Dell 2020 Goal Alignment Exercise

Alyssa Caddle, Dell | Corporate Social Responsibility
Phaedra Cucina, Dell | Corporate Social Responsibility
June 2017

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Executive Summary

The intention of this document is to outline the process and outcomes associated with the alignment of Dell's Legacy of Good 2020 goals, with EMC's 2020 Sustainability goals. For history on each company's goals prior to the combination please see the links below.

Relevant Links

- [Former Dell Legacy of Good goals](#)
- [Former EMC 2020 goals](#)
- [M.Cuff, Nov 2016, Dell spills the sustainability specs on its EMC acquisition](#)

Background

In September 2016, Dell completed the purchase of EMC in the largest technology merger in history, forming what is now Dell Technologies. Dell Technologies is comprised of Dell, Dell EMC, Pivotal, RSA, SecureWorks, Virtustream and VMware. This newly aligned goal plan encompasses Dell, Dell EMC, RSA and Virtustream (highlighted)—together referred to as "Dell Inc." in this whitepaper.;

- Dell: Dell Client and Consumer products (desktops, notebooks, monitors, etc.)
- Dell EMC: Data Center products (servers, storage, networking, data protection, converged infrastructure)
- RSA: Security products
- Virtustream: cloud management software, infrastructure as a service, and managed services
- VMware
- Secureworks
- Pivotal

These seven brands represent the world's largest privately controlled technology company, with over $74 billion in revenue, and ~138,000 team members.

In years prior, both heritage Dell and heritage EMC established a set of sustainability/CSR goals, with targets for 2020. As integration conversations began, the two companies determined that goal setting and alignment was a key priority, and considered several potential approaches, including maintaining separate goals for a period of time, or scrapping the existing goals completely to refocus on a future time frame (i.e. 2025). Ultimately, the similarity in goal focus areas (supply chain, operations, product design, product takeback, packaging, volunteering, and giving) led to the decision to complete a goal alignment exercise to compare and combine the goals to represent the new Dell Inc. business, while maintaining targets for 2020. Following this goal alignment activity, Dell is preparing to kick-off an activity to establish a set of goals for 2030, which is expected to be a multi-year endeavor including a full materiality assessment for the combined company, competitive and industry benchmarking and research, trend analysis, and customer and stakeholder engagement and feedback sessions.

Goal Alignment Process

Upon the combination of Dell and EMC in September 2016, the goal alignment exercise kicked off with approval from the Dell Sustainability Operations Council (SOC), a mid-level leadership body representing areas in the business impacted by CSR goal setting. The guiding principles of this effort included:

- Maintain coverage of goal topic areas whenever possible
- Maintain an aspirational trajectory for targets, adopting the more aggressive of any differing targets between the two heritage companies when possible
- Maintain or increase transparency and disclosure to external stakeholders
- Focus on goals that drive performance within the company
- Minimize the creation of net-new goals for 2020 (stay focused on the large amount of work that needs to be done in existing commitments)
- Identify opportunities for longer range goals to inform future goal setting activities

Working teams were established within each of the topic areas, including, subject matter experts from both heritage companies and key decision makers in the new organizational structures. This allowed for historical perspectives from both companies, as well as an understanding of combined go-forward strategy as teams merge.

From the time of project kickoff, the topic area teams spent four months working collaboratively to understand key components of their heritage programs, including:

- Data availability, both historical (for baselines) and future (for merging of systems/tools)
- Scope of former goals
- Progress to pre-established heritage targets
- "Ability to impact" comparison (in some areas one company can have a multiplicative impact as compared to the other)

The work established a proposed set of aligned goals, which was shared with external stakeholders for a formal round of stakeholder feedback, resulting in additional changes and clarifications. This aligned set of goals is now the basis for the Legacy of Good program beginning with the publishing of the FY17 Corporate Social Responsibility report through the end of FY21.

