



*FY18 Interim Progress Report
Supply Chain Social and
Environmental Responsibility
November 2017*

At Dell, we hold ourselves and our suppliers to a high standard of excellence, delivering a responsible and resilient supply chain. Our commitment to transparency and responsible business practices remains at the core of what we do, continuously working to raise the bar in the electronics industry and manufacturing sectors that support our customers.

The industry continues its evolution toward a more comprehensive view of responsibility and resiliency. On October 17, 2017 the Electronic Industry Citizenship Coalition (EICC), co-founded by Dell and other leading electronics companies in 2004, officially became the Responsible Business Alliance (RBA) in recognition that electronics are increasingly common in diverse products and that companies have shared goals of responsible business practices.

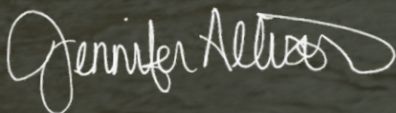
Earlier this year we released our [FY17 SER Progress Report](#) with a detailed view of our Supply Chain Social and Environmental Responsibility (SER) programs and new initiatives we would be launching in 2017. This mid-year update reflects our progress on key performance indicators and activities for the first half of FY18¹, including:

- **Labor** – We launched our on-site service provider program in our own factories, conducting a risk assessment and spot check for non-production service providers (such as janitorial or cafeteria workers) to assess potential risk areas and drive corrective action plans. The successful pilot helped us develop a model for interaction with on-site service providers and a management system to ensure support staff workers in Dell factories are protected under the same high standards as production workers.
- **Health and Safety** – We continue to actively participate in the RBA's [Chemical Management Taskforce](#) and the Clean Electronics Production Network ([CEPN](#)) workgroups. Our goal is to develop shared methodologies to mitigate chemical management risks in the electronics industry supply base. Dell pilot-tested chemical data collection methodologies developed by CEPN with key strategic suppliers and will be providing learnings to further the CEPN workgroup objectives. We are also assessing our suppliers' compliance to [Dell's Guidelines for Management of Manufacturing Process Chemicals](#) and engaging in risk mitigation activities with our supplier facilities.
- **Environment** – Through our continued engagement with suppliers to address environmental risks, Dell improved its ranking from #3 to #2 among all industries in the Institute of Public and Environmental Affairs (IPE) Green Choice Alliance's Corporate Information Transparency Index ([CITI](#)), which assesses a brand's environmental management of their supply chain.

¹ Dell FY18 runs February 2017 through January 2018

- **Capability Building** – We developed a monthly supplier webinar series to make our capability building programs more accessible across regions. The webinar series provides targeted courses on topics such as effective Corrective Action Plan (CAP) management, process chemicals management, and managing working hours.
- **Responsible Sourcing of Minerals** – We continue to improve our due diligence for conflict minerals (tin, tungsten, tantalum, and gold) and to apply the OECD due diligence framework to the sourcing of raw materials beyond conflict minerals, such as cobalt and mica. This year, we drafted a minerals prioritization tool and framework to implement a risk-based approach to our responsible sourcing program. Additionally, through our active participation in the Responsible Minerals Initiative (formerly the Conflict-Free Sourcing Initiative) and the Responsible Cobalt Initiative, we are working with our industry peers to develop a traceability tool and audit protocol for cobalt sourcing.

During the second half of FY18, we will continue implementing our programs, collaborating and innovating to address industry risks. We will further align our processes to the new RBA Code of Conduct and partner with suppliers, industry peers, and key stakeholders to advance our work – to help safeguard the health of our workers, communities, and the environment.



Jennifer Allison
Vice President, Supply Chain Sustainability

Key Performance Indicators (mid-FY18 update)

DESCRIPTION	FY18 Q1-Q2 (FEB-JULY)	COMMENTS*	FY17 TOTALS
SER Compliance			
Number of initial audits conducted	96	All Dell facilities and high risk supplier facilities must undergo a full, initial audit every 2 years. We also extend this expectation to select medium and low-risk supplier facilities.	218
Number of Follow-Up / Closure audits conducted	120	Follow up/closure audits are conducted to confirm the closure of findings from previous initial audits.	238
Percentage of high-risk facilities audited	N/A	Metric is updated annually; each year, we conduct a risk assessment for all direct material suppliers based on geographic location, manufacturing processes, past SER performance, and public reports. This assessment is conducted at the facility level. It is Dell's goal to audit 100% of high risk facilities on a two-year cycle.	90
Issue closure			
Percentage of audit findings closed	80	Dell requires that suppliers submit corrective action plans to address and close audit findings within a specified timeline. Once corrective action plans are complete, official closure audits are used for confirmation and our internal accountability metrics. A FY18Q3 snapshot shows 80% of findings have been officially closed within Dell-defined timelines through a closure audit (and remote verification in some cases). Dell continuously monitors all open findings until they are confirmed closed.	79
Percentage of priority findings closed or downgraded	83	A FY18Q3 snapshot shows 83% of priority findings have been officially closed within Dell-defined timelines through a closure audit (and remote verification in some cases). Dell continuously monitors all open findings until they are confirmed closed.	81
Capability Building			
Number of participants attending capability building programs	354	Our capability programs include six rounds of supplier networking sessions, quarterly new supplier orientations, SMaRT Library training modules, RBA e-learning modules, and monthly webinar sessions (which began the second half of FY18). Numbers reflect participants who have attended the in-person training sessions and have completed at least one course of our online sessions.	1050
Weekly Working Hours			
Percentage of workers compliant with 60 hr. workweek	90	Our weekly working hours monitoring program includes over 120 supplier facilities. <i>Weekly working hours coverage fluctuates based on seasonality and suppliers in scope. Numbers reflect February – July 2017 averages</i>	91
Percentage of workers compliant with 1 rest day per week	91	RBA requires that workers have 1 rest day per week <i>Weekly working hours coverage fluctuates based on seasonality and suppliers in scope. Numbers reflect February – July 2017 averages</i>	90
Environmental Monitoring			
Cumulative number of supplier facilities submitting five-year water risk mitigation plans	N/A	Metric will be updated annually	100
Percentage of direct materials spend represented by suppliers reporting GHG emissions to CDP	N/A	Metric will be updated annually	90

* Metrics are calculated based on official audit reports received by the Dell team – numbers may vary due to audit report release time lag. Numbers reflect data available up to FY18Q3.