

2011: How does
Dell steward
Corporate
Responsibility and
Report on our
progress?



The power to do more

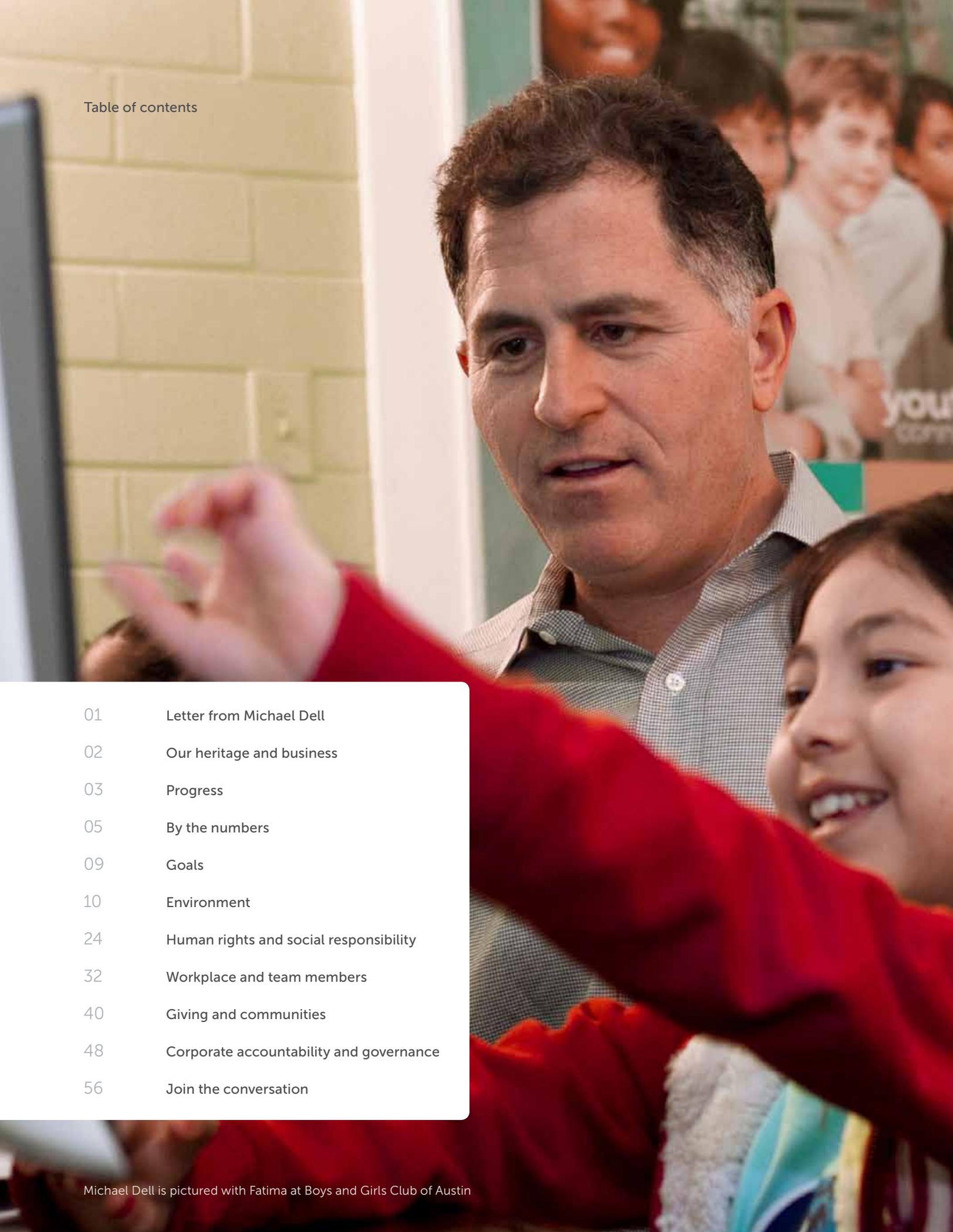
A photograph of Michael Dell, a man with dark hair wearing a grey patterned shirt, looking towards the left. In the foreground, a young girl with dark hair, wearing a red shirt, is smiling and looking towards the camera. The background shows other children and a wall with a sign that partially reads "you comm".

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Letter from Michael Dell

Enabling human potential — that's the ultimate benefit of technology and the driving force behind everything we do at Dell. We are listening to and partnering with our customers every day to deliver technology solutions that help them operate, increase productivity and enable human connections at lightning speed and on the go. We call it the power to do more.

This core philosophy of advancing human potential is not limited to our solutions and product creation. We're also applying it to how we invest in and innovate on behalf of our planet and our people. It is ingrained in our sustainability and giving practices as well as in our relationships with our global team.

In fiscal year (FY) 2011, we made great progress in our sustainability efforts. We continued to optimize our own footprint through responsible process and product improvements while focusing on making "green" convenient and practical for our customers. We reduced the energy consumption of our computers by 25 percent and institutionalized the use of sustainable bamboo packaging. We earned the top spot on Newsweek's Greenest Companies in America list and continued to lead the industry in important environmental priorities like e-waste, data center efficiency and supply chain practices.

Our corporate giving programs — largely centered on narrowing the technology gap for underserved youth through access to technology and education — directly helped more than two million children in nine countries around the globe. We launched 65 Dell Connected Classroom solutions in China, India and Mexico, and continued to grow our signature giving program, Dell YouthConnect, worldwide. We also developed a cutting edge social network to facilitate our team's engagement with the charitable organizations and causes that mean the most to them.

Helping all 103,000 Dell team members reach their own potential is also a priority. We know we can deliver better outcomes for our millions of customers by leveraging and embracing the unique experiences, talents and thinking of our diverse global team. Consequently, we remain committed to diversity and inclusion in every facet of our business, a commitment that resulted in our ranking on DiversityInc.'s Top 25 Companies and Working Mother's 100 Best Companies lists in FY11. We also earned a perfect score for the seventh year in a row on the Corporate Equality Index of the Human Rights Campaign.

We strive to be a great corporate citizen in everything we do at Dell. Our world holds boundless possibilities, which we see as a terrific opportunity for our industry. As we at Dell continue to deliver IT solutions that help millions of people around the world achieve their goals each day, we will always do so responsibly and with integrity.



Michael Dell
Chairman and CEO
Dell Inc.

Our heritage and business



For 27 years Dell has been driven by a shared purpose.

We built our reputation by listening to customers and developing products and services that make technology work harder for them. We made it easy for people to get customized solutions delivered directly. And we created a business model and supply chain that made technology more accessible to everyone.

From our beginnings as a start-up PC maker, we have grown to become one of the world's leading technology solutions providers. Today, people trust us to provide world-class IT solutions. We're at the intersection of two critical inflection points — for the technology industry and for the company. The first is being shaped by shifting customer needs and how best to address them. The second focuses on how Dell can be the most-trusted provider of these evolving technologies.

These changes come at a key time for the technology industry. Virtualization, mobility, cloud computing, data storage, anytime/anywhere access, security and the digital home are among factors fundamentally altering how people use technology — and what customers expect from their technology partner.

Today's Dell is very different than in the past. As an end-to-end IT solutions provider, we're offering our strongest-ever product and services portfolio. We have acquired new skills and capabilities, reorganized our operations, optimized our global supply chain and put in place a world-class management team — all to provide solutions with the best value, ease of use and flexibility.

We remain focused on delivering technology that works harder for our customers and is more accessible to people and organizations around the world.

Our growth strategy

Delivering solutions that drive efficiency and flexibility for the virtual era

Efficient IT solutions

Developing solutions that are open, capable and affordable

End-user computing

Providing solutions that are flexible, mobile, virtualized and secure

Long-term value creation

Balancing liquidity, profitability and growth

Progress to goals fiscal year (FY) 2011

Environment

Achieve 50 percent post-consumer waste (PCW) for paper used in our U.S. catalogs	Needs improvement
Sustain 25 percent of Dell's catalog fiber from Forestry Stewardship Council (FSC)-certified sources	Achieved
Drive toward zero waste by recycling or reusing 99 percent of nonhazardous manufacturing waste by 2012	In progress
Reduce fresh water use by 5 percent per square meter of building space by 2013	In progress
Reduce global greenhouse gas (GHG) emissions per dollar of revenue by 15 percent from 2007 to 2012	Needs improvement
Reduce worldwide facilities' GHG emissions by 40 percent by 2015	Needs improvement
Make laptops and desktops 25 percent more energy efficient from 2008 to 2010	Achieved
Reduce GHG emissions from Dell products by 25 million tons through improved product performance and preconfigured systems with Energy Smart operational settings	In progress
Avoid 40,000 tons of GHG emissions by implementing server-managed power management for customers worldwide in FY09-12	In progress
Maintain the lead among our competitors in approved <u>80 PLUS</u> certified power supply program	Achieved
By 2011 make all newly introduced Dell PC products brominated flame retardant (BFR)- and polyvinyl chloride (PVC)-free.	In progress
Avoid 100,000 tons of lead and 60,000 tons of BFRs between FY04 and FY12	Achieved
Reduce packaging size for desktops and laptops by 10 percent	Achieved
Eliminate 20 million pounds of packaging by 2012	In progress
Achieve 75 percent curbside recyclability of packaging components	In progress
Increase sustainable content in cushioning and corrugated packaging by 40 percent	In progress
Increase takeback volume totals to a worldwide cumulative 1 billion pounds of collected equipment by 2014	In progress



Human rights and social responsibility

- Increase Electronic Industry Citizenship Coalition (EICC) and Dell audits of our suppliers to more than 100 audits Achieved
- Encourage all Tier 1 suppliers to publish a corporate responsibility report Achieved
- Participate in EICC Extractives Work Group and Mineral Traceability Study Achieved

Workplace and team members

- Sustain commitment to a diverse and inclusive workforce Ongoing
- Sustain commitment to key external marketplace initiatives Ongoing
- Encourage team member engagement in Employee Resource Groups opportunities Ongoing
- Achieve workplace transformation Ongoing

Giving and communities

- Positively impact 1 million children through Dell's giving efforts Achieved
- Engage at least 50 percent of Dell team members in community involvement Needs improvement
- Achieve a goal of 1 percent of pre-tax profits charitable giving Achieved
- Sustain commitment to HIV and AIDS prevention and treatment Achieved

Corporate accountability and governance

- Attain 100 percent completion rate in ethics and compliance education (annual training) for eligible team members Achieved

