controlling Pollution by Electronic Information Products, a regulation commonly referred to as “China RoHS.” Although this regulation restricts use of the same six hazardous substances as the EU version of RoHS, the China RoHS regulation applies a different compliance verification strategy. It states that after March 1, 2007, producers should properly label and disclose RoHS information for all applicable electronic and information products and parts sold in China. Producers must apply for an RoHS certificate if products fall into China’s Key Monitoring Product Catalog, scheduled for release in 2008.

Dell has been working with the Chinese government and trade associations such as American Electronics Association (AeA) and U.S. Information Technology Office (USITO) since 2003, during the China RoHS legislative process. Dell also participates in the China RoHS standards working group. All Dell products shipping directly into China and manufactured on or after March 1, 2007, are China RoHS-compliant.
Effective July 1, 2006, Dell also met the requirements of the Japan RoHS or J-MOSS legislation for applicable products.

South Korea, Australia, Malaysia and Thailand are joining China, Europe and Japan, and various U.S. states, in developing RoHS-type regulations. Dell is aware of these global and domestic trends and requirements. We intend to harmonize our global supply chain requirements with EU RoHS.

**REACH**

Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) EC 1907/2007 is the EU’s chemical regulation that took effect on June 1, 2007, and will be phased in over an 11-year period (until 2018). Highlights of REACH include the following:

- REACH requires manufacturers and importers to register substances they produce or import into the EU in quantities greater than 1 metric ton per year.
- Suppliers of articles must provide recipients with information on Substances of Very High Concern (SVHC) if those substances are present above a concentration limit of 0.1 percent on an article level.

Dell is working with industry associations and suppliers to provide customers with information on SVHC. Once the candidate list of SVHCs is published, we will include this information in our Environmental Datasheets. For more information, see [www.dell.com/regulatory_compliance_datasheets](http://www.dell.com/regulatory_compliance_datasheets).

- It is anticipated that substances used in electronic products will be registered by raw material manufacturers within the supply chain. We will work with our suppliers to ensure that the European Chemicals Agency is notified of all SVHC use if necessary to comply with this REACH requirement.

Dell supports REACH’s intent to further improve the EU’s chemicals regulatory system, including the aim to advance public health and safety and to protect the environment. We will meet all EU REACH requirements and are committed to providing our customers with information about substances in our products.

**Verifying Supplier Compliance**

Dell requires suppliers to sign a Supplier Declaration of Conformity (SDoC), modeled after ISO/IEC 17050-1, to ensure that all product materials comply with Dell’s chemical policy. This documentation is required for the release of parts into production. A signed SDoC indicates that a product meets the Dell Materials Restricted for Use specification and records any applicable exemptions. Dell may request additional technical documentation such as internal design controls, supplier declarations or analytical test data. Our objective is to collect supplier declarations for each part in a product’s bill of materials. Figure 28 shows the compliance verification process for our suppliers.

A second tier in our compliance verification strategy is our supplier RoHS audit program, which includes a traditional audit and an in-depth supplier survey.

**Ongoing Fiscal Year 2009 Projects**

**Evaluation of Post-Consumer Recycled Content Plastics**

Evaluation of resins with improved sustainability requires close collaboration between plastics material suppliers, original equipment manufacturers and component suppliers. In late 2007 Dell partnered with SABIC Innovative Plastics to identify environmentally preferable, post-consumer recycled (PCR) content plastics for use in future Dell products.

The optimal balance of environmental compliance and engineering performance for a given design must be defined to determine the targeted PCR content range for each plastic component. Additionally, because market-driven ratings (for example, EPEAT) report only on results from a simple and indirect way of gauging environmental impact, we must also obtain a more comprehensive measure by assessing the electronic product’s life cycle. Dell, SABIC and EarthShift collaborated to conduct a life cycle assessment of PCR content plastics in Dell desktops and notebooks. The results of this project will provide evaluation and selection methodology for plastic with improved sustainability.

In March 2008 Dell released the E207WFP flat panel display, our first product containing post-consumer recycled plastics. This EPEAT Gold-certified display contains more than 25 percent post-consumer recycled plastics obtained from recycled PET soda bottles.
Supplier Scorecards to Include Product Environmental Criteria

Dell added new product environmental criteria to the Quarterly Business Reviews (QBRs) used to measure supplier performance. The QBRs are a powerful tool to positively influence supplier actions and provide a forum to engage with suppliers on strategic initiatives.

In 2008 Dell will add the following environmental criteria to the QBRs:

- BFR- and PVC-free offerings: Suppliers are to offer BFR- and PVC-free product offerings in calendar year 2009, in accordance with Dell’s goals.
- Revised RoHS Regulation Readiness: Suppliers are to establish a detailed product plan with timelines to phase out the use of additional environmentally sensitive substances such as phthalate endocrine disruptors, mercury, arsenic and beryllium.
- EU REACH Regulation Compliance: Suppliers are to provide detailed, product-material declaration data to Dell in accordance with EU REACH requirements.

Packaging

Dell’s Packaging Engineering Team continuously develops and reviews improved packing methods that use the least amount of packaging material possible while still protecting product shipments. Our annual goal in fiscal year 2008 was to reduce packaging materials by 10 million pounds. Dell surpassed the goal by 8 percent for a total of 10.88 million pounds — through strategies such as slip sheets, server Multipack and 1U server pack reuse.

Slip Sheets

In 2005 Dell began replacing 40-pound wooden pallets with recycled high-density polyethylene (HDPE) plastic slip sheets, saving thousands of tons of wood and reducing carbon emissions. This year Dell made two environmentally significant improvements to slip sheets.

First, our engineering studies showed we could request thinner slip sheets from our supplier. This allowed us to reduce the thickness of the sheets by 14 percent. These thinner slip sheets weigh an average of 0.4 pound less and will allow us to reduce our use of plastic by an estimated 720 tons annually.

Second, instead of returning slip sheets to a recycler, we started to return them directly to the supplier who regrinds them into new slip sheets. The first year of the program, we expect to recycle 753 tons of plastic representing 17 percent of the slip sheets we use in the U.S. and Europe. By fiscal year 2010, after we expand recycling to Dell factories in Asia, we expect to recycle 80 percent of the slip sheets we use globally.

Server Multipack

Dell expanded the popular Multipack program to include the M1000E Blade Server product. The M1000E Multipack holds eight blade systems, saving an estimated 363 tons of packaging material annually.

1U Server Pack Reuse

We also redesigned the inbound packaging of the PowerEdge 1950 and PowerEdge SC1435 servers so that it could be reused for our outbound packaging. We estimate this redesign will reduce our use of packaging material by 25 tons annually.
Other Packaging Reductions

Dell also reduced:

- Asia OptiPlex MT packaging by an estimated 478 tons annually
- Europe OptiPlex MT packaging by an estimated 216.8 tons annually
- U.S. notebook box packaging by an estimated 317 tons annually
- Inbound piece-part packaging for a variety of components by an estimated 977 tons

Future Packaging Projects

Dell’s goal for calendar year 2008 is to complete projects that will reduce packaging by 10 million pounds annually.

The packaging life cycle is complex, and it can be difficult to determine which materials offer the best environmental solutions. Dell packaging engineers consider methodologies such as life cycle assessments and carbon footprint analyses for comparing the environmental effects of different packaging. Using these methodologies to quantify packaging materials and related logistic models helps Dell profile and select the best solutions.

The materials under investigation are:

- air-filled cushion technology
- molded paper pulp cushions
- recycled HDPE thermal-formed cushions
- renewable resource packaging materials, such as starch-based foam

Green Procurement

Customer demand for environmentally superior products is a condition of doing business. Green procurement programs typically share a common set of environmentally preferable attributes such as:

- restrictions on environmentally sensitive materials
- energy-efficient operation
- low noise-emission standards
- product recovery
- recycled content
- recyclability

One of the more rapidly advancing tools in the U.S. for green purchasing is the Electronic Product Environmental Assessment Tool (EPEAT). Dell also participates with several other global organizations in their product labeling to respond to customers who prefer purchasing greener technology.

U.S. FEDERAL GOVERNMENT COMMITMENT TO EPEAT INCREASING

Federal Acquisition Regulations Proposal Formalizes EPEAT Purchasing Requirement

In another step to ensure that all federal agencies purchase and use the “greenest” computers available, the U.S. federal government has integrated a requirement for use of EPEAT into the Federal Acquisition Regulations (FAR). A Presidential Executive Order in January 2007 called on federal agencies to ensure that 95 percent or more of all computers they purchase are qualified under the EPEAT green computer purchasing standard; the proposal to include this requirement in the FAR will make it standard practice for all federal government purchasers.

In addition to specifying the use of EPEAT computers, the Executive Order and subsequent FAR proposal require federal agencies to use the ENERGY STAR feature of their electronic equipment, put policies into effect to extend the life of their electronic equipment, and use environmentally sound practices to dispose of electronic equipment at the end of its life.

DELL FIRST TO MARKET WITH GLOBAL EPEAT GOLD NOTEBOOK

Dell’s Latitude D630 is the first globally available notebook computer to achieve EPEAT Gold status.

In addition, Dell’s OptiPlex 740 and 745 Energy Smart mini-tower systems, two of the company’s most-demanded commercial desktop products, are EPEAT Gold listed. Dell already has shipped nearly 4 million OptiPlex 745 family systems. As of June 2008 Dell has 67 EPEAT products, including 15 that are Gold listed.

“Dell is distinct in our industry in that we are integrating environmental standards into mainstream, high-volume global products. This enables our customers to achieve their own goals around performance, cost and environmental stewardship,” said David Lear, director of Environmental Affairs for Dell. “These products represent industry leadership and reflect our commitment to provide the best customer experience and help protect the environment we all share.”

“We congratulate Dell on a remarkable accomplishment,” said Jeff Omelchuck, executive director of the Green Electronics Council, which manages the EPEAT program. “These are among the most environmentally preferable computer products ever released.”
EPEAT is a system to help purchasers evaluate, compare and select desktop computers, notebooks and monitors based on their environmental attributes. EPEAT provides manufacturers a clear and consistent set of performance criteria for product design and market recognition for efforts to reduce the environmental impact of products. For information about the environmental benefits of buying EPEAT registered products, see www.epeat.net/FastBenefits.aspx.

The EPEAT system was developed and implemented through a stakeholder process supported by the U.S. EPA. The system evaluates computer desktops, notebooks and monitors based on 51 environmental criteria. All EPEAT registered products must meet 23 mandatory environmental performance criteria. Twenty-eight optional criteria determine whether products earn EPEAT Bronze, Silver or Gold recognition. For more information about EPEAT criteria, see www.epeat.net.

As of June 2008 Dell registered 67 products (desktops, notebooks and monitors) at various levels of the EPEAT criteria. Figure 29 shows the number and type of Dell products in each EPEAT category.

The EPEAT standard is ANSI approved and in 2006 formally became Standard 1680 of the Institute of Electrical and Electronic Engineers (IEEE). As new product criteria develop (for imaging devices, TVs and servers, for example), Dell will continue its involvement in defining the IEEE 1680 standard.

DELL ANNOUNCES WORLD’S MOST MANAGEABLE, ENERGY-EFFICIENT COMMERCIAL DESKTOP EVER

New OptiPlex 755 Extends Dell’s Environmental Leadership with a Gold EPEAT Rating and ENERGY STAR 4.0 Compliance

Dell launched the OptiPlex 755 with the most flexible approach ever to systems management, delivering on customer demands for business efficiency. The OptiPlex 755 also adds to Dell’s environmental leadership with ENERGY STAR 4.0 compliance and an Electronic Product Environmental Assessment Tool (EPEAT) “Gold” rating.

“Our commitment to customers is to eliminate complexity throughout the life cycle of their IT assets,” said Darrel Ward, director, Dell Product Group. “We designed the OptiPlex 755 to be the most flexible and versatile business desktop available to date with innovations in systems management, eco-design and services.”

TCO, Blue Angel and PC3R

Dell continues to pursue and maintain environmentally preferable programs (ecolabels) for our products.

The Swedish Confederation of Professional Employees (TCO) ecolabel requirements cover four main areas: ergonomics, emissions, energy and ecology. Dell has qualified more than 113 products with this label. In fiscal year 2008 we added 13 displays and eight desktops in our OptiPlex range. TCO honored Dell as the first certified company for TCO’s new desktop label that marks environmental and ergonomic excellence. The eight certified desktops — from the OptiPlex 320, 330, 745 and 755 series — meet world-leading standards in environmental design, energy efficiency and ergonomics. For more information about TCO, see www.tcodevelopment.com.

The Blue Angel is Germany’s environmental label. It is the first and oldest environment-related label in the world for products and services. The Blue Angel label was created in 1977. Dell has nine OptiPlex desktops with this label. For more information about Blue Angel, see www.blauer-engel.de.

PC3R manages the PC Green product ecolabel and company ecolabel developed by the PC industry in Japan. We have been a member of this program since 2001 and have registered selected OptiPlex, Precision, Vostro, Inspiron and Latitude computer models as well as monitors. In 2007 Dell qualified 53 models. For more information, see www.pc3r.jp/greenlabel/index.html.
The China Energy Conservation Program (CECP) certification is the minimum requirement for government purchases in China. OptiPlex, Precision, XPS, Latitude, Inspiron and Vostro have obtained CECP certification. For more information about CECP, see www.cecp.org.cn/englishhtml/index.asp.

**CLIMATE LEADERSHIP**

Climate stewardship has emerged as one of the 21st century’s most pressing environmental challenges. Through our operations, products and supply chain, we are redefining the way businesses approach the issue. Dell focuses on reducing absolute GHG emissions and driving efficiencies in everything we do. As of early fiscal year 2009, 100 percent green energy powers our entire global headquarters campus as part of our commitment to become the first carbon-neutral computer company. Our climate strategy promotes practices that further reduce emissions; produce energy-efficient computing technology; drive customer and supplier awareness; and empower customers, employees and partners to create a low-carbon economy. Reducing climate impacts is a shared responsibility.

- Through programs such as Energy Smart, we are designing energy-efficient products that reduce power requirements and help reduce GHG emissions.
- We work with commercial customers to design and retrofit data centers for energy efficiency.
- Through innovative programs such as “Plant a Tree for Me,” Dell increases awareness and helps customers reduce their climate footprint.
- We help reduce the climate impact of sourcing and transporting our products by setting supplier expectations, improving shipping and routing procedures, and locating facilities closer to customers.
- We plan to purchase more green power globally as it becomes available.
- By the end of 2008 we plan to offset our 2007 global direct and indirect GHG emissions from electricity use. We also plan to offset our GHG emissions from 2007 business air travel.
- In fiscal year 2008 we pledged to be carbon neutral and extended this pledge for the next five years.

**Climate Strategy**

Dell established GHG emission-reduction programs that lower energy consumption and use renewable power where available. We measure and benchmark our GHG emissions, setting reduction targets and continuously driving to improve against those targets.

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*The Kyoto Protocol is an amendment to the United Nations Framework Convention on Climate Change (UNFCCC) which makes reducing GHG emissions mandatory for signing nations.*
Measure, Benchmark and Inventory GHG Emissions
Our greatest opportunities to influence and lead include sourcing and indirect, product-related considerations. We adopted a comprehensive strategy that integrates efficiency checkpoints into each stage of the product life cycle from development, design and sourcing through manufacturing and operations, order fulfillment, product use and product recovery.

Figure 30 on page 59 shows the effects of each stage of the product life cycle on GHG emissions.

Most of Dell’s operations-related GHG emissions come from electricity use (GHG Protocol Scope 2 — Indirect) in our buildings and processes. Direct emissions (GHG Protocol Scope 1) are much lower. These emissions are primarily related to on-site fuel combustion in backup electrical generators, building and water heating, and a limited number of leased or owned passenger and site-maintenance and security vehicles. We do not generate any direct GHG emissions from our manufacturing processes.

We report operational energy-consumption metrics in absolute data and in carbon intensity, which is the ratio of carbon-dioxide-equivalent emissions to revenue dollars. We believe this ratio is the most meaningful performance metric for our operations because it is transparent, allows for comparisons and is relevant to both financial and environmental sustainability.

Reduction Goals and Actions
Dell projects future emissions based on past emissions data and business plans and sets reduction targets accordingly. The Corporate Sustainability Council, Executive Leadership Team, and key external stakeholders and advisors review targets and progress on a regular and as-needed basis.

We calculate our corporate-wide emissions using the Climate Leaders GHG Inventory Guidance, which defines how partners work with U.S. EPA inventory and report their GHG emissions. This guidance is based on the GHG Protocol Corporate Accounting and Reporting Standard developed by the World Resources Institute and the World Business Council for Sustainable Development. In fiscal year 2008 we established a formal baseline year from which to reference future emissions reductions and engaged a consultancy to review our emissions calculation methods. The following sections describe our goals and plans for reducing our GHG emissions.

Dell Operations: Minimize Carbon/Net Revenue
Power generation from carbon sources results in GHG emissions. We encourage our energy providers to employ the most efficient and effective GHG mitigation technologies available, and we strive to purchase power generated from renewable sources. Reducing energy use and using renewable energy sources contributes to Dell’s overall emission reduction goals.

We are committed to further reducing our industry-leading carbon intensity 15 percent by calendar year 2012 (based on 2006 levels). We intend to accomplish this by conserving energy.
making capital improvements and purchasing electricity from low-carbon or “green” sources. In addition, we will offset the balance of our use of nonrenewable power, unavoidable direct emissions and business air travel, through responsible offset and renewable energy credit purchases, to achieve net carbon neutrality beginning in 2008.

Product Considerations: Maximize Performance per Watt
Energy optimization is one of Dell’s primary design objectives. We are committed to making products that deliver maximum performance with the least required power. Our energy-optimized products help customers lower their cost of ownership and protect the environment. For more information about product environmental design, see “Product Environmental Design” on page 46.

Even the most efficient products consume some energy. We formed a nonprofit partnership with The Conservation Fund and Carbonfund.org to launch our “Plant a Tree for Me” carbon-offset program (www.dell.com/plantatree), the first of its kind in the electronics industry. With a nominal donation to fund professionally managed reforestation projects, customers can offset the carbon emissions associated with the electricity used by their products.

Supply Chain and Logistics: Raise Awareness and Set Expectations
Dell operations indirectly affect supply chain and logistics partners. These effects are outside the scope of conventional GHG accounting; however, Dell has established expectations for suppliers to assess, control and report GHG emissions for our QBRs. Dell uses QBRs when awarding business to suppliers. Qualified suppliers must identify GHG emissions as an environmental impact within their ISO 14001 or the EU’s Eco-Management and Audit Scheme (EMAS) plan and publicly report or disclose their annual GHG emissions. Failure to meet these requirements will reduce the QBR score and potentially diminish a supplier’s ability to compete for Dell’s business. We are working to establish baseline GHG emission expectations at a commodity level. This will allow us to set quantitative targets and supplier performance expectations in the future.

As an EPA SmartWay logistics partner, Dell committed to reducing GHG emissions from freight operations by increasing the percentage of freight shipped by SmartWay Transport Partnership carriers. SmartWay Transport Partnership carriers include only those with programs to minimize their fleet emissions. We are working to make our inbound and outbound logistics operations as efficient as possible to reduce costs, delivery times and GHG emissions.

