# Supply Chain Sustainability Progress Report

2019

D∕∕LL Technologies

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DELL Technologies

Letter to our stakeholders

Our supply chain plays an integral part in Dell Technologies' role as a sustainability leader in the technology industry. Through customers' increased inquiries on sustainability, we recognize, now, more than ever, they care not just about the products we make, but how we make them.

As this report shows, Dell Technologies continues to make significant progress to help ensure we and our suppliers manufacture our products responsibly. Audits are a key contributor to this success. In 2019, the 390 audits carried out in our supply chain helped improve supplier performance in critical social and environmental areas. But we go further than this.

Our Continuous Improvement Model helps ensure we work in partnership with our suppliers all year round. We also support supplier employees at all levels with training on key topics including forced labor and health and safety.

A 2019 highlight for us, our suppliers and our customers, was our first-place ranking among 438 brands across all industries in the Institute of Public and Environmental Affairs (IPE) Corporate Information Transparency Index (CITI). By moving from 56th place in 2014 to this top position, we are demonstrating the benefits of strong partnerships and collaborative work with our suppliers.

As you will read in this report, we have made major steps forward in many areas including training more than 100,000 workers in supplier factories on social and environmental responsibility; working with suppliers to save 15.6 million meters^3 of freshwater; and continuing to spend more than $3 billion with diverse suppliers. We still face challenges, notably in the field of working hours, and we are working to drive deeper into the supply chain to extend our influence and collaboration.

Trust is one of the most valuable things we can offer our stakeholders. Our supply chain has always demonstrated high standards of responsibility and integrity, and we continue our efforts to drive responsible manufacturing our stakeholders can trust.

> "Our supply chain has always demonstrated high standards of responsibility and integrity, and we continue our efforts to drive responsible manufacturing our stakeholders can trust.

Kevin Brown
Executive Vice President,
Global Operations and Chief Supply
Chain Officer Dell Technologies

Our approach to sustainability

Sustainability in our supply chain

We partner with companies around the world to make the highest quality products, pushing the boundaries of technology to help customers and their teams succeed every single day in fulfilling and expanding their potential.

Operating our supply chain responsibly is a core part of our business and we embed sustainability and ethical practices into all that we do, being accountable for our actions while driving improvements wherever and whenever possible.

Partnership with suppliers is underpinned by a shared commitment to operate socially and environmentally responsible and diverse operations. This means treating people[1] with respect and dignity, protecting their rights and providing safe working conditions. It also means operating in an ethical and environmentally sustainable way.

To address these areas, our programs focus on the most important issues based on our own insight and that of our stakeholders: bettering the lives of people in our supply chain (including driving ethical recruitment, improving health and safety and engaging with our suppliers' teams); reducing our impact on the planet; and promoting a diverse supply chain.

Progress requires suppliers' close cooperation, beginning with agreement to our Supplier Principles that establish

standards, based on the sector-wide Responsible Business Alliance (RBA) Code of Conduct.

Working across a global and complex supply chain, we operate one of the largest assurance and engagement programs in the sector. Through it, we can proactively identify and solve issues in different tiers of the supply chain, including final assembly, direct, and sub-tier. This also allows us to promote feedback and help suppliers build their own in-house capabilities.

As well as driving execution beyond compliance, our collaborative approach is resolving more issues in our supply chain, in shorter timescales, leading to less severe findings and higher levels of supplier performance and engagement across assurance programs. Beyond this, Dell Technologies' Social Impact Plan for 2030 captures our activities across our entire value chain to work with customers, suppliers and communities to protect and enrich our planet.

Through this report, we detail the initiatives through which we drive progress in a sustainable supply chain. This progress aims to assure customers and other stakeholders on the social, environmental and ethical standards applied to building our products and on the inroads we are making to increase the diversity of our supply chain.

> "
> We embed sustainability and ethical practices into all that we do...

Dell Technologies Social Impact Plan for 2030

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[1] Aligned to our tenet to treat everyone with dignity and respect, this report refers to team members across our supply chain with the same terminology. The RBA establishes standards that protect workers specifically, and this terminology is inclusive of workers in our supply chain.

Continuous Improvement Model

Our four-element approach to a sustainable supply chain

Dell Technologies has one of the largest social and environmental responsibility assurance programs in the technology sector. Through our audit program, we identify and solve concerns in our supply chain, and drive for continuous improvements to address issues and enable suppliers to build their own in-house capabilities. We also supplement our audits with targeted assessments of suppliers when we identify opportunities to drive further improvements.

Supplier performance across our programs is regularly communicated via scorecards in business reviews involving senior leaders from both Dell Technologies and the supplier in question. Performance is scored based on audit scores/corrective actions; working hours; adherence to our policies around responsible minerals sourcing and forced labor; environmental transparency such as publishing greenhouse gas emissions; and use of diverse suppliers. Suppliers who go above and beyond requirements are rewarded with higher scores, which can influence future business decisions. If supplier scores are not meeting our expectations, we help them improve or future business with a supplier may be impacted.

Our Continuous Improvement Model consists of four elements: risk assessment; supplier surveys or audits; corrective action and capability building. While some suppliers may move sequentially through all four elements during a year, the timing of each step can be fluid. For instance, the results of a risk assessment with one supplier could lead straight on to capability building to proactively address risks. We use this framework for advancing audits, as well as proceeding with other sustained improvements which are described in the following three sections of this report focusing on People, Planet and Diversity.

Continuous Improvement Model – *1st Element*

Risk assessment ⚠

Risk assessing social and environmental responsibility starts with potential suppliers during the onboarding process. We evaluate potential suppliers for risks and those with high-risk indicators complete an audit based on the Responsible Business Alliance (RBA) Code of Conduct as part of the social and environmental responsibility qualification process. We take appropriate action to close audit findings and we reserve the right to cancel business should an initial check and corrective actions not be completed to our satisfaction.
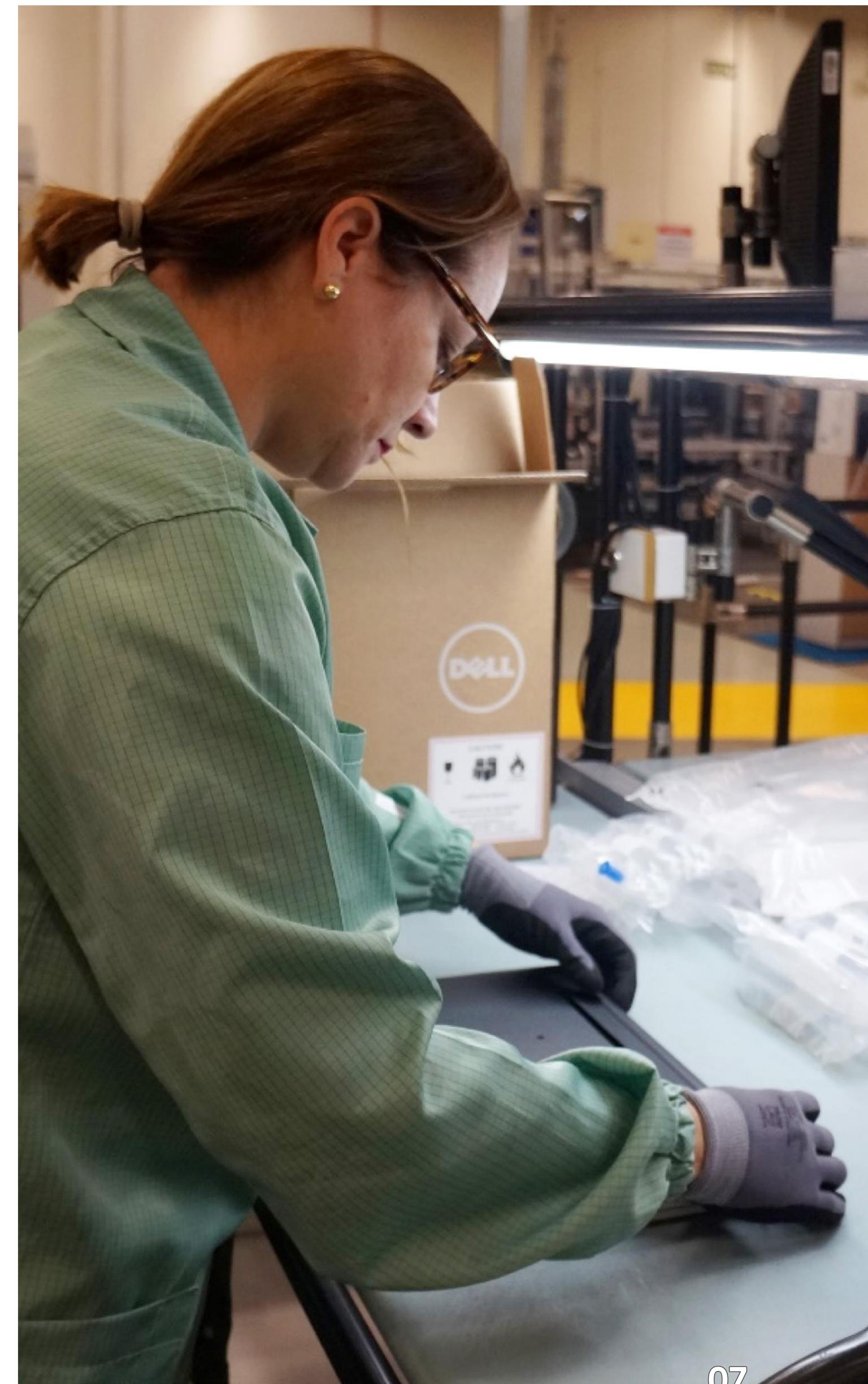
Suppliers are continually assessed throughout our relationship. Dell Technologies and final assembly factories - as well as factories directly supplying materials to our final manufacturing sites - are risk assessed annually. Our annual risk assessment also includes sub-tier supplier factories[2]. Factories determined to have high risks for the way in which their manufacturing processes or operations could impact people or the planet are audited to sector-wide standards outlined by the RBA, of which we are a full member.