By the numbers

	Unit of measure	FY09	FY10	FY11	Comments
Environment*					
Sustainable operations					
Process hazardous air pollutants generated	Metric tons	—	—	—	Very low or none
Volatile organic compound (VOC) emissions	Metric tons	3.7	1.8	3.6	Fixed equipment only; zero process VOC emissions
Scope 1 GHG emissions	Metric tons	30,780	31,387	34,115	Direct emissions
Scope 2 GHG emissions	Metric tons	375,472	361,885	404,791	Before subtraction for green electricity purchases
Scope 2 net GHG emissions	Metric tons	313,837	285,851	334,213	After subtraction for green electricity purchases
Scope 3 GHG emissions	Metric tons	65,076	76,551	112,679	Global business air travel only
GHG emissions intensity	Metric tons/million \$ revenue	6.65	7.43	7.14	Calculated from Scope 1 + Scope 2 total GHG emissions
Electricity consumed (total)	Million kilowatt-hours (kWh)	619.9	596.2	672.3	Includes green electricity purchased and generated on-site
Green electricity consumed	Million kWh	122.7	150.1	140.8	Green electricity purchased and generated on-site
Other energy consumed	Million kWh	123.6	136.7	140.1	Includes heating, back-up generators and small vehicle fleet
Process wastewater generated	Cubic meters	—	—	—	No industrial wastewater from Dell's own operations
Hazardous waste generated	Metric tons	—	—	—	Not reported — very low or none
Nonhazardous waste generated	Metric tons	100,158	52,807	35,595	Manufacturing and fulfillment facilities; recycling figures include small amounts of waste incinerated for energy recovery.
Waste recycling and reuse rate	Percentage	96.2	96.1	95.7	Manufacturing and fulfillment facilities; data includes a small amount incinerated.
Office copy paper	Percentage PCW recycled content	89	93	100	U.S. only
Catalog paper	Percentage PCW recycled content	41	42	43	Globally
Dell catalog fiber from Forest Stewardship Counsel certified sources	Percentage	38	68	77	Globally
Water consumption (total)	Cubic meters (1000s)	1,683	1,830	1,966	Includes manufacturing and administrative locations globally where water usage is measured (approx. 85% of total building space)
Water intensity	Cubic meters per m ² of building space	—	3.8	3.8	—

GHG = Greenhouse gas BFR = Brominated Flame Retardant PCW = Post-consumer waste



Environment*	Unit of measure	FY09	FY10	FY11	Comments
Product and packaging stewardship					
GHG emissions reduction through improved product performance and preconfigured systems with Energy Smart operational settings	Million tons	18.12	20.85	23.88	Implemented server-managed power management for customers worldwide; on target to achieve 25 million tons goal by FY12
Lead avoidance BFR avoidance	Metric tons	111,470 70,006	130,423 81,976	150,916 94,919	Goal to reduce 100,000 tons of lead and 60,000 tons of BFRs between FY04 and FY12 has been exceeded.
Packaging reduction	Million pounds	9.5	8.7	6.0	74% completion to goal of eliminating 20 million pounds by 2012
Curbside recyclability of packaging components	Percentage	—	57	53	Molded pulp, high-density polyethylene (HDPE) cushion, extruded polyethylene (foam), bamboo and corrugate
Sustainable content in cushioning and corrugated packaging	Percentage	—	32.9	33.3	Recycled content in extruded polyethylene, HDPE, corrugate; progress to goal: 95%
Global recycling					
Expansion of free Dell-branded takeback program	Number of locations	72	71	78	In FY11 program expanded into seven additional countries
Audits of Tier 1 environmental partners	Number of audits	34	45	65	—
Worldwide cumulative takeback volume totals	Million kilograms	162.8	220.3	288.1	—

Human rights and social responsibility

Tier 1 suppliers participating in CDP	Number of Tier 1 suppliers participating	0	49	49	Tier 1 suppliers account for 95% of Dell procurement spending.
Tier 1 suppliers attending workshop	Number of suppliers	49	58	81	Number of suppliers, not attendees
Sub-tier suppliers attending workshop	Number of suppliers	31	43	60	Number of suppliers, not attendees
Supplier Capability Building workshops	Number of meetings	2	2	2	—
Supplier stakeholder engagements	Number of suppliers engaged	76	76	78	—
Supplier audits	Number of total audits	46	62	119	Dell and EICC audits

EICC = Electronics Industry Citizenship Coalition HDPE = High density polyethylene CDP = Carbon Disclosure Project

By the numbers

	Unit of measure	FY09	FY10	FY11	Comments
Workplace and team members					
Women on the board of directors	Percentage	18	9	8	—
Women team members	Percentage	33	32	33	—
Women total managers	Percentage	25	26	26	—
People of color — Board	Percentage	9	18	16	—
People of color — team members	Percentage	31	29	29	—
People of color — total managers	Percentage	19	19	19	—
Employee Resource Group participation	Percentage	5	10	5	Number of ERG participants up 20% in FY11, but percentage decreased due to increased membership eligibility and global expansion
Employee Resource Group locations	Number of locations	27	31	49	Global chapters
Human Rights Campaign Corporate Equality Index score	Scoring between 1 and 100	100	100	100	Maintained perfect score on measures regarding Dell's commitment to an inclusive workplace for lesbian, gay, bisexual and transgender team members
Mentorship opportunities	Team members enrolled in MentorConnect	660	4,702	8,273	—
Occupational health and safety metrics					
Recordable injury/illness rate	Cases per 100 FTEs	0.41	0.28	0.22	Data is for calendar years 2008, 2009 and 2010
DART rate	Cases per 100 FTEs	0.26	0.15	0.14	Data is for calendar years 2008, 2009 and 2010
Work-related fatalities	Number	0	0	0	Data is for calendar years 2008, 2009 and 2010
Giving and communities					
Team member volunteers	Percentage of team members	36	42	21	Reduction due to acquisitions and 6-month tracking gap due to launch of new online tool
Children impacted through giving programs	Number of children in millions	—	1.0	2.0	YouthConnect and a variety of other sponsorships and programs; FY10 first year reporting
Charitable giving as percent pre-tax profit	Percentage of dollars	0.74	1.34	1.04	—
Diverse supplier spending	Billions of dollars	2.5	2.1	3.04	Requalified for Billion Dollar Roundtable
Total cash contributions	Millions of dollars	20.4	22.38	31.0	—
Total product contributions	Millions of dollars	4.1	5.05	4.2	—

DART = Days away, restricted or transferred FTE = Full-time equivalent employee ERG = Employee Resource Group



	Unit of measure	FY09	FY10	FY11	Comments
Corporate accountability and governance					
Net revenue	Millions of dollars	61,101	52,902	61,494	See Form 10-K report for more information.
Team members	Number	78,900	96,000	103,300	Approximately 36,900 are located in the U.S., and approximately 66,400 are located in other countries.
Corporate political contributions	Contributions	None	None	None	Even in jurisdictions where permissible, Dell does not make corporate political contributions. Learn more about our policy at dell.com/publicpolicy .
Compliance with the political contribution evaluation criteria used by the Center for Political Accountability	Number of criteria	9	9	9	11 total criteria; see Dell's Public Policy page .
Independent Audit Committee		Yes	Yes	Yes	—
Independent Compensation Committee		Yes	Yes	Yes	—
Board meetings held or scheduled	Number of meetings	7	8	12	—
Ongoing stakeholder engagements	Number of engagements	5	5	5	—
Code of Conduct training	Percentage of required team members who took the training	100	100	100	—
Ethics Hotline	Number of calls and online inquiries	495	273	749	Hotline and web form inquiries/cases logged

* Note: FY10 energy, GHG emissions and water consumption figures revised to include 3 months of Perot Systems data following acquisition; FY11 figures represent total Dell operations, including former Perot Systems locations.

FY12 goals

Environment

- We are in the process of updating our environmental strategy to reflect Dell's growth in services and solutions and will release updated environmental targets in the coming months.

Human rights and social responsibility

- Maintain current number of audits and drive a minimum of 20 suppliers to use the Electronic Industry Citizenship Coalition-validated audit program
- Target 85 percent of Tier 1 suppliers with environmental initiatives
- Participate in industry-wide working groups on extractives (conflict minerals), slavery and human trafficking, anti-corruption and supplier improvement
- Create and communicate a water policy statement

Workplace and team members

- Implement our new people strategy
- Create a workplace that supports differences, collaboration and team member success
- Provide innovative programs and processes that support Dell's goals for diversity, talent, culture and brand
- Position Dell as a leader in diversity in the marketplace

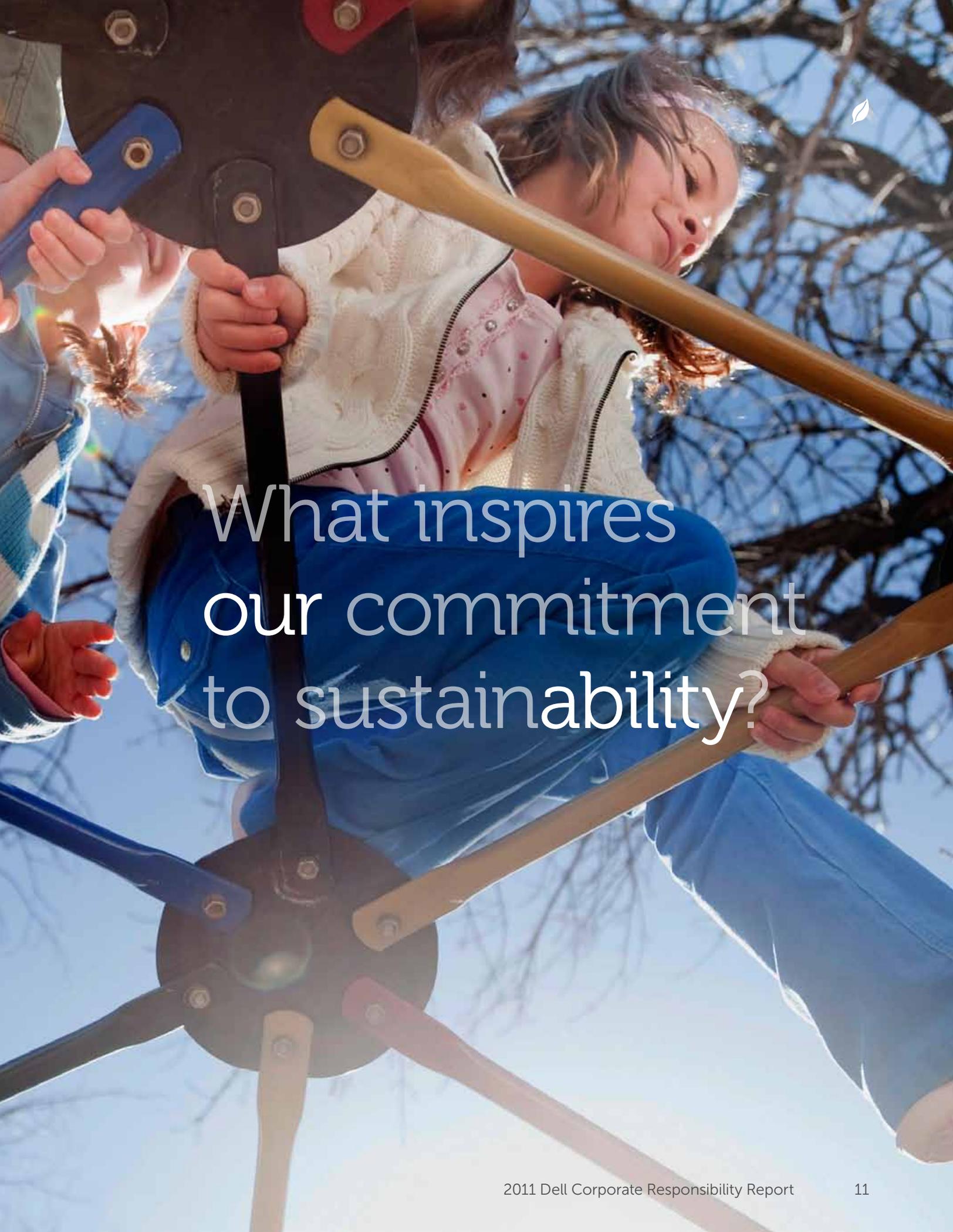
Giving and communities

- Impact at least two million children through Dell's giving efforts
- Engage at least 40 percent of Dell team members in community involvement
- Achieve a 1 percent of pre-tax-profits charitable-giving goal
- Sustain commitment to HIV and AIDS prevention and treatment
- Foster young social entrepreneurs by doubling the entries to the Dell Social Innovation Competition
- Respond to disasters with appropriate aid relief