Topic Area Details

10x20 Goal - A Legacy of Good

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

The Dell 10x20 goal will continue to serve as the aspirational overlay for the Dell Legacy of Good program. The goal contains a similar aspiration as heritage EMC's former "Role of IT" focus area, which stated "the use of EMC products and services to promote and enable a more equitable, safe and healthy society, and the work to prevent or eliminate the negative impacts of these products and services". Through the alignment process, we continued to work toward identifying both handprint and footprint metrics that will allow us to show the environmental and social dimensions of the goal. While we do not have aggregate numbers at this point, progress has been made in refining our approach and narrowing our path forward.

Ultimately, we believe our results at the end of the decade will not be a single number, but rather a basket of different types of studies and results. This will likely include multiple studies on specific IT-based solutions, a review of how Dell's technology enables specific customers or industries and other more top-down analyses.

Supply Chain

Supply Chain
Demonstrate 100% transparency of key issues within our supply chain, working with suppliers to mitigate risks in those areas. To help achieve this goal, we will continue to track the following metrics: • Audit 100% of high-risk direct materials suppliers & select service suppliers • Ensure that Dell's suppliers representing 95% of direct materials spend publish a sustainability report in accordance with GRI or equivalent recognized global framework • Require a five-year responsible water risk mitigation plan from our top 250 direct materials supplier facilities in water-stressed regions or with water intensive processes
By 2020, Dell's suppliers representing 95% of direct materials spend and key logistics suppliers[1] will set specific greenhouse gas emissions targets and report on their emissions inventory

The overarching principle and goal of 100% transparency on key issues used by heritage Dell will continue moving forward. This goal recognizes that the issues of interest to our customers and stakeholders are constantly evolving, and the ability for Dell Inc. to continue to improve transparency and disclosure on these issues will continue. In addition, we have augmented the transparency goal with three sub-goals intended to drive and demonstrate performance, and improve quantitative disclosure. The three sub-goals include an audit program of high risk suppliers (with a commitment to provide details on our risk assessment process), supplier disclosure of their own performance using a GRI or equivalent sustainability report, and working with suppliers to develop water-risk mitigation programs. Beyond these three sub-goals, the supply chain sustainability organization is now publishing a semi-annual [Supply Chain Social and Environmental Responsibility Progress Report](#) that continues to expand on topics of interest regarding our supply chain, including audit results, corrective actions, and capability building programs.

In addition, we decided to add a net-new goal in response to stakeholder feedback, and in recognition that the supply chain serves as our second largest driver of Scope 3 greenhouse gas emissions (after product use). In an effort to build capacity within our supply chain to create a more complete and correct emissions inventory, we will be asking suppliers to report on their emissions, and set targets. We believe this goal will prepare us to investigate setting Scope 3 emissions reductions targets for our supply chain overall, looking forward to 2030.

Environment

Environment
Reduce global absolute GHG emissions, Scopes 1 and 2 [MT CO2e] Market-Based, by 40% as compared to a FY11 baseline.
Source 50% of our total electricity from renewables (both purchased and on-site generation)
Ensure 90% of waste generated in Dell-operated buildings is diverted from landfills
Develop and maintain sustainability initiatives in 100% of Dell-operated buildings
Reduce the energy intensity of our product portfolio by 80%. To help achieve this goal, we will continue to track the following metrics on our Storage and Data Protection products: • Reduce disk drive energy intensity (as a function of capacity) 80% from a FY12 baseline • Demonstrate continued improvement, in both hardware and software efficiency, in 100% of covered products
Use 100 million pounds of recycled-content plastic and other sustainable materials in our products
Ensure 100% of product packaging is sourced from sustainable materials

Ensure 100% of packaging is either recyclable or compostable
Phase out environmentally sensitive materials as viable alternatives exist
Recover 2 billion pounds of used electronics
Identify and quantify the environmental benefits of IT-based solutions

Our environment goals build off of the commitments previously made by both companies. Based on feedback from stakeholders, we decided to maintain a greenhouse gas reduction goal, and formalize our renewable energy target into a Legacy of Good goal, recognizing that renewables is one method for helping reduce our carbon footprint. After reviewing both heritage greenhouse gas reduction goals, we decided to adopt heritage EMC's absolute GHG reduction goal, which was developed using the science-based CFACT methodology, and removed the confusion of accounting for logistics emissions (a "Scope 3" contribution) with Scope 1&2 operational emissions.