Supplier risk assessments are based on five criteria:

1. Geographic location, which considers risks at the local level around areas such as water, air pollution, child labor, and human trafficking.

2. Amount of business we have with the supplier, which helps to determine how strategic the supplier is to our business and is an indicator of our influence with the supplier.

3. The commodity being provided, which considers risks associated with the manufacturing of that commodity such as whether processes are labor intensive and the chemicals or minerals that are involved.

4. Prior performance related to responsible manufacturing including previous audit results and participation in our capability building efforts.

5. Any additional insights gathered by Dell Technologies personnel during regular factory visits or from independent sources such as government fines or third-party allegations.

[2] Known to be in Dell Technologies' supply chain.

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Continuous Improvement Model – *2nd Element*

Audit 🔍

Our audit program is one of the largest in our sector – both in terms of number of audits and reach across the supply chain. In 2019, 310 factories were audited across 15 countries.

These audits identify and address possible areas of concern, which helps enable suppliers to improve their performance. Through these audits, we are able to monitor a supplier factory's adherence to the Responsible Business Alliance (RBA) Code of Conduct. (See pages 38-44 for audit results for 2019.)

Audits are conducted by third-party auditors who have been trained and certified by the RBA. We also conduct our own training, to help ensure auditors understand our expectations for our suppliers. In addition, we meet with them on a regular basis to receive and provide feedback.

Audits cover more than 40 topics across five areas:

– Labor, including risks of forced labor and weekly working hours,

– Employee Health and Safety,

– Environment,

– Ethics, and

– Management Systems.

Auditors spend multiple days on site where they review documents, observe daily work practices, and interview managers and people working at the factory to assess the implementation of policies. In 2019, third-party auditors interviewed 12,487 supplier employees away from management during audits. Based on what auditors observe and learn during their time in a factory, they issue findings for any areas of non-compliance identified.

As part of our commitment to sector-wide collaboration, Dell Technologies encourages suppliers to go through the Validated Assessment Program (VAP), which is the audit protocol that RBA-trained auditors use. This allows audit results to be shared with a factory's customers across the industry.

The audit scoring system is 0-200. A non-compliance occurs when an auditor identifies an issue (operational issue, observed behavior or feedback received) contrary to the RBA Code. In-depth guidance helps auditors adjudicate on these issues, which then require the application of the third and fourth element of the Continuous Improvement Model – Corrective Action and Capability Building.

Improvements in supplier factory audit performance, 2019

Overall
69%
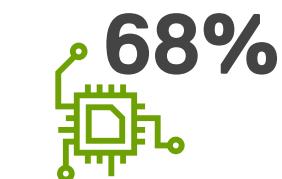
of factories that went through at least their second audit cycle improved their audit scores between cycles[3]

50%
Final assembly suppliers

74%
Direct suppliers

68%
Sub-tier suppliers

High performing supplier factories, 2019

56%
of factories are high performing based on their audit scores (at least 160 out of 200)

[3] An audit cycle includes an initial audit and closure audits to confirm that findings from an initial audit have been addressed. This improvement is based in factories that improved their initial audit scores between cycles, which is an indicator of long term improvement.

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Continuous Improvement Model – *3rd Element*

Corrective action

The size of our audit program allows us to proactively identify and resolve issues at final assembly, direct, and sub-tier supplier factories. Non-conformances are addressed through a Corrective Action Plan (CAP). CAPs are collaborative processes that include input from the factory and Dell Technologies. They identify root causes and create an improvement plan to address the issue within RBA-defined timeframes.
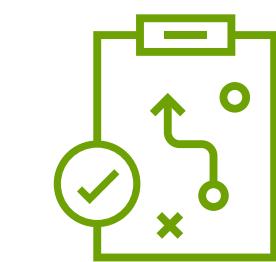
Findings needing corrective action are classified by priority, major, minor and risk of non-conformance. Those classified as priority findings are assigned the shortest timeframe for closure due to the severity of the issues. Priority and major issues must be resolved quickly and checked by RBA certified auditors or Dell Technologies specialists to help ensure a sustainable solution is applied. We have a dedicated, on-the-ground team who works with suppliers throughout the CAP process, helping them to progress and meet our requirements for sustainability performance within required timeframes.

Corrective actions and findings closed, 2019

240 factories completed corrective actions during 2019

196 closure audits were completed in 2019 to verify corrective actions

95%[4] of priority findings overall were closed at supplier factories

100% at final assembly factories
86% at direct supplier factories
99% at sub-tier factories

76%[4] of priority and major findings overall were closed at supplier factories

68% at final assembly factories
75% at direct supplier factories
77% at sub-tier factories

[4] This represents a snapshot in time as of Dec. 31, 2019.

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Continuous Improvement Model – *4th Element*

Capability building
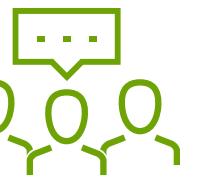
Capability building sits alongside our other programs, including audits and Corrective Action Plans (CAPs), to enable our suppliers to maintain or exceed industry standards. Continuous improvement requires collaborating with suppliers to help them build their own in-house capabilities. Their use of training provides an important signal on areas for focus and allows for an accelerated method to deploy new or adapted requirements. We have extensive resources to help suppliers build key skillsets to help ensure responsible manufacturing:

– On-site consultations: We have on-the-ground specialists who are available to work directly with factories needing extra assistance to better monitor and reduce risk. These individualized engagements set up suppliers to implement long-lasting, sustainable improvements by targeting their needs related to specific areas of responsible manufacturing and helping them to conduct root cause analysis.

– In-person training and webinars: On-site training, roundtables, networking sessions, and interactive webinars allow factory leads to connect with other sustainability practitioners and provide insights into best practices. These are typically designed to address trends or emerging risks we identify through audits and supplemental assessments, or we might invite a factory that has found an innovative way to address an issue to share their practice.

– Self-paced online training: We have designed a training platform that allows most factories in our supply chain to learn about our expectations and how to meet them in their native language. More than 100 training sessions are available to the 453 factories that had access to the platform in 2019. These factories may take up training of their own accord, or we may assign training to a factory based on their participation in our audit and other programs. Last year we expanded the number of languages in which training is available. We also launched mobile access to our training platform, making it more convenient for factory managers to register for and take part in courses and interact with Dell Technologies' on-the-ground specialists.

– Dell Technologies-developed tools: We share tools we have developed to support factories. These are often designed to help automate the monitoring of areas of concern that a factory team may not have the resources to watch on its own. For instance, our weekly working hour monitoring tool (see page 18) proactively monitors factories at risk of having employees exceed the industry standard for working hours. And our water monitoring tool (see page 29) helps suppliers identify the amount of freshwater they use and wastewater discharge.

– Employee training: Supplier employees are key partners in our efforts because they can help alert us to factories that may not be meeting our expectations. Their participation is key to implementing some of our expectations, such as using proper personal protective equipment. We have developed training targeted toward factory line employees that is available on their mobile phones (see pages 20-21).