Corporate accountability and governance

- Hold 100 percent of eligible team members accountable to take globally required compliance training on time
- Conduct global pulse survey and gather analysis to foster a corporate culture rooted in integrity
- Launch pilot for People Manager live education around ethical leadership and decision-making

What inspires
our commitment
to sustainability?



What inspires
our commitment
to sustainability?

Our evolving strategy

Trisa Thompson,
Vice President,
Corporate
Responsibility



Dell has evolved into a comprehensive technology services and solutions provider. Our organization and capabilities are growing, organically and via acquisitions. Our customers' needs are evolving too,

and we recently announced the building of new data centers around the world to meet their growing IT needs.

Sustainability priorities and goals we defined several years ago are no longer necessarily the right ones. We are in the process of updating our environmental strategy to reflect Dell's new business dimensions, and we will be sharing new plans and objectives throughout the coming year.

Already, we know our energy profile is going to grow as we help our customer optimize data solutions and reduce their own energy budgets. The way we measure our carbon footprint and set reduction targets will change. Also, we've decided to end our Renewable Energy Credits purchase program for the purpose of achieving carbon neutral operations. We will continue to purchase as much electricity from clean and renewable sources of energy as practical.

What is not changing is our commitment to sustainability. At Dell it is about creating long-term stakeholder value by integrating economic, social and environmental responsibility into everything we do. To that end, we will continue to work with internal and external stakeholders to find new ways to further reduce the impact of our products, services, operations and suppliers while providing value to our customers. This commitment runs deep. Our business model from the start was driven by efficiency, delivering the best value with the smallest footprint and the promise to be a leading corporate citizen. Our evolving strategy will build upon this strong foundation.

It is an exciting time at Dell. The future will bring new ideas on how we can decrease our own impacts and help our customers reduce theirs. Along the way, we will remain transparent, inquisitive and continue to engage all our stakeholders.

A handwritten signature in black ink that reads "Trisa Thompson". The signature is written in a cursive, flowing style.



Our ability ...



Protecting our world is about transforming limitations into possibilities. It's about seeking a better way — and finding solutions to help our customers utilize time and resources. It's about protecting our growth and the environment that sustains us.

All of this is why we're creating [recycling programs](#) that make it simple to eliminate e-waste, designing [innovative packaging](#) and introducing products designed to be eco-friendly.

At every step of a product's life cycle we're investigating new ways to be greener. Our long-term, holistic vision is embraced by the entire company and consists of:

- **Designing:** minimizing environmental impact from the start
- **Building:** minimizing our operational footprint
- **Shipping:** delivering products and services in an environmentally sensitive way
- **Operating:** helping customers reduce their own environmental impacts
- **Recycling:** ensuring customers can easily and responsibly return equipment to usefulness

Product lifecycle approach



Significant accomplishments

- Dell was named [Newsweek's 2010 Greenest Company in America.](#)
- We extended free global recycling to 78 countries, recycling 288.1 million kilograms of e-waste.
- We reduced the size of our desktop and laptop boxes by an average of 11.7 percent — two years and 17 percent ahead of goal.
- Desktops and laptops were designed to use 25 percent less energy.
- We increased the use of Forest Stewardship Council-certified (FSC) catalog fiber to 77 percent.
- We enabled lower data center energy consumption for our customers; within five years Dell server performance per watt has improved 31 times.

Designing



Latitude E6420

When designing products, our commitment is to avoid substances that could seriously harm the environment or human health. That's why we apply the strictest government standards across our product lines, using the [European Union's Restriction on Hazardous Substances \(RoHS\)](#) directive and [Registration, Evaluation, Authorization and Restriction of Chemicals \(REACH\)](#) regulations as our global baseline.

As part of this commitment, we've developed a strict [set of principles](#) to eliminate toxic substances and evaluate the environmental and health benefits of possible substitutes. These guidelines are incorporated into all Dell engineering specifications and supplier contractual agreements.

Major changes include:

- Transitioning to LED illumination for all new laptop displays, thereby eliminating the

From the start, our products are designed with the environment in mind. Our Design for the Environment program follows the [ISO 14001 standard](#) for managing environmental impact throughout a product lifecycle. We consider environmentally responsible material choices, energy-efficient engineering and designs that support responsible end-of-life solutions. We also work closely with our partners and suppliers to drive this approach across the industry.

Environmentally responsible materials

From handhelds to data centers, we focus on building energy efficiency into all our products.

need for mercury in those products. We're committed to expanding the list of mercury-free, LED-based products in the future.

- Proactively eliminating bis (2-ethylhexyl) phthalate (DEHP), butyl benzyl phthalate (BBP) and dibutylphthalate (DBP) — phthalates usually used to make plastics softer or more flexible.

We continue to work toward our goal of eliminating [brominated/chlorinated flame retardants \(BFRs and CFRs\)](#) and [polyvinyl chloride \(PVC\)](#) from our PC products. We are working with suppliers and organizations such as the [International Electronics Manufacturing Initiative](#) and the [High-Density Packaging User Group](#) to evaluate and implement acceptable alternative materials. Last year we transitioned to BFR- and PVC-free removable media storage devices,

memory and hard disk drives. We recently introduced the OptiPlex 990 SFF and Latitude E6420 systems, which can be configured to be completely free of BFR/PVC. We also remain committed to addressing the technical and supply chain challenges associated with such a broad materials transition.

Energy-efficient design

Dell focuses on building energy efficiency into all our products and services. The transition to LED displays this year not only eliminated mercury from laptops, it also reduced energy consumption. Coupled with other energy efficiency gains, the transition contributed to an estimated customer savings of \$20 million and 220 million kilowatt hours — the equivalent energy used to power more than 10,000 homes annually.



Designing

These LED design changes helped us realize our two-year goal of cutting energy use by 25 percent for desktops and laptops, and some products significantly exceeded that mark. The OptiPlex 960 small form factor and OptiPlex 780 ultra-small form factor systems both achieved a 48 percent reduction in energy use when compared to their similarly configured predecessors.

Design advancements also contributed to significant energy savings for customers, especially those using servers. When put to the [test](#) with other Enterprise-Class Blade Servers, the Dell M1000e enclosure with 16 M610 blade servers consumed less power and outperformed the competition. Many of our power supplies are energy efficient as well and certified 80 PLUS Gold (at least 87 percent efficient) and 80 PLUS Platinum (at least 90 percent efficient). We lead the market with our 96 percent efficient power supply.

End of life and reuse

Our [environmentally conscious design approach](#) promotes design choices that make recycling and reuse easier. We work closely with asset recovery partners and recyclers to determine the most effective design features to facilitate disassembly.

We also work to minimize overall material use, and look to include recyclable materials. Our products meet environmental marking requirements to make the recycling process easier, and we use post-consumer recycled content plastics whenever possible.



OptiPlex 790 ultra-small form factor desktop computer

Driving change

We want to influence the industry to design with environmental principles in mind. That's why we were part of the launch of the U.S. Environmental Protection Agency's (EPA) [ENERGY STAR](#) program in 1992 and helped the Green Electronics Council with the [Electronic Product Environmental Assessment Tool \(EPEAT\)](#) from the start. And it's why we partner with groups like [Clean Production Action](#), the [Sustainability Consortium](#), the [International Electronics Manufacturing Initiative \(iNEMI\)](#), [The Green Grid](#), the [American Society of Heating, Refrigerating and Air-Conditioning Engineers \(ASHRAE\)](#) and the EPA's [Design for the Environment Program](#).

In 2010, we started measuring the [carbon footprint](#) of some of our mainstream products, beginning with the Latitude E6400 laptop. Assessing our products' carbon footprint shows

where we can improve and helps our customers do the same. We also want to make it easy for customers to identify products with lower environmental impact. Dell also offers a wide range of products bearing familiar eco-labels. In addition to ENERGY STAR and EPEAT, we offer products certified by [TCO](#) (in Europe), as well as the Chinese Environmental Certification, Taiwan GreenMark, South Korea Ecolabel and the Japanese Green PC certification.

[Image Microsystems is turning e-waste into new materials](#)

Plastics and ink cartridges received through the Dell Ink Cartridge Recycling program are broken down and fed through a conveyor belt that separates what can easily be recycled and what can't.



Building



Dell Headquarters Round Rock, Texas, solar array

Operating our own facilities in a green manner is also important. We strive to deliver products and services efficiently and minimize our environmental footprint.

Waste

Waste avoidance leads Dell's approach to sustainable operations. While absolute zero waste may not be possible, we believe it should be the ultimate goal. Several years ago, we set a goal to increase non-hazardous waste recycling and reuse in our manufacturing facilities to 99 percent by FY12. We recycled or reused 95.7 percent of our waste in FY11.

The small quantity of hazardous materials used in manufacturing and maintenance are recycled and/or disposed of in accordance with applicable regulations.

Water

Over the past few years, we have implemented projects to reduce our water consumption by changing landscaping, reusing treated wastewater effluent and replacing fixtures with more efficient equipment.

Our total water consumption was 1,966 thousand cubic meters — a 5.6 percent increase over last year. This increase was due to the acquisition of Perot Systems' facilities in late 2009. Our water use per square meter of building space remained consistent with the previous year.

Energy

Our Round Rock, Texas, headquarters campus has been using 100 percent green electricity since late 2007. We also buy enough green power to provide about 41 percent of the electricity used by our two largest Austin data centers.

Our operations in Oklahoma, the United Kingdom, Ireland, Germany and Scandinavia currently purchase 80–100 percent green power. Our Australia offices increased their green power purchases by five times compared to FY10.