<table>
<thead>
<tr>
<th>PRODUCT LIFE CYCLE STAGE</th>
<th>GHG IMPACT</th>
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</thead>
<tbody>
<tr>
<td>Product Concept &amp; Design (Scope 3)</td>
<td>Dell’s suppliers operate manufacturing and research and development facilities that use electricity, and they transport materials to Dell facilities, both of which contribute to GHG emissions.</td>
</tr>
</tbody>
</table>
| Manufacturing & Operations (Scope 1 and 2) | Onsite fuel combustion (diesel, natural gas) in heating and cooling systems and standby electrical generators generates GHG emissions.  
- Air conditioning units at Dell facilities may leak hydrofluorocarbons (HFCs), some of which are also GHGs.  
- Campus employee shuttles and other site-maintenance and security vehicles, both leased and owned, produce GHG emissions.  
- Dell is responsible for indirect GHG emissions associated with energy purchased to provide heating, cooling, and lighting, and to operate manufacturing, data center and office equipment. |
| Miscellaneous — Indirect (Scope 3) | Business travel by air and automobile generates indirect GHG emissions. |
| Product Purchase & Use (Scope 3) | Transportation of products to customers produces GHG emissions.  
- Using electricity to operate Dell products creates indirect GHGs. |
| Product Recovery & Recycling (Scope 3) | Product recovery by Dell’s reverse logistics transportation suppliers generates some GHGs.  
- Dell’s recycling partners operate facilities that use electricity and contribute to GHG emissions. |

Figure 30: Dell’s Product Life Cycle and GHG Emissions
LARRY SELZER
President, The Conservation Fund

The Conservation Fund is very pleased to partner with Dell in the “Plant a Tree for Me” and “Plant a Forest for Me” carbon offset programs. Dell’s new programs are game-changing. Much as Dell invented a dynamic new marketing model with direct sales of computers to consumers, it has broken new ground in engaging a diverse network of communities in fighting climate change.

When The Conservation Fund opened its doors more than two decades ago, we knew that protecting America’s land and water legacy would require close collaboration with the private sector. With that premise, we and our partners have successfully preserved more than 6 million acres. To address the growing threat of climate change, we developed our Go Zero program for communities or companies to offset carbon emissions by paying for tree-planting in protected forests. Our Go Zero program provides a natural vehicle for implementing Dell’s inspired initiatives.

Dell’s “Plant a Tree for Me” program builds on its direct consumer sales, allowing customers to pay for trees to be planted to offset future emissions at the same time they buy computer equipment. In one step, Dell educates its consumers, empowers them to do something about climate change, and creates access to a potentially enormous new base of supporters for Go Zero. The Conservation Fund can use these offset funds to expand our programs for building forests and protecting habitat.

For the second phase of its program, Dell has invited suppliers, vendors and other business partners to join in the “Plant a Forest for Me” program. Each company determines the portion of its carbon footprint that it will offset through the program. The brilliance in this design is its flexibility; each business can participate in ways that fit its own operations. In this initiative, Dell serves as a leader for other companies, including those outside the IT sector, that want to join the fight against climate change.

Dell ties these programs to a broader vision of sustainability. To foster that vision, it has developed a unique outreach strategy referred to as ReGeneration — a community of people of all ages and generations who share the goal of living sustainably on our planet. People are encouraged to join the ReGeneration to learn more about sustainability and to engage in various green initiatives. We’re excited by this approach and hope that these participants will lead to an exponential growth of support for the restoration revolution.

The staff we’ve met at Dell, the “Plant a Tree for Me” donors, the “Plant a Forest for Me” companies — these people all share our enthusiasm for direct involvement in steps to make the 21st century the era of environmental restoration. We’re delighted to partner with Dell in creating such tangible opportunities for these members of, as Dell has so aptly captured it, the rapidly expanding ReGeneration.

DELL IS FIRST TECHNOLOGY COMPANY TO HELP SUPPLIERS MONITOR, REPORT CARBON DIOXIDE EMISSIONS

Participation in Carbon Disclosure Project Effort Underscores Dell’s Climate-Protection Commitment

Corporations require better information to develop and deliver robust and effective carbon management strategies and incorporate climate change considerations into supply chain decisions. That is why, in the summer of 2007, we asked our key suppliers to begin publicly reporting their annual emissions by September of that year. To help suppliers understand our strategy, expectations and the importance of reporting, we hosted an Asia Climate Impact Supplier Summit in Taipei. At that summit, 60 representatives from 25 Taiwan-based suppliers learned about Dell’s climate strategy and how they, as suppliers, fit into that strategy.

Later in the year, Dell was the first of only two IT companies to join the Carbon Disclosure Project (CDP), which provides the most widely used standard methodology and process for carbon disclosure. We use this standard and ask our suppliers to use it too.

We continued to encourage our suppliers to move forward on reporting their carbon emissions by asking 40 of them to participate in a Supply Chain Leadership Collaboration (SCLC) - CDP pilot. This pilot brought together sector leaders wanting to work through the CDP system to measure and subsequently manage emissions through the supply chain. This provided us with the opportunity to work through a unified methodology to measure our supply chain emissions, which is an important step in managing our overall carbon footprint. At the end of the pilot, 100 percent of our invited suppliers submitted responses, a much higher response rate than for SCLC participants overall. To further motivate suppliers, we included climate impact reporting questions on our QBRs. All these efforts will help us work with our suppliers to develop strategies to reduce their carbon footprints.
Continuous Improvement

Dell’s commitment to reduce our direct and indirect environmental impact is ongoing. We are undertaking a comprehensive carbon footprint assessment, reviewing absolute carbon reductions, working with our supply base on emissions reductions, and designing energy-efficient products.

Comprehensive Carbon Footprint Assessment

Assembling an accurate and complete GHG inventory presents some challenges. Prior to fiscal year 2006 we reported electricity-related (indirect) emissions for all U.S. operations, but outside the U.S. we reported emissions for only manufacturing facilities. Beginning in fiscal year 2007 we included our leased assets and established protocols to collect and report indirect as well as direct emissions on a global scale.

“As one of 12 companies in our supply chain pilot project, Dell has had phenomenal success in engaging its suppliers on climate change. Dell obtained a 100 percent participation rate from the 40 suppliers they sent our carbon disclosure questionnaire, a tribute to the strength of Dell’s supply chain relationships. We had expected only a 40 percent response rate. That kind of supply chain leverage offers our best hope for carbon reductions by Asian suppliers. Through active involvement in the Supply Chain Leadership Collaboration, Dell can play a leadership role in helping other companies achieve similar results.”

Nigel Topping, Head of Supply Chain, Carbon Disclosure Project

GHG Reductions

Dell, a growth company, has operational GHG emissions tied almost exclusively to electricity generated from carbon sources. Conservation, capital improvements and more efficient new buildings all decrease energy intensity. Absolute GHG reductions below any given basis year cannot be sustained without significantly increased availability of competitively priced green power. Dell uses renewable energy where available and supports increased availability. We promote carbon sequestration and expect energy suppliers to provide increased, renewable power capacity. We rely on energy suppliers to adopt the cleanest and most efficient power-generation and distribution technologies available.

CLIMATE SAVERS COMPUTING INITIATIVE FOCUSES ON REDUCING POWER USE

The new Climate Savers Computing Initiative brings together computer and component manufacturers, government and conservation organizations, and business and consumer groups to focus on a common energy-saving goal. The initiative’s fiscal year 2010 target is to reduce the annual power consumption of computers 50 percent. Dell, HP, IBM and other industry leaders joined the project’s initiators, Google and Intel, to work toward achieving this goal.

GREEN POWER PARTNERSHIP PROGRAM AVOIDS CARBON EMISSIONS, PLANTS TREES

In December 2006 the U.S. EPA challenged Fortune 500 corporations to purchase more than 5 billion kilowatt-hours (kWh) of green power collectively by the end of 2007. Dell was one of the 53 companies who helped the EPA exceed its goal by 130 percent. These purchases avoid the equivalent carbon dioxide emissions of more than 670,000 average American homes annually.

At the end of fiscal year 2008, Dell and Travelocity joined The Conservation Fund, U.S. Fish and Wildlife Service and Environmental Synergy, Inc. to help restore 158 acres of forestland. The project will address climate change, bring back sensitive wildlife habitat and enhance public recreation areas at Trinity River National Wildlife Refuge in East Texas. Over their lifetime, the newly planted bald cypress, oak and pecan trees will trap more than 63,000 tons of carbon dioxide.

Private support for the initiative was made possible by a mix of customer and corporate donations from Dell, Travelocity, Universal Studios, NBC Universal and individual donors to The Conservation Fund’s Go Zero program.

“The Fish and Wildlife Service and the American public are the true beneficiaries of this partnership,” said Benjamin Tuggle, southwest regional director of the U.S. Fish and Wildlife Service. “Through the efforts of Dell, Travelocity, Universal, The Conservation Fund and all others involved in Go Zero, lands held for the American public will be improved and the global environment for both people and wildlife will benefit.”
Supplier Impacts
As we learn more about typical GHG emissions at the commodity level, we can give our suppliers reasonable baselines and compelling incentives. Energy-efficient suppliers will lower their operating expenses and reduce environmental impact.

Product Leadership
Dell products and product development methods feature automation and process control, streamlined communication, enhanced security and business productivity — all powerful factors in energy conservation. The success of our Energy Smart products and services portfolio gives our customers unique opportunities to reduce their own energy utilization. For example, wide adoption of power management — the ability for a computer to access low power modes when not in use — dramatically lowers facility energy consumption. This is especially true in data centers that can be 10 to 20 times more energy intensive than a light manufacturing operation or typical office space.

Manufacturing and Operations
In Dell operations, the majority of emissions are from purchased electricity (Scope 2 — Indirect). Scope 1 — Direct emissions come mainly from the operation of on-site, equipment such as back-up electrical generators and fire pumps, water heaters, and cooking equipment, as well as leased and owned passenger and site-maintenance and security vehicles. Certain refrigerants leaked from cooling equipment are also reported as Scope 1 emissions. Scope 1 and 2 emissions include both owned and leased facilities that are operated or occupied by Dell and its subsidiaries.

Figure 31 shows the total Scope 1 and 2 GHG emissions reported under the voluntary Carbon Disclosure Report during the past four years. Scope 1 emissions increased over fiscal year 2007 primarily due to added rigor in the estimation process in fiscal year 2008. Increases in Scope 1 and Scope 2 emissions also reflect the addition of new manufacturing and other facilities during fiscal year 2008.

As part of our carbon neutral commitment, we have pledged to offset the Scope 3 emissions associated with business air travel. The estimated carbon-dioxide-equivalent emissions from air travel during fiscal year 2008 (our first year to report this) are shown in Figure 32 and were calculated primarily from data supplied by our corporate travel agents. Estimates of the total climate impacts of aviation, including radiative forcing, range from 1.9 to 5.4 times the emissions. However, the GHG Protocol and EPA Climate Leaders programs have not yet issued definitive guidance on how to account for these impacts.

Our fiscal year 2008 emissions estimates for Scope 1 and Scope 2, as well as the estimated emissions from business air travel, have been reviewed by a third-party expert.

Reducing Our Carbon Footprint
In fiscal year 2007 we pledged to reduce our carbon intensity by 15 percent during the next five years. In the meantime, we committed to offset Scope 1 and 2 emissions, and the Scope 3 emissions associated with business air travel.
Our carbon neutral program contains three key elements:

- reducing energy use
- using “greener” energy
- offsetting the remaining emissions

The following sections describe our strategies and report our status.

Reducing Energy Use

Because electricity use is the primary contributor to our GHG emissions, the most important action we can take is to reduce how much energy we use. In that vein, Dell applied this principle to improve energy efficiency in both facilities and operations.

For example:

- Data centers are by far our largest consumers of electricity; even small improvements to these operations can make a big difference in our emissions. For example, we expect recent upgrades to a small data center at our facility in Ireland to reduce energy use (and costs) by 50 percent over similar data centers.
- U.S. facilities continued to upgrade their lighting and HVAC equipment to reduce energy.
- Another way to reduce energy use is to become more efficient with the space needed to operate. Dell is investigating alternative and work-at-home employment options, in part to reduce the amount of office space needed per employee.

Using Greener Energy

Electricity is an absolute necessity to operate buildings, office equipment, data centers and manufacturing processes. While it would be ideal to install solar panels and wind generators in every facility, these solutions are currently not practical considering physical limitations and high costs of such systems where Dell operates. Until on-site solutions are more widely available, we can still make a significant, positive difference by purchasing substantial amounts of renewable energy from our utility providers.

Late in fiscal year 2008, Dell increased the amount of green power purchased from utility providers to 81,000 megawatt-hours (MWh) per year, which represents enough power to serve Dell’s entire headquarters campus in Round Rock, Texas, in fiscal year 2009. The green power mix includes 32,000 MWh from a landfill gas-to-electricity project in Austin, Texas, where Dell is purchasing 100 percent of the output. The remainder of the purchased green energy comes mainly from wind sources, through certified and other high quality renewable energy credits. Figure 33 shows the amount of green power purchased during the last three fiscal years. Through the end of fiscal year 2008, we have nearly doubled the amount of green power purchased since fiscal year 2006.

In 2007 Dell joined the U.S. EPA Green Power Partnership program. The program encourages companies and other organizations to purchase electricity from renewable and other low-carbon sources to support GHG reduction programs. Our green energy purchases made late in fiscal year 2008 significantly increased the total green power commitment for our U.S. facilities, allowing Dell to be recognized as a Green Power Leadership Club member.

Offsetting the Remaining Emissions

After exhausting feasible opportunities to improve efficiency and conserve energy, Dell will responsibly offset the remaining fiscal year 2008 Scope 1 and 2 emissions and business air travel emissions. We intend to use certified or other high quality, renewable energy credits and validated offsets to meet our targets.

Transportation and Logistics

The goal of the Global Logistics Team is to be more effective and efficient in reducing transportation costs while improving quality and service. In fiscal year 2008 Dell continued to refine processes to drive the most efficient transportation network across the entire life cycle, from inbound material to end-of-life systems.

- We optimized our inbound transportation networks focusing on efficient use of air, land and ocean transportation.
- Our Service Logistics Team ensured that systems, components and repair parts were moved quickly and efficiently to our customers. They also ensured that returned systems and parts were reused or recycled.
Our outbound transportation partners focused not only on timely and damage-free delivery, but also on being good stewards of the environment.

**Inbound Logistics**

To increase efficiency in our inbound transportation of materials to Dell facilities, we focused on three main programs in fiscal year 2008: Asia Global Hubs, network provider engagement and foam pallets.

**Asia Global Hubs**

Our Asia Global Hubs allowed us to consolidate supplier inventory to four strategic locations in China and efficiently move materials from our Asia supply base to U.S. manufacturing facilities. These hubs are close to our supply base and major transportation facilities so we can rapidly ship to Dell factories by ocean or air freight as needed. The hubs allow us to maximize the use of ocean transport when possible, which reduces fuel use and associated carbon emissions. The hubs also allow Dell to improve container use for both ocean and air transportation. Figure 34 shows how Asia Global Hubs work to let Dell simplify supplier shipping, optimize our transportation networks and maintain balanced global inventories.

**Network Provider Engagement**

Engaging our inbound transportation partners is critical in ensuring environmental benefits in our networks. We have worked with them on various objectives:

- Within our developing ocean network, we require our ocean carriers to use low-sulfur fuels.
- At seaport terminals, we require freight handling companies to use electric-powered material-handling equipment. For example, in the Los Angeles seaport, we ensure the use of trucks that meet California criteria for low exhaust emissions.
- Dell requires the use of electric or liquid propane gas forklifts for all trans-loading operations within warehouses.

**Foam Pallets**

According to one pallet supplier, the U.S. uses almost 2 billion wooden pallets each year. More than 6 million tons of these pallets — close to 5 percent of the total amount of solid waste in U.S. landfills — end up in municipal landfills. Producing these pallets destroys more than 1 million acres of hardwood forests annually, and even though many landfills charge disposal costs of $1.50 per pallet, the use of pallets continues. Pallets have also been known to introduce foreign pests, so governments around the world often restrict all forms of wood packaging.

Because of all these challenges, Dell is analyzing the replacement of wooden pallets with expanded polystyrene (EPS) foam pallets. These foam pallets have the following benefits:

- They are reusable and can better protect cargo, personnel throughout the supply chain, and the environment.
- They dramatically reduce pallet weight, which in turn reduces air freight and overall transportation costs.
- They can eliminate certification paperwork or customs problems caused by pest issues.
- They may eliminate the need to repack at distribution centers before going to retail stores.
- They are cost-competitive with wooden pallets and less expensive than plastic pallets.

While these foam pallets appear to be beneficial in many ways, we are looking at their complete life cycle to ensure they have no unintended negative environmental impacts.

**Service Logistics**

Dell’s Service Logistics Team is responsible for returned consumer products and warranty replacements. In fiscal year 2008, to gain efficiencies, the Americas team consolidated their operations to one outsourced location. This location focuses on remanufactured systems and reverse logistics of shipping materials — the shipper who delivers the product also picks up the shipping material at the end of the delivery.
Dell’s Asset Recovery Services Team also provides reverse logistics services for Dell’s commercial customers for both Dell and non-Dell equipment:

- When customers have 10 or more pieces (one piece = one monitor, tower or printer, and so on) at each location, we dispatch a less-than-truckload (LTL) carrier to pack, palletize and ship their equipment back to our recovery facility.
- When customers have fewer than 10 pieces, we dispatch a mailer so they can print waybills online. With this program, customers are responsible for packing and calling for a pick-up appointment.

**Service Logistics Network Optimization**

Because one of the main costs for logistics is fuel, many of our programs focus on reducing fuel use. For example, we work with our main transportation provider to minimize air transportation and to consolidate shipments. Dell also focuses on conservation to reduce emissions and fuel use. For example, the Latin America and Canada teams saved a combined annual mileage of 585,000 — in Canada, 212,000 miles were saved per year by delivering to Calgary from Reno instead of Nashville; in Latin America, 373,000 miles were saved by going from Nashville directly to Miami, eliminating Dallas from the route.

**Paper Reduction**

The Reverse Logistics and Trade Compliance teams focused on a project to reduce paper and cardboard use and increase recycling. Implementing paperless entry on all Malaysia inbound freight and Canada returns saved 343,680 sheets of paper per year. The Americas Returns and Remanufacturing Center also recycled 2.3 million pounds of foam.

The Europe, Middle East and Africa (EMEA) Logistics Team, in partnership with the U.S. Forest Service and the European Environmental Defense organization, developed a tool to analyze the environmental impacts of reducing the use of paper and cardboard in their operations. We plan to use the tool as our worldwide standard for reporting these environmental benefits.

**Outbound Logistics**

The Outbound Logistics Team focused on several initiatives in fiscal year 2008. For example, as Dell’s business expanded in fiscal 2008 to include retail, we developed and continuously refine new processes for fulfillment. New requirements for the exterior packaging of our products have improved how we load products on pallets for shipment. Further, we created new configuration guides to specify how our freight is loaded on pallets to meet our retail partners’ requirements. Finally, our retail freight, which had been transported primarily by our normal LTL networks, now also will be delivered by a new truckload carrier partner, Schneider National, Inc., a SmartWay partner.

**Carrier Partner Initiatives**

We work with our carrier partners to improve their efficiencies transporting our products in a manner that is environmentally sound. To achieve this goal, Dell participates in the SmartWay program (www.epa.gov/smartway) and expects our carrier partners to participate as well. As we enter into relationships with our carrier partners, we ensure that SmartWay requirements are included in our Requests for Quotation and our Statements of Work.