All of these efforts are designed to help our suppliers be active participants in our efforts to drive responsible manufacturing.
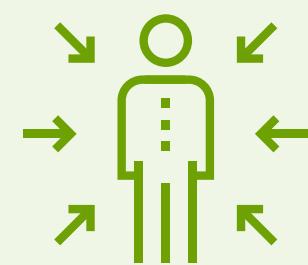
Continuous Improvement Model – *4th Element*

Capability building

In 2019

1,079

unique participants attended
our capability building programs
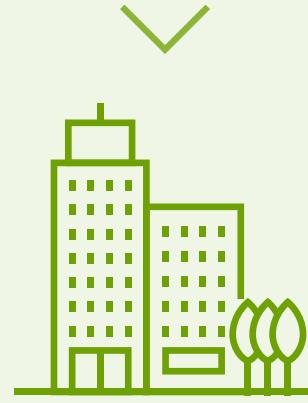
9,971 hours

of training on social and environmental
responsibility topics were completed
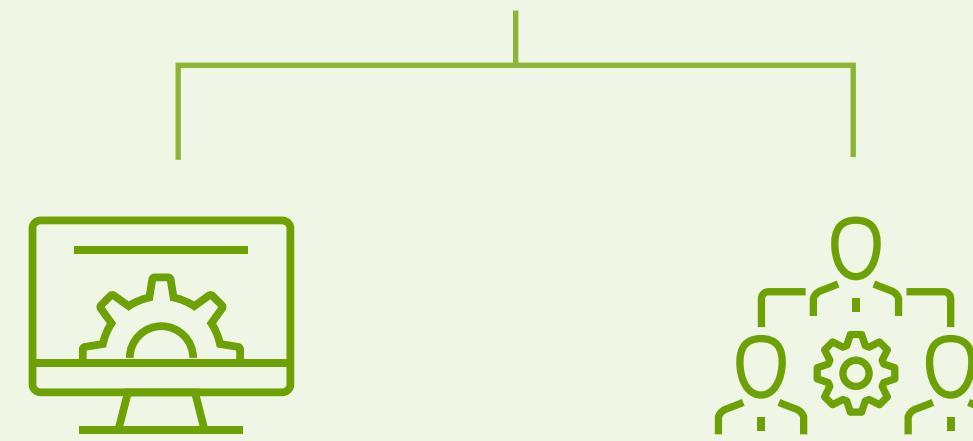
53%

of the suppliers engaged in our
capability building programs
improved their audit scores
in 2019
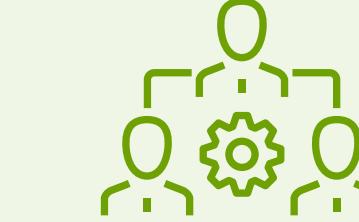
347

unique supplier factories
were represented

680 hours

via online training

9,291 hours

via in-person training
sessions and webinars

Continuous Improvement Model – *Case study*

Continuous improvement in action

Through working with one of our high-risk suppliers to build their own capability and improve sustainability performance, one of Dell Technologies' suppliers has raised its RBA audit score from 84/200 in 2017 to 164.1/200 in 2019, an increase of 95%.

The factory had been identified as high-risk via our risk assessment due to its geographic location; its strategic importance to Dell Technologies; and because it provides a commodity (displays and monitors) with manufacturing processes that are labor intensive and involve the use of some chemicals.

After the 2017 audit, two Dell Technologies specialists visited the supplier to provide customized training on how to more effectively conduct internal audits and best practices for addressing issues identified during the audit. During these joint discussions, we also identified some areas for improvement which had not been found by the supplier. We coached them on our expectations for operating in these areas and how to run their management systems more effectively to avoid missing these challenges in the future.

As a result, the factory was able to better protect employees by implementing corrective actions to improve safety and employee pay. These included properly storing fire-fighting equipment, improving emergency lighting, and updating salary policies to comply with minimum

wage laws. The factory also made improvements to reduce environmental impacts of their operations by adding leak-proof equipment in their chemical storage area and monitoring waste, gas, and noise at the plant. Implementation of these improvements was confirmed by third-party auditors during the factory's 2019 audit cycle.

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First of all, we need to thank the Dell Technologies Social and Environmental Responsibility (SER) team for its long-term guidance including various professional training courses.

Our company will take this opportunity to improve the management level of all aspects and strive to become a more excellent long-term supplier for Dell Technologies customers.

Head of Quality Assurance,
Dell Technologies Supplier

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Our progress in 2019

Key Performance Indicators

All results reflect calendar year 2019.

Initial audits	Closure audits	Priority audit findings closed or downgraded	Audit findings closed or downgraded	Unique participants attending capability building programs	Unique factories participating in capability building programs
194	**196**	**95%**	**76%**	**1,079**	**347**
(238 in 2018)	(195 in 2018)	(94% in 2018)	(80% in 2018)	(811 in 2018)	(252 in 2018)
We audit high-risk factories on a two-year cycle. Selected other sites, including new supplier factories, are also audited.	We work with suppliers to correct audit findings and organize closure audits to confirm findings are sustainably remediated.	The most severe findings are prioritized for resolution (including downgrading). Performance is tracked cumulatively.[5]	We collaborate with suppliers to remediate priority and major findings. Performance is tracked cumulatively.[5]	Capability building aims to engage participants across final assembly, direct, and sub-tier suppliers who can share the insights provided by training throughout their factories.	We track the extent of the reach of our capability building programs by the number of factories participating in our training.

[5] Cumulative represents the calculated closure rates for findings as of Dec 31, 2019.

Key Performance Indicators

All results reflect calendar year 2019.

Workers who do not exceed 60 working hours per week	Workers with one day of rest per week	Factories with active water risk mitigation plans	Greenhouse gas emissions reduced	Suppliers with sustainability reports	Diverse supplier spending in billions of U.S. dollars
91% (89% in 2018)	**87%** (87% in 2018)	**231** (NA 2018[6])	**275,130** MT (NA 2018[7])	**93%** (94% in 2018)	**>$3.0B**[8] (>$3.0B in 2018)
We monitored 224,692 people at 137 supplier factories, 91% of which did not exceed 60 working hours per week.	Of the 224,692 people we monitored at supplier factories, 87% received at least one day of rest per week.	231 supplier factories in areas of water stress or with water intensive processes had active water risk mitigation plans to help manage their water use.	We track greenhouse gas emissions reduced as part of our new science-based target to reduce emissions from direct material suppliers by 60% per unit revenue.	We ask suppliers to publish annual sustainability reports that meet GRI requirements. This represents suppliers by spend with sustainability reports.	Dell Technologies' commitment is to spend $3 billion USD or more annually with diverse suppliers.
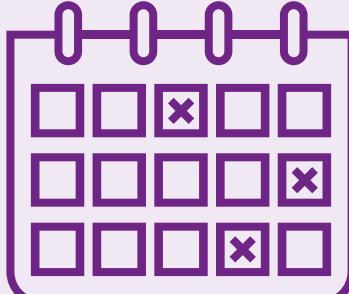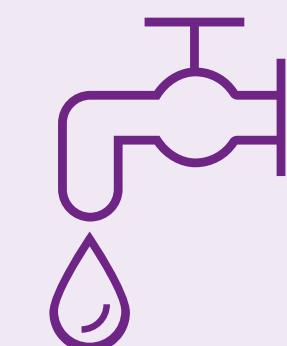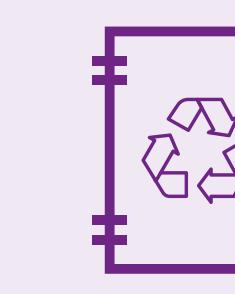
[6] The way in which this is measured has changed since our 2018 Report and therefore we cannot offer a comparison figure. [7] This is a new KPI for 2019, so therefore we cannot offer a comparison figure. [8] Diverse spend certificates are validated on an annual basis.

Bettering the lives of people in our supply chain

Our supply chain involves hundreds of thousands of people around the world. Our scale and commitment to assurance helps us drive high standards for the way in which these people are treated.

As a condition of doing business with us, we insist upon compliance with international standards such as those set by the International Labor Organization, and respect and dignity for everyone creating our products. We partner with our suppliers to help them develop the necessary insight and capabilities, reinforced by a comprehensive set of programs that accelerate and maintain improvements.

Our Social Impact Plan for 2030 demonstrates the focus Dell Technologies places in these areas. We recognize that looking after the wellbeing of people in our supply chain is important and have set goals for our work in this area including:

– Continuing to provide healthy work environments where people can thrive,

– Delivering future-ready skills development for employees in our supply chain, and

– Continued engagement with the people who make our products.

In this report we delve into these areas and beyond to demonstrate the importance we place on people in our supply chain.

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Bettering the lives of people in our supply chain

Driving ethical recruitment practices

It is important to us that people working in our supply chain, including those migrating for employment, are treated well. In some cases, those moving face paying for their recruitment, including costs for labor agents who facilitate their hiring, visa costs, or the cost of health checks that need to be completed prior to employment.

People indebted to employers until full reimbursement is a risk of forced labor. The RBA and Dell Technologies prohibit charging employees these fees, including withholding funds from their pay.