This year, we continued our energy efficiency improvements, completing a number of projects around the globe. These ranged from "traditional" activities such as lighting and cooling system enhancements to technological improvements in data center cooling and IT equipment upgrades, installation of solar water heating systems and space consolidations/team member telework programs.

We are incorporating energy efficiency and other green design features in new construction, including projects in Panama, Coimbatore, India, Chengdu, China and Quincy, Wash.

Our total energy use for operations, including a small fleet of security, site maintenance and other vehicles, was 812.4 million kilowatt-hours (kWh). We also continued our strategy of purchasing renewable power in place of fossil fuels. This year 21 percent of our global electricity consumption came from green power sources.



Building



Data centers

Data centers are the engines of the information economy — for our customers and for us. Our customers have turned increasingly to data management and cloud services to drive efficiency in their operations. Accordingly, our data center needs have grown. A single Dell data center can diminish customers’ need for hundreds of individual, smaller and less efficient server “closets.”

As we grow our data center portfolio, we are keen on optimizing our data centers for [maximum efficiency](#) — including the facility and equipment.

Through virtualization, high-temperature computing, improved power and cooling efficiency, and server upgrades, we are mindful of every aspect of the data center where we can be more efficient.

Greenhouse gas (GHG) emissions

Since 2008, we have concentrated on measuring our own emissions (Scopes 1 and 2, as well as business

air travel from Scope 3 — see below). Our energy profile has changed as our business profile continues to evolve, so we are working to realign our commitments and develop new goals. As part of this, our focus remains on helping customers reduce their footprint.

Our own operational footprint is relatively small compared to the overall end-to-end footprint of our products and services. Going forward, we will expand our measurement and broaden our efforts to include some of the largest Scope 3 impacts in the supply chain and customer operations.

Carbon Disclosure Project

Dell has reported data to the [Carbon Disclosure Project \(CDP\)](#) — the largest database of primary corporate climate change information in the world — since 2003. As part of our commitment, we joined the CDP’s Supply Chain Leadership Collaboration Project in 2007, working with suppliers to report their emissions and formulate climate change strategies.

Type	Description	FY08	FY09	FY10	FY11
Scope 1	Direct emissions associated with buildings and activities such as heating and cooling and the use of company vehicles	35,128	30,780	31,387	34,115
Scope 2	Indirect emissions associated with the production of electricity that Dell purchases	400,035	375,472	361,885	404,791
Scope 2 (Net)	Indirect emission after accounting for renewable energy purchases	386,504	313,837	285,851	334,213
Scope 3	All other indirect emissions (currently, Dell only measures business air travel)	93,382	65,076	76,551	112,679

Note: Figures are represented in metric tons of CO²-equivalent and have not been adjusted for acquisitions and divestitures.

Shipping



Multipack — a packaging option that enables multiple systems to be shipped in a single box

A product's environmental footprint includes how it gets to its destination. We strive to minimize that impact. In 2008, we set the aggressive goal of eliminating the use of approximately 20 million pounds (10,000 tons) of packaging material by 2012. We established an innovative strategy to increase the sustainability of our packaging called the Three C's: Cube, Content and Curb.

To date, we've made great progress toward our commitments and have surpassed 75 percent of our goal.

Three C's: Cube, Content and Curb

We are introducing innovative materials that reduce our footprint and greenhouse gas (GHG) emissions by reducing the size of the package, allowing more simultaneous shipping with fewer materials and smaller boxes.

For multiple systems going to the same location, we offer multipack packaging that enables multiple systems to be shipped in a single box. Since 2008, we have reduced packaging volume by 11.7 percent, surpassing our original 2008–12 goal of a 10 percent reduction. By reducing the number of boxes by a minimum of 50 percent, customers save by spending less time on deployment, storage, transportation and cleanup.

For some products, we use air cushioning and thermoformed high-density polyethylene (HDPE) made from 100 percent recycled content. HDPE is made from items like recycled milk jugs or detergent bottles that are accepted in recycling programs around the world.

Last year we began shipping Inspiron Mini 10 and 10v netbooks in sustainably harvested [bamboo](#).

An excellent alternative packaging choice, bamboo is strong, lightweight and grows close to our manufacturing facilities in China. It doesn't have to be replanted and is available for re-harvest again every few years. It's biodegradable (the packaging is certified compostable). The bamboo is also FSC-certified and grown away from panda habitats.

The program is hugely successful and bamboo will be used for consumer laptops and is in development for use with business laptops and mobility devices. Once received, the boxes can be easily recycled through local curbside or business recycling services. Our product boxes for our business products are made from corrugated cardboard, which is 100 percent recyclable.

Since 2008, curbside recyclable materials in our packaging have increased by 70 percent.

Transportation

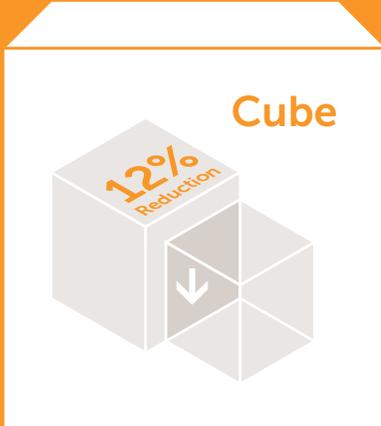
Our logistics team develops and sustains a global network to most efficiently and effectively distribute products to customers.

They optimize space by filling trailers with a high density of products, and they lower fuel consumption and decrease GHG emissions. Our Air-to-Sea Initiative, for example, allows more freight to be shipped from Asia to our customers in all regions using ocean carriers, which often have better intermodal connections with truck and rail services than air options and can carry much larger quantities of goods for the fuel used.

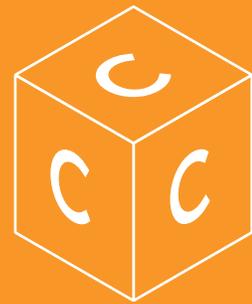
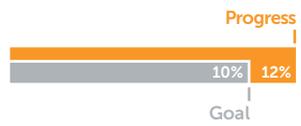
We also actively participate in the U.S. EPA's [SmartWay Program](#).



Dell's 3Cs of packaging



Our commitment:
Shrink packaging volume by **10 percent**.
We've surpassed our goal.



Using our **3Cs** (cube, content, curb) approach, we are simplifying and revolutionizing computer packaging. December 2008 marked the launch of our commitment to eliminate **20 million** pounds of packaging by 2012.



Our commitment:
Increase by **40 percent** the amount of recycled or sustainable content in packaging.



Our commitment:
Increase to **75 percent** the amount of material in packaging to be curbside recyclable.



Operating



Dell Blade Servers consume 20% less power

As information processing and storage needs expand, the demand for (and cost of) electricity rises. Energy efficiency is more than just dollars saved on an electric bill, however. Solutions that improve energy efficiency often usher in new ways to enhance operational efficacy and drive innovation. They provide a gateway to doing more with limited resources — maximizing savings and reducing environmental impact.

Energy-efficient products

Dell focuses on energy efficiency across all major product lines. In FY11, we realized our [two-year goal](#) of cutting customer-related energy use by 25 percent for desktops and laptops. All Latitude, Precision and OptiPlex systems can be configured for ENERGY STAR compliance. Many PowerEdge rack and tower servers are ENERGY STAR compliant. Our [Blade Servers](#) provide customers with significant energy savings while out-performing their competition at all load levels. [Tests](#) show our servers can consume up to 20 percent less power per blade than identically configured competitive offerings and could save customers up to \$60,000 over five years.

Energy Smart configurations

Dell is committed to leading the market in helping businesses achieve energy efficiency in their IT environment, from the end-user to the data center. [Energy Smart](#) products and solutions combine the most relevant energy-optimized hardware and software technology, services and

All Latitude, OptiPlex and Precision desktop systems can be configured for ENERGY STAR compliance.

tools for customers. Since 2005, Energy Smart has saved customers more than \$5.8 billion in energy costs and avoided more than 55.7 million tons of GHG emissions — equivalent to the annual emissions of [nearly 10 million passenger cars](#).

Virtualization and cloud computing

Virtualization has been one of the most energy-efficient and environmentally friendly innovations in the efficient data center. We have helped customers greatly reduce power consumption, conserve space, eliminate physical servers and speed up deployment — all while increasing their computing power.

Our Virtualization Services continued to help customers consolidate and improve their overall efficiency. For example, we helped [AccuWeather](#) consolidate its legacy services and design a new IT infrastructure that included a VMware® cluster of 150 virtual machines. This resulted in a four- to six-fold increase in server performance with 50 percent less power consumption by each blade, greater utilization and 38 percent less IT staff time spent on technical support.

Cloud technology is also helping customers save on energy by essentially outsourcing their data centers and tapping into our efficient data centers.



Recycling



Most retailers and computer manufacturers have recycling programs, but not all have the same commitment to responsible recycling. In 2009, we were the first in the industry to **ban the export of nonworking**

electronics to developing countries, exceeding the requirements of the Basel Convention. This year, we expanded our global program and received the highest rank from the **Electronics Take Back Coalition** in their latest report card.

A variety of options

Our aim is to make recycling easy. From our free and convenient residential options to asset recovery and recycling services for businesses, customers can rest assured we will recycle their equipment responsibly and keep their information secure.

We are still on track to recycle more than one billion pounds of e-waste by 2014.

In FY11, Dell recycled more than 150 million pounds of electronics globally. That's more than the weight of 3,717 city **buses** or 914 Boeing 737 **jet airliners**. We are still on pace to recycle more than one billion pounds of e-waste by 2014.

Our global recycling options

Program	Description	Location
Mail Back	We have partnered with shipping companies to provide free mail back recycling of Dell-branded equipment.	78 countries (up from 71 in 2010)
Asset Recovery Services	For our business customers, the Asset Recovery and Recycling services provide the logistic and disposal capabilities to recover and dispose of owned and/or leased equipment in a secure and environmentally safe way.	38 countries
Dell Reconnect	Through the Dell Reconnect program (a Dell and Goodwill partnership), customers can recycle any brand of computer equipment in any condition for free at one of more than 2,200 Goodwill locations.	U.S. and Canada
National Cristina Foundation	Through our longstanding partnership with the National Cristina Foundation, it is easy for customers to donate used computers, software and peripherals.	U.S., United Kingdom and Canada
Staples Partnership	We have partnered with Staples to offer recycling at any of their 1,500 U.S. locations.	U.S.

Dell's global recycling reach

In FY11, Dell recycled more than 150 million pounds of electronics globally.



We are still on track to recycle more than one billion pounds of e-waste by 2014.

In 2009, we were the first in the industry to ban the export of nonworking electronics to developing countries.



Residential

78
countries

Mail Back

To make recycling easy for our residential customers, we've partnered with shipping companies to provide free at-home pickup for mail back recycling of all Dell-branded equipment.