Dell's waste-to-landfill diversion goal has been expanded to include heritage EMC owned buildings, with the primary focus remaining on manufacturing facilities. Dell's heritage goal regarding the reduction of water use in water-stressed regions has been incorporated into the "sustainability initiatives" goal, due to the small number of applicable buildings remaining within the scope after Dell's divestiture of its IT services business. Moving forward, the few buildings located in water-stressed regions will use water savings programs to qualify as one of their "sustainability initiatives".

The product energy intensity goal remains consistent with the heritage Dell goal of 80% reduction for the product portfolio, but now also includes separate disclosure around disk drive energy intensity for the Storage and Data Protection parts of the business. This allows the goal to remain consistent with heritage EMC's goal and target. Additionally, heritage EMC's software efficiency goal remains, and will continue driving the concept of energy efficiency across the product development lifecycle for products that have a software component.

The heritage Dell product goal around recycled content and sustainable materials has been updated to reflect a significantly increased target for 2020 (from 50 million pounds to 100 million pounds). This is in response to increased commercial viability of these types of materials and innovation within the product group to capitalize on them. Heritage EMC product lines are also beginning to commercialize closed-loop systems for the plastics used in bezels, which should help contribute to this goal in future years.

The heritage Dell packaging goals remain the same, as they closely align much of heritage EMC's previous packaging sustainability program. Right-sizing of packaging, an element accounted for in the heritage EMC goal, will continue to be prioritized by Dell Inc, though not reported on within the goals themselves.

The heritage Dell environmentally preferable materials goal will remain, as heritage EMC also had a strong working program in this area. While we recognize that this goal is not easily measurable, the combined team believes it continues to drive progress. We also welcome ideas from stakeholders on more measurable targets in this area to help inform our 2030 goal setting process.

The product take-back goal will remain at the heritage Dell target of two billion pounds from 2008 through 2020, with heritage EMC reporting into that combined target beginning in the second half of FY17. Previous heritage EMC volumes taken back will not be counted towards this target. Though heritage EMC products are quite heavy, the volume of units shipped is relatively small as compared to Dell, as such, we do not expect the addition of EMC units sold in the fourth quarter of FY17 through 2020 to substantially change our total. Additionally, after the audit protocols for IT Asset Disposal vendors have been aligned across both heritage companies (an ongoing process), the product take back teams have committed to completing a focused stakeholder feedback exercise to determine interest in performance-based metrics specific to the responsible handling of e-waste. This activity will help us determine if an additional goal similar to heritage EMC's working conditions tracking at product takeback vendors is needed.

Communities

Communities
Engage 75% of team members in community service by 2020 and provide 5 million cumulative hours of service to the communities in which we live and work
Apply our expertise and technology in underserved communities to help 4 million youth directly and support 12 million people indirectly to grow and thrive

The goals related to our community involvement and corporate giving programs remain similar to those of both heritage companies.

The goal to have a positive, direct impact on youth and an indirect impact on others in the community was increased to account for a greater reach associated with a larger product portfolio and greater number of non-profit partners.

The heritage Dell volunteering goal remains the same, in both percentage and absolute cumulative hours measured. Both heritage companies actively encouraged employee volunteering. Tracking participation has had its challenges in that participation numbers are based on employees' self-reporting of their hours and that heritage EMC did not have one global tool for tracking employee participation. This creates difficulty in assessing the accuracy of how many hours the team members were accumulating. Given this challenge, combined with various integration divestures, it was determined that the current number of hours remained a challenging and inspirational goal for our combined teams. Heritage Dell's employee engagement in community service target of 75% also remains the same, as it is a very high participation rate as compared to other large corporations.

People

People
Increase engagement and drive inspirational leadership by achieving a goal of 75% of team members rating their leader as inspiring.