Our programs help enable visibility of this risk. We partner with certified third-party auditors to monitor suppliers and, during our on-the-ground specialists' visits to factories, we ask questions to identify potential issues around fees. As our suppliers' understanding of these risks increases, they have been adjusting their practices. However, we still identify and rectify some instances – last year we worked with suppliers to return $109,246 USD in fees to their employees.

Any allegations – through the helpline (see page 24 for more information), the media, or NGO reports – are immediately investigated.

If a fee is withheld from someone's paycheck, we:

– Educate the supplier on why such fees are unacceptable.

– Coach the supplier on effective ways to return withheld fees. For instance, if fees are returned to affected employees through paychecks, it is important non-affected employees understand why their pay does not change.

– Track the supplier's progress in reimbursing fees to employees.

In 2019 we worked with a civil society organization to provide training around fees to management teams running supplier factories in Taiwan. This helped them better understand forced labor issues and best practices around recruitment.

During the year we also trained Onsite Service Providers (OSPs) in Dell Technologies factories in China and Malaysia on risks of forced labor, including recruitment fees. OSPs are suppliers that provide services like janitorial support, security, and food management. A review of our own supplier audit data has shown that these suppliers are more likely to use labor brokers who may charge fees or have other practices that do not meet our requirements.

Fees returned, 2019

$109,246 USD

in fees were returned to
supplier employees

Bettering the lives of people in our supply chain

Monitoring weekly working hours

We follow the Responsible Business Alliance (RBA) Code of Conduct which limits factory line employees to a maximum of 60 working hours per week or local law (whichever is stricter), and one rest day per week.

Working hours violations are the most common issue found in audits of our suppliers' factories.[9] Although this overtime is voluntary, excessive working hours impact work-life balance and increase health and safety risks. As such, this is an important area of focus for us, especially during periods of larger manufacturing volumes.

To better understand the issue, we track employees' weekly working hours at factories with known risks due to prior audit results, the size of their workforce, or our strategic relationship. This allows us and our suppliers to proactively identify excessive overtime and come up with solutions. As a result, a higher percentage of the employees whose hours we monitor are meeting the standard.

In 2019, our tracking covered 224,692 employees at 137 supplier factories. The vast majority of these employees – 91% – worked 60 hours per week or less, compared to 89% in 2018. Additionally, 87% of these employees took at least one rest day per week.

When we identify suppliers with opportunities to improve, our on-the-ground specialists and members of Dell Technologies' supply chain team partner with the supplier to share our in-depth knowledge and best practices accumulated over the years.

For example, last year, our partnership identified process gaps in production planning at a supplier's factory. These process gaps caused the factory to run out of raw materials, which stopped production; when it resumed, overtime would be required to enable the factory to meet its target. We helped the factory improve its planning so that raw materials are more readily and reliably available. In addition, the factory is now multi-skilling employees so they can work on other tasks if raw materials are unavailable.

We know many manufacturing companies face issues related to weekly working hours and recognize that one single solution will not resolve it. Together with our suppliers, we remain committed to driving improvements in this area.

[9] Auditors typically check compliance by reviewing working hour records for a three-month period. Auditors determine the severity of non-compliance using a scale, starting at a minor finding if 5% of sampled workers work more than 60 hours per week in the records reviewed. Our audit compliance numbers are based on the 390 initial and closure audits in our supply chain last year.

Weekly working hours compliance, 2019

224,692 employees

were monitored at **137** factories during 2019

91%

of employeess worked 60 hours per week or less during 2019

(89% in 2018)

Days of rest compliance, 2019

In addition **87%**

of these employees took at least one rest day per week

Bettering the lives of people in our supply chain

Improving health, safety and knowledge of labor rights through training

**Helping ensure safe use of
process chemicals**

We work with our suppliers to improve health and
safety in the workplace. Some chemicals used during
the manufacturing process can have harmful effects
if not used correctly or exposure occurs over a
sustained period.

We are reducing exposure to potentially harmful
chemicals on our Restricted Substances List. We also
go further through our Guidelines for Management
of Manufacturing Process Chemicals, which help
suppliers implement best practices for managing
chemicals with risks for the environment or health
identified by organizations and industry groups such as
the Clean Electronics Production Network (CEPN).

CEPN brings together stakeholders across the industry
to identify priority chemicals which would pose a high-
risk of harmful impacts if employees were exposed.
The aim of this is to leverage our combined power to
identify solutions for working with these chemicals.

Based on a survey of 41 factories in 2019, we found
several using chemicals on our restricted substances
list. We helped the factories to substitute these for
safer substances or identify ways to remove exposure.
At the end of 2019, 100% of Dell Technologies and final
assembly factories in our supply chain complied with
our guidelines for the use of process chemicals.

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DELLTechnologies

Expanding access to training by delivering through mobile phones

During 2019 we continued to work with suppliers to deliver training directly to employees via their mobile phones. This training reinforces the importance of following health and safety protocols and awareness of labor rights.

Through this program, Dell Technologies covers the cost of developing training modules. We share these with suppliers who deliver them and cover the cost of the Wi-Fi so that employees can connect to the internet to complete the training. Everyone – direct, temporary, student, migrant, contract or any other type of line employee – are eligible and encouraged to participate.
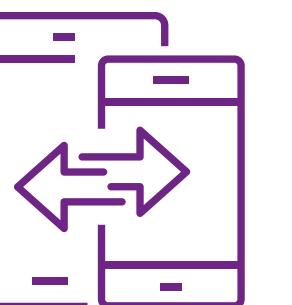
Training topics include:

– Labor rights: policies banning fees (see page 23); contract requirements; pay structures; rules around voluntary overtime; requirements for factories to pay social insurance benefits; rights to paid leave and holidays; grievance mechanisms; right to resign from work.

– Health and safety: safety training; guidelines on the use of process chemicals (see page 19); how to use personal protective equipment (PPE); the importance of daily machine safety checks; fire and emergency procedures.

– Personal development (these are optional for supplier employees): financial literacy; career development; communication skills.

Those working across our entire supply chain are key partners in our ongoing drive for responsible manufacturing. Increasing their knowledge through these training initiatives helps enhance their ability to work safely. It also empowers them with knowledge of their rights and helps us identify factories which are not meeting our expectations.

To date 106,685 supplier employees have completed the required health and safety training modules. We assess the value of the training through baseline surveys before and after the training.

Mobile phone training, 2019

31,762 training hours

completed through mobile phone training in 2019[10]

76

Factories participated
in mobile phone
training courses

(54 in 2018)

106,685

Employees completed
mobile phone
training courses

(50,772 in 2018)

[10] Reflects April-December 2019; no data is available for the period from January-March 2019.

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Supply Chain
Sustainability
Progress Report
2019

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recruitment...

Monitoring weekly
working hours

Improving health,
safety and...

*Building knowledge
through mobile...*

Employee
engagement and...

Helpline leads
to supplier...

Responsible sourcing
of minerals in our...

Reducing our supply
chain's impact on
the planet

Promoting a supply
chain that reflects
our diverse
customer base

Our results

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Bettering the lives of people in our supply chain – *Case study*

Building knowledge through mobile training

One of our outsourced final assembly factories has been a highly engaged partner in our efforts to deliver training directly to supplier employees. Last year, the factory integrated mobile training into its new orientation for frontline employees. This helped to improve the efficiency in which they learned this important information and has also helped the factory to reduce costs associated with paying a training organization to deliver the training.

Last year more than half of the factory's frontline employees completed mobile training. The factory has said this training has positively impacted its communications. As a result of the training, employees better understand the company's health and safety policies which makes it easier for them to discuss expectations with their managers.

"

We really appreciate the encouragement and affirmation from Dell Technologies on supplier employee training. Thanks to the learning map in the mobile training modules, the courses are more interesting and interactive, and employees are more willing to complete training. Through this platform, employees enrich their awareness of labor rights and understanding of first aid and fire protection.

Head of Human Resources,
Dell Technologies Supplier

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Bettering the lives of people in our supply chain

Employee engagement and labor management

Keeping lines of communication open

It is vital we help ensure that people working at first tier or sub-tier supplier factories, or third parties representing them, have a communication channel to reach us with insights or raise concerns. Our helpline is a free phone number managed by an NGO experienced in aiding frontline employees with concerns that arise. It is available to anyone from either inside or outside a factory. Calls received from supplier employees or others on their behalf give us another level of understanding of supply chain issues and help enable us to monitor implementation of our expectations.

Auditors provide communication cards with Dell Technologies' helpline details to supplier employees during audit interviews. We know some can feel uncomfortable giving feedback and factories are dynamic environments. So, this alternative vehicle provides employees another, more private way of offering feedback.