Business

38
countries

Asset Recovery

For our business customers, our Asset Recovery and Recycling services provide secure and environmentally safe recovery and disposal of all brands of owned and/or leased equipment.



Due to your efforts, over 600 million pounds of e-waste have been diverted from landfills to date.



Challenges and next steps

We're proud of our environmental achievements to date, but there is clearly more we can do as a company and an industry. Some of the key challenges we face include:

- Proliferation of various standards, regulations and measures around environmental issues that make sustainability confusing to the customer and unnecessarily costly to businesses
- Inconsistency in recycling infrastructures that can limit our ability to optimize curbside recyclability
- Adapting our sustainability programs, baselines and goals as a result of mergers and acquisitions and the evolution of Dell's business model, business priorities and core sustainability objectives
- The need to keep cost-effectively innovating to improve eco-performance of our products
- Lack of a simple, intuitive, consistent definition of sustainability for every stakeholder

We're updating our environmental strategy to reflect Dell's new business dimensions, and we'll be sharing new plans and objectives throughout the coming year. Some next steps include:

- Expanding our leadership in sustainable packaging, driving change in material up-cycling and linking recycling with sourcing
- Leveraging customer feedback to lead interest deeper into our product and solution development
- Broadening our measurements to better quantify and manage our upstream (supply chain) and downstream (customer and beyond) environmental impacts



We're committed to finding answers. Partnering with academia, peers inside and outside our industry, and, most importantly, our customers will help us determine the best approaches. We invite our customers and stakeholders to join us in the journey.

How do equality,
diversity and ethical
relationships guide
our business?



How do equality,
diversity and ethical
relationships guide
our business?

Quality relationships guide us...



At every step and in every market, it's about building relationships and upholding quality. We thank our diverse worldwide suppliers, who manufacture and deliver our products, and who partner with us in being responsible, socially conscious and committed to improving our business, serving our customers and protecting the environment.

We're sharing best practices. We're developing new methods to source our materials. We're expanding opportunities for diverse suppliers.

And we're evaluating our supply chain to ensure we share a common philosophy on human rights, the environment, corporate responsibility and ethical operations through:

- **Supplier selection:** Before we partner with another company, it must pass our vetting process.
- **Responsible sourcing:** We're striving for our products to be made of responsibly sourced materials and arrive in eco-friendly packaging.

Significant accomplishments

- Participated in [EICC](#) efforts to launch a conflict-free smelter validation process
- Completed more than 100 supplier audits that culminated in action plans, training and greater awareness across our supply chain
- Increased procurement opportunities for diverse suppliers

Supplier diversity

Dell believes an ethical, diverse supply chain is a vital part of our business. We want to partner with companies that share our vision on doing business the right way. Also, just as we promote a diverse

workforce, we believe that suppliers from various backgrounds help us to best serve our global customer base.

Encouraging a responsible supplier network

We continue to raise the bar for our global suppliers. Our Social and Environmental Responsibility (SER) workshops offer those in our supply chain opportunities to learn and share best practices. We conducted SER workshop in Shanghai and Shenzhen, bringing together more than 140 suppliers. The workshops allowed us to share how our coordination and collaboration with channel partners helps to build a socially and environmentally

responsible supply chain. Key topics included the [Carbon Disclosure Project](#), management of working hours and corporate responsibility performance evaluation tools.

Dell believes an ethical, diverse supply chain is a vital part of our business.

Transparency is important to our relationship with stakeholders. We continue to publicly disclose our list of [top suppliers](#). In addition, we provide our greenhouse gas (GHG) emissions on the [Carbon Disclosure Project website](#) and request that all suppliers do as well.



Supplier responsibility

Working with suppliers to uphold the [EICC Code of Conduct](#), we conducted a number of audits to address social responsibility and environmental standards. Our supplier audits have more than doubled since FY09.

The audits help our suppliers:

- Identify challenges and create corrective action plans
- Develop training, mentoring and collaborative programs that raise supplier awareness
- Monitor continuous improvement of our suppliers

Our programs train suppliers to continuously improve their social and environmental programs and policies.

While we recognize that some issues, such as working hours, are a continuous challenge, the results of the audits raise awareness and spur programs that assist our suppliers in tackling these difficulties.

Our programs train suppliers to continuously improve their social and environmental programs and policies. In FY11, we conducted 119 audits at supplier facilities and expanded audits to include suppliers outside of China and added audits in Brazil, Southeast Asia and Mexico.

Dell is also working with frontrunner electronics companies and non-governmental organizations (NGOs) in a program designed to improve working conditions at the supplier level by finding



innovative ways to address nonconformance issues.



Focused initially on the half-million workers at more than 100 suppliers in China, Dell and other organizations (such as Philips, Hewlett-Packard, Somo, GoodElectronics and the Dutch trade union federation FNV) are collaborating with the [Dutch Sustainable Trade Initiative \(IDH\)](#) on two main strategies:

- Creating a supplier improvement program that targets Tier 1, 2 and 3 suppliers and focuses on four areas: precarious work, worker-management communication, occupational health and safety, and environmental issues
- Developing a roadmap for embedding sustainability beyond the supplier level throughout the Guangdong region, with endorsement by involved companies, NGOs and government

Selecting and engaging a diverse network of suppliers



Serving a global community requires us to have a comprehensive and [diverse supplier network](#). Supplier coaching and mentorship programs help to engage and further develop our diverse supplier network. These collaborative efforts help our suppliers grow and allow us to reach more customers.

Knowing that we need to account for every dollar and every opportunity, we created a disciplined process to track our spend for each worldwide procurement project that includes a diverse supplier.

This approach resulted in an investment of approximately \$3 billion with diverse businesses — setting a new record despite tough economic times.

Women's Business Enterprise National Council selected us as one of the top 20 corporations for women's business enterprises.



Dell is recognized

- [Billion Dollar Roundtable \(BDR\)](#) recognizes our commitment of more than \$1 billion in annual supply-chain spending with minority- and woman-owned suppliers.
- Women's Business Enterprise National Council selected us as one of the top 20 corporations for women's business enterprises.
- National Veteran-Owned Business Association selected us as one of the 10 Best Corporations for Veteran-Owned Businesses in 2010.
- DiversityBusiness.com named us one of the "Top Organizations for Multicultural Business Opportunities" for providing multicultural business opportunities.





Responsible sourcing

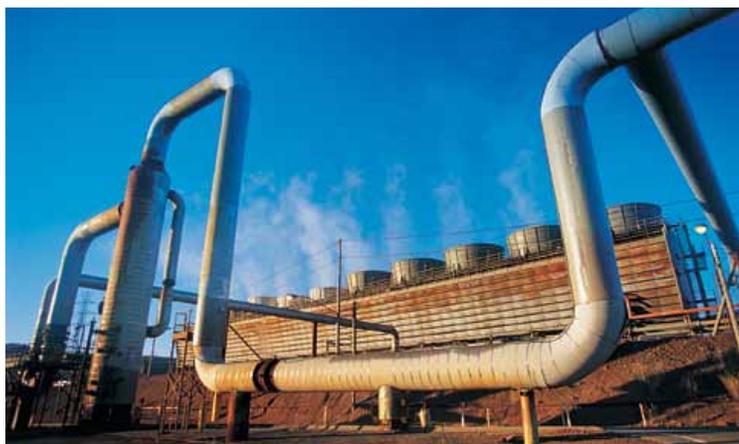


We're focused on guaranteeing that the minerals tungsten, tantalum, tin and gold that we use in our products are obtained from responsible global sources.

The Democratic Republic of Congo has been a global mineral provider for years, but human rights violations have been reported in its mining industry. It's Dell policy to refrain from purchasing minerals that support these violations, and we advocate that our suppliers adhere to the same standards.

Tracing the source of these minerals from mine through smelter to final product is a complex challenge that we cannot address alone. We're engaged with the EICC to develop a process that tracks the origin of these minerals regardless of the industry they will be used in.

Every mineral must be smelted before it can be used in a product. This year, the EICC launched the world's first [conflict-free smelter \(CFS\) program](#). This program tracks documentation from the smelter back to the mine of origin. The EICC has also published its first list of [compliant tantalum smelters](#).



Developing an [effective smelter process](#) is difficult but important. Dell is taking part in an industry effort to better determine where materials come from.



Though this smelter validation program is an important step, industry research indicates that the electronics industry is responsible for only about 30 percent of the global usage of these minerals. In October 2010, we hosted an international multi-stakeholder event on conflict minerals. The

conference, which was tied to the [Corporate Responsibility Officers \(CRO\) Summit in Paris](#), convened leaders from the IT industry, NGOs and the Organization for Economic Co-operation and Development (OECD) to catalyze other industries to take action on responsible sourcing.



Audits lead to action

In FY11, we doubled the number of supplier audits we conducted in FY10 and nearly quadrupled the number from FY09. Some supplier compliance issues are difficult to change in a short period of time. Excessive working hours, for example, remains one of the most common issues found in our audits, especially in China. We're making a concerted effort to reduce the instances of working-hour infractions. We've asked suppliers with significant issues to regularly report key performance indicators. In February 2011, Dell engaged with the EICC Working Hours Work Group to determine how the industry can collaborate to identify the root causes of excessive working hours and how to address them with suppliers.



Challenges and next steps

Our continuous focus on emerging, serious social issues within our supply chain helps us engage our peers in the electronics industry and beyond in collaboratively resolving each concern.

We are taking these steps to address responsible sourcing:

- Reporting on conflict minerals as required by the [Dodd-Frank Act](#)
- Disclosing information as required by the California Supply Chain Transparency law, which addresses slavery and human trafficking
- Participating in industry efforts on water scarcity and quality
- Continuing to analyze the origin of materials
- Staying focused on improving our audit results, determining issues that are integral to our customers and shareholders, and supporting increased transparency in our business

Our goal is to further enhance our relationship with diverse suppliers to deliver the best customer experience in the global markets we serve. Some strategic focus areas for FY12 are:

- Identifying additional opportunities for Minority Business Enterprises (MBE), Women Business Enterprises (WBE) and disadvantaged businesses by analyzing corporate spend to create meaningful targets
- Enhancing diverse spend by further developing our Tier 2 supplier program to ensure additional growth opportunities
- Developing the capabilities of existing and potential qualified diverse suppliers through our executives and Employee Resource Groups
- Expanding our brand through training, social media, internal-stakeholder engagement and external partnerships



Why do our team members' professional growth, health and wellness empower our customers' success?



Why do our team members' professional growth, health and wellness empower our customers' success?

Our team members grow our success...



Our team members are the foundation of our business. The enduring relationships they cultivate assist millions of customers on their individual paths to success. They invest in Dell's future, and Dell is invested in each of their futures. We are building a foundation that supports them as thoughtfully as they support our stakeholders.