Examples of SmartWay programs for transportation efficiency include:

- Driver training, which can reduce fuel consumption by 5 percent or more and eliminate about 8 metric tons of GHG emissions per truck each year
- Idle reduction programs, which can save fuel, reduce emissions and lower engine maintenance costs
- Use of wide-base tires, which can improve fuel economy by 2 percent or more, save more than 400 gallons of fuel, and reduce GHG emissions by 4 or more metric tons annually

Dell’s carrier partners have their own initiatives to comply with ISO 14001 in their facilities. For example, they are using Electronic Data Interchange (EDI) standards for transmitting shipping documents to reduce paper use and using recycled cardboard as shipping dunnage to protect freight.
Outbound Logistics Network Optimization

Dell continues to implement and enhance expedited ground transportation networks. We have implemented manufacturing and fulfillment planning processes, with patents pending, to increase the ability to meet customer expectations with ground shipping instead of air shipping. Furthermore, Dell established manufacturing locations so we can assemble computers closer to customers, which reduces the total transit distance and minimizes the use of air transportation. Our two newest factories in Łódź, Poland, and Chennai, India, are examples of this strategy.

In addition, we continuously analyze and improve our supply chain to create fewer but more cost- and energy-efficient shipments through lane management and truck loading. With our partners, we also analyze and optimize our inbound and outbound networks. Assessing these transportation networks has financial and environmental benefits. The primary initiatives in this program are to improve on-time delivery rates to the customer, thereby reducing GHG emissions, gaining fuel efficiency and reducing costs.

Figure 35 provides an example of one such improvement in shipment packaging (data from one of our transportation partners). This figure illustrates one month’s worth of data for only one transportation lane — from Austin, Texas, to Fontana, Calif. The first column is actual data and the second column shows the potential results of a 40-percent improvement in cube use, which they feel is attainable. Gallons used and carbon dioxide emitted were computed using an average of 6 miles per gallon and 20 pounds of carbon dioxide per gallon burned. Improving cube use is one area where we will focus in fiscal year 2009.

Domestic Outbound Logistics

Numerous initiatives in Dell’s Outbound Logistics organization are geared toward resource conservation, some of which were highlighted in last year’s report.

<table>
<thead>
<tr>
<th>CURRENT PROCESS</th>
<th>PROPOSED PROCESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Dispatch Miles</td>
<td>51,528</td>
</tr>
<tr>
<td>Total Shipment</td>
<td>862</td>
</tr>
<tr>
<td>Miles Per Shipment</td>
<td>60</td>
</tr>
<tr>
<td>Distance Between Events</td>
<td>115</td>
</tr>
<tr>
<td>Gallons Used</td>
<td>8,588</td>
</tr>
<tr>
<td>Lbs. of CO2 Emissions</td>
<td>171,760</td>
</tr>
<tr>
<td>Gallons Saved</td>
<td>3,435</td>
</tr>
<tr>
<td>CO2 Emissions Avoided</td>
<td>68,707 lbs. (34.35 tons)</td>
</tr>
</tbody>
</table>

Figure 35: Sample Shipping Lane Improvements

- **Logistics COSIP**: Through an initiative called the Logistics Customer On Site Inspection Program (COSIP), we monitored customers’ orders from the time they left the factory until they were delivered to the customers’ warehouses. We worked with our customers at their facilities to identify environmental issues and are collaborating to develop solutions to minimize these environmental impacts. By listening to customers we also captured opportunities for improving how we load freight, how we load pallets on trailers, and how we deliver freight to the customer. We continue to make improvements based on COSIP feedback.

- **Packaging Take Back**: Dell Logistics continues to explore packaging take back. Our customers frequently tell us they would like us to help them recycle the packaging materials we use to ship our freight. We are exploring opportunities to provide this service.

- **Value-Added Logistics Service**: Dell continues to see success with a program called the Value-Added Logistics Service (VALS). This premium-based service lets our customers schedule deliveries and request a variety of special services at the time of delivery. VALS has a positive environmental impact at the customer’s delivery destination because the carrier provides for de-palletization, inside delivery, unpacking of boxes, package removal and destination bundling. These services are now offered only at the time of delivery.

- **Logistics Command Center**: The Logistics Command Center responds to and corrects any issues that affect the timely delivery of our customers’ orders. By preventing the creation, fulfillment and shipping of unnecessary orders, Dell is able to save money, fuel and unnecessary emissions.

- **Improving Pallet Build**: Logistics and Manufacturing teams are working together to improve the quality of our palletized freight. For example:
  - Dell is working with pallet vendors to ensure that we use the highest quality reusable pallets to ship our product to customers. We are examining processes to allow for the recovery of these pallets so they can be reused and recycled.
  - By ensuring higher-quality pallets from our vendors, we also are reducing the need for decksheets, the protective pieces of cardboard slipped between boxes. In fiscal year 2008 alone, we used nearly 1 million sheets of cardboard. Decreasing our use of decksheets will reduce paper waste and save unnecessary expense.
  - We are examining and changing processes to optimize the amount of freight we place on each pallet, thereby reducing the number of pallets we use to ship products to our customers.
SUSTAINABLE OPERATIONS

Waste avoidance is a core component of our commitment to become the greenest technology company on the planet. We strive to use water, energy and forest products responsibly wherever we do business. In fiscal year 2008 we made the commitment to recycle or reuse 99 percent of waste from our manufacturing operations by 2012. We also continued to focus on forest stewardship by streamlining our packaging and reducing our paper use.

Major components of our commitment include:

• using energy, water and forest product resources responsibly
• using materials efficiently (reduce, reuse, recycle)
• operating our facilities to minimize discharges of wastes and pollutants to air, water and land

Dell is a corporate member of the U.S. Green Building Council, a nonprofit organization dedicated to expanding green building practices and education and promoting the use of its LEED (Leadership in Energy and Environmental Design) Green Building Rating System.

Manufacturing and Operations

Environmental programs at Dell’s manufacturing, distribution, research and administrative facilities incorporate principles of pollution prevention, waste minimization and resource reduction to minimize environmental impacts. We have a low environmental impact compared with many other companies and industries, but we continue to seek improvement.

Resource Use

Energy. Electricity from local utility companies provides the primary power for Dell factories, offices, labs and data centers. We use natural gas, propane and cooking gas in some buildings for food preparation, hot water heating, and building heating and cooling. Figure 36 is a snapshot of electricity use in our global facilities.

Overall electricity use has increased during the last three years in manufacturing and in our U.S. offices and data centers group- ing. During this period, we opened several new manufacturing facilities and increased capacity in our data centers. Global electricity use increased by 3.6 percent over fiscal year 2007, the first year we reported global electricity use. During fiscal year 2008 we nearly doubled the amount of renewable energy purchased from utility providers in North America, to 22.9 million kWh. See “Manufacturing and Operations” on page 62 for more details.

Figure 36: Electricity Use — Global Buildings and Operations

Energy use, conservation and GHG emissions are tightly woven. For more information about Dell’s energy goals and conservation programs, see “Climate Leadership” on page 57.

Water. Dell’s manufacturing processes themselves do not use significant quantities of water. Water is used throughout our facilities in landscaping, cooling systems, food service, rest-rooms and general facility cleaning. Over the last few years, we have improved water-use efficiency through changing land-scaping, improving irrigation systems, and replacing fixtures with more efficient equipment. We also increased the number of facilities tracking water use. Figure 37 shows our water use for the last three years. Total water use decreased 2.8 percent in fiscal year 2008 compared with the prior year, but remained above the fiscal year 2006 level.

Dell’s water is predominantly from municipal sources. A few locations use water from on-site wells for landscape irrigation. Because there are no process water uses, water sources are not normally impacted significantly by Dell’s withdrawals.

Figure 37: Water Use — Global Buildings and Operations
Following are examples of how Dell is reducing water use:

- Our Nashville distribution facility upgraded two washrooms with water-saving faucets, waterless urinals, and hands-free soap and towel dispensers. Employee feedback, water savings and costs were favorable; we are planning additional retrofits in other facilities.
- Dell installed new water controllers throughout all three Central Texas campuses. The new equipment controls water use for irrigation and is based on the actual measured precipitation and needs of the landscape. The project could save as much as 30 million gallons of water. In addition, we landscaped with drought-resistant, cold-tolerant plants that require less water and fertilizer.
- Our new manufacturing facility in Chennai, India, recycles its treated wastewater by using it for on-site landscape irrigation.

Office Paper. Dell tracks office paper use in many of our operations, and we recently increased the number of locations that collect usage data. See “Forest Stewardship” on page 69 for more information.

Packaging Materials. For more information about packaging reduction programs, see “Packaging” on page 54.

Solid Wastes

Nonhazardous Waste. Most of the solid waste generated at Dell facilities is nonhazardous. Waste streams include packaging materials (cardboard, wood, paper, plastics, foam and metal) from incoming parts and supplies, wastepaper, equipment toners and ink cartridges, and wastes from food service, housekeeping, and facility and equipment maintenance.

Figures 38 and 39 show the amounts of nonhazardous waste generated during the past three years for Dell’s manufacturing and fulfillment facilities along with the percent recycled, reused and landfilled. A total of 273 metric tons of landfilled waste was diverted to a waste-to-energy project on a trial basis during fiscal year 2008. During the three-year period, we continued to reduce the amount of waste landfilled, achieving just over 95 percent recycling and reuse in fiscal year 2008. We are well on our way to meeting our 99 percent goal by 2012.

Hazardous and Regulated Waste. Dell’s manufacturing processes normally use only small quantities of hazardous materials and generate negligible quantities of hazardous and regulated wastes. Cleaning, repair and maintenance on equipment and buildings generate minor amounts of wastes such as used oil, spent mercury-containing light bulbs, aerosol cleaners and paints, solder waste and spent batteries.

Emissions and Discharges

Wastewater and Storm Water. Most Dell facilities are located in urban or suburban areas that provide municipal sewer collection and treatment. In some locations, Dell operates on-site sanitary sewage treatment or pretreatment systems. Wastewater is generated from water used in cafeterias and canteens, restrooms, building heating and cooling systems, janitorial cleaning and facility maintenance. Dell’s manufacturing processes do not use water; therefore, they do not generate industrial wastewater.

Storm water runoff at many Dell facilities is directed to on-site or municipal storm drain systems, ponds or other devices as determined by local codes. Hazardous materials are stored in a manner that minimizes the risk of contaminating storm water.

Facility Air Emissions. Because our manufacturing processes do not use significant amounts of hazardous materials, they do not generate significant amounts of hazardous or regulated air pollutants. We successfully eliminated the touch-up painting process reported in previous years.
Minor sources of air emissions from other operations include testing and use of emergency standby electrical generators, leaks in air conditioning systems, combustion by-products from small gas-fired water and space heating systems, and emissions from company-owned or company-leased maintenance and security vehicles (at larger campuses).

For more information about GHG emissions, see “Manufacturing and Operations” on page 62.

Hazardous Materials Releases
During fiscal year 2008 there were no significant spills or other releases of hazardous materials to the environment at Dell facilities. Larger Dell facilities typically store diesel fuel in outdoor storage tanks. The fuel is available to supply emergency standby electrical generators and (in some facilities) water booster pumps for fire protection systems. We place the tanks inside secondary containment to minimize the potential for accidental release. Other possible spill or leak sources include vehicles, hydraulic equipment (such as trash compactors) and air conditioning equipment.

Regulatory Compliance
Dell facilities are periodically subject to routine regulatory inspections, such as those for environmental compliance. Inspections may result in minor findings or improvement notices; these issues are typically corrected immediately and do not require further investigation or inspection. In fiscal year 2008 Dell facilities were not assessed any fines related to environmental noncompliance.

Sustainable Buildings and Operations
Our long-term goal is to double the “greenness” of our buildings and operations, using the scoring system created by the U.S. Green Building Council’s LEED program. A few of the related activities undertaken in fiscal year 2008 include:

• Our manufacturing facility in North Carolina adopted a green cleaning program; it mandates cleaning products and techniques designed to be gentler to the environment and promote improved indoor air quality.
• We composed a new Dell global design guide that incorporates many of the LEED requirements for sustainable building design, construction and operation.

Forest Stewardship
We recognize the need to protect the earth’s forests. Dell uses tree fiber in product packaging, in office paper and in direct mail operations. Our approach to protecting forests is twofold: to reduce the use of virgin tree fiber and to increase the use of forest-friendly paper.

In fiscal year 2005 we developed a Forest Products Stewardship Model that we continue to use. The model allows us to review current practices; address topics within the paper industry that are important to us; and establish goals with respect to certain paper products that we use, purchase and distribute.

We work to optimize quality, cost and environmental attributes in our paper selection process for catalogs, packaging and office paper. Within our model, we will review our practices, seek to produce results, and increase our understanding in three key areas: protecting endangered forests, improving forest practices, and reducing demand on forests.

Our commitment to progress toward our paper stewardship goals is reflected by the following actions:

• Dell established baseline starting points and set time-bound goals and benchmarks for reducing the use of virgin fiber, eliminating the purchase of wood and fiber from endangered forests, increasing the use of recycled and alternative fiber, and increasing the use of wood and fiber independently certified as sustainable. The preference is for Forest Stewardship Council (FSC)-certified wood and fiber.
• We report annually on our environmental progress and release this information publicly; we are committed to increased transparency and stakeholder participation.
• We encourage innovation in our paper supply chain to improve our environmental performance and that of other catalog producers.

For more information about Dell’s Forest Products Stewardship Model, see www.dell.com/paper.
Reducing the Use of Tree Fiber

In fiscal year 2008 Dell’s U.S. paper reduction initiatives continued to show progress. Figure 41 presents office paper use in U.S. manufacturing and office-based facilities for the past three years. Our overall U.S. paper use decreased 15.8 percent during fiscal year 2008 and a total of 26.5 percent between fiscal years 2006 and 2008. Dell accomplished these reductions even though the number of U.S. employees increased by almost 12 percent from 2006 through 2008.

Using a higher percent of post-consumer waste (PCW) paper is another way to reduce the use of tree fiber. According to output from the Environmental Defense Fund’s Paper Calculator shown in Figure 40, switching from paper with 10 percent PCW to paper with 45 percent PCW prevents the use of more than 82,000 tons of wood, 340,000 million BTUs of energy, and 115 million pounds of carbon-dioxide-equivalent emissions.

For information about reducing the use of tree fiber for product packaging, see “Packaging” on page 54. For similar information about direct mail, see “Key Sourcing Changes in Fiscal Year 2008” on page 71.

Environmental impact estimates were made using the Environmental Defense Fund Paper Calculator. For more information, see www.papercalculator.org.

Based on use of 111,000 tons of coated groundwood (standard magazine) paper in FY08

*Carbon dioxide equivalent
For the first time, we collected limited paper-use data for global sites. See Figure 42. We continue to focus on improving data collection from the regions to gain a holistic view of Dell’s paper use.

During fiscal year 2008 Dell continued to engage with various stakeholder groups regarding paper consumption in an effort to strengthen relationships with the Forest Stewardship Council and Forest Ethics. We also continued to work with current and potential paper manufacturers to ensure they keep up with the demand for compliant papers to meet Dell’s increasing goals for recycled content and certified fiber.

Figure 43 summarizes Dell’s fiscal year 2008 paper-use reduction goals and successes.

**Key Sourcing Changes in Fiscal Year 2008**

In fiscal year 2008 Dell’s U.S. Consumer Marketing switched to a 100 percent FSC-certified paper stock for 50 percent of our paper use. Overall consumption of paper is down, and we realized significant efficiencies by cleaning up mailing lists and moving away from a mass mailing approach toward targeted audiences. Dell uses an “opt-out” system where customers can choose to not receive direct mail, phone, fax or email communications. We also moved to a 100-percent recycled, 40-percent PCW paper for the product guides and manuals that ship from our factories. We continue to obtain catalog paper from a European mill that offers 100-percent recycled and 80-percent PCW paper for a portion of our U.S. and European catalogs. This mill produces high quality, FSC-certified, coated groundwood paper and uses urban wastepaper streams as an input source.

Dell obtains newspaper insert paper from a U.S. mill that offers similar, high-recycled PCW paper from midwestern U.S. wastepaper streams. The use of these papers required close cooperation between the mills, printers and Dell to avoid compromising printer productivity and marketing values.

<table>
<thead>
<tr>
<th>GOAL</th>
<th>RESULT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obtain 10 percent of Dell’s catalog fiber from FSC-certified sources.</td>
<td>We obtained approximately 29 percent of catalog and insert fiber from FSC-certified sources.</td>
</tr>
<tr>
<td>Achieve 20 percent post-consumer waste (PCW) recycled content in our catalogs.</td>
<td>We achieved an average of approximately 45 percent.</td>
</tr>
<tr>
<td>Maintain Dell’s current minimum average of 28 percent post-consumer waste recycled content for copy paper used in Dell’s operations and encourage suppliers and contractors to match this percentage for work produced on behalf of Dell.</td>
<td>In the U.S., we achieved an average of approximately 30 percent, and in January 2008 began using 100 percent PCW copy paper at all Austin and Nashville campuses.</td>
</tr>
</tbody>
</table>

**Figure 43: Paper Use Goals and Results**

<table>
<thead>
<tr>
<th>PAPER TYPE</th>
<th>FY08 COMMITMENT</th>
<th>FY08 ATTAINMENT</th>
<th>GOAL</th>
<th>YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catalog</td>
<td>10% FSC*</td>
<td>29% FSC</td>
<td>25% FSC</td>
<td>2010</td>
</tr>
<tr>
<td></td>
<td>20% PCW**</td>
<td>45% PCW</td>
<td>50% PCW</td>
<td>2009</td>
</tr>
<tr>
<td>Office paper</td>
<td>50% PCW</td>
<td>30% PCW</td>
<td>50% PCW</td>
<td>Ongoing</td>
</tr>
</tbody>
</table>

* Percentage of paper certified by the Forest Stewardship Council (FSC)
**Percentage of paper consisting of post-consumer waste (PCW)

**Figure 44: Reducing Paper Use with the FSC Model**
Figure 44 on page 71 charts our progress toward reducing our paper use according to the guidelines set by the FSC. It shows that we are meeting goals with our catalog paper and making progress with our office paper. Dell expects to achieve fiscal year 2009 goals. Some of the key challenges we face are:

- **Pricing:** The price of paper is increasing because the demand is much greater than the supply. Prices are on the rise by 10 to 15 percent on top of yearly price increases. Several mills have closed, forcing companies to consolidate their operations. As a result, the supply of paper has reached critically low levels. Mills are running late on paper shipments by two to four weeks, making printers shuffle their schedules based on paper arrival. These market conditions may force us to re-evaluate what type of paper we use.

- **FSC upcharge:** In fiscal year 2008 for the first time, providers imposed an upcharge for certified pulp. This is also raising prices for Dell-sourced paper and will force all purchasers to weigh the benefits of certified pulp versus increased cost. On the positive side, we identified several new sources for FSC-certified paper that also contain post-consumer content, and there is evidence that the availability of FSC-certified wood sources will continue to increase. This increase is shown in Figure 45. Additional printers have attained FSC chain-of-custody certification, as shown in Figure 46, which increases the reliability of the forest-to-consumer supply chain.

- **Demand:** Demand for post-consumer waste generated in the Americas and destined for export to Asia continues to challenge Dell’s recycled-content goals. While the current market for recycled fiber remains strong, Dell will continue to seek alignment with global partners that will offer economically feasible fiber-waste streams as a source of raw material input.

**Global Expansion Efforts**

In fiscal year 2009 we will continue to lead in achieving forest products stewardship goals and expand our efforts across all regions. Key areas of focus are to:

- consolidate our supply chain and number of printers to reduce the opportunity for unwanted paper to enter the supply chain
- continue to advocate for FSC-certified sources worldwide, if economically feasible, to ensure continuity of supply, improved quality and optimized logistics
- continue to migrate direct mail and insert pieces to higher recycled-content paper sources
- achieve 100 percent PCW recycled fiber in office supplies

As we, along with suppliers and the NGO community, make progress in forest products stewardship, we will review goals and update our model accordingly.
**WORLD-CLASS GLOBAL RECYCLING**

No computer, materials or component should go to waste. Computers and the natural resources used to make them are too valuable to discard. Dell makes reuse a priority, keeping resources in the system, and then looks to recycling and proper environmental management. Along with our financial arm, Dell Financial Services, we have offered various forms of recycling and asset recovery services for more than a decade. We are the only computer company to offer no-charge, worldwide computer recycling for consumer products, and we continue to challenge the IT industry to join us in this commitment.

Major components of our industry-leading programs include:

- global reuse, recycling and environmental standards
- consumer recycling and donation programs
- commercial asset recovery services, including data security
- transparent reporting

Dell offers consumer and business customers a variety of convenient options to reuse and recycle computer products.

Figure 47 illustrates the components of our recycling program.

The following are key fiscal year 2008 achievements in Dell’s product recovery efforts:

- carried out worldwide take-back events
- broadened our Americas-based Goodwill partnership

“Protecting the environment is too important an issue for one company to be leading alone. Customers should not be forced into improper disposal due to a lack of environmentally responsible options. To that end, we are renewing our challenge to every computer manufacturer, regardless of size or location, to join us in offering a free, global consumer-product recycling program. It is the right thing for our customers and the earth we share.”

Michael Dell, Chairman and CEO of Dell

- expanded our worldwide regulatory compliance programs
- added to our take-back program portfolio
- integrated Dell’s higher processor standards into global industry efforts

**Global Standards**

Dell has developed and implemented standards for reuse, recycling and environmental stewardship. We accept responsibility to provide recycling for Dell products. We challenge other electronics industry producers to achieve this same level of responsibility. We are equally ambitious about the requirements we place on our global recycling vendors. We require all downstream recycling partners to meet our worldwide standards.

**Dell’s Take-Back Policies**

Dell is the only electronics industry company that offers consumers no-charge global recycling for all of its branded products. The foundation of our Dell Product Recovery Policy is secure data destruction and reuse followed by environmentally responsible end-of-life management and disposal. We announced this policy in fiscal year 2007 and implemented it in 57 countries on six continents. In fiscal year 2008 we extended the reach to 71 countries and territories.

The Dell Product Recovery Policy emphasizes individual producer responsibility. Under this policy, Dell commits to providing efficient and easy product recovery options directly to customers:

- We provide free end-of-life management for any brand electronic product when an individual purchases a new Dell product.
- We provide free end-of-life management for any individual’s Dell product, regardless of new product purchase.
• We employ these same standards globally across all consumer product lines, and we are continuously working to expand our recovery and recycling operations to countries where our business grows.
• We provide transparent and effective goal setting and public reporting on our end-of-life recovery programs.

_Eighty percent of Dell’s products are fully recyclable._

**Dell’s Model Take-Back Legislation**

Even though the trend toward producer responsibility has accelerated the pace of legislation in the U.S., we are committed to implementing our Product Recovery Policy without legislative mandates. We prefer that all producers in the global electronics industry commit, as we did, to being responsible for their products. However, Dell recognizes that legislation may be required. We support legislation under which all producers are responsible for proper end-of-life management of their electronic products, and we have translated that support into legislative action.

_In the Americas, Dell works with U.S. state legislators and Congress to support appropriate IT product recycling. To this end, we drafted model recycling legislation based on the following three principles:_

**Efficiency:** Dell balances the need to add the least possible cost while providing an effective and convenient solution for consumers.

**Flexibility:** Dell sets a requirement for each company to offer convenient recovery and recycling of its own systems, but allows the company to meet that obligation in ways appropriate for its own business model. Companies can implement systems as they choose, as long as they offer to recover and recycle their own products at no charge to consumers and in a convenient manner.

“**We worked closely with all stakeholders, including environmental groups, cities, counties, recyclers, and manufacturers, especially Dell, to study the issue in 2007 and to produce a bill in 2008 that will provide consumers an environmentally friendly means of properly disposing of computer products that have reached the end of their useful lives. Most importantly, the bill we passed places the responsibility for the recycling and recovery of these products on manufacturers, without burdening government or taxpayers. It is a win-win for the environment, government and consumers.”**

—Virginia State Delegate Ken Plum (D-Fairfax County), Patron of the Virginia computer recycling legislation

“**As a result of this law, computer manufacturers may now compete on how efficiently their products can be manufactured, marketed and recycled. This was the right approach to tackling an issue that affects us all, and the Texas computer recycling law should serve as a model for other states.”**

—Texas State Representative Dennis Bonnen (R-Angleton), Chairman of the House Committee on Environmental Regulation and House sponsor of the computer recycling legislation

“**We were able to bring together computer manufacturers, environmental groups and consumer advocates to pass landmark legislation last year that has now propelled Texas to the national forefront in electronic recycling.”**

—Texas State Senator Kirk Watson (D-Austin), Senate sponsor of the computer recycling legislation

“**Dell shares with its stakeholders the expectation that the final step in the life of an electronics product should be a responsibly managed reuse and recycling process — no matter where a product is retired. For over three years, Dell’s global risk management program successfully delivers on this commitment to ensure that all e-scrap enters a new life cycle either as refurbished products or in the form of raw commodity materials. Stringent annual facility audits of all e-scrap asset recovery and processing vendors worldwide are paired with a detailed assessment of all movements of e-scrap materials throughout the chain of custody. Dell’s comprehensive risk management approach continues to set the highest standard in the global e-scrap marketplace.”**

—Barrett Cieutat, President of Environmental Resources Management Southwest, Inc., and Southern Region Director

**DELL RECEIVES ENVIRONMENTAL AWARD FOR RECYCLING LEGISLATION**

At their annual Legislative Gala in January 2008 in Austin, the Texas Association of Mexican-American Chambers of Commerce presented Dell its Environmental Award. The award honored Dell’s work toward recycling legislation that requires computer companies doing business in Texas to provide free recycling services.
Simplicity: Private industry is best able to implement efficient solutions for product recovery and recycling; legislation should not include fees that require creating new government infrastructure. Dell’s proposal would result in minimal government infrastructure, other than enforcement and education.

We were key advocates in the passage of this type of producer responsibility recycling legislation in Texas, Virginia and West Virginia. Oklahoma and Michigan are considering the Dell model, and other states are working toward approaches based on performance standards and producer penalties. We are promoting our model as an alternative in other states considering recycling legislation, and are engaged at the federal level in proposing the Dell model to Congressional staff.

International and Regional Regulations

We work with stakeholders from NGOs, governments and industry to develop policies consistent with our own.

In 2002 the EU called for member countries to implement programs where manufacturers of electrical and electronic equipment would take back and recycle their products. This EU directive (2002/96/EC)

RUEDIGER KUEHR
Executive Secretary, StEP

As one of the founding members of StEP, Dell has taken part in shaping our approach to the international electronic wastes problem. Dell has strongly supported StEP’s unique international multi-stakeholder structure. While three United Nations organizations spearheaded StEP’s creation, they designed StEP to comprise diverse constituencies. Members include representatives from industry, universities, independent and governmental research institutes, and UN organizations. As StEP develops international strategies to address e-waste hazards, no single point of view can control the outcomes. This makes StEP a strong player with special credibility, a feature Dell has made clear it particularly values.

As a proactive member of StEP, Dell has focused attention especially on areas addressed by StEP’s task forces on policy and legislation, re-use and recycling. On policy, Dell is a strong supporter of StEP analyses of the effectiveness of current national and local e-waste laws. Some legislative mandates exist only on paper, totally unenforced or ineffective. For example, a study by the United Nations University and other StEP members found that EU legislation to prevent disposal of small electronic appliances in municipal waste has, so far, failed. The collection rate through alternative systems is basically zero. People simply dispose of cell phones and other small electronic appliances in household trash. Because of Dell’s unusually direct connection with consumers, it can make a unique contribution on how to make stronger links between legal requirements and consumer motivations.

Dell is also playing a major role with StEP in efforts to develop uniform technical standards for e-waste recycling. Such standards would have multiple benefits. For Dell and other major companies, it could eliminate the need for each company to send its own auditor to each recycling facility. Companies could rely on each other’s auditors. Legitimate recyclers could avoid multiple audits against somewhat different, and possibly even conflicting, standards. From a broader perspective, harmonized requirements would provide greater transparency, both for the public and policy-makers, on the performance of recycling operations. StEP’s task force is making excellent progress on this issue.

As StEP’s work progresses, I’d like us to undertake pilot projects that address some longer-term questions. For example, would consumers be willing to buy computer “services,” leaving ownership and computer disposal in the hands of Dell (or other companies)? Can companies design computer equipment where ultimate disposal is fully accounted for in the original design? Dell is contributing to plans for these pilots, and its unique connection with customers is a valuable asset. Such projects will help us draw a roadmap to a different, better future.

I’m impressed by Michael Dell’s consistent, strong support, over many years, for strategic, sustainable development. I’m also impressed by Dell’s willingness to collaborate and share ideas with its major competitors. Dell’s commitment ensures that it will continue to play a major role in the StEP process.
regarding Waste from Electrical and Electronic Equipment (WEEE) is intended to limit the total quantity of waste going to final disposal and to provide incentives for producers to design for the environment by considering waste management. The directive was transposed (written into law) by the EU in 2003 and has subsequently been transposed by the individual EU countries between 2004 and 2008. Dell complies with this EU directive in all countries where the directive has been implemented to date.

In Dell’s Asia-Pacific region, some countries are starting to create product take-back legislation. The most significant developments are in China and Korea, both of which have WEEE-type legislation pending. Dell anticipates this legislation will pass and intends to comply with it.

Environmental Partner Compliance and Audit
We employ a rigorous auditing process to measure our global recycling and end-of-life disposition vendors (our environmental partners) against our standards. This auditing consists of three components. First, we require our environmental partners to pass a comprehensive initial audit. Next, we audit them on an annual basis. Last, we conduct periodic on-site spot checks to ensure compliance throughout the year. The global consultancy Environmental Resources Management (ERM) manages this program for Dell.

ERM performs all Dell auditing and vendor partner reviews. ERM uses a consistent auditing process in every location worldwide. Dell auditing standards include not only environmental measures, but also traceability, asset and facility security, logistics, data destruction measures, and downstream channel risks, as shown in Figure 48 on page 75.
Dell and ERM track all audit findings and all corrective action plans to closure. Traceability and downstream materials movement are key components of these environmental partner reviews. Dell and ERM follow the initial material transfer to a Tier 1 partner and continue to follow that material through to Tier 2 and Tier 3 partners, globally. We hold our Tier 1 environmental partners to our highest standard and expect them to hold their suppliers to the same standards. The audit process allows Dell and ERM to confirm compliance. In fiscal year 2008 we audited 100 percent of our environmental partner network. Figure 50 shows the number of Dell partners by region.

**Consumer Programs**

Dell makes it easy for consumers to recycle products. We offer several consumer take-back programs, free-of-charge.

**Free Recycling of Dell Products Worldwide**

We introduced our industry-leading, no-charge global take-back program in 2006. The service includes no-charge, home pick-up of Dell-branded products and is not tied to the purchase of any product. The program is available in 63 countries on six continents. As shown in Figure 49 on page 76, our program reaches a majority of our consumer base.

To recycle products, consumers can go to Dell’s recycling Web site, [www.dell.com/recycling](http://www.dell.com/recycling), and click on their country to request the service. Note that regional recycling practices may vary.

Within APJ, our PC recycling efforts continue to grow through the respective, available programs, with more than 330 tons of PCs and related equipment collected there last year.

**DELL SPONSORS AMERICA RECYCLES DAY**

Dell is a sponsor of America Recycles Day (ARD), the only nationally recognized day that encourages Americans to recycle and to buy recycled products. On November 15 each year, ARD informs millions of people about the social, environmental and economic benefits of recycling and buying recycled products.
**Free Recycling When Consumers Buy Dell Worldwide**

Dell offers consumers an opportunity to recycle old computers and monitors even if they are not Dell-branded products. If consumers buy a new Dell desktop or notebook and select the no-charge recycling option at the time of purchase, we will recycle their old equipment at no cost. And, if pickup service is available in the consumer’s area, we will even pick up the equipment at their home. In the U.S. Dell provides free recycling for printers, ink and toner with purchase. We accept printers from any manufacturer. In fiscal year 2007 we added free recycling with purchase for ink and toner from any manufacturer, not just Dell.

**Donation Programs**

Computers that may no longer be useful for some consumers may have several years of life left in them for a nonprofit or public agency. Through Dell recycling, consumers can donate their computers to a variety of community organizations across the world. These donations benefit everyone; recipients get technology they otherwise could not afford, while donors conveniently dispose of unwanted equipment. The environment benefits because the equipment stays out of the waste stream.

In the U.S. and Canada, Dell partners with the National Cristina Foundation (NCF) to offer this donation service. NCF is a nonprofit organization that places used technology with local nonprofit organizations and public agencies that serve disabled and economically disadvantaged children and adults.

Dell first introduced the program in 2000 in the U.S. The program is now available in Brazil, Canada, France, Ireland, and the U.K., as shown in Figure 51. Local recipient organizations pick up the donations directly from the consumer’s home. The program accepts functional, complete hardware.

In the U.K., Dell partnered with ReCOM, a nonprofit organization that places used technology with local nonprofit organizations and public agencies that serve disabled and economically disadvantaged children and adults. ReCOM donates to individuals to encourage lifelong learning and to organizations whose clients or beneficiaries use the computers themselves, such as:

- community centers with activities for people with disabilities and the disadvantaged of any age
- educational services and projects
- independent living skills programs
- services and training programs for people to improve their employment prospects

ReCOM is a registered charity supported by the National Cristina Foundation in the U.S. For more information, see [www.recom.org.uk](http://www.recom.org.uk).

**AUSTRALIA RECYCLING EVENTS**

Dell’s most successful free computer recycling event in Australia to date took place in the country’s national capital of Canberra. We recovered between 30 and 35 metric tons of unwanted computer equipment from the event, held with Australian National University. That is more than twice what was achieved in Dell Australia’s most recent event in November 2007 in Perth and almost three times what we recycled in Sydney, Brisbane and Melbourne. (Wellington, New Zealand, retains the Australasian recycling crown, with 54 metric tons collected in September 2007.)

In total, more than 130 metric tons of equipment were recovered in Dell’s six free recycling events in Australia and New Zealand.

**COUNTRY** | **DONATION ORGANIZATION**
--- | ---
Brazil | Fundação Pensamento Digital
Canada | National Cristina Foundation
France | Ecodair and Emmaus partnership
Ireland | Rehab and RT Centre
U.K. | ReCOM
U.S. | National Cristina Foundation
| Goodwill Industries

Figure 51: Dell Donation Partners

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*We’re very pleased with Dell’s computer donation program. It’s a true win-win. Donors like to see their old equipment helping a good cause. Community organizations and charities serving the disadvantaged gain a valuable resource. In addition, partnering with Dell has expanded ReCOM’s reach by attracting a lot of new organizations to our work.*

Carol Wood, Chairman & Trustee, ReCOM
In Ireland, Dell collaborated with three organizations in 2004 to form Reuse Technology Centre (RT Centre), a program that facilitates the donation of used computers from individuals to community and nonprofit groups. The program is modeled on Dell’s work with the National Cristina Foundation in the U.S.

Dell Ireland also donates computer hardware to organizations that can demonstrate how the equipment will benefit either youth or education groups.

In the U.S., Goodwill Industries and Dell created RECONNECT, a free program designed to reuse and responsibly recycle unwanted electronics. Under the RECONNECT program, consumers bring their equipment to their participating local Goodwill store or Goodwill drop-off donation site. RECONNECT recycles any computer and returns the resale value of donations to Goodwill Industries to support their mission of creating job opportunities for individuals with barriers to employment. Since our last report, we expanded the program from five to seven states by adding Goodwill partners in New Jersey and Ohio. Programs were already operating in California, Michigan, North Carolina, Pennsylvania and Texas.

**Take-Back Events**

Special events help raise awareness and provide a fun way to collect used computer equipment. Although we hosted several events in fiscal year 2008 Dell has not increased recycling events in the last two years by design. Our focus is on the higher volume, more sustainable consumer programs.

In Ireland, Dell collected more than 50 metric tons of used electrical and electronic equipment at a one-day recycling event held in June 2007 at our Cherrywood campus. The event collected more waste than any other EMEA/Dell recycling event to date. We partnered with Dún Laoghaire-Rathdown County Council and WEEE Ireland for the event, which was staffed by volunteers from all three organizations.

Also in Ireland, in September 2007 Dell hosted a free one-day electrical and electronic recycling event with WEEE as part of Global Community Involvement Month. More than 1,200 people dropped off approximately 55 metric tons of old and unwanted equipment at Dell’s Limerick campus.

Dell employees participated in a recycling day at Dell’s offices in Madrid, Spain, organized with Dell’s asset recovery services partner, Dataserve. The event was open to other companies in the same business area and collected more than 4 metric tons of used IT equipment.

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**EPA EARTH DAY COLLECTION**

Dell and the U.S. EPA co-hosted an electronics collection event in Washington, D.C., during Pass It On Week (April 22 through 28, 2007). EPA’s Pass It On Week encouraged consumers not to throw out old computers, but instead pass them on for reuse or recycling. EPA’s Plug-In To eCycling partner programs and other Web-based search engines help consumers find local donation and recycling opportunities for their electronics. Dell is one of EPA’s Plug-In To eCycling partners, a group of consumer electronic manufacturers and retailers that work to increase safe recycling of electronic products, such as computers, televisions and cell phones.
Consumer Program Awards

Our consumer recycling program has won a number of awards in the U.S. and other countries where we do business. This year, we highlight some of our non-U.S. awards.

Dell Ireland received a 2007 EnviroCom Award for Best Example of Engaging Communities in Environmental Sector. We were honored for hosting a free electrical and electronic recycling event at our Cherrywood campus in Dublin (June 2007). The Dún Laoghaire-Rathdown Healthy County Forum gives EnviroCom Awards to recognize the county’s environmental management achievers in both the public and private sector. The awards encourage the development of sustainable business communities that reflect the use and protection of the county’s natural and environmental assets, enhancing the promotion of healthy lifestyles.

In the U.K., Dell won first place in the international category of the new Online Green Awards (OLGA) given by the Interactive Media in Retail Group, an e-commerce industry association. The awards help raise “green” awareness among online merchants, focusing on green issues and promoting environmentally friendly services.

Commercial Offerings

Businesses, public agencies, universities, and other institutional customers face unique needs. Storing equipment that is no longer used can waste both valuable space and money. Yet determining how to properly dispose of or resell outdated systems is often a challenge. Many organizations, particularly those with multiple locations or many users, do not have the resources or knowledge to remove used systems from their offices properly.

Dell Asset Recovery Services (ARS) provides solutions to these problems, taking the hassle and guesswork out of the decommissioning process and helping commercial customers minimize risk in managing their retired equipment.

Our ARS offering includes all aspects of the decommissioning process as shown in Figure 52. We take over planning, packaging, picking-up, sorting, overwriting data, reusing and disposing of retired technology. Dell’s services allow organizations to place as much care and emphasis on the proper management of decommissioning technology as they do on the acquisition and ongoing support of these assets.

ARS covers many types of equipment, including desktop computers, notebook computers, servers, storage and network equipment, monitors, printers, projectors, batteries, and computer peripherals such as keyboards and mice. Figure 49 on page 76 shows the countries where Dell offers ARS.

DELL LAUNCHES COMPUTER RECYCLING SERVICES FOR SMALL BUSINESSES

Dell launched a new online product recovery and recycling service for small businesses. For $25 per piece, businesses with fewer than 10 pieces of computer equipment can manage, return and track unwanted equipment. The service helps businesses safeguard their data.

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Data Security and Environmental Compliance
To protect customers’ data, ARS requires our environmental partners to remove tags and labels from equipment and overwrite hard drives. Environmental partners must also implement strict facility security procedures, including video surveillance of entrances and exits, personnel background checks, and pound-for-pound accounting of materials processed. Our stringent practices support customer needs for compliance with data privacy regulations such as those in the California Internet Security Law (CA S.B. 1356) and U.S. Health Insurance Portability and Accountability Act (HIPAA).

Dell’s Asset Recovery Services helped a U.S. government agency that recycles more than 20,000 PCs, servers, routers, switches, and other pieces of IT equipment each year. “So far, the Dell program has allowed our agency to safely recycle over 400,000 pounds of raw material, including 48,000 pounds of lead from used CRT monitors,” said an agency analyst. Dell helped the agency reduce costs and save taxpayer money while ensuring secure, environmentally responsible handling of the used equipment.

Dell first determines if an item can be refurbished and resold. If the item cannot be refurbished or resold, the Dell team recycles its parts back into the primary materials market. For this agency, we have recycled 95 percent of the equipment that we could not resell and disposed of the rest according to federal and state environmental regulations. We also provide the agency with all of the documentation required for government records, identifying each item and certifying proper disposal.

Comprehensive Auditing
Security procedures and environmental standards matter little without a comprehensive auditing system to ensure compliance. Dell uses independent auditors from ERM to verify adherence to our global standards. The annual audit covers five key areas: environmental health and safety, data destruction, asset and facility security, logistics risks, and downstream material disposition. Dell’s partners in all regions must meet or exceed these audit standards before they receive materials from Dell or Dell’s customers.

In addition to these annual audits, a separate third-party audit firm reviews all Dell environmental partners on an unscheduled basis to examine the process and output of any destructive data overwrite services offered on behalf of Dell. They also review the results of ERM’s audits, creating a thorough and independent audit program. Dell performs a financial review of all related partners to ensure stability and liquidity. For more information on Dell’s ARS, see www.dell.com/assetrecovery.

Metrics and Reporting
Dell measures its global product recovery efforts by tracking the weight (in kilograms) of systems recovered by region, including the Americas; Europe, Middle East and Africa (EMEA); Asia-Pacific/Japan (APJ); and by the collecting program such as commercial, consumer and institutional.

Figure 53 shows the total amount of product recovered worldwide, by region, over the past six fiscal quarters. This includes all external (commercial and consumer) take-back programs and internal recycling (for example, spare manufacturing parts).

CASE STUDY: DELL RECYCLES MORE THAN 400,000 POUNDS OF RAW MATERIAL, 48,000 POUNDS OF LEAD FOR U.S. AGENCY
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Figure 54 shows customer product recovered over the past six fiscal quarters through ARS and Dell Home Sales (DHS) for Americas, EMEA and APJ. It is a subset of the total amount of product recovered worldwide, consistent with data presented in prior years.

Figure 55 shows the percentages of product recovered worldwide for the last fiscal year by collection method and by region. Collection sources include:

- Dell recycling: Recycled consumer computer products
- Asset Recovery Services: Computer products recovered from businesses, governments, schools and universities for reuse or recycling
- Donations: Computer products donated to charities through Dell Recycling
- Recycling events: Computer products dropped off at recycling events sponsored or supported by Dell
- Lease returns: Computer products returned to Dell for reuse or recycling
- Retired Dell-owned equipment, customer returns and excess spare parts: Dell-owned equipment that is retired, computer products returned within 30 days of purchase that can be refurbished and resold, and a small amount of excess spare parts. (This excess is very small because Dell’s build-to-order model results in very low amounts of inventory.)

Dell faces accounting challenges in countries where collection-records do not distinguish between brands or product segments. For these countries, some entities pass charges along to manufacturers based on total weights processed and the company’s market share. As a result, we do not have an accurate means of incorporating these weights into our reporting system.

In fiscal year 2008 Dell implemented a new data capture system for recycling and take-back information. Due to this, data is shown slightly differently than in past years. However, this tool sets the groundwork for more consistent information for future reports.

Recycling Challenges
Dell recognizes and supports the trend in consumer take-back legislation as it moves more toward producer responsibility worldwide. We continue to adjust our take-back programs to meet a multitude of requirements from different local and national governments globally.

In fiscal year 2009 we will work with internal and external stakeholders to define “convenient” and “effective” in relation to recycling programs. Globally, stakeholders have different expectations of those terms and how Dell should fulfill those expectations. We are committed to providing the highest levels of service to our customers in our take-back programs. As we define “convenient” and “effective,” we will set baseline metrics, and adjust and improve our programs while we measure progress toward common goals.
EMPLOYEE ENGAGEMENT

- Employee Relations
- Employee Ethics Programs
- Global Diversity
- Global Talent Management
- Employee Health and Wellness
- Employee Sustainability Engagement
DELL's success and global leadership rely on the talents, dedication and engagement of our employees. It is our responsibility to provide for them an environment that is inclusive and ethical and that encourages personal growth and success. Because we are a direct company that values individual relationships, we hear many ideas for improvements. These ideas come from one-on-one discussions; through formal surveys, through Employee Storm, our internal, online idea-generation tool; and, when appropriate, through our many ethics communication avenues.

Encouraging a diverse workforce to celebrate differences while coming together is also critical to Dell. We believe that employees need a balance, one that accommodates their individual styles as well as their family situations. We are exploring more flexible work arrangements, and we support many different networking groups to help employees meet and engage with other employees who share similar interests.

We know this has not been an easy year. We have had a challenging business environment with workforce reductions. This uncertainty has required us to redouble our efforts at engaging employees. It has required everyone to grow together and, in many ways, brought us closer as a team and a company.

LISTENING TO EMPLOYEES

Our principles and values shape the way we live and work. From inception, Dell’s direct business model influenced an organizational structure that fosters direct communication and open-minded listening. This direct environment is crucial to mutual respect and understanding among Dell stakeholders.

One way we listen to employees is through Tell Dell, the voluntary, confidential employee opinion survey. The survey is offered annually and is available in 19 languages. Tell Dell encourages employees to speak frankly — and privately — about Dell’s principles, values, strategies, policies, managerial effectiveness and employee engagement. We take timely, specific actions in response to survey results, demonstrating our commitment not just to listening, but to acting accordingly. Changes in direct response to survey comments have included:

- implementation of an employee purchase program
- greater work-life flexibility
- streamlined decision-making processes
- increased focus on employee development
- improved customer solutions

Manager accountability is a critical aspect of this communication process. Dell managers are held responsible for promoting and delivering healthy business metrics, a culture of integrity and positive employee satisfaction. The Tell Dell survey results are referenced in management performance appraisals, compensation reviews and promotion considerations.

Tell Dell is just one of many strategies we employ to listen to employees, respond to issues and continuously improve our winning culture. Less formal but equally important is Employee Storm. Employee Storm is an internal, online, idea-generation tool that enables every Dell employee — many of whom interact

EMployee Storm: How does it work?

Any employee can post an idea about anything relevant — such as new products or services, improving the customer experience, employee benefits, the food in the cafeteria, or how to be more green — the list is endless. All Dell employees can review and vote for the ideas that best address our current needs. The selected ideas are prioritized for action by the Executive Leadership Team. The Ideas in Action page on the tool features a list of ideas under consideration or in the implementation phase.

Since the June 2007 launch, employees have posted more than 3,900 ideas, added more than 15,000 additional suggestions to ideas posted, and voted more than 200,000 times. In fiscal year 2009 employees are being encouraged to adopt ideas from Employee Storm and take action to innovate or make improvements in their line of work or cross-functionally.
with Dell customers multiple times per day — to bring experiences and creative solutions to Dell and our customers. The insights we receive from the tens of thousands of Dell employees who participate are unmatched. Employee Storm aggregates interesting and timely ideas without the need for meetings, proposals or committees. The bureaucracy-free process expedites change and keeps employees engaged in Dell’s performance as an employer and in the marketplace.

**EMPLOYEE ETHICS TOOLS**

**Raising Issues and Making Inquiries**
Dell’s direct business model also influences employees to be honest and transparent in their interactions. Ethics and values issues — and the situations that arise from these issues — are often complex. We ask employees to think before they act and to use available avenues for questions or concerns regarding the Dell Code of Conduct and related policies.

We realize that people may make mistakes — employees will not always be able to respond ideally to all situations. So it is imperative to communicate mistakes in a timely fashion. As outlined in the Dell Code of Conduct, all employees are required to report suspected violations of law or policy — whether unintentional or deliberate — so that we can research and implement the appropriate corrective actions.

Employees have several avenues for raising issues and concerns:

- **Open Door Policy**: Dell encourages open and honest communication. Through this process, employees have an opportunity to be heard, and Dell managers, human resources representatives and Ombuds Officers benefit from understanding employee concerns.
- **Global Ethics and Compliance Team**: Employees who are uncomfortable raising an issue or concern through the Open Door policy can contact Global Ethics and Compliance Team members directly by e-mail, phone, regular mail or in person.
- **Ethics Helpline**: The Ethics Helpline is a toll-free telephone service administered by a third party and is available 24-hours per day to take confidential calls regarding business ethics and the Code of Conduct. Employees who prefer to raise issues by using the Ethics Helpline have the option of remaining anonymous.

Whether issues are raised through these or through other avenues such as Legal, Corporate Audit or Security, the partnership among the teams ensures that all reports will be kept confidential; that retaliation won’t be tolerated; that people will be presumed innocent; and that investigations will be prompt, thorough, respectful, and in compliance with privacy and other local law requirements.

**THURMOND B. WOODARD VALUES IN ACTION AWARD**
As vice president of Global Diversity and chief ethics officer, the late Thurmond B. Woodard helped lay the foundation for Dell’s ethical culture. To honor and carry forth his legacy, we established a Dell Ethics and Values Champions award to recognize employees who exemplify a Higher Standard in their everyday actions. The award inspires employees to consider how their actions shape our future. It is a significant statement of recognition and reward to those who embody Dell’s ethics and values.

Nominations for Dell employees who demonstrate exemplary actions in one or more of the Values in Action — ethics, diversity, sustainability and community involvement — have been solicited globally. In fiscal year 2009 we will announce the fiscal year 2008 Dell Ethics and Values Champions.

**ETHICS COMMUNICATIONS**
Dell’s Global Ethics and Compliance Team supports communications and training with a multi-tiered approach. Web sites, posters, e-mails, newsletters, badge cards, mail outs, desk drops, blog posts and videos are examples of the many ways the team empowers employees to act ethically. In fiscal year 2008 the Global Ethics and Compliance Team conducted a Back to Basics awareness campaign that established Ethics and Values 2.0 programs and culminated with worldwide celebrations.
As in past years, the number of issues and inquiries brought to the Global Ethics and Compliance Team increased in fiscal year 2008. These metrics reflect the heightened sense of awareness, accountability and responsibility of our employees. We are pleased that Dell employees take seriously their obligation to do the right thing and are comfortable raising questions and concerns.

Raising Employee Awareness
Fiscal year 2008 also marked the launch of a new and improved intranet site dedicated to ethics, compliance, privacy and records management, giving employees convenient access to information. The site features:

- Dell Code of Conduct
- inventory of Dell policies
- frequently asked questions (FAQs)
- situational videos
- toolkits
- presentations
- sample scenarios
- education requirements
- status reporting
- team information

PRIVACY AND DATA PROTECTION AWARENESS COURSE
For fiscal year 2008 a global, cross-functional team worked together to develop and deliver the global-privacy online course in 14 languages. The new course provides an overview of Dell’s updated privacy policies. It details privacy and information protection policies and employees’ responsibility to protect the personal identification information of customers and employees.

Ethics Training
Throughout fiscal year 2008 the Global Ethics and Compliance Team led topical campaigns with a comprehensive array of education and awareness initiatives. The campaigns highlighted issues such as privacy and data protection, workplace conduct, and gifts and entertainment. The team developed in-depth education and training materials that are used globally. Situational videos, presentations and toolkits are a few examples of the materials available. All educational and training materials are translated into multiple languages and presented during new-hire orientations, brown-bag meetings, and town hall and staff meetings.

The Global Ethics and Compliance Team also delivers formal, consistent training to prepare all employees for effectively, legally and safely performing their jobs. This training program matches appropriate content to learners in an effort to mitigate employee and company risk. Senior management strongly supports every aspect of the education program and has helped Dell achieve 100 percent completion for required courses in the past six years.

In fiscal year 2008 Dell required two global training courses for employees: Winning with Integrity (Code of Conduct overview) and Information Security Policies and Standards. With the exception of certain manufacturing populations, Dell employees were also required to complete three additional global courses: Dell Corporate Governance, Records Management, and the newly developed Privacy and Data Protection Awareness course. All five globally consistent courses were available online in at least 13 languages and were completed by 100 percent of the employee groups.

Some employees have additional training topic requirements — such as trade compliance or intellectual property — specific to their business, location and role.
GLOBAL DIVERSITY AND INCLUSION

Dell is committed to inclusion and diversity. Our mission is to succeed in the marketplace by fostering a winning culture in which Dell employees are highly talented, committed, reflective of our global customers, and recognized as our greatest strength.

Diversity is at the core of Dell’s values and winning culture. It helps define the kind of company we are and aspire to be. Diversity initiatives tap additional talent, retain employees, strengthen relationships, improve our operating results, and further our global citizenship efforts in the many communities we call home. As shown in Figure 56, Dell defines diversity in its broadest sense. Aside from the obvious differences such as race and gender, we consider communication style, geographic location, education and ethnicity. Our Higher Standard puts forth opportunities for all of our employees, regardless of cultural norms.

Diversity is vital to Dell’s success. We value different perspectives and accept each individual’s unique nature. This inclusive philosophy ultimately unites us as one workforce.

Employee Networking Groups

The employee Networking Group (NWG) program connects Dell employees who share common ethnicity, gender, nationality, lifestyle or sexual orientation. NWG members offer each other a broader scope for personal and professional development, informal mentoring, encouragement and a sense of belonging. The groups are intended to improve employee communication and foster an inclusive work environment.

Some NWG members also provide valuable insight for niche marketing research and community awareness initiatives. Examples of NWG community support include work with Habitat for Humanity, Susan G. Komen for the Cure, and the LiveStrong Challenge.
Diversity Education and Training

Dell is committed to providing quality professional development opportunities to all employees. All U.S.-based employees have been required to complete diversity awareness training. The training will be made available to employees at every location and at every level.

Dell empowers employees with the tools and information needed to manage their careers and contribute to Dell’s winning culture. The following programs are examples of Dell’s diversity education and training offerings:

• **Career Management Program**: This six-month career development program is designed to develop and retain diverse management and employee contributors. The program gives participants personal and professional insight and emphasizes peer coaching. Participants are nominated by their respective business segments. Each participant benefits from executive coaching for the duration of the course and is expected to engage in several development workshops.

• **Mentoring and Networking Partnerships**: Mentorship programs are an essential tool for developing professional talent. Dell empowers employees with a means to offer and receive quality mentoring relationships. An online tool (used in EMEA) and speed networking workshops (in the U.S.) match employees with mentors who can best offer relevant guidance.

• **Cross-Cultural Skills**: Dell offers workshops and tools that teach effective strategies for collaborating with colleagues in more than 50 countries. Employees use a content-rich, online tool that applies six core cultural dimensions to compare and contrast cultural norms of the employees in different countries. This insight helps establish cohesive working relationships and positive customer interactions.

• **Micro-Messages**: Micro-messages are subtle, usually subconscious messages that can devalue, discourage and ultimately impair performance in the workplace at all levels of the organization. The Global Diversity Team championed the introduction and roll-out of MicroInequity workshops across a number of business segments. These workshops develop a common language for open discussion about micro-messages in the workplace. The workshops empower employees with techniques to identify and address familiar micro-messages in the workplace.

• **Women Taking the Stage**: Developing and retaining Dell’s female professionals is especially important in the competitive talent market. This program is facilitated by executive women and offered to up-and-coming women. It has already proven successful in helping women at Dell create their own dynamic leadership presence. Taking the Stage was welcomed in EMEA with several hundred participants thus far. The U.S. is currently rolling out the program.

Work/Life Effectiveness

We are committed to a culture that balances our employees’ invaluable contribution to the company with their equally important personal lives. Dell advocates workplace flexibility and encourages employees, teams and managers to discuss both business and personal goals and construct an equitable plan to achieve those goals. The resulting solutions are different for each team — some arrange variable daily work times, work-from-home hours and part-time work arrangements.

Dell offers the following corporate employee resources for work/life management:

• **Employee Assistance Program**

• **dependent-care referral resources and back-up care**

• **mothers’ rooms**
• work life referral/convenience services
• Well at Dell initiatives (for example, Weight Watchers at Work and smoking cessation programs)

In fiscal year 2008 Dell focused globally on work/life balance with the following programs:

• EMEA launched enhanced leave policies that increased employee satisfaction and heightened awareness through a regional work/life week in April.
• India developed manager training and discussion guides to teach Dell’s principles of flexibility and provide employees with the tools and resources to manage work/life effectiveness.
• U.S. locations promoted existing work/life offerings and launched new programs such as back-up dependent care, college coaching services, and a lactation referral service. The first employee brochure fully dedicated to work/life benefits and programs was sent to each employee’s home. Flexibility panels and focus groups were highly attended events throughout the year.

Dell will continue to explore and deliver tools and services that enable work/life flexibility and mobility for our employees.

External Outreach
Dell creates mutually beneficial partnerships with national civic organizations, professional development organizations, and multicultural business and community groups. We commit to meeting and exceeding our customers’ needs and remaining competitive in the marketplace. Many of our partnerships and community initiatives reach multicultural customer groups and benefit diverse communities. Dell promotes access to technology, talent, business and education.

Technology has the power to teach and to connect, and digital inclusion continues to be a Dell imperative. We deliver career and personal opportunities to disadvantaged communities through outreach activities, partnerships and sponsorships. We actively engage in public and governmental efforts to create long-term solutions, such as the following:

• Congressional Black Caucus Foundation AVOICE Project: Dell continues to support the most comprehensive library of African-American political history and legislation. African American Voices in Congress (AVOICE) is a collaborative partnership among the Congressional Black Caucus Foundation, The University of Texas at Austin, Howard University and Dell. AVOICE is the home of prestigious exhibits, including the Voting Rights Act, the Martin Luther King Jr. National Holiday Bill, the anti-apartheid movement and a history of the Congressional Black Caucus. For more information about AVOICE, see www.avoiceonline.org.
• Congressional Hispanic Caucus Institute Technology Center: Dell partnered with the Congressional Hispanic Caucus Institute (CHCI) to provide the latest computer technology to the CHCI Notebooks for Scholars Initiative. This program equipped 105 Latino students with notebooks to help bridge their transition to higher education and career success. This partnership addresses the education-achievement and digital divide gaps for Latino and low-income students. CHCI program participants are regarded as being among the nation's next generation of Hispanic business and political leaders.

The CHCI-Dell Technology Center for Latino Leadership continues to help equip the facility in Washington, D.C., with hundreds of Dell desktop and notebook computers, servers and printers. The center allows congressional interns, post-graduate students and members of CHCI’s High School Leaders Program to participate in intensive leadership training using technology to:
— collaborate on public policy presentations and recommendations
— prepare briefing documents for elected officials
— advance skills in grant writing and running a political campaign
— participate in community service projects

• Catalyst Research on Women in Technology: Dell was a contributing sponsor for an extensive research project conducted by Catalyst. The study focused on opportunities for women in the technology industry, and the project culminated with a February 2008 report titled “Women in Technology: Maximizing Talent, Minimizing Barriers.”

Recruiting Diverse Talent
A primary business imperative for Dell is to attract the best and brightest talent. We sponsor and participate in diversity recruiting events to attract and retain top performers. These include events sponsored by the following groups:

• Black Data Processing Associates
• National Association of Asian American Professionals
• National Black MBA Association
• National Society of Black Engineers
• National Society of Hispanic MBAs
• Reaching Out MBA
• Society of Women Engineers
• Women For Hire

Our internship programs are another source of diverse talent. In fiscal year 2008, 63 percent of the interns hired by Dell were people of color.
Fiscal Year 2008 Diversity Awards and Recognition

We are proud of the external validation we have received for our commitment to diversity. Respected publications and organizations extended the following accolades:

- Dell was named to the 100 Best Corporate Citizens list by CRO magazine.
- The Human Rights Campaign Foundation, the educational arm of the nation’s largest advocacy group for gay, lesbian, bisexual and transgender Americans, awarded a 100 percent score to Dell for the 2007 Corporate Equality Index and Best Places to Work Survey. This is the fourth year Dell has received a 100 percent score.
- Dell Ireland was recognized with a Diversity Award by the prestigious Chambers of Ireland Awards for Corporate Social Responsibility. Dell received a special nod for the progress the company made for flexible working and gender opportunities.
- Dell received the 2007 Kaleidoscope Business Award from Parents, Families, and Friends of Lesbians and Gays in Winston-Salem, N.C., for addressing gay, lesbian, bisexual and transgender issues in the workplace.
- Working Mother magazine’s November Go Green issue recognized Dell as one of the Top 20 Best Green Companies in the U.S. Working Mother lauds the companies on the list for “demonstrating inspiring innovation — from the ingredients and creative packaging they use to how they build their facilities and run their manufacturing plants ... companies whose progressive thinking, inventive policies and pioneering spirit are helping to make the world a greener, cleaner place for our children.”
- Dell was awarded a place on The Times/Aurora 2007 Top 50 Companies for Women in the U.K. This is the second year in a row that Dell has won this prestigious award.
- Dell France has been certified by AFAQ AFNOR on Equality and is the first information technology company in France to earn this government certification.
- The Blackberry Technology Awards for Women listed Dell EMEA in the top four of the Best Company Overall ranking and number one for Best Female Mentor (EMEA Human Resources Director Kate Bishop).
- Black Collegian magazine ranked Dell 51st on its list of the Top 100 Diversity Employers.
- The American Institute for Managing Diversity honored Thurmond Woodard with a posthumous award at its inaugural Pursuing the Promise of Diversity Annual Summit in Atlanta.
- Dell earned recognition as one of the Top 10 Companies for Innovation from Profiles in Diversity Journal for our African Americans in Congress (AVOICE) program.
- The readers of Diversity/Careers in Engineering and Information Technology named Dell a Best Diversity Company for 2007; the recognition noted our support of minorities and women, attention to work/life balance, and commitment to supplier diversity.
- Dell was once again listed in Latin Business magazine, this time in its Fourth Annual Corporate Diversity Honor Roll. The magazine recognizes U.S. companies that do the most on behalf of the nation’s minority communities, particularly Hispanics. The listing appeared in the August 2007 issue.

UNCF HONORS THURMOND WOODARD

United Negro College Fund (UNCF) re-named the Dell/UNCF Corporate Scholars Program the Thurmond Woodard/Dell UNCF Corporate Scholars Program in honor of the late Thurmond Woodard. Thurmond’s unwavering commitment to diversity was apparent in his many accomplishments. He shepherded the Dell/UNCF partnership, and in 2002 he launched the forenamed Dell/UNCF Corporate Scholars Program. This is the first time UNCF has renamed a Corporate Scholars program to honor the legacy of one of its champions.

Since the inception of the Dell-UNCF program, Dell has contributed more than $2 million in electronic equipment to the UNCF.
Dell also works with Monster Diversity and its partners to source and recruit the best and the brightest. These partners include:

- AsianAve.com
- BET.com
- BlackPlanet.com
- Essence
- GayWork.com
- glee
- Hire DisAbility Solutions
- Hispanic Online
- Kappa Alpha Psi Fraternity, Inc.
- MiGente.com
- NAACP Executive Diversity Job Fair
- The Retired Enlisted Association
- ThirdAge
- Women’s Sports Services
- Workplace Diversity

For more information about Dell recruiting, see www.dell.com/careers.

**Dell’s Representation Data**

More than 37.5 percent of our U.S. managers, 29.4 percent of our U.S. vice presidents and 33 percent of our independent Board are diverse (women or people of color).

At Dell 33.2 percent of our 80,000 plus global workforce and 25.3 percent of managers are women. Figure 57 shows the number of male and female executives for the past three years.

**GLOBAL TALENT MANAGEMENT**

Dell’s continued success relies on teamwork and the opportunity each employee has to learn and excel. Our winning culture mandates that we invest in people, value learning and remain endlessly curious. We are committed to being a meritocracy and to developing, retaining and attracting the best people, reflective of our marketplace.

Dell provides global talent management programs to develop people who can execute our business strategy and meet customer needs. In the last five to 10 years, our systems and processes catapulted us into the Fortune 50 as an industry leader.

However, we face a major inflection point. With more than half of Dell’s workforce now outside of the U.S., as shown in Figure 58, a significant portion of our key growth areas are in emerging countries. Our current programs and processes must serve as springboards as we regenerate and rejuvenate our talent and leadership development programs to meet critical growth and expansion objectives.

**Talent Planning**

Dell continuously invests in processes and systems to place the right talent in the right roles. In fiscal year 2008 Dell’s Executive Leadership Team and Board of Directors conducted quarterly talent reviews in the context of our business strategy. During these reviews, the Executive Leadership Team may:

- develop talent imperatives
- identify mission-critical jobs
- forecast talent needs
- assess and calibrate talent

![Figure 57: Global Executives (at calendar year end)](image)

![Figure 58: Workforce Locations](image)
• identify development actions for top talent
• report progress
• create succession plans

Performance Planning
Dell’s performance management system links individual goals with organizational performance. The system helps identify the next generation of Dell leaders and elevate the performance of all Dell employees.

The performance management process requires annual formal reviews, the calibration of talent, and allocation of performance rewards and promotions — all decisions in line with being a meritocracy. Throughout the year, managers provide employees with ongoing feedback, coaching, training and on-the-job development. Employees and managers mutually create the employee development plans.

This entire process aligns individual performance objectives and career development planning with business and company goals and results. This plan evolves over time, adjusting to internal and external changes.

Learning and Development
Our learning and development strategy is focused on three outcomes:

• a culture that fosters exceptional and agile organizational performance
• the best workforce teams in the industry
• superior individual learning experiences

Dell creates learning experiences that draw from multiple approaches and styles. We value on-the-job experience and assignments, but we also offer networking, coaching, mentoring, and formal learning programs. Figure 59 shows the three methods of employee development. We offer tuition reimbursement for employees and scholarship opportunities for the children of Dell’s U.S. employees.

Learning through Experience and Others
Dell employees work with managers to create well-rounded development plans to prepare them for future roles. An ideal plan blends on-the-job experiences and career moves, and mentoring from co-workers and others with training. Employees build networks in which they can give and receive feedback. Targeted external coaching is offered to executives to provide guidance and support to help improve performance and grow leadership capabilities. Dell employees may use the 360 review process to gain performance insight and identify opportunities for growth and improvement.

Training and Learning Programs
Formal and informal learning programs foster individual and professional development. Courses are directly tied to business needs and designed to address specific competencies. Dell training courses help prepare employees for current and future roles. Courses cover a range of topics, starting with onboarding processes and moving to more complex topics such as Business Process Improvement (BPI), sales and compliance training. In the last five years, Dell made significant investments in manager and leadership development. The impact of this commitment is reflected in our May 2007 Tell Dell results. More than three-fourths of our employees agree or strongly agree that our managers are doing a good job.

Leadership Development
Dell differentiates employee development based on performance, potential and overall ability to impact business results. One strategic talent imperative was to build a comprehensive, accelerated leadership program for outstanding employees. We also offer a globally consistent core curriculum for all managers and executives.
EMPLOYEE HEALTH AND WELLNESS

Dell delivers multiple programs that help employees keep themselves and their families healthy. We monitor our programs for effectiveness and compliance. Global Benefits and Environmental Health and Safety (EHS) teams engage employees through voluntary, on-site programs that offer medical screenings, vision checks, immunizations, and smoking cessation and stress management programs and events.

Global Benefits

Dell’s employee benefit plans are designed to help employees and their dependents in planning and providing for major life events, such as illness, disability, retirement and death. Discretionary benefits programs are listed in Figure 60.

Our health improvement programs, branded Well at Dell, promote employee health, offer health management assistance, and support employees in reducing health risks. Offerings vary by region; examples of Well at Dell activities include:

- on-site fitness or wellness centers where employees can exercise or receive information on staying healthy
- voluntary blood pressure, cholesterol and breast cancer screenings
- health and wellness educational seminars featuring topics such as smoking cessation, nutrition and exercise, and disease prevention
- employee and community events such as blood drives and home safety fairs
- seasonal flu vaccines for employees and dependents
- opportunities to improve health and reduce out-of-pocket medical insurance costs through participation in targeted health improvement programs

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<tr>
<th>AMERICAS</th>
<th>EMEA</th>
<th>APJ</th>
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<tbody>
<tr>
<td><strong>Health Care</strong></td>
<td>Medical and dental plans are offered in most locations; U.S. also has vision, behavioral health and pharmacy plans.</td>
<td>Approximately half of Dell locations provide supplemental medical insurance.</td>
</tr>
<tr>
<td><strong>Work/Life Benefits</strong></td>
<td>We offer executive wellness and tax planning benefits as well as paid time away for holidays, vacations and sick leave. Meals are provided in some Latin American locations.</td>
<td>We offer paid time away for holidays, vacations and sick leave. Some locations offer paid maternity leave.</td>
</tr>
<tr>
<td><strong>Life and Disability Protection</strong></td>
<td>Life protection is available; integrated disability management is offered in the U.S.; and some disability insurance is offered outside the U.S.</td>
<td>Supplemental programs are offered in Ireland, the Netherlands, Slovakia and the U.K.</td>
</tr>
<tr>
<td><strong>Retirement and Savings</strong></td>
<td>Private retirement plans are offered in key locations with contributions ranging from 1.5 to 13 percent of pay. (In the U.S. the contribution is 5 percent.)</td>
<td>Contributions to private employee retirement plans, generally 5 to 10 percent of pay, are available in most locations.</td>
</tr>
<tr>
<td><strong>Transportation Assistance</strong></td>
<td>Commuting assistance is provided for all employees in Brazil and for lower-level employees in Panama. Car allowance and fuel cards are provided for mid-level managers and higher in Mexico.</td>
<td>Car allowance and fuel cards are provided in virtually all locations for mid-level managers and higher.</td>
</tr>
</tbody>
</table>

Comments:

Eligibility: Generally, all full-time and qualified part-time employees are eligible for benefits as shown, unless otherwise noted.

Public Programs: Outside the U.S., governmental programs provide traditional benefits such as medical, retirement, and death and disability insurance. Dell supplements these programs based on available resources and culturally relevant practices.

Travel: All employees are eligible for business-travel accident insurance and business-travel referral service for security and medical assistance.

Expatriates: We provide supplemental health care benefits for all our expatriates.

Figure 60: Dell Global Benefits — Discretionary Programs by Region
Regional Programs

Dell regional Health and Wellness Teams developed programs that would have the most impact in their respective regions. The programs in fiscal year 2008 were tailored to best meet employee needs.

Australia’s programs included:
- employee participation in “Corporate Games,” competing in an array of different sports
- availability of swim passes for employees to use at the local aquatic center
- participation in a football league, competing against other local businesses

Canada’s programs included:
- on-site yoga and kick-boxing classes
- on-site massage therapy
- health fairs focused on Dell’s health and wellness programs and services

China’s wellness programs included:
- tips on healthy eating
- emergency response and first aid
- typhoon and emergency preparedness information
- education on health benefits of physical activity to encourage healthy behaviors
- lectures on women’s health

Panama’s Health and Wellness Team provided:
- weekly power-walking sessions with stretching and core strength exercises
- healthy weight programs
- healthy pregnancy presentation covering prenatal weight control, newborn care, nutrition while pregnant and breast feeding, and exercise recommendations
- a cancer awareness month that included presentations on both breast and prostate cancer
- on-site lab screenings and dental and vision testing led by the Dell Health and Wellness Team

In India, the programs included:
- “Know your Numbers,” a health check including blood testing, body mass index (BMI) measurement, blood pressure and dental checks
- Cardiac Awareness events
- addition of healthy meal choices at the cafeteria

HIV/AIDS

As part of our commitment to employee well-being, we recognize there are a number of health challenges that our employees and families may face. These issues include cancer, diabetes and HIV, among other health and well-being challenges.

Through Dell’s benefits programs, employees can access reliable information on managing health conditions as well as information on prevention, early detection and health improvement. Employees have access to WebMD, where available, and links from Dell’s intranet to public health resources such as the World Health Organization. In addition, at employee on-site wellness checks, Dell makes available printed literature about a number of health issues. We continuously manage our employee benefit programs to ensure that we meet the needs of employees.

Dell’s global commitment to fight HIV begins with addressing the impact of HIV/AIDS on our employees. We work with our health benefit programs to extend support to employees who may be affected by HIV, recognizing that there are challenges to providing coverage in some communities. A key accomplishment this year was updating our global nondiscrimination policies to include HIV status in protected categories. We continue to explore ways to educate our employees on protecting themselves from HIV infection through programs ranging from guest speakers to information fairs to peer counseling.
Workplace Health and Safety

Dell’s workplace health and safety programs continue to improve. Our calendar year 2007 global recordable-injury case rate improved by nearly 20 percent to 0.44 cases per 100 full time employees (FTEs) based on 2,000 work hours a year per employee. Our global lost-time case rate for calendar year 2007 improved by more than 15 percent to 0.12 cases per 100 FTEs. Figure 61 shows the historical trend for both rates in the last three years compared with the most recent industry average data published by the U.S. Bureau of Labor Statistics.

We expanded our global health and safety workplace injury, illness and near-miss reporting, and safety management programs to reach Dell employees in Asia, Europe and the Americas this year. In the past few years, we reported safety data mainly from our global manufacturing facilities plus our U.S. administrative operations. In fiscal year 2008 we were able to grow program management and reporting capabilities in our new manufacturing facilities and a number of additional administrative operations. We reached 83 percent of all global employees, including 99 percent of facility populations in both India and Latin America and 90 percent in mainland China.

Other highlights:

• In March 2007 the WS1 Chassis Reconfiguration Team’s “Don’t Touch That!” project represented Dell at the 10th Annual Applied Ergonomics Conference “Ergo Cup.” The Winston-Salem, N.C., manufacturing team was one of 28 finalists from U.S. and international organizations.

• Our Americas Merge Center facility in Austin achieved a perfect safety record in calendar year 2007, with zero workplace injuries or illnesses. Our increased focus on safety and a growing practice of on-the-spot corrective actions for at-risk behaviors are credited for the successful record.

Health and Safety Policy

Dell’s vision is that our global workplaces will be injury-free. Our policy is to provide a work environment that promotes the health and safety of our employees, contractors, visitors and the local community. To achieve this vision, Dell is committed to the following:

• providing a safe work environment, and managing our operations to measure and continually improve health and safety performance

• complying with all laws and regulations governing occupational health and safety and meeting the commitments of the voluntary occupational health and safety programs in which Dell participates

• holding managers and supervisors responsible for implementing and maintaining compliance to the Dell health and safety procedures and regulatory requirements in their work areas

• requiring all employees to follow Dell health and safety procedures and regulatory requirements, and requiring that contractors and visitors on site adhere to the applicable procedures and requirements

• periodically communicating company progress to stakeholders

Michael S. Dell
Chairman and Chief Executive Officer
Workplace safety is important to our logistics business partners. During fiscal year 2008 we were pleased to learn that CEVA’s logistics facility, operated for Dell in Reno, Nev., was given the “Safe Partner Award.” The Safety Consultation and Training Section (SCATS) of Nevada’s Division of Industrial Relations gave CEVA the award for creating a safe, healthy work environment for CEVA employees.

EMPLOYEE SUSTAINABILITY ENGAGEMENT

Dell employees are critical stakeholders in corporate sustainability. Many job functions relate directly to sustainable activities — developing efficient product designs, reducing packaging waste, optimizing logistics networks, reducing carbon emissions, and designing more efficient buildings. Employees are also engaged in many other imaginative ways. They might post “green” ideas on Employee Storm or participate on voluntary teams that improve or re-engineer Dell programs and processes. A significant number of Dell employees extend their impact by volunteering in surrounding communities. For more information about community sustainability, see “Community Involvement” on page 98.

“A small group of thoughtful people could change the world. Indeed, it’s the only thing that ever has.”

Margaret Mead

In the last year, “going green” gained prominence, and global environmental volunteer teams — created as grassroots efforts or in partnership with the EHS Team — gained more participants and interest.

The Round Rock Ethics and Sustainable Business teams hosted an environmental panel to discuss what employees as individuals and Dell as a company can do to make a positive impact on the environment. Representatives included the following:

• Dell’s Environmental Affairs Team
• National Recycling Coalition (www.nrc-recycle.org)
• U.S. Environmental Protection Agency (www.epa.gov/osw)
• The Conservation Fund (www.conservationfund.org/gozero)
• U.S. publisher of National Geographic magazine (www.nationalgeographic.com)

A Central Texas Green Team hosted an employee awareness event on the Round Rock campus to educate approximately 2,500 employees about:

• cafeteria napkin and plasticware waste
• what we can recycle using the bins under our desks

• how to choose the least amount of packaging in the cafeteria
• the biodegradability of polystyrene versus other materials
• how to save money by bringing your own cup to the coffee shop or cafeteria
• how a single-stream recycling plant works
• contamination of recycle bins

The Green Team also worked with the cafeteria provider to apply a discount on fountain drinks for employees who bring their own cup to Central Texas cafeterias.

At a number of other campuses, employees participate in Green Teams to brainstorm and work on environmentally friendly projects at the site or in the local community. The Green Teams also educate and empower other employees. The following are a few examples:

• Dell joined the newly formed AMCHAM-Panama Environment Committee. The committee is initially working on practices among members, promoting recycling, and discussing how businesses can work to improve other aspects of the environment in Panama.
• In Poland, Dell volunteers, under the supervision of the Polish National Forestry, planted trees in the Łódź region.
• The Penang, Malaysia, site continued its monthly domestic waste collection program; it encourages employees to bring materials from home for recycling. The site collected more than 56 metric tons of materials during this past year.
• The Philippines site was one of several office facilities that started or expanded an on-site recycling program. The site donated proceeds to local organizations.
• Employees from the Cherrywood, Ireland, facility helped collect old computers during a community e-waste recycling event held at the site.
• The Green Team in our Oklahoma call center hosted an on-site fair to educate employees on actions they can take at home and at work to improve the environment.

Employee participation in sustainability, whether grassroots or in partnership with the Dell EHS team, has a positive effect on company culture and the environment. In fiscal year 2009 we expect increased global participation as teams initiate new programs and identify areas for improvement.
COMMUNITY INVOLVEMENT

- Dell Foundation
- Employee Volunteerism
- Healthy, Literate, Connected Communities
- Digital Inclusion
Dell is committed to making a positive impact in the global communities where our employees live and work. We believe that people around the world should have access to technology to learn critical skills and enhance their lives. We also support health and human services programs that address the most critical, basic health needs of our neighbors in Dell communities — prerequisites to success in the digital world.

COMMUNITY INVOLVEMENT

Dell gives back to the communities where we live and work. Together with employees, we make meaningful contributions that our neighbors can count on and value. Dell delivers positive support through three distinct strategies:

• The Dell Foundation listens and responds to community goals with specifically targeted grants.
• Dell employees across the globe commit to year-round volunteerism, with concentrated efforts during our Global Community Involvement Month in September.
• Dell delivers philanthropic support on a corporate and employee level. We are pleased to provide corporate contributions to selected charitable events in the communities we call home. We support the philanthropic efforts of our employees by matching donations up to $5,000 per employee. Donations to any 501(c)(3) in the U.S. (or eligible Canadian organizations listed with the Canadian Revenue Agency) are eligible for matching.

Through these three strategies, we delivered several million dollars to communities and organizations globally. See Figure 62 for details.

THE DELL FOUNDATION

The Dell Foundation contributes directly to the quality of life in communities that surround Dell facilities. The Dell Foundation supports innovative and effective programs that provide fundamental prerequisites to equip youth to learn and excel in a world driven by the digital economy. We implement this mission through grants and corporate-sponsored events and by facilitating employee volunteerism.

Grants

The Dell Foundation demonstrates community commitment with grants awarded in the U.S. Amidst the business and organizational changes in fiscal year 2008, the Dell Foundation awarded the following grants that gave new opportunities to recipients:

• 74 Equipping Youth Grants in the U.S.
• 121 open grants ranging in value from $500 to $5,000 to U.S. communities where Dell has facilities.

In fiscal year 2008 the Dell Foundation delivered a wide range of targeted support through Equipping Youth Grants. These grants offer direct financial assistance to nonprofit organizations and programs that empower youth to learn and excel in a digitally driven economy. Dell provides three types of Equipping Youth Grants: Healthy Communities, Connected Communities and Literate Communities.

Healthy Communities Grants

The Dell Foundation awarded Healthy Communities Grants to 27 organizations that address the basic needs of children for food, shelter, safety and health care. One such grant went to Infant Crisis Services (ICS) in Oklahoma City, Okla., which strives to give every baby and toddler life’s basic necessities. ICS operates an emergency pantry of essentials that serves as a safety net for parents who are struggling to provide for their families.

<table>
<thead>
<tr>
<th>DELL DONATION TYPE</th>
<th>AMOUNT</th>
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<tbody>
<tr>
<td>In-kind, cash and grants including Dell Direct Giving Match</td>
<td>$16.2 million*</td>
</tr>
<tr>
<td>Employee in-kind volunteer hours</td>
<td>$1.9 million (estimated)</td>
</tr>
<tr>
<td>Employee FY08 Direct Giving pledges</td>
<td>$8.3 million</td>
</tr>
</tbody>
</table>

*Includes both Dell and Dell Foundation funds

Figure 62: Community Impact
In calendar year 2007 ICS supplied more than 9,000 babies and toddlers with critical necessities. The Dell Foundation Healthy Community Partnership covered the costs for more than 1,000 families in Oklahoma City. This contribution equaled 2,000 cans of powdered formula, 48,000 individual diapers, 24,000 individual pull-ups, 1,000 sacks of toddler food and 1,000 sacks of baby food. For more information about ICS, see www.infantcrisis.org.

**Connected Communities Grants**
The Dell Foundation secured 25 Connected Communities Partnerships to provide computer labs for communities with limited access to technology.

**Literate Communities Grants**
The Dell Foundation awarded Literate Communities Grants to 22 programs that empower communities to provide quality education to youth, particularly in math, science and literacy. For example, the Foundation provided a grant to the Homework Hotline in Nashville, Tenn., a nonprofit organization that provides free, one-on-one academic assistance. Help is delivered over the phone to students or parents. The majority of those who benefit from the service reside in low-income, metropolitan Nashville neighborhoods. Many attend failing or at-risk schools and are often the children of working single mothers or parents who once struggled academically.

In addition to providing phone assistance, Homework Hotline offers free English and Spanish-English dictionaries, homework tip sheets, multiplication flash cards and school supplies to at-risk or low-income students in the lowest-performing area schools.

In fiscal year 2008 funding from the Dell Foundation Literate Communities Grant increased the number of children served by Homework Hotline by 300 percent. The grant also facilitated the organization’s expansion to eight additional counties outside the Nashville area. Dell Foundation support made possible:

- one-on-one academic assistance to more than 20,000 children
- the distribution of free dictionaries to 296 children from low-income families
- bilingual tutoring in Arabic, Spanish and Kurdish to more than 1,000 children

For more information about Homework Hotline, see www.mnps.org.

**Foundation Management**
The Dell Foundation is structured to manage U.S. charitable giving. Dell executives comprise the 12-member Foundation Board, and any Board member can make nominations for Board membership. The nominees are proposed as a resolution for the Board to approve. The terms vary from one to three years.

The day-to-day Dell Foundation management now resides with the newly created Corporate Responsibility Team led by Gil Casellas. For more information about Gil, see “New Vice President of Corporate Responsibility” on page 22.

**SUPPORT FROM DELL EMPLOYEES**
Dell employees commit their talents and energy to the One Dell: One Community campaign. Dell relies on the energy and competitive spirit of employees to drive campaign participation. One Dell: One Community maximizes the value of volunteer initiatives with three guiding principles:

- **Learn** — make a connection that aligns with your passion
- **Engage** — give time and talent through team-building activities
- **Commit** — contribute directly to change

**Learn: Make a Connection that Aligns with Your Passion**
Dell provides employees with information about volunteer and financial giving opportunities in area communities. As part of this education, we hold on-campus Community Involvement Fairs to connect employees with local, nonprofit service organizations. In fiscal year 2008 thousands of employees visited with more than 300 different organizations around the globe.

**Engage: Give Time and Talent through Team-Building Activities**
Our employees support our communities throughout the year, and we encourage all employees to intensify efforts during Global Community
Involvement Month. In fiscal year 2008 almost 30,000 employees (more than one-third of our worldwide workforce) volunteered in 26 different countries to address the needs and issues facing their communities.

These global volunteer campaigns flourish in part because of our business segment ambassadors. Ambassadors are appointed by segment vice presidents and form teams within their business units. The teams effectively rally employees, promote One Dell: One Community events, and report success metrics for the campaign.

Dell also facilitates on-going volunteerism with resources and tools that help identify volunteer opportunities and support participation. One such resource is Dell's partnership with the nation's premier online volunteer service, Volunteer Match. For more information about Volunteer Match, see www.volunteermatch.org.

**MANY WAYS TO GIVE**

Trisa Thompson is a legal vice president for the Global Services, Marketing, World Wide Operations and Product Groups. She is the founding co-chair of the Dell women’s networking group, Women in Search of Excellence (WISE), and serves on the Partnering for Respect of Individuality in the Dell Environment (PRIDE) Executive Board. She is an active member of the Dell Foundation Board.

Trisa extends her talents as a high-performing Dell executive to the community. Trisa served on the Capital Campaign Committee for the United Way in Central Texas for seven years. She is immediate past chair of the United Way Women’s Giving Network and is a member of the United Way Community Forum. Between 2004 and 2007 the United Way Women’s Giving Network grew by 70 percent, solidified its mission, developed a signature project, hosted engaging events for its members, and drove a more diverse membership base. Trisa’s commitment recently earned her recognition as United Way’s Spirit of Caring Campaign Volunteer of the Year.

Trisa’s professional and community action leadership includes her role as a founding member of the Austin/San Antonio Chapter of the Texas General Counsel Forum. She is past president and board member for Zachary Scott Theatre and is on the board of KLRU TV. Trisa was a 2005 finalist for the Profiles In Power award from the Austin Business Journal. She also offers time and resources to the I Live Here I Give Here Campaign, an effort to elevate Austin’s financial giving to the level of its already exceptional volunteerism.

Trisa’s commitment to her company and her community is inspiring to all around her. She is a respected leader in every way.

**BOOKING A BRIGHT FUTURE FOR CHILDREN IN UGANDA**

Paul Ortega, a Dell Operations project manager, represents the heart and soul of Libraries of Love. Paul’s mother-in-law, Trudy Marshall, founded the organization after she almost succumbed to a severe case of malaria during a trip to Uganda. The ordeal inspired her to enhance the meaning in her life’s work as a librarian. Trudy led an initiative to provide books and build libraries for the children of Uganda. She hoped the books and libraries would help provide a better future for them.

In 2005 Trudy asked Paul to visit Uganda and help create a library within Namirembe Primary School in Kampala City, Uganda’s capital. Paul and volunteers built shelves to hold the 6,700 books they collected in donations. Paul has since traveled to Uganda three times and works tirelessly to encourage, inspire and motivate Dell employees to give their time, talents and treasures to Libraries of Love. His passionate message compelled several Dell employees to visit Uganda multiple times. Hundreds more Texas-based Dell employees prepare and box books; Paul accommodates Dell employee volunteers by bringing projects on site when possible. Libraries of Love now participates in Dell’s Community Involvement Fairs, where Paul can teach employees about this small organization with a big mission.
During fiscal year 2008 employees were catalysts for our mission. Collectively they:

- donated more than 1 million meals to food banks across the U.S. and Canada
- volunteered in communities, almost 30,000 employees strong
- pledged close to $16 million in U.S. and Canada through Dell’s Direct Giving campaign — including both employee donations and the Dell Match — to 501(c)(3) organizations in the U.S. or eligible Canadian organizations listed with the Canadian Revenue Agency
- raised more than $500,000 for Dell-sponsored walks and events, which included the following:
  - Susan G. Komen Race for the Cure (www.komen.org)
  - March of Dimes Walk America (now called March for Babies) (www.MarchforBabies.org)
  - Juvenile Diabetes Research Foundation’s annual walk (www.jdrf.org)
  - SafePlace Walk (www.safeplace.org)

Our two volunteer recognition programs, Volunteers of Distinction and Team-Building Matches, spotlight and reward the philanthropic efforts of employees.

**Volunteers of Distinction**

The Volunteers of Distinction program recognizes Dell employees who actively support their local communities. This program makes financial grants to the organizations where the winners volunteer. In fiscal year 2008 Dell honored more than 80 employees and 16 teams across the globe, donating more than $150,000 on their behalf to organizations in Australia, Brazil, Canada, China, Germany, India, Ireland, Japan, Malaysia, Panama, South Korea, Spain and the U.S.

**Team-Building Matches**

The Team-Building Match program accelerates the benefits of employee giving with financial matching. The program offers a financial match of $125 for U.S. Dell employee groups that participate in team-building volunteer activities. The contribution is paid directly to the organizations for which the employee groups volunteer.

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Dell’s Stan Parish made it his mission to get the O’Donnell family an Extreme Home Makeover. He is pictured second from right with Extreme Makeover designers Eduardo Xol, Paige Hemmis and Tanya McQueen.
Dell also designed and developed an internal online tool to track employee volunteer hours and support the Team-Building Match program.

**Commit: Contribute Directly to Change**

Part of Dell’s commitment to community involvement is financial giving. Dell employees in the U.S. and Canada who want to provide financial assistance to the nonprofit organization of their choice can do so through Dell’s Direct Giving program. In fiscal year 2009, for the first time, our campaign will be active all year. Dell covers all administrative costs of the program, allowing 100 percent of employee donations to go to the organization or cause of their choice.

In fiscal year 2008 Dell employees in the U.S. and Canada pledged more than $8.3 million (to be paid out in calendar year 2008) to assist organizations around the world. Dell matched employee donations, dollar-for-dollar up to $5,000 per employee, resulting in more than $7.5 million in contributions from the company; the total community impact was close to $16 million.

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**Practical Beginnings Nourish Big Dreams**

Ean Hong Lee works for Dell APJ in Penang, Malaysia, and leads several manufacturing projects for the APJ region. She joined Dell after graduating from the University of Science in Malaysia. Ean Hong has six siblings and was a mere 10 years old when she began accompanying her parents to volunteer at nursing homes and orphanages in Penang.

After joining Dell, Ean Hong immediately got involved in the Dell-supported Young Enterprise Program under the auspices of the American Malaysian Chamber of Commerce. This program introduces high-school-age students to the complexities of running a small-sized company. The intensive, annual program lasts for approximately nine months and is intended to encourage promising entrepreneurs. Advisors — Ean Hong currently serves as the lead advisor — mentor program participants on practical business matters.

Ean Hong attends weekly meetings as students are starting the program. She offers guidance and addresses topics such as roles and responsibilities, organizational structure, products, gaining market share and conducting cost analyses.

Ean Hong avidly recruits and mentors new Dell volunteers for the program. She continues to monitor the students’ progress throughout their participation and is pleased to see them make tremendous progress. Ean Hong knows the experience will serve them well.

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**A Gift of Honor Fosters New Opportunities**

Donna Oldham, a Dell communications senior consultant, maximizes her philanthropic impact and honors her parents with Dell’s Direct Giving campaign.

After the passing of their father, Donna and her sister, Leslie Winbush, started a scholarship at Winston-Salem State University. The sisters hope to build their endowment to $100,000. Donna will leverage Dell’s Direct Giving campaign with an annual match of up to $5,000 to accelerate her progress. “Our parents were lifelong teachers. My father started his career as a history teacher, coach and physical educator; my mother’s dream was to teach at the university level,” commented Oldham. “They always stressed education, their love for the university, and how important it was to prepare good teachers.”

Warren C. “Pete” Oldham, who became a respected member of the North Carolina General Assembly and a devoted community servant, would certainly be proud of his daughters. Their mother, Gladys Oldham, fulfilled her lifelong dream to teach at the university level, but now suffers from Alzheimer’s disease. Donna and Leslie’s parents served a combined 70 years at Winston-Salem State University. The first student will benefit from the Warren C. and Gladys D. Oldham Endowment Fund in 2008, enrolling in the fall semester.

Donna Oldham, left, and her sister, Leslie Winbush, shown on the campus of Winston-Salem State University where they started the Warren C. and Gladys D. Oldham Endowment Fund. Photo by Layla Farmer.
SUPPORT FROM DELL

Many of Dell’s philanthropic efforts complement and support the efforts of the Dell Foundation’s grants and Dell employees’ giving. We also encourage employees to participate in charitable events as individuals and as members of Dell teams. Three of our focus areas are community health, arts and culture, and digital literacy.

In addition, Dell provides corporate contributions to charities in communities where our employees work and live. In fiscal year 2007 we began to match employee donations to the Direct Giving campaign. Figure 63 shows both U.S. and Canada employee contributions and the Dell match. (The fiscal year 2008 amount is the pledged amount to be paid out in calendar year 2008.)

We expanded our reach in fiscal year 2008 with grants to organizations in Brazil, Canada, China, Columbia, Czech Republic, El Salvador, Germany, India, Ireland, Japan, Malaysia, Mexico, Panama, Poland, Slovakia, Sweden and the U.K.

Community Health

We are committed not only to the well-being of our employees but also to the well-being of the communities where we do business. We recognize that a number of health challenges face our employees and neighbors around the globe. Although we work on many health issues ranging from breast cancer to juvenile diabetes, our focus in this year’s report is our fight against HIV/AIDS.

The spread of HIV/AIDS continues to be an issue we face, especially in markets where our company growth is most critical. As discussed in “Global HIV/AIDS Awareness” on page 18, HIV/AIDS affects our employees, communities, customers, suppliers and stakeholders wherever we do business.

This year Dell joined the (PRODUCT)RED campaign, which raises funds through product sales by program partners. Those funds are used to purchase anti-retroviral medications for HIV-positive individuals in Africa. Dell partnered with Microsoft in this effort and has several RED products available for customers in markets around the world. We publicized our RED products during our first-ever Super Bowl television advertisement. Joining this campaign allows us to partner with customers in the fight against HIV and dedicate resources to support those hardest hit. It also helps raise the awareness of the HIV pandemic with both customers and employees. For more information, see www.JOINRED.com.

During fiscal year 2008 we continued our support of various HIV services organizations in Dell communities around the globe. Examples include:

- China: Nearly 260 employees and family members took part in the Run Across Asia in Dalian to raise more than $10,800 from employee pledges and Dell to help the HIV/AIDS cause through the Dalian Charity Federation. The run aims to educate the public and support people living with HIV/AIDS and protect their human rights.

- Malaysia: In December 2007 the second Dell Champion Road Run (now one of Dell’s regional Run Across Asia events) for the Malaysian AIDS Foundation raised more than $58,000 for children with HIV. More than 2,200 employees and their families pledged donations with additional contributions from Dell Penang. The event raised 150 percent more funds and involved 83 percent more employees and family members than last year’s Run Across Asia. Dell also partnered with the Malaysian AIDS Council to support the Dell Youthspeak program with a grant of $30,000. Dell recognized the need to make a difference in spreading the word on HIV/AIDS awareness, particularly among youth. Dell Youthspeak, which teaches and raises awareness about HIV/AIDS through drama, was an ideal platform to address this need. This program embodies Dell’s core values toward fighting HIV/AIDS in Malaysia; it educates youths and encourages them to share information with their peers and family. More than 150 youth educators have reached out to more than 2,000 youths to raise awareness of HIV/AIDS.

- Canada: Dell supported AIDS Walk for Life events in Edmonton, Ottawa and Toronto with in-kind support during 2007 by loaning the computer systems used to register walkers and donors. An employee team participated in the Toronto walk for the second year in a row.

- Middle Tennessee: Dell supported the Nashville Cares AIDS Walk 2007 and an employee walk team raised additional funds.

Figure 63: Employee and Dell Contributions
• Central Texas: Dell sponsored the Hill Country Ride for AIDS, which benefits 10 organizations in central Texas providing HIV-related services. We also participated in AIDS Walk Austin, which supports the work of AIDS Services of Austin and celebrated its 20th anniversary this year. Our employees formed an AIDS Walk team that raised more than $13,000.

• North Carolina: Dell supported the Winter Walk for AIDS that benefited the Triad Health Project during 2007.

• Oklahoma: In 2007 Dell once again sponsored Red Tie Night, an event that benefits HIV service organizations throughout Oklahoma. We also sponsored the Oklahoma City AIDS Walk in 2007. A team of Dell employees participated in that walk, and one of our employees was invited to join their board.

Dell also recognizes that collaborating with other companies, governments and organizations addressing the spread of HIV will do more than we can on our own.

Dell remains a member of the Global Business Coalition on HIV, Tuberculosis and Malaria (GBC), which represents hundreds of companies around the globe fighting to prevent the spread of HIV. GBC provides counsel for Dell in shaping our HIV campaign strategy, disseminates current information about the scope of the pandemic, and facilitates sharing best practices with other members. See www.gbcimpact.org for more information.

Dell also has joined the Technology and HIV Working Group organized by the Office of the Global AIDS Coordinator, a division of the U.S. State Department. Dell participates on two project teams organized by this public-private partnership group to use technology for educating African youth about preventing the spread of HIV and to share employee prevention programs with suppliers in India.

Community Arts and Culture

The growth of Dell communities is important to our success. Supporting arts and culture builds communities that help attract the very best talent to Dell. To support the cultural foundations of our communities Dell contributes to events and organizations ranging from Ballet Austin, to Green Tie Night in Nashville (which promotes environmental excellence), to the annual Red Hot and Soul event for Zachary Scott Theater in Austin.

We also recognize that the economic growth of Dell communities can encourage sustainable development. Dell supports organizations ranging from the Samaritan Counseling Center in Central Texas, which sponsors the Ethics in Business Awards, to the Chambers of Commerce in several of our U.S. and global communities.

Digital Inclusion

Dell’s signature education program is TechKnow. The program is a 40-hour, self-paced course where students work in teams on Dell-refurbished desktop computers with the goal of learning computer basics. The program was established in July 2001 and focuses on middle-school students. Female students at this age are open to learning about technology, and this is a critical age for all students from underserved socioeconomic backgrounds to decide the relevance of education in their lives. Those who successfully complete the program earn a refurbished computer, which helps promote the digital literacy of others in students’ households.

During 2007 participation in TechKnow continued to grow; to date more than 23,000 students have graduated from the program. About 80 percent of those are from minority populations and, significantly, approximately 40 percent are female.

Dell has other digital inclusion programs outside the U.S. Following are a few examples:

• In Brazil, Dell operates learning centers that provide educational resources to youth in low-income and underserved communities. Dell further supports these centers through employees who volunteer as tutors.

• Dell Penang is a long-term sponsor of the American Chamber of Commerce Abroad’s Young Enterprise Program, a learning and mentoring program committed to sharing business knowledge and nurturing young entrepreneurs in Malaysia. Since 2003 Dell has sponsored 13 companies from seven schools. To date, Dell employees have volunteered more than 3,500 hours to teach more than 280 high school students the fundamentals of managing and running a small business. We are proud to have helped a first-time participant, Phor Tay Secondary School, win the overall Best Managed Company award for 2007. Dell continues to sponsor three schools a year and is particularly focused on providing opportunities for schools on the Malaysian mainland to be part of this program.

• Dell worked with the Coláiste Chiaráin school in Croom, County Limerick, Ireland, to design and implement a fully integrated wireless solution, making technology central to the day-to-day running of the school. The Intelligent Classroom e-Learning Initiative was developed by both Dell and the school as we shared a vision for the future role of technology in education. We initially donated 50 of our high-end notebook computers for use by second-level students in the school. Technology is now a part of daily classes. And students bring their individual notebooks home each evening, helping to further bridge the digital divide.
• In fiscal year 2008 Dell funded a computer-learning center for the San Jose de Malambo Orphanage in Cerro Silvestre, Arraijan, the largest and oldest orphanage in Panama. In addition to housing, San Jose de Malambo provides primary and secondary education to at-risk children. The center, equipped with 40 workstations and located within the orphanage, gives children and teachers an opportunity to develop technical skills. Dell employees volunteer their time to train learners and educators on the new equipment. To date, more than 400 Malambo students, teachers, staff, parents and relatives have experienced benefits from this grant.

• In China, Dell learning centers are located in urban areas to educate children of migrant families. These children often are not allowed to attend school away from their villages, hence the importance of educational resources for them when their parents travel to urban centers to work. Dell supports programs such as the following:
  — The Beijing Bainian Vocational Education and Training School teaches practical skills for low-income students from 21 rural provinces. The students learn about computer functionality and Microsoft Office software applications, and are developing computer networking skills.
  — The Xiamen Rural-Migrant School benefits 1,400 rural migrant children.
  — The Shanghai Changlin School benefits 1,100 rural migrant children.
  — The Dalian Tai Shan and Er Shi Li Pu Community Centers benefit 100,000 local residents, especially youth.
  — The Xiaoshan Youyi School in Hangzhou provides 1,900 elementary students with computer training classes.
  — The Chengdu Ma Jia He Primary School benefits 965 children from the surrounding villages. The school currently offers 20 classes, and Dell support will increase that number to 36 classes. (The school in Chengdu was not damaged during the May 2008 earthquake, and none of the students or teachers were hurt. Classes were suspended temporarily for safety reasons.)
  — The Tianjin Bei Cheng Lin Center Primary School received Dell grant support for an information technology classroom.

Dell Philanthropy Going Forward
As Gil Casellas mentioned in his introduction to this report, one of Dell’s long-term goals set in fiscal 2008 is to be a “one percent company.” Although Dell and the Dell Foundation contribute to our communities through grants, event sponsorships, in-kind donations and employee volunteerism, we are striving to do more. In fiscal year 2008 Dell management gained executive approval to increase fiscal year 2009 funding to 0.8 percent of pre-tax profit to expand Dell’s reach, particularly in regions outside of the U.S.

One of the challenges to understanding all of Dell’s philanthropic activities is the autonomy of our business functions. Many global businesses fund events and make donations (money or in-kind) outside of the Foundation or Dell’s corporate sponsorships. It is difficult to track this decentralized giving and, therefore difficult to summarize and incorporate it into a complete philanthropic picture. For example, the TechKnow program is funded outside of the Dell Foundation and is not included in donation totals.

To address this gap, in April 2008 Dell added a team member who is responsible for developing a system to track all philanthropic donation activities across the company, globally. Once this system is in place, we expect that future reports will contain a more robust discussion of charitable funding.
ABOUT THIS REPORT

Materiality
This is Dell’s fifth annual Sustainability Report, renamed this year to be Dell’s Corporate Responsibility Report. It covers topics that we feel are material to our business and our stakeholders. This report, however, does not present all of the information on these topics. For more information on corporate responsibility at Dell, see www.dell.com/values.

To determine what to include in this report, the Sustainable Business Team and extended business partners asked the following questions:

- What issues are most relevant to our stakeholders and the Dell business?
- How should we improve the report?
- What reporting standard should we use?

The answers to these questions led Dell to include the topics in this year’s report and to again use the Global Reporting Initiative framework. Figure 64 defines the process for developing our Corporate Responsibility Report.

Verification
One of the challenges of producing this report is integrating and supporting third-party external verification of our sustainability efforts. Because a comprehensive external audit of our report is costly in both time and expense, we chose an alternative solution. For this year, in addition to performing self-verification and peer review audits, we targeted key portions for third-party verification. We used well-respected industry auditors for the following topics:

- **Global Recycling and End-of-Life Disposition**: Environmental Resources Management (ERM) manages oversight of our recycling partners. All recycling partners must undergo a rigorous auditing process to measure their progress against our standards. First, before a potential recycling firm is considered an official Dell partner, we require the company to pass a comprehensive initial audit. Next, all Dell partners are audited on an annual basis. Last, we conduct periodic on-site spot checks to ensure compliance throughout the year.

Dell started publishing environmental reports in 1998 and produced four until publishing our first sustainability report in 2004. These reports are available on www.dell.com/values.

Figure 64: Materiality Index
• **Supply Chain Global Citizenship:** Dell relies on recognized industry consortia and standards, including the International Organization for Standardization (ISO), Occupational Health and Safety Assessment Series (OHSAS), and Electronic Industry Citizenship Coalition (EICC), to provide oversight in the areas of global citizenship. We require our Tier 1 suppliers to achieve ISO 14001 and OHSAS 18001 certification to remain on our list of approved suppliers. These suppliers, in turn, are expected to enforce similar requirements on their Tier 1 suppliers (our Tier 2 suppliers).

• **Verification of GHG Emissions Estimates and Methodology:** We enlisted the services of ICF International to verify our fiscal year 2008 GHG emissions estimates and methodology. As part of the verification, ICF evaluated emissions estimates (including emissions factors, conversion calculations and overall methodologies), identified additional sources of GHG emissions, conducted a preliminary evaluation of uncertainties or lack of clarity, and made recommendations to improve and strengthen the GHG inventory process in the future. See Figure 65 for ICF’s verification letter.

The primary objective of this verification was to provide an independent opinion on the greenhouse gas (GHG) emissions inventory prepared by Dell Inc. To this end, we have examined the accuracy and completeness of the current estimate of GHG emissions as reported by Dell for fiscal year 2008.

The approach employed by ICF International aimed at reviewing emissions estimates and methods used in the inventory. ICF’s review is based solely on our assessment of information provided to us by Dell; specifically, we did not conduct any site visits to verify the information, nor did we review the original source data from Dell. Our approach to this verification included:

• An evaluation of emission estimates including relevant emissions factors, conversion calculations and overall methodologies.
• Identification of additional sources of GHG emissions.
• A preliminary evaluation of any uncertainties or lack of clarity associated with reported results.
• Recommendations to improve the GHG inventory process in the future.

ICF states that, based on the information provided and the review approach outlined above, Dell’s GHG inventory is a credible and defensible attempt to quantify the emissions sources and resultant emissions levels for the sources provided. The inventory is also useful for suggesting improvements going forward.

In the future, ICF recommends that the following improvements be considered to strengthen the inventory:

• Continue work to enhance data collection efforts for future years
• Analysis and discussion of uncertainty of the estimation
• Strive for inclusion of more Scope 3 emissions categories

With these observations noted, ICF believes that the revised estimate of 490,085 MTCO2e covering Scopes 1, 2 and 3 (business air travel) for fiscal year 2008 is a credible, defensible estimate of Dell’s carbon footprint.

Craig Ebert
Managing Director
ICF International

June 10, 2008
GRI Index

This year’s report was prepared using The Global Reporting Initiatives’s G3 Guidelines. See more information at www.globalreporting.org.

Note:
10-K Our Fiscal Year 2008 Form 10-K can be found at www.dell.com/investors.
CoC This information can be found in Dell’s Code of Conduct at www.dell.com/codeofconduct.
BoD This information can be found at www.dell.com/boardofdirectors.

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[www.dell.com/privacy](http://www.dell.com/privacy)
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PR3 | 49

GRI Report Application Level
Dell has self-reported this report to be at a B-level. GRI has checked this report against the criteria for the GRI Application Level B and has qualified the report as Application B GRI-checked.

![GRI Report Application Levels](image)

*Sector supplement in final version

Figure 66: GRI Report Application Levels
### ACRONYMS AND ABBREVIATIONS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AeA</td>
<td>American Electronics Association</td>
</tr>
<tr>
<td>AMCHAM</td>
<td>American Chamber of Commerce and Industry</td>
</tr>
<tr>
<td>APJ</td>
<td>Asia-Pacific/Japan (Dell region)</td>
</tr>
<tr>
<td>ARB</td>
<td>Asset Recovery Business</td>
</tr>
<tr>
<td>ARS</td>
<td>Asset Recovery Services</td>
</tr>
<tr>
<td>BFR</td>
<td>brominated flame retardant</td>
</tr>
<tr>
<td>Bitkom</td>
<td>German Association for Information Technology Telecommunications and New Media E.V.</td>
</tr>
<tr>
<td>BPI</td>
<td>Business Process Improvement</td>
</tr>
<tr>
<td>BSR</td>
<td>Business for Social Responsibility</td>
</tr>
<tr>
<td>BTU</td>
<td>British thermal unit</td>
</tr>
<tr>
<td>CDN</td>
<td>customer delivery-notification</td>
</tr>
<tr>
<td>CDP</td>
<td>Carbon Disclosure Project</td>
</tr>
<tr>
<td>CO2</td>
<td>carbon dioxide</td>
</tr>
<tr>
<td>CO2e</td>
<td>carbon dioxide equivalent</td>
</tr>
<tr>
<td>COC</td>
<td>Center of Competence</td>
</tr>
<tr>
<td>CSR</td>
<td>corporate social responsibility</td>
</tr>
<tr>
<td>CY</td>
<td>calendar year</td>
</tr>
<tr>
<td>Deca-BDE</td>
<td>decabromodiphenyl ether</td>
</tr>
<tr>
<td>DFE</td>
<td>Design for the Environment</td>
</tr>
<tr>
<td>DFS</td>
<td>Dell Financial Services</td>
</tr>
<tr>
<td>DHS</td>
<td>Dell Home Sales</td>
</tr>
<tr>
<td>DTI</td>
<td>U.K. Department of Trade and Industry</td>
</tr>
<tr>
<td>ECFIC</td>
<td>Executive Committee of Foreign Investment Companies</td>
</tr>
<tr>
<td>EHS</td>
<td>Environmental Health and Safety</td>
</tr>
<tr>
<td>EICC</td>
<td>Electronic Industry Citizenship Coalition</td>
</tr>
<tr>
<td>EICTA</td>
<td>European Information and Communications Technology Industry Association</td>
</tr>
<tr>
<td>EMEA</td>
<td>Europe, Middle East, and Africa (Dell region)</td>
</tr>
<tr>
<td>EPEAT</td>
<td>Electronic Product Environmental Assessment Tool</td>
</tr>
<tr>
<td>EPS</td>
<td>expanded polystyrene</td>
</tr>
<tr>
<td>ERM</td>
<td>Environmental Resources Management</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>e-waste</td>
<td>electronic waste</td>
</tr>
<tr>
<td>FSC</td>
<td>Forest Stewardship Council</td>
</tr>
<tr>
<td>FTSE</td>
<td>British indices and associated data services provider</td>
</tr>
<tr>
<td>FY</td>
<td>fiscal year</td>
</tr>
<tr>
<td>GBC</td>
<td>Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria</td>
</tr>
<tr>
<td>GC</td>
<td>global citizenship</td>
</tr>
<tr>
<td>GHG</td>
<td>greenhouse gas</td>
</tr>
<tr>
<td>GRI</td>
<td>Global Reporting Initiative</td>
</tr>
<tr>
<td>HB-C-D</td>
<td>hexabromocyclododecanes</td>
</tr>
<tr>
<td>HDPE</td>
<td>high-density polyethylene</td>
</tr>
<tr>
<td>HD-PUG</td>
<td>High-Density Packaging User Group</td>
</tr>
<tr>
<td>HVAC</td>
<td>heating, ventilating, and air conditioning</td>
</tr>
<tr>
<td>IBEC</td>
<td>Irish Business and Employees Confederation</td>
</tr>
<tr>
<td>ICCR</td>
<td>Interfaith Center for Corporate Responsibility</td>
</tr>
<tr>
<td>IEC</td>
<td>International Electrotechnical Commission</td>
</tr>
<tr>
<td>IEE</td>
<td>Institute of Electrical and Electronics Engineers</td>
</tr>
<tr>
<td>ISCSI</td>
<td>Internet SCSI</td>
</tr>
<tr>
<td>ISO</td>
<td>International Organization for Standardization</td>
</tr>
<tr>
<td>IT</td>
<td>information technology</td>
</tr>
<tr>
<td>ITAC</td>
<td>Information Technology Association of Canada</td>
</tr>
<tr>
<td>JEDEC</td>
<td>Solid State Technology Association (once known as the Joint Electron Devices Engineering Council)</td>
</tr>
<tr>
<td>JEITA</td>
<td>Japan Electronics and Information Technology Industries Association</td>
</tr>
<tr>
<td>kg</td>
<td>kilogram</td>
</tr>
<tr>
<td>kWh</td>
<td>kilowatt-hour</td>
</tr>
<tr>
<td>lbs.</td>
<td>pounds</td>
</tr>
<tr>
<td>LEED</td>
<td>Leadership in Energy and Environmental Design</td>
</tr>
<tr>
<td>LTL</td>
<td>less than truckload</td>
</tr>
<tr>
<td>ME</td>
<td>Ministry of the Environment</td>
</tr>
<tr>
<td>MWh</td>
<td>Megawatt-hour</td>
</tr>
<tr>
<td>NCF</td>
<td>National Cristina Foundation</td>
</tr>
<tr>
<td>NGO</td>
<td>nongovernmental organization</td>
</tr>
<tr>
<td>nm</td>
<td>nanometer</td>
</tr>
<tr>
<td>NMC</td>
<td>Swedish Association of Environmental Managers</td>
</tr>
<tr>
<td>OHSAS</td>
<td>Occupational Health and Safety Assessment Series</td>
</tr>
<tr>
<td>OSHA</td>
<td>Occupational Safety and Health Administration</td>
</tr>
<tr>
<td>PAC</td>
<td>political action committee</td>
</tr>
<tr>
<td>PBBs</td>
<td>polybrominated biphenyls</td>
</tr>
<tr>
<td>PBDEs</td>
<td>polybrominated diphenyl ethers</td>
</tr>
<tr>
<td>PCW</td>
<td>post-consumer waste</td>
</tr>
<tr>
<td>PET</td>
<td>polyethylene terephthalate</td>
</tr>
<tr>
<td>PVC</td>
<td>polyvinyl chloride</td>
</tr>
<tr>
<td>QBR</td>
<td>Quarterly Business Review</td>
</tr>
<tr>
<td>REACH</td>
<td>Registration, Evaluation, Authorisation and Restriction of Chemicals</td>
</tr>
<tr>
<td>RoHS</td>
<td>Restriction on Hazardous Substances</td>
</tr>
<tr>
<td>RT Centre</td>
<td>Reuse Technology Centre Ireland</td>
</tr>
<tr>
<td>SaaS</td>
<td>Software as a Service</td>
</tr>
<tr>
<td>SAN</td>
<td>Storage Area Network</td>
</tr>
<tr>
<td>SBA</td>
<td>Small Business Administration</td>
</tr>
<tr>
<td>SCSI</td>
<td>Small Computer System Interface</td>
</tr>
<tr>
<td>SDoC</td>
<td>Supplier Declaration of Conformity</td>
</tr>
<tr>
<td>SEC</td>
<td>Securities and Exchange Commission</td>
</tr>
<tr>
<td>SLC</td>
<td>Service Logistics Center</td>
</tr>
<tr>
<td>SOMO</td>
<td>Centre for Research on Multinational Corporations</td>
</tr>
<tr>
<td>SRI</td>
<td>Socially Responsible Investing</td>
</tr>
<tr>
<td>SRIC</td>
<td>Socially Responsible Investment Coalition</td>
</tr>
<tr>
<td>StEP</td>
<td>Solving the E-Waste Problem</td>
</tr>
<tr>
<td>TBBP-A</td>
<td>tetrabromobisphenol-A</td>
</tr>
<tr>
<td>TCO</td>
<td>The Swedish Confederation of Professional Employees</td>
</tr>
<tr>
<td>TIC</td>
<td>Tantalum-Niobium International Study Center</td>
</tr>
<tr>
<td>UBA</td>
<td>Germany’s Federal Environment Agency</td>
</tr>
<tr>
<td>UNCF</td>
<td>United Negro College Fund</td>
</tr>
<tr>
<td>USGEC</td>
<td>U.S. Green Electronics Council</td>
</tr>
<tr>
<td>USITO</td>
<td>U.S. Information Technology Office</td>
</tr>
<tr>
<td>WEEE</td>
<td>European Union’s Waste from Electrical and Electronic Equipment Directive</td>
</tr>
<tr>
<td>WS1</td>
<td>Dell’s Winston-Salem, North Carolina location</td>
</tr>
</tbody>
</table>
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Credits
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