When allegations are received via this helpline, we investigate through all means available to us which can include unannounced visits by Dell Technologies' on-the-ground specialists and third-party auditors. Based on what we find, we request factory managers develop and carry out Corrective Action Plans to address any issues identified. Depending on the seriousness of the

issue, suppliers are required to go through another third-party closure audit to make sure necessary changes agreed to in Corrective Action Plans have been made.

Our Annual Supply Chain Customer Tour is a key and unique opportunity for customers to meet people working at our suppliers' sites and speak candidly to them about their lives away from their managers. For instance, during our 2019 customer tour, one customer asked an employee about their family and was interested to learn that they chose not to bring their children with them to the city where they are working because they had better childcare and placement opportunities at their local schools. Commenting on the level of insight gained from participating in the 2019 customer supply chain tour, a participating customer said: "I realized that even at a highly automated facility with an educated workforce, risks regarding social responsibility are present. I clearly see the value of the supplier relationship where Dell Technologies helps to build knowledge with [factory] management."

"

I clearly see the value of the supplier relationship where Dell helps to build knowledge with [factory] management.

Dell Technologies Customer

Taking a closer look at labor management

In 2019 we partnered with Antai College of Economics and Management at Shanghai Jiao Tong University to conduct academic research on the status of labor management in our supply chain. Through this collaboration we aimed to gain third-party insights into labor challenges; gather additional information on best practices and future trends; and enhance our current tools and solutions to support the needs of suppilers' employees now and for the future.

Representatives from the college visited suppliers and carried out interviews with managers and frontline employees. Interviews were conducted anonymously. Managers were asked questions about subjects including weekly working hour performance, employee engagement initiatives and training. Frontline employees were asked about working hours; how their hours affected their families; and personal and professional ambitions among other areas. As well as these face to face discussions, questionnaires were distributed to managers and employees to investigate views on expectations, demands and the impact of management practices on working conditions.

Alongside this work, academics from the College collected data from government sources to analyze changing demands in the labor environment over the next 10 years and looked at how that will affect trends in supply chain management.

The researchers used factory case studies to compare management practices and summarized working models and examples of best practices to help future working hours organization. This analysis covered:

– Expectations and demands of modern employees, and

– Primary causes of difficulties and challenges in managing labor issues in the supply chain.

The findings are enhancing our insight and ability to provide the level of assurance expected for our products. For example, the research indicated:

– Economic changes mean the supply of employees will gradually reduce in China, increasing the importance of driving efficiency and innovation through automation along with strong programs focused on managing employee relationships.

– The average age of manufacturing employees is expected to increase in the future. This will increase complexity and requirements on management to measure differing physical needs and the work-life balance of frontline employees.

– Supplier employees' professional outlooks and values are changing faster than ever. They are prioritizing quality of life and less interested in volunteering for overtime. Work is increasingly seen as an opportunity to establish social relationships rather than purely to make a living.

DELLTechnologies

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Bettering the lives of people in our supply chain – *Case study*

Helpline leads to supplier improvements

In 2019 a call from a supplier employee to our helpline prompted an unannounced visit by Dell Technologies' on-the-ground specialists to a supplier factory. We wanted to investigate claims of inaccurate pay for overtime.

During our visit, we interviewed employees and managers to gain a better understanding of the conditions and the helpline claims. We found that for 17 employees, pay was not consistent with the working hour sheets and overtime wages. As a result, the supplier developed and carried out a three-month action plan. During this time our on-the-ground specialists provided technical expertise to the supplier and the procurement team helped to track progress and reinforce Dell Technologies' policies around working hours and overtime wages.
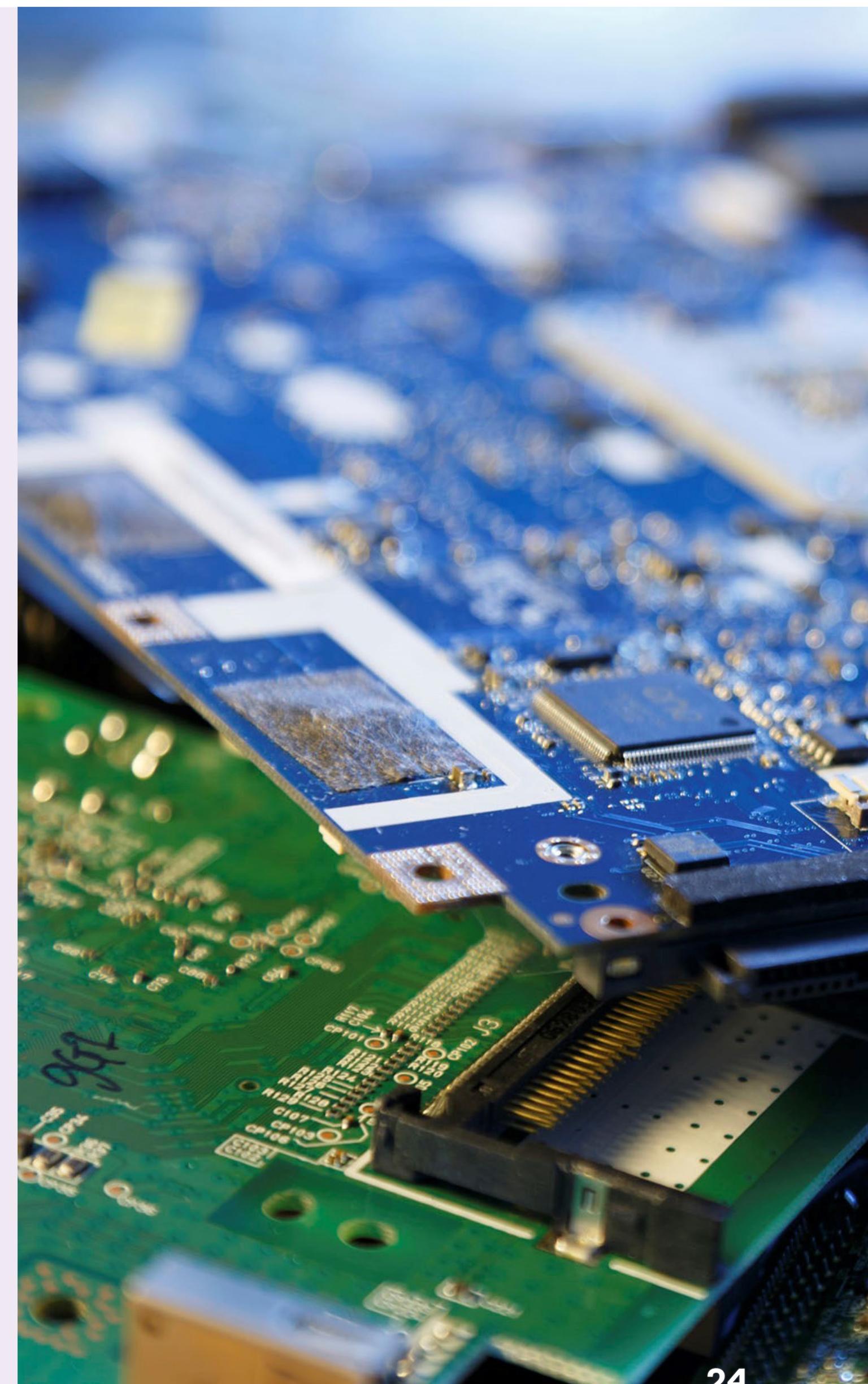
The supplier has now paid all overtime, and we have confirmed the remedy of this issue with affected workers. We continue to work with this supplier to solve working hour issues and promote employee wellbeing. The supplier will undergo a third-party RBA audit to confirm the issues have been remediated.

"

Sustainability is one of Dell Technologies' key values. And it's the responsibility of our suppliers and all Dell Technologies team members to support sustainable procurement. By working together, we were able to bring this important issue to light and gain collaboration within our supply chain to improve the lives of the people that touch our products.

Jerry Liu
Senior Vice President of Procurement,
Dell Technologies

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Bettering the lives of people in our supply chain

Responsible sourcing of minerals in our supply chain

Many Dell Technologies products include minerals such as gold (in circuit boards) or cobalt (used in lithium-ion batteries). Some areas where these minerals are mined have been identified as having human rights abuses. While Dell Technologies does not purchase minerals directly from mines, smelters, or refiners, our expectations for responsible sourcing extend throughout our supply chain.

It is our goal to avoid purchasing materials containing minerals whose mining and sale are not aligned with our responsible sourcing commitments. This commitment is underscored in Dell Technologies' Responsible Sourcing Policy. We are also involved in building an industry-wide approach to responsible sourcing of minerals through groups like the Responsible Minerals Initiative (RMI).