Our people define our purpose-led company and our transformation. We're looking at every facet of our team members' careers and identifying how we can enable them to create their own opportunities with us. We do this by:

- **Being an employer of choice:** Dell wants to be a destination for the world's best minds.
- **Championing team members:** Our collaborative environment supports innovation.
- **Listening, sharing and inspiring:** Our leadership engages team members, encouraging them to influence the company and be the best for our customers.

Significant accomplishments

- [Universum](#) ranked us as a World's Most Attractive Employer.
- [DiversityInc](#) listed us one of [25 Noteworthy Companies](#).
- [Working Mother](#) magazine named us to its [100 Best Companies](#) list for the third time.
- We ranked 15th on the Top 50 Employers list in *Woman Engineer Magazine*.
- We ranked 46th on the 18th Annual Top 50 Employers list in *Minority Engineer Magazine*.
- We were named Platinum Winner of Best Employers for Healthy Lifestyles by National Business Group on Health for the third time.





Being an employer of choice

We attract some of the world's brightest talent by:

- Recruiting a global team member base that reflects our customers
- Offering an inclusive work environment where differences are embraced
- Providing opportunities for development and career growth
- Enabling a healthy workforce and providing a safe environment
- Encouraging team member engagement

In FY11, the employer branding research firm, Universum, ranked us as a World's Most Attractive Employer. The organization surveyed approximately 60,000 undergraduate students across the globe's 12 largest markets, and we placed No. 22 in the engineering field and No. 45 across all business.

We recognize that a diverse workforce is critical to exploring new ideas and creating innovation. We actively recruit women and minorities by sponsoring professional conferences, career fairs and community events with multicultural organizations. We have enduring relationships with a number of organizations to identify talent, including the National Sales Network, National Association of Black Accountants, National Society of Hispanic MBAs, National Black MBA Association, Society of Women Engineers and the National Society for Black Engineers. Our recruiting efforts at the National Association of Asian MBAs have resulted in cross-country internships and subsequent permanent placements overseas.

We recognize that a diverse workforce is critical to exploring new ideas and creating innovation.

Recruiting the most capable university-bred talent involves much more than campus visits. This spring, five executive leaders prepared for and delivered classroom lectures at Tennessee State University (Nashville, Tenn.) over a three-day period. Our leaders brought the classroom curriculum to life through discussions on current industry issues. Many of our interns also benefit from our partnership with the United Negro College Fund (UNCF) — the Thurmond B. Woodard Dell

UNCF Corporate Scholars Program attracts top talent from across the U.S.

Diversity at Dell

Our diverse workforce comes from 64 countries and brings together different languages, backgrounds, cultures, talents, career experiences and ways of thinking that help us to reach customers and communities around the globe.

To support and develop our diverse workforce we're dedicated to providing an inclusive work environment — one that offers the flexibility and opportunities to enrich and develop the myriad skills and talents our team members bring with them. Our perfect score on the [Human Rights Campaign's Corporate Equity Index](#) for the seventh straight year is a testament to our emphasis on diversity and inclusion.

Our [Global Diversity Council \(GDC\)](#) brings together members of the Executive Leadership Team and other executives to advocate for diversity and inclusion.

In addition, chairs of our seven cross-functional [Employee Resource Group \(ERG\)](#) executive boards make up an Advisory Council to the GDC. More than 7,000 executives, managers and team members participate in cross-functional ERG teams to ensure that diversity is integrated into every aspect of our business.

These teams exchange best practices, promote accountability and align our diversity initiatives with divisional and corporate objectives across the company.

Championing team members



Saúde no Prato:
Team member-created programs are popping up across Dell, including a new nutrition program in Brazil that teaches Dell team members how to eat right.

This year, we launched a new strategic framework for engaging and empowering our team members. We aspire to become an employer of choice by championing our team members and developing inspirational leaders. We promote a culture of collaboration by listening and sharing that gives team members a voice to influence leadership and shape the direction of our company.

Team member health and safety

When it comes to our team members, nothing is more important than workplace safety. In FY11, we launched our first global health and safety course. While we've had this type of training before, this year the training was standardized and offered globally.

From that foundation, [Well at Dell](#) is our company-wide health improvement program. We are committed to cultivating a culture that supports health and wellness, and to providing resources that help people to make better decisions about what they eat and how they treat their bodies. We are led by the knowledge that as we mature as a company, our team members and their families are also changing. As a result of these changes, the health risks — and costs — within our population continue to rise.

Participants in our health improvement programs are maintaining, improving or managing their health and the related costs, and, through the health coaching program, approximately 83 percent reduced or eliminated at least one health risk.

Additionally, our internal cafés are working to make healthy food choices more available. Over the past few years, changes have been made to provide more nutrient-dense foods, more healthy grains and more nutrition information.

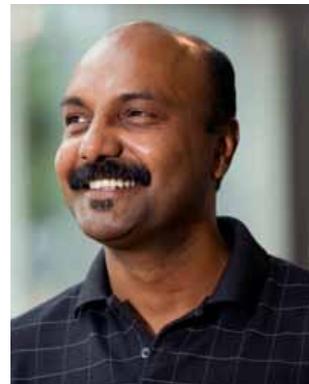
Leadership Imperative training program

We re-launched our global, executive-led [Leadership Imperative](#) training, designed to build alignment and engagement around our purpose, values, strategy and brand in support of our business transformation.

Leadership Imperative has had a significant impact on our team members' understanding of and ability to communicate about our new business, brand and people strategies. More than 51,000 team members participated in Leadership Imperative training in-person or online since its launch — and we have a goal of reaching all team members around the world.

Career development

We defined a global approach and framework for career development to support all team members in being and doing their best in service of our customers and business. The framework highlights the importance of aligning team member aspirations with Dell's expectation and supports on-the-job experiences, learning through others and formal training.





Listening, sharing and inspiring

Conversing with team members and acting in response to their feedback help us to continually improve and evolve for our customers. The annual Tell Dell Survey is one of the ways we're listening to our team members.

Tell Dell Survey

Our confidential Tell Dell survey — a best-in-class tool to gather team member feedback — is conducted annually. More than 85 percent of our team members participated. These results have assisted in shaping the direction of our company. For example, we learned from last year's survey that team members who attended our Leadership Imperative training had a better grasp of our business strategy, our direction and our brand.

In early FY12, Tell Dell questions and categories were revised to align with our new people strategy. We now measure progress in the areas aligned to our transformational framework.

Pulse Survey

In advance of the Tell Dell survey, we invite 10 percent of our global team members to "check in" via the Pulse Survey. Team members across business units told us they're still engaged in their work; and an overwhelming majority, especially in emerging countries, told us they are proud to work for Dell.

Developing inspiring leaders

We believe people do their best work with their managers' support and guidance. We're developing leaders who foster inclusive environments and encourage new ideas and thought.

Our team members have told us our leaders are key to creating a customer-centric culture — keeping the customer at the core of everything that we do. We're providing opportunities for team members who want to enhance their leadership skills — training that builds on the capabilities of existing leaders and team members who aspire to become our future leaders. These leadership programs are targeted at all levels of the organization, from executives to individual contributors.

Connected Workplace

In FY09, we launched [Flexible Work Solutions](#), a global initiative that gives team members options to manage work-life balance.

We then launched [Connected Workplace](#), a global program designed to create a mobile, collective, agile work environment. It allows our workforce to choose how and where they work. Utilizing the program's technology and workplace innovations, more than 15 percent of Dell now uses a flexible work option. Sites such as Bracknell, Copenhagen, Dublin, Frankfurt, Paris, Milan, Beijing, Chengdu and parts of Central Texas have formally launched the program.

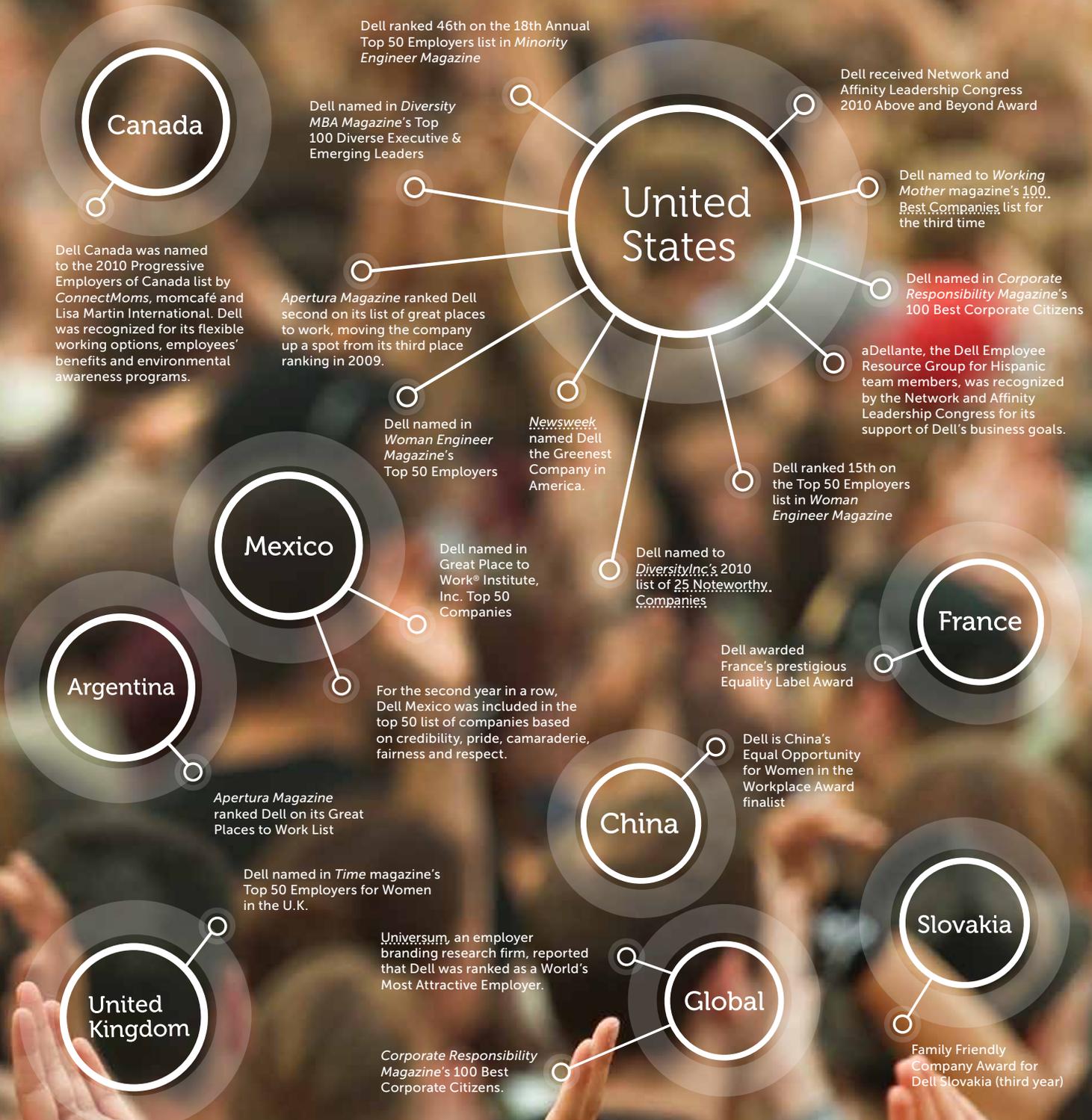
Two years ago a company-wide global work-life survey was conducted to better understand work-life challenges and implement a company strategy. The results jump-started many initiatives in FY10–11.