Support an inclusive culture by engaging 40% of our global team members in employee resource groups by 2020
Encourage eligible team members to enroll in flexible work programs, increasing global participation to 50%
Increase university hiring to a rate of 25% of all external hiring
Be recognized as a best-in-class Employer of Choice as determined by objective, external measures: achieving a top 10 ranking on employer of choice awards in at least five large countries where we have a presence, attaining a score of 3.8 in our overall Glassdoor ranking, and making the DiversityInc Top 50 and Flexjobs Top 10.

The heritage Dell employee goals will remain relatively unchanged, as heritage EMC did not have an equivalent set of goals. The Dell goals remain challenging, aspirational, and important to Dell Inc.

The heritage Dell Inspiring Leadership goal was updated with a new metric to better reflect what we feel measures an inspiring leader. Tracking leaders' participation in training programs was updated to measuring leaders' Inspirational Leader score in our annual employee survey.

The heritage Dell Employer of Choice goal was also updated to include more comprehensive metrics, including tracking specific and objective, third party employer of choice ratings.

Conclusion

We are confident that this exercise resulted in aligned goals that maintain the integrity and aspirational nature of the original goals. While we face many challenges, internally and externally, we are optimistic that we will maintain our trajectory to meet these goals. Where or when needed, we will develop additional programming to support any goals for which targets become at risk.

Beyond 2020, Dell is planning for the next set of long term goal development, which will likely be a set of targets for 2030. Maintaining the momentum established by our 2020 goals is critical to the development and execution of a corporate social responsibility strategy that benefits our business, our people and communities, and the planet.

Please contact us at legacyofgood@dell.com with any additional questions.

Appendix 1 - Aligned Goals

Net Positive
By 2020, the good that will come from our technology will be 10x what it takes to create and use it
Supply Chain
Demonstrate 100% transparency of key issues within our supply chain, working with suppliers to mitigate risks in those areas. To help achieve this goal, we will continue to track the following metrics: • Audit 100% of high-risk[2] direct materials suppliers & select service suppliers[3]   • Ensure that Dell's suppliers representing 95% of direct materials spend publish a sustainability report in accordance with GRI or equivalent recognized global framework   • Require a five-year responsible water risk mitigation plan from our top 250 direct materials supplier facilities in water-stressed regions or with water intensive processes
By 2020, Dell's suppliers representing 95% of direct materials spend and key logistics suppliers[4] will set specific greenhouse gas emissions targets and report on their emissions inventory
Environment
Reduce global absolute GHG emissions, Scopes 1 and 2 [MT CO2e] Market-Based, by 40% as compared to a FY11 baseline.
Source 50% of our total electricity from renewables (both purchased and on-site generation)
Ensure 90% of waste generated in Dell-operated buildings is diverted from landfills
Develop and maintain sustainability initiatives in 100% of Dell-operated buildings

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[2] Suppliers are risk-assessed based on geographic location and manufacturing process

[3] Suppliers of logistics, call centers and packaging, among other commodities, are included at Dell's discretion based on operational risk

Reduce the energy intensity of our product portfolio by 80%. To help achieve this goal, we will continue to track the following metrics on our Storage and Data Protection products:

- Reduce disk drive energy intensity (as a function of capacity) 80% from a FY12 baseline
- Demonstrate continued improvement, in both hardware and software efficiency, in 100% of covered products

Use 100 million pounds of recycled-content plastic and other sustainable materials in our products

Ensure 100% of product packaging is sourced from sustainable materials

Ensure 100% of packaging is either recyclable or compostable

Phase out environmentally sensitive materials as viable alternatives exist

Recover 2 billion pounds of used electronics

Identify and quantify the environmental benefits of IT-based solutions

Communities

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

Apply our expertise and technology in underserved communities to help 4 million youth directly and support 12 million people indirectly to grow and thrive

People

Increase engagement and drive inspirational leadership by achieving a goal of 75% of team members rating their leader as inspiring.

Support an inclusive culture by engaging 40% of our global team members in employee resource groups by 2020

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

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

Be recognized as a best-in-class Employer of Choice as determined by objective, external measures: achieving a top 10 ranking on employer of choice awards in at least five large countries where we have a presence, attaining a score of 3.8 in our overall Glassdoor ranking, and making the DiversityInc Top 50 and Flexjobs Top 10.

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