Our efforts around responsible sourcing began by focusing on tin, tungsten, tantalum, and gold, also known as 3TG. We follow the Organization for Economic Cooperation and Development's (OECD) due diligence guidelines for these minerals. Central to our program is the Conflict Minerals Reporting Template (CMRT), which is a standard template used across the industry.
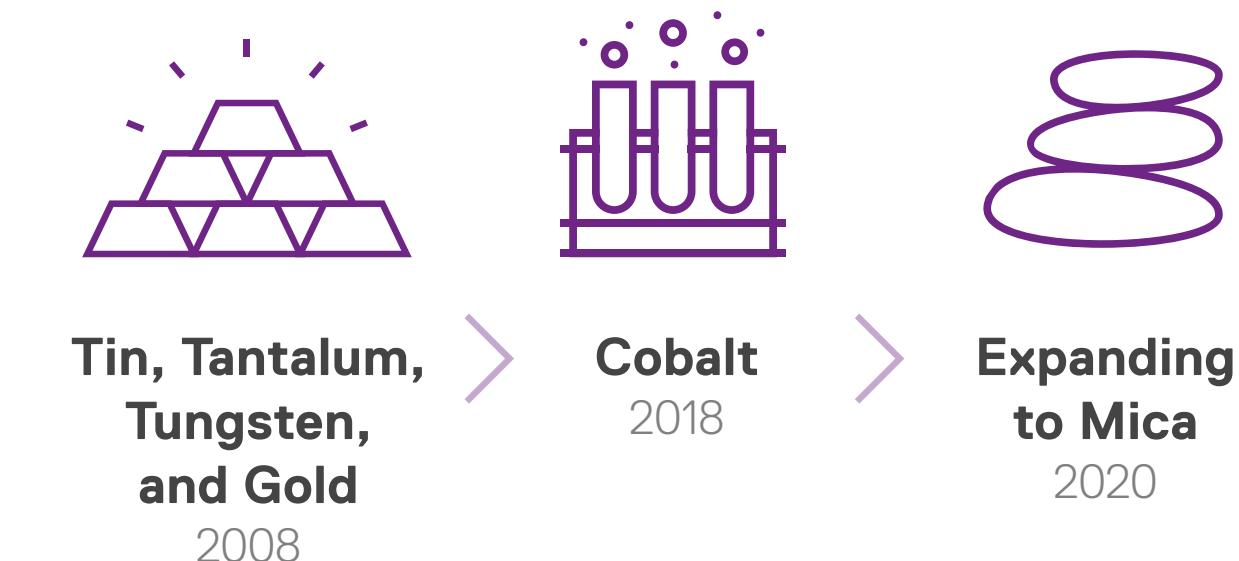
All (100%) of our in-scope suppliers have completed a CMRT,[11] which is a foundational element in our program. It allows us to gather information and annual updates from our suppliers about the smelters and refiners they

are using and that are ultimately in our supply chain. Each smelter and refiner reported to us is evaluated on whether it has been assured through the Responsible Minerals Assurance Process (RMAP). Through RMAP, smelters and refiners undergo independent third-party assessments of their management systems and sourcing practices to confirm they align with RMAP standards, which are based on the OECD's Due Diligence Guidance. Sourcing from RMAP-compliant smelters and refiners helps ensure the minerals in our supply chain are responsibly sourced.

Alongside CMRTs, we partner with suppliers to assure or remove any reported smelters or refiners that are non-compliant with RMAP. Non-compliance does not always indicate high-risk: smelters and refiners supplying raw materials can change regularly and may need time to become assured. For the most recent reporting cycle, 81% of smelters and refiners in our supply chain were participating in RMAP.[12] RMAP conformance is a major focus for 2020. We are working closely with our procurement teams, suppliers, and smelters and refiners themselves to schedule RMAP audits and remove smelters and refiners from our supply chain if audits or compliance with industry standards is not possible. We are aiming to achieve a conformance rate in the high 90s by the end of 2020.

We have expanded our efforts to cover cobalt and mica which have been identified as having high risks for human rights abuses. We ask our suppliers to participate in the cobalt audit program launched by the RMI in 2018. Dell Technologies is also participating in the process of developing a mica audit program for 2020.

Timeline of minerals included in Dell Technologies' responsible sourcing efforts, 2008 to 2020

Tin, Tantalum, Tungsten, and Gold
2008

Cobalt
2018

Expanding to Mica
2020

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[11] The reporting period for the Conflict Minerals Reporting Template is August 2019 through February 2020 in accordance with industry standards.

[12] The rate of smelters and refiners participating in the Responsible Minerals Assurance Program (RMAP) represents a point in time as of February 2020.

Reducing our supply chain's impact on the planet

A 2019 highlight was our first-place ranking among 438 brands across all industries in the Institute of Public and Environmental Affairs (IPE) Corporate Information Transparency Index (CITI). This top position represents significant progress by suppliers over several years and demonstrates the benefits of Dell Technologies' commitment to collaboration.

The CITI ranking reflects our efforts to manage the environmental impacts of our supply chain responsibly and transparently. Ranking at No. 56 in 2014, our climb to No. 1 represents successful efforts to address environmental impacts, particularly climate change. The CITI is a quantitative evaluation system designed to assess brands' environmental management of their supply chains in China.

Dell Technologies' commitment to protecting the planet may be global, but it is local action — informed by local needs — that creates meaningful results within the communities where we operate. By proactively managing environmental issues within our supply chain, we are safeguarding the continuity of sustainability at the heart of our business.

"

Dell Technologies' superb performance in supply chain environmental management makes them truly deserving of their first-place ranking. They have adopted data-based automated tools to effectively work in partnership with suppliers, contributing to industry-wide efforts on environmental protection.

Institute of Public & Environmental Affairs (IPE)

Reducing our supply chain's impact on the planet

Reducing greenhouse gas emissions in our supply chain

Since 2017 we have worked with suppliers to improve measurement and reporting of their emissions, using cross-industry tools such as CDP's Climate Change disclosure. CDP Global is a NGO that runs a global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

Building on this work, last year we announced a new commitment to partner with our direct material suppliers to reduce greenhouse gas emissions by 60% per unit revenue, as part of our Social Impact Plan for 2030. Our science-based target is in-line with global limits to restrict climate change to 1.5 degrees Celsius. To achieve this, we are engaging with key suppliers to help them set their own science-based targets and reduce greenhouse gas emissions.

Our engagements have focused on supporting suppliers' efforts to reduce energy consumption, improve energy efficiency, and source cleaner energy. For instance, last year, we hosted training for suppliers to learn more about energy efficiency. We also provided on-site consultations with suppliers to identify opportunities for energy efficiency.

To meet our goal, we are working with Dell Technologies teams around the globe to identify renewable energy options in areas where such sources are limited. We expect this to be a key challenge as we progress towards our target over the next 10 years.
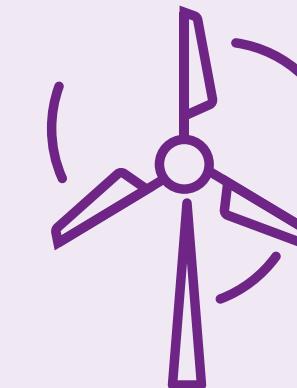
Greenhouse gas emissions reductions, 2019

275,130 metric tons

of greenhouse gas emissions were reduced through energy consumption reduction projects at supplier factories in 2019[13]

Supplier factories sourcing renewable energy, 2019

59 supplier factories

were tracked as using energy from renewable sources

[13] Data was reported as of January 31, 2020. This represents savings based on energy reduction projects tracked by Dell Technologies at key supplier factories.

Reducing our supply chain's impact on the planet – *Case study*

Collaborating to reduce emissions

During 2019 one of our supplier's factories that provides mechanical hardware for Dell Technologies implemented a new program resulting in the reduction of 5,387 tons of greenhouse gas emissions. This reduction was the result of transferring some energy sources to renewable photovoltaic power generation, operational improvements, and the launch of an energy management system.

The supplier launched its program by providing training for its employees to create awareness about its energy savings efforts and its importance. The supplier also established an internal energy savings auditor to monitor efforts. Each department at the factory was made responsible for achieving monthly energy savings and held accountable through key performance indicators that tracked progress.

Throughout this process, we provided technical expertise, helping the factory to:

– Confirm its energy savings potential,

– Identify waste in the energy transportation and distribution process and other processes such as heating and cooling buildings,

– Evaluate opportunities for more energy-friendly equipment,

– Review energy-related performance indicators and methodologies, and

– Measure employees' knowledge of energy savings activities.

By taking ownership of reducing emissions, this supplier is helping us to reach our 2030 goal to reduce emissions in our supply chain by 60% per unit revenue.