Global health and safety course

Our new global health and safety course standardizes our training around the world.

Dell is recognized





Challenges and next steps

Dell's commitment to our team members is an evolving, long-term strategy. In FY12, we will focus on:

- Building a customer-centric organization through inspirational leaders who deliver on our brand promise, welcoming people of all backgrounds and providing opportunities for them to come together through Employee Resource Groups and our myriad diversity and inclusion initiatives
- Improving our on-boarding experience for new team members
- Expanding the ways people connect and have a voice through our social media programs



How do we
care for our
communities?



How do we
care for our
communities?

We are our communities...



Positive change happens one act at a time. By focusing our work at the heart of our communities, where we are developing and deepening relationships with partner organizations, we're finding organic — and effective — ways to solve today's challenges and sustain that positive change. Together, we're transforming how our communities learn, live and work — now and into the future.

Our team members play a vital role in our giving programs by donating their own money and time to charities and disaster relief efforts. Additionally, we commit to give 1 percent of our pre-tax profit to charitable causes and engage local organizations who guide us in how we can do the most good.

We give:

- **Technology:** The digital divide continues to be an issue in developing countries. We help bridge that gap by providing students in these nations with modern technology.
- **Financially:** Some issues are best handled through a financial gift that enables local organizations to fulfill their missions. We support non-government organizations (NGOs) and their missions around the globe.
- **With our team members:** Our team members are our greatest resources. Through donations, knowledge and time, they've made a significant impact on our giving programs.

Significant accomplishments

- Maintained the 1 percent pre-tax profit giving goal that we reached in FY10
- Donated \$35.2 million, an increase of \$7.7 million over FY10
- Positively affected more than two million children at more than 1,000 centers in nine countries

Haiti Relief Task Force Center

On Tuesday, January 12, 2010, an earthquake measuring 7.0 on the Richter scale rocked Haiti, creating a massive humanitarian disaster.

Public and private resources from across the globe were deployed to deal with the effects. For our part, Dell donated \$1.4 million in money and products and assisted in setting up the Haiti Relief Task Force Center in Miami. From start to finish, it took nine days to get the center, which coordinated relief efforts from a variety of sources, up and running. See our timeline below.



Earthquake measuring 7.0 on the Richter scale hits Haiti. Millions are feared dead.

January 12

Dell receives a call from the White House asking if we could donate 50–100 laptops to the center.

January 16

Dell plans logistics of shipping and installing equipment and providing technical support.

January 17

Dell's initial meeting with White House evolves into larger solution that offers servers, storage and more.

January 18



Our approach to giving

Dell's signature giving reflects our commitment to addressing key social issues:

- **Dell YouthConnect** links underserved children with technology to help them excel scholastically and better prepare them for work and life.
- **Dell Social Innovation Competition** globally engages college students in addressing the most difficult global challenges through social entrepreneurship.
- **Team member engagement** underlines all of our signature programs impacting communities across the globe.

Dell YouthConnect

With many communities unable to provide their children access to technology, far too many children lack the tools necessary to set and achieve life goals. As a result, they may not develop the crucial skills that enable them to operate in a global economy. [Dell YouthConnect](#) is at the forefront to drive change — to close the technology gap between those who have and those who do not, and to give children around the world a unique opportunity to succeed.

Current data shows us that of the approximately 6.8 billion people on earth, only 1.9 billion (or 29 percent) have access to the internet. [Gartner Inc.](#) estimates that by 2014 there will be approximately two billion computers worldwide. This represents significant growth in overall computer volume, but it still falls short of meeting the needs of many populations.



Chinese students collaborate through Dell technology

Dell YouthConnect places state-of-the-art Dell technology into underserved communities and provides for the long-term sustainability and viability of that technology. The program establishes a window to the world — for underserved students to explore and empower themselves to discover and undertake new challenges. The students can unleash their creativity and intelligence, and their communities can be fundamentally changed for the better.

In FY11, Dell YouthConnect:

- Continued working with organizations in nine countries — Brazil, China, France, India, Mexico, Morocco, South Africa, the United Kingdom and the U.S.
- Invested \$8 million
- Partnered with 55 organizations in nine countries
- Implemented programs in 1,000 community and school centers

Help arrives from Dell operations in Miami, Orlando and Tampa. All equipment is installed and tested.

Dell builds database for volunteers while a network is installed and servers become operational.

IT environment is 75 percent completed. Dell works with an internet service provider for required internet infrastructure.

Dell's Miami-based solution center for Haiti relief effort is complete and fully operational.

January 20

January 21

January 22

January 27

Our approach to giving



Dell YouthConnect facilitates robotics studies in China.

Team member participation also increased, with almost 1,000 volunteers around the world getting directly involved.

We also launched Dell YouthConnect in the U.S., with an initial grant of \$400,000 and partnerships with 25 nonprofit organizations. We piloted the U.S. program in FY11, and will fully launch it in FY12 with grants totaling \$3 million.

Dell Social Innovation competition

Just five years ago, the [Dell Social Innovation Competition](#) was launched in partnership with the University of Texas and drew 284 entrants. Since then the competition has seen remarkable growth. It received more than 700 entries in 2010, with 45 percent coming from outside the U.S.

The program invites university students to address global social problems through entrepreneurship and technology. Students compete for more than \$50,000 annually.

Dell has made a financial commitment of [\\$1 million per year for the next five years](#) for the program. Much of this grant will help provide richer educational experiences and support to all students who participate.

Inspiration for innovation: meet Kennedy Odede...

The Dell Social Innovation Competition rewards social entrepreneurs looking to better the world. Kennedy Odede and his organization, [Shining Hope for Communities](#), the [2010 Dell Social Innovation Competition winner](#), does just that.

Shining Hope, which provides free education for girls and essential health services and sanitation, earned Odede the \$50,000 first prize. Shining Hope is continuing to expand, including a new health clinic focusing on the needs of women and children and a clean water distribution network. Expansion is scheduled to be completed in 2011.





Team member engagement

Dell's greatest giving resource is our team members, who have demonstrated through their actions their passion for our giving programs. From providing help during devastating natural disasters to interacting with students in a local community center, team members were front and center. Team members from 32 countries contributed funds that provided support to more than 1,500 individual charities.

Our team members:

- Increased giving by \$4.8 million
- Gave \$600,000 (team member and matching funds) for disaster relief efforts
- Contributed more than 171,000 hours of volunteer time worldwide, with Asia leading volunteer participation

In response to Dell team members around the world contributing their time and sharing their knowledge with charities of their choice, we also launched our first global volunteer recognition program this year, which resulted in donations of more than \$500,000 to charities worldwide.

Additionally, we created an online community — [Make a Difference](#) — that enables team members to find nonprofit organizations to support, learn more about our signature giving programs, form groups and share stories about the community work they do. Organizations who participate in Make a Difference can post volunteering opportunities, communicate their needs — for books or other essential items — and share stories and pictures from events. Make a Difference is Dell's community for giving.

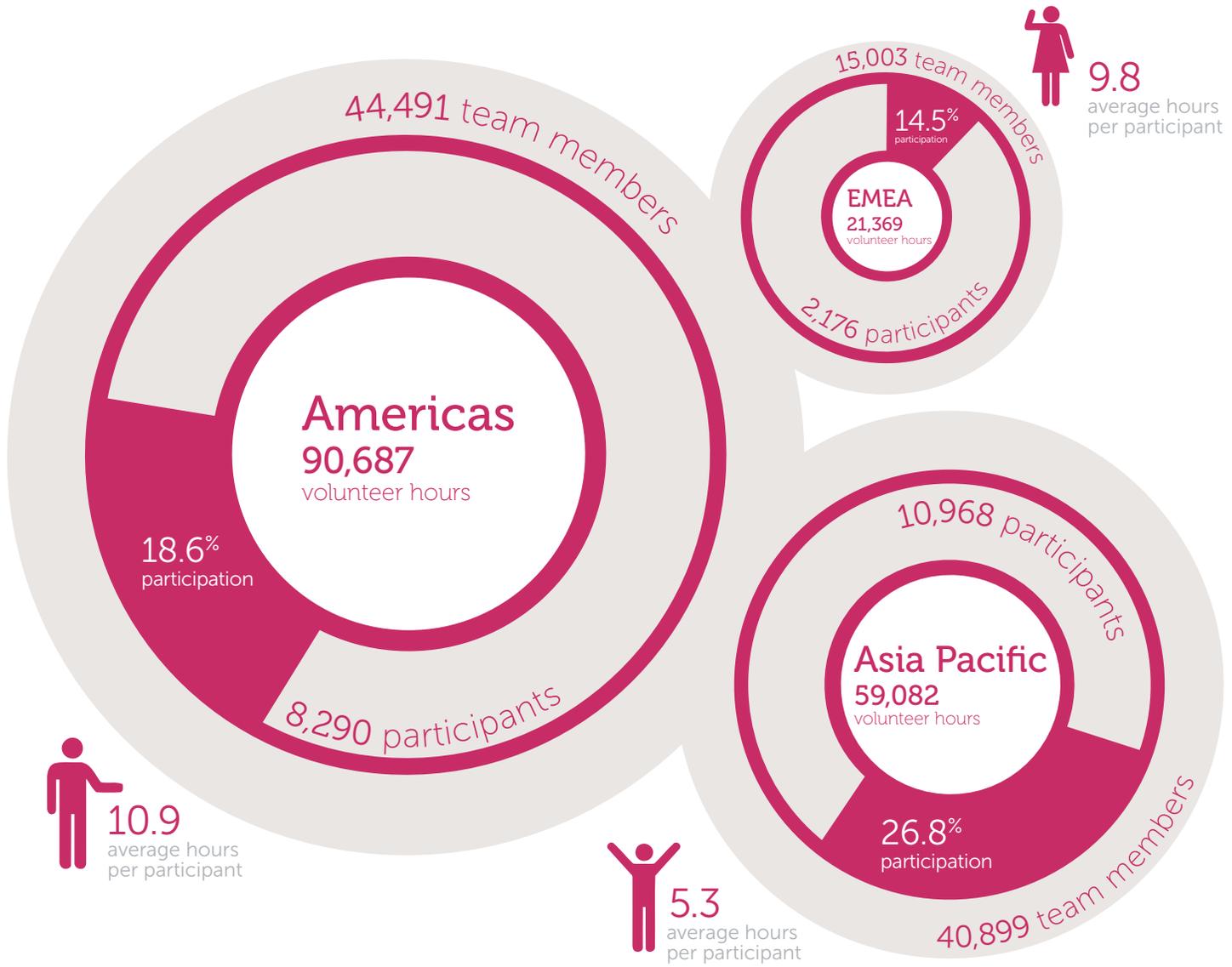
Since launching in August 2010, more than 20,000 team members have joined the online community. Make a Difference is available in five languages, tracking and offering incentives for volunteering.



Our team members make connections through our NGO partners, such as Dell YouthConnect's River City Youth Foundation in Austin, Texas.

Dell's Fiscal Year 2011 global team member giving

We track the global hours volunteered by Dell team members in each region. More than 20,000 team members donated a total of 171,000-plus hours, accounting for 21 percent participation in Dell giving programs.



21% total global participation

171,000+ global volunteer hours



Challenges and next steps

We want to grow Dell's giving programs globally and bolster strong communication and engagement between Dell team members. This year, Dell YouthConnect will build on our community-based learning programs and fully launch the program in the U.S. and in two additional countries.

A study by the [Brookings Institution](#) has placed us in the top 10 percent of the largest corporate donors for education in developing nations. We intend to provide even more programs to address these areas of need.

In FY12, the Dell Social Innovation Competition will focus on increasing its global participation, building a university-partner network and promoting the program through social media. Dell's additional [financial commitment](#) to the Social Innovation Competition should significantly increase the number of global entrants and will support a new web platform dedicated to social entrepreneurship. This additional support will specifically benefit students interested in social innovation outside the U.S. because these students typically have limited access to classes, academic guidance and mentoring.



We currently give donation cards for team members' charity of choice to those who volunteer at least 10 hours per quarter. We'll soon enhance our Make a Difference tool to provide even more opportunities for team members to connect with a charity and give their time. And we're adding a feature that allows team members to make global donations to charities of their choice or to a Dell YouthConnect partner.

Our goal is to provide more than 200,000 hours of volunteering, serve more than two million children and encourage more than 1,400 new social innovations.

Why do we account
for our economic
performance and
corporate citizenship
matters through self-
reporting every day?



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Corporate citizenship matters...



Integrity and responsibility define Dell. In a constantly changing industry and continually challenging world, our ethical standards remain our guide. Every day, we're engaging in thoughtful dialogue and critical self-evaluation. Our ethical standards also help us recognize opportunities — inside and out.

By engaging our partners and stakeholders we determine what we're doing right and where we can improve. We do this by:

- **Evaluating:** We perform internal reviews to properly determine what we're doing, how we're doing it and how it measures against our goals.
- **Communicating:** We are transparent and engaged with our stakeholders. It's a priority.
- **Holding ourselves accountable:** We set goals and strive to meet them.

Significant accomplishments

- We implemented a revised Code of Conduct.
- We increased our number of socially responsible investor engagements to five.
- We developed a new CEO succession plan.

Evaluating

Before Dell can report what we're doing, we must measure ourselves. This internal review gives us an objective look at our impact on our stakeholders.

Our values: What we believe

As we continue to evolve, our values guide the decisions we make and the actions we take.

Our values have been part of us since the day the company was founded. They remain constant and steadfast as the world continues to change. Although the way we express our values may evolve, they have always been grounded in three fundamental areas:

- What we focus on each day: Delivering results that make a positive difference
- How we interact with people: Leading with openness and optimism
- How we operate in the world: Winning with integrity

Strong leadership, risk oversight and accountability play critical roles in ensuring corporate responsibility throughout our business. Our [Executive Leadership Team](#) and our [board of directors](#) focused on two critical components — [risk oversight and company leadership](#) — that will continue to guide us in our pursuit of sound sustainability practices.



Communicating

Dell has many stakeholders — from our team members and stockholders to our communities and the environment. We will communicate freely and openly with our stakeholders to explain what we're doing, and how and why we're doing it.

Our financial performance

Our FY11 [annual report](#) details our record-breaking revenue and our best earnings per share performance in five years. Our intense focus on successfully executing a growth strategy paid off, all while driving greater operational efficiency and productivity. Revenue grew 16 percent to \$61.5 billion, marking the largest single-year dollar increase in company history.

Generally accepted accounting principles (GAAP) operating income grew 58 percent to \$3.4 billion, or 5.6 percent of revenue, and non-GAAP operating income[†] grew 40 percent to \$4.1 billion, or 6.7 percent of revenue. We delivered GAAP earnings per share (EPS) of \$1.35, an increase of 85 percent, and non-GAAP EPS[†] of \$1.59, a 51 percent increase. Cash flow from operations was \$4.0 billion, and we ended the year with \$15.1 billion in cash and investments.

Thanks to the unified Dell team and our commitment to strengthening our portfolio of offerings, we developed key solutions to address data management and security, the changing landscape of end-user devices, and the critical IT services — like cloud — required to stitch together a powerful IT infrastructure that enables customers to do and achieve more.

A key driver behind our financial success last year was our enterprise solutions and services businesses, which together grew 27 percent year-over-year. Dell Services is a \$7.7 billion global franchise and, including our IT function, is now comprised of more than 43,000 team members focused on delivering world-class problem-solving on behalf of our customers.

We continued to build out our intellectual property portfolio and introduce new talent into Dell with a series of strategic acquisitions, primarily in the United States. We welcomed Boomi, Exanet, InSite One, KACE, Ocarina Networks and Scalent to our family in FY11, acquiring some of the best storage, systems management, cloud computing and software capabilities in the industry. In early FY12 we completed our acquisitions of SecureWorks and Compellent, key additions to further enhance our robust data center portfolio. We will continue to grow these teams and now are hiring thousands of new engineering, development and sales experts in the United States and around the world.

These expanded solutions capabilities are giving us opportunities to serve our customers in new ways that matter most to them. For instance, we are helping our healthcare customers around the world with mobile clinical computing solutions and cloud-based secure electronic health records systems — with the ultimate goal of delivering better care to their patients. Healthcare is an area where we are investing heavily in our intellectual property and talent, and it's paying off. According to [Gartner Inc.](#), Dell is now the No. 1 healthcare IT services provider in the world.

We were also successful in increasing profitability in our PC business while significantly improving product availability and order-to-delivery times. For our customers, this meant we delivered quality products and services at the right place at the right time and at the right price.

[†] See Non-GAAP reconciliation appendix and footnote on pages 54–55.

Listening and engaging



Listening to our customers guides our decision-making:

Our [Customer Advisory Panel \(CAP\) Days](#) bring in our most vocal social media-savvy customers and bloggers for dialogue.

Listening to our stakeholders

Engaging in meaningful conversation with our stakeholders is integral to everything we do.

Our relationships guide our strategy

Our strategy for social and environmental responsibility is informed by our partnerships.



Planet



Communities



Team members



Shareholders



Customers



Partners

Engagements

In FY11, we:

- Participated in five socially responsible investor (SRI) engagements, including two conference calls and three conferences
- Enabled stakeholders for the first time to use social media tools to follow conference discussions at the Dell multi-stakeholder event in Paris
- Incorporated recommendations and best practices from stakeholders who participated in various engagements on social and environmental responsibility

Conferences with SRIs and other key stakeholders help us understand the issues they believe need our focus. One of our five engagements was with [Ceres](#) to discuss corporate responsibility reporting and integrating feedback.

We introduced social media into our engagements. At the Dell multi-stakeholder event in Paris, we created a Twitter hashtag — #DellCSRParis — for stakeholders who could not attend in person to monitor the discussions in real time or after the event.

We also participated in the following SRI conferences:

- [SRI in the Rockies Conference](#) in San Antonio
- [Ceres Conference 2010: Roadmap for a Sustainable Future](#) in Boston
- [Financial Times CSR Conference](#) in New York

† Non-GAAP reconciliation appendix

Reconciliation of Non-GAAP Financial Measures
(in millions, except per share data and percentages)
(unaudited)

	Fiscal year ended		% Growth rates Year to year
	January 28, 2011	January 29, 2010	
GAAP operating income	\$3,433	\$2,172	58%
Non-GAAP adjustments:			
Amortization of intangibles	349	205	
Severance and facility actions	129	481	
Acquisition-related	98	116	
Other ⁽¹⁾	140	-	
Non-GAAP operating income	\$4,149	\$2,974	40%
GAAP net income	\$2,635	\$1,433	84%
Non-GAAP adjustments:			
Amortization of intangibles	349	205	
Severance and facility actions	129	481	
Acquisition-related	98	116	
Other ⁽¹⁾	68	-	
Aggregate adjustment for income taxes	(173)	(181)	
Non-GAAP net income	\$3,106	\$2,054	51%
GAAP earnings per share — diluted	\$1.35	\$0.73	85%
Non-GAAP adjustments per share — diluted	0.24	0.32	
Non-GAAP earnings per share — diluted	\$1.59	\$1.05	51%
GAAP Diluted WAS	1,955	1,962	
GAAP operating income	5.6%	4.1%	
Non-GAAP adjustment	1.1%	1.5%	
Non-GAAP operating income	6.7%	5.6%	

Note: Percentage growth rates and ratios are calculated based on underlying data in thousands.

(1) Other for the fiscal year ended January 28, 2011, includes amounts for the \$100 million settlement of the SEC investigation and a \$40 million settlement for a securities litigation matter, which are both recorded in operating expenses, offset by Dell's receipt of a \$72 million merger termination fee, which is recorded in Interest and Other, Net.



GAAP footnote

† This report includes information about non-GAAP operating income and non-GAAP earnings per share (the “non-GAAP financial measures”), which are not measurements of financial performance prepared in accordance with U.S. generally accepted accounting principles. We have provided a reconciliation of these historical non-GAAP financial measures to the most directly comparable GAAP measure in the “Non-GAAP reconciliation appendix.” The non-GAAP financial measures for the fiscal year ended January 29, 2010, exclude the following items: acquisition-related charges, amortization of purchased intangible assets related to acquisitions, and severance and facility action costs. The non-GAAP financial measures for the fiscal year ended January 28, 2011, exclude those same items as well as a merger termination fee that was received during the third quarter of Fiscal 2011, and amounts for the settlement of the SEC investigation as well as a securities litigation matter that were incurred during the first quarter of Fiscal 2011. A detailed discussion of our reasons for including the non-GAAP financial measures and the limitations associated with those measures is presented in “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Non-GAAP Financial Measures” in Dell’s annual report on Form 10-K for the financial year ended January 28, 2011. We encourage readers to review the historical reconciliation and the non-GAAP discussion in conjunction with our presentation of the non-GAAP financial measures.



Join the conversation

We look forward to continuing our honest inquiry with you in the social media forums. Join us.



Accreditation