Reducing our supply chain's impact on the planet

Working with stakeholders to support water stewardship

Since water is a finite resource, we want to make sure it is used responsibly throughout our supply chain. Some of Dell Technologies' suppliers have factories in areas of water stress – meaning that at least 20% of renewable surface and groundwater supply is withdrawn annually[14] - and water is required to produce some of the components in Dell Technologies products.

We also recognize that our supply chain is not the only user of water in a catchment area. So, we follow the principles of water stewardship to responsibly and collaboratively manage water resources. This includes both understanding water use within our supply chain and understanding and engaging in efforts to address shared risks across other water users in the catchment.

Understanding water use within our supply chain
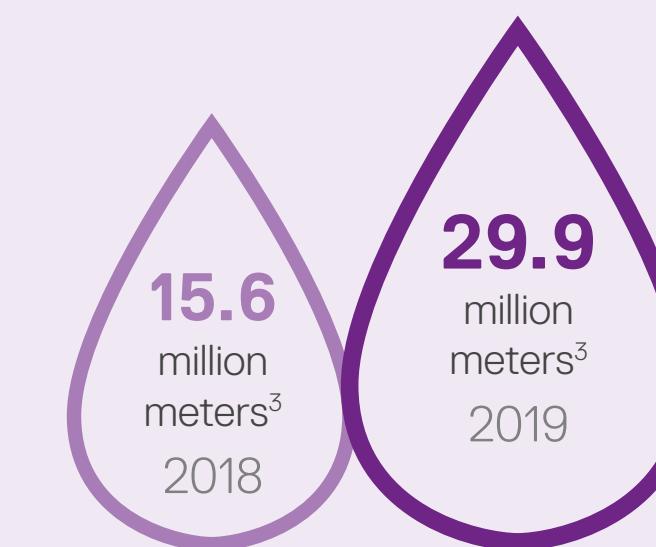
We focus our efforts on the factories in our supply chain that have the most water-intensive processes or are located in water-stressed regions. For the past five years, we have worked with factories to jointly analyze their water performance. Factories have used this analysis – alongside water management training we provide – to develop and implement plans to reduce freshwater use and wastewater discharge. Currently, 231 factories in our supply chain are actively implementing water risk mitigation plans based on this work.

Collectively, these factories saved 29.9 million meters[3] of freshwater and reduced wastewater discharge by 26.2 million meters[3] in 2019. We're continuing to build on this work by tracking the ongoing impact of these water plans and providing continued capability building.
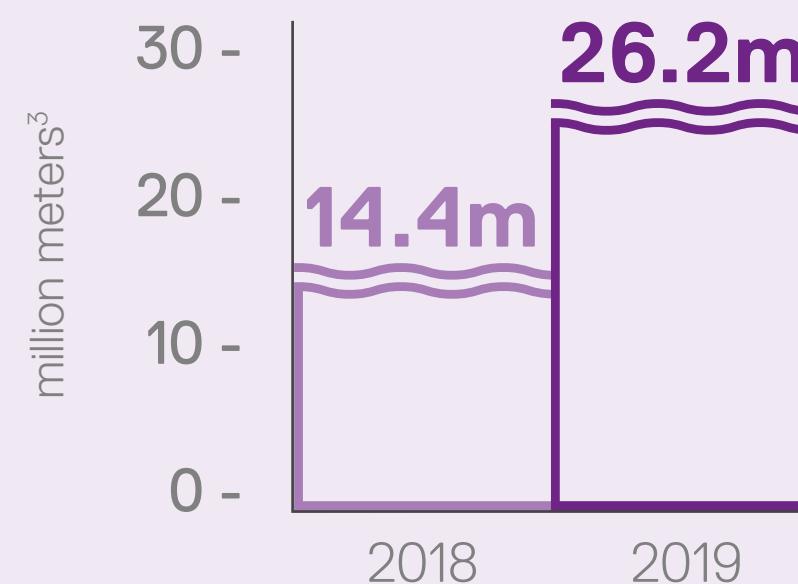
[14] Definition is based on the World Resources Institute definition for areas of medium-high water stress or higher.

[15] We achieved our Legacy of Good 2020 goal in 2019, which requires a five-year responsible water risk mitigation plan for our top 250 direct material supplier facilities in water-stressed regions or with water-intensive processes. We enhanced our data validation processes to verify all water plans submitted by the 250 suppliers this year. The new processes, which included one by one data review and online training on data submission, helped suppliers consolidate all valid water plans. Over the process, we noted some suppliers underreported water plans in 2018. As a result, we asked them to update their submissions and have restated the data for CY2018.

Freshwater saved, 2018 to 2019[15]

15.6 million meters[3] 2018

29.9 million meters[3] 2019

Wastewater discharge reduced, 2018 to 2019[15]

million meters[3]

30 –
20 –
10 –
0 –

14.4m

26.2m

2018   2019

DELL Technologies

Understanding and mitigating shared risks across water catchments

The water risk mitigation plans developed by factories include engagement plans for working with stakeholders such as city water providers, local community members, and wastewater treatment plants. To promote sustainable progress on water use, it is vital to discuss and coordinate at the water-basin / watershed level. Our commitment to this is demonstrated by our organization of forums to bring together stakeholders to address water issues at this level and share best practices.

In 2019, our coordination efforts centered on South China. We held a roundtable in which we partnered with a peer company to host seminars that focused on water risk, energy management, and environmental regulations. Different perspectives were presented by a range of guest speakers including representatives from the local authority, NGOs, suppliers, consultancies and audit companies. These discussions helped to identify common challenges around compliance, including suppliers' lack of people and knowledge; limited relevant infrastructure; the pace of changing local laws and the high costs associated with environmental regulations.

We have also been encouraging suppliers to become certified by the Alliance for Water Stewardship, which is a standard for how to address challenges across a water catchment. In 2019 we engaged with eight supplier factories on water stewardship best practices.

"

Collaboration between brands, suppliers, and local communities is essential to protecting our environment. By focusing on our common problems and identifying solutions together, we can all drive progress in building environmentally responsible supply chains. We are glad to be working alongside Dell Technologies to facilitate these unique partnerships that will have long-term positive impacts.

Alliance for Water Stewardship – Asia Pacific

Reducing our supply chain's impact on the planet

Addressing waste

Waste not only has environmental impacts; it can also represent a lost opportunity to reuse resources. One way we address this is by asking suppliers to be transparent about their own environmental impacts by publishing sustainability reports in accordance with the Global Reporting Initiative (GRI). Last year, 93% of our direct material suppliers (by spend) published these reports. Based on this information, 51% of Dell Technologies' direct material suppliers (by spend) have reported progress in reducing waste from their operations.

To go further and help divert waste in our supply chain from landfills, last year we conducted a pilot with five of our final assembly manufacturing factories. The pilot aimed at building their capabilities in managing waste, with the goal of diverting over 90% from landfills. Throughout the pilot we provided on-site training and assisted with gap analyses to identify improvement opportunities. Suppliers used this expertise to develop waste management systems and divert more waste from landfills through recycling, compositing, anaerobic digestion, reducing, thermal treatment with energy recover, and biofuel.[16]

Based on our work in 2019, we plan to engage additional suppliers in 2020 and build a system to benchmark diversion rates in our supply chain.

[16] Aligns with definitions of diversion by TRUE Zero waste rating system, Oct. 12, 2017 and UL ECVP 2799-Zero Waste to Landfill.

DELLTechnologies

Reducing our supply chain's impact on the planet

Mapping environmental risk

During 2019 we continued our campaign to further increase the visibility and mitigation of supply chain environmental risks. One of our practical solutions has been the development of an environmental risk heat map. This map automates our capture of big data from media and government sources, allowing for 24x7 monitoring of information that indicates if a factory in our supply chain is at risk of environmental non-compliance. This gives our teams a holistic view to proactively identify high-risk suppliers and work with them to instigate action plans early.

This map helps us identify suppliers who need to improve their environmental performance to meet our expectations for a responsible supply chain. By working with these suppliers to alert them to the risk and sharing best practices, 100% of the non-compliance risks identified through the tool were mitigated in 2019.

Reducing our supply chain's impact on the planet – *Case study*

Environmental Map in action

In April 2019, we received a notification from our automated monitoring that highlighted a concern with the wastewater discharge from one of our motherboard suppliers. We were able to immediately reach out to this factory to discuss the issue, the impact to production, and possible root causes.

That afternoon, our on-the-ground specialists visited the site, participating in the root cause analysis, implementing emergency plans, and identifying remedies and corrective actions to reduce the impact and prevent future issues.

We also worked with the supplier that day to get the issue reported to the local Environmental Protection Agency (EPA), which helped ensure continuity of supply from that factory for Dell Technologies and helped the supplier maintain a good relationship with local regulators and the community.

"

By partnering with Dell Technologies to address this challenge, we were able to avert what could have been a crisis and make it into an opportunity.

Head of Human Resources,

Dell Technologies Supplier

Promoting a supply chain that reflects our diverse customer base

One of the ways in which we make our supply chain successful is finding opportunities to work with suppliers from diverse backgrounds. This drives creativity through the development of new products and ideas and helps us better match our supply chain to our global customer base.

We continually look for opportunities to give equal access to and promote small and diverse businesses that are majority owned by women, minority groups, people with disabilities, members of the LGBT community, or veterans. For more detail on this, please visit the supplier diversity section on our website.

To expand the diversity of our supply base, Dell Technologies procurement and supplier diversity representatives attend conferences and outreach events where we host matchmaking sessions to identify potential small and diverse businesses.

As a result of our efforts, Dell Technologies has spent more than $3 billion with diverse and small businesses annually[17] for each of the past eight years. In 2019 Dell Technologies qualified for the Billion Dollar Roundtable (BDR) for the 10th consecutive year. BDR recognizes and celebrates corporations that spend at least $1 billion annually with minority and women-owned businesses.

BDR®
BILLION DOLLAR ROUNDTABLE

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[17] Diverse spend certificates are validated on an annual basis.

D∕ELL Technologies

Promoting a supply chain that reflects our diverse customer base

Strengthening skills

We also support our diverse suppliers by providing them with the skills they need to grow their businesses. Our programs help suppliers at multiple levels of maturity to support their growth.

For the second year in a row we selected seven companies to receive 34 hours of training, mentorship and networking through our Supplier Diversity Development Program. This year-long program enhances the skillsets of current diverse suppliers. The goal is to increase their operational effectiveness and better position them for success with Dell Technologies and other large corporations.

Participating suppliers took part in monthly online training sessions and had regular check-ins with mentors and Dell Technologies specialists to track their progress. The training and conversations focused on topics suppliers can leverage in their daily business activities, such as building executive presence, communication skills, storytelling, how to go global, and talent management.

We also built on the success of our Women in Tech program, first launched in 2018, to help women-owned businesses entering the tech sector navigate large tech companies such as Dell Technologies. This program is a partnership between Dell Technologies and the Women's Business Enterprise National Council (WBENC).

Based on requests from the 34 women-owned businesses that participated in our 2018 summit, we held a follow-up roundtable in 2019 to address their desire for additional training. At this roundtable, suppliers heard from our executives on opportunities for women-owned businesses and an external consultant trained participants on communications.

In 2019, we continued our partnership with WBENC to run our second Women in Tech program with a new cohort of leaders. This brought together 32 women business owners, representing women who own established businesses of all sizes across the US, to help them build connections and learn strategies to grow their operations. These businesses represent various aspects of technology including cyber security; software; internet of things, and IT manufacturing. As a result of the Women in Tech program and our engagement with women-owned businesses, Dell Technologies was recognized as a Top Corporation for Women Business Enterprises by WBENC for the 10th consecutive year.

"

We are thankful to have an amazing partner like Dell Technologies to support the Women in Technology program. Through our partnerships we are advancing opportunities, connections, and resources for women's business enterprises in technology.

Women's Business Enterprise National Council

Diversity status of the seven suppliers participating in Dell Technologies' Supplier Diversity Development Program[18]

7 1 1 2 2

- Small Business Enterprise (SBE)
- National Minority Supplier Development Council (NMSDC)
- Women-Owned Small Business (WOSB)
- Women's Business Enterprise National Council (WBENC)
- Small Disadvantaged Business (SDB)

[18] A supplier may hold multiple diversity certifications.

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During our second Women in Tech program, 15 Dell Technologies executives spoke on topics such as trends in technology, strategic leadership communication, product marketing, and talent development. We plan to continue with this two-and-a-half-day program which is custom designed to:

– Inform the business owners on where technology is heading and how it will impact the business world and beyond.

– Provide insight into the future of the technology industry and the future of work, and how they can align their services in preparation for change.

– Highlight the steps to form strategic alliances, and how they can get their foot in the door as suppliers to large tech companies.

– Increase competence in day-to-day operations (i.e. product management and marketing) and acquire high level strategic planning skills required to grow a business.

– Enhance their ability to communicate strategically with their teams and about their businesses.

One participant said "My time here these past few days has been transformational. The speakers were not only addressing very real topics and areas for growth, but they did it in a way that was genuine and unexpected. I felt as though they cared about their work and they cared about what they chose to share with us in an impactful way. I am leaving today with a very full heart and real tools based on what I have learned and experienced. I'm grateful to WBENC for their partnership with Dell Technologies. This has been by far the most personally beneficially event that I have attended through WBENC."

"

I felt as though they cared about their work and they cared about what they chose to share with us in an impactful way. I am leaving today with a very full heart and real tools based on what I have learned and experienced. I'm grateful to WBENC for their partnership with Dell Technologies.

Women in Technology Program Participant

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Promoting a supply chain that reflects our diverse customer base

Driving accountability

We prioritize sourcing from suppliers that have strong supplier diversity programs themselves. To drive accountability in our supply chain, we monitor how much our key suppliers spend with diverse suppliers of their own.

Last year, we used this information to identify key portfolios within Dell Technologies that had the most opportunity to grow the number of and spend with diverse suppliers in our sub-tiers. Based on this, we've been inviting additional suppliers to join our program. But we don't just hold these suppliers accountable; we're collaborating with them as they build up their own supplier diversity programs.

For instance, Dell Technologies procurement representatives joined some of our indirect suppliers, as well as final assembly and direct suppliers in matchmaking sessions at conferences and outreach events. These sessions allow our suppliers to identify potential diverse suppliers for their own supply chains.

Last year, our procurement teams also began a pilot to help our suppliers start supplier diversity programs within their companies. As part of this pilot, one of our final assembly suppliers committed to making supplier diversity a priority within its own company and for Dell Technologies. Our supplier joined us at the Diversity Across the Border Roundtable Event in El Paso, Texas held by the Southwest Minority Supplier Development Council (SMSDC). At the event, the supplier spoke about its business and engaged with over 40 Minority Business

Enterprises (MBEs) and other diverse suppliers on potential opportunities to become business partners. The supplier also began submitting the amount it spends with diverse businesses to Dell Technologies quarterly.

"

This partnership shows the impact that can occur when we work together with our suppliers and strategically engage in opportunities to connect with diverse businesses. As a result of this partnership, we've been able to increase visibility into diverse suppliers in sub-tiers of our supply chain, and we can't wait to watch this partnership grow.

Darlene Owens
Manager, Supplier Diversity,
Dell Technologies

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Supply Chain
Sustainability
Progress Report
2019

Our results in 2019

DELL Technologies

Audit results

Labor and human rights

Key
P   Priority Findings
M   Major Findings

Results are based on audits of 310 factories.
When an issue is found, we work with the factory
to correct it. At the end of 2019, 76% of priority
and major findings (cumulatively) had been closed.

Percentage of audited factories in compliance, with breakdown of major and priority findings
of non-compliance according to supply chain tier.

Total % of facilities in compliance in 2019

	Freedom of association		Humane treatment		Young worker protections		Non-discrimination		Freely chosen employment protections		Proper wages and benefits		Working hours and rest days		
	100%		**99%**		**99%**		**98%**		**86%**		**73%**		**15%**		
	98% in 2018		99% in 2018		98% in 2018		96% in 2018		85% in 2018		69% in 2018				Dell & Final Assembly
Dell & Final Assembly	0	0	0	0	0	0	0	0	0	0	0	2	1	14	
Direct	0	0	0	1	1	1	0	1	2	26	0	39	5	104	Direct
Sub-tier	0	1	0	1	0	1	1	5	3	17	2	42	8	146	Sub-tier
	P	M	P	M	P	M	P	M	P	M	P	M	P	M	

[19] 19% in 2018

Audit results

Employee health and safety

Key
P Priority Findings
M Major Findings

Percentage of audited factories in compliance, with breakdown of major and priority findings of non-compliance according to supply chain tier.

	Physically demanding work	Machine Safeguarding	Health and safety communication	Food, sanitation and housing	Industrial hygiene	Occupational injury and illness prevention	Emergency preparedness	Occupational safety
2019	98%	96%	96%	90%	85%	83%	73%	70%
2018	98% in 2018	98% in 2018	97% in 2018	86% in 2018	81% in 2018	79% in 2018	63% in 2018	67% in 2018
Dell & Final Assembly (P | M)	0 | 1	0 | 1	0 | 1	0 | 1	0 | 1	0 | 0	0 | 2	0 | 3
Direct (P | M)	0 | 1	0 | 4	0 | 3	0 | 8	0 | 9	0 | 16	2 | 24	0 | 36
Sub-tier (P | M)	0 | 4	0 | 8	0 | 7	0 | 21	1 | 36	0 | 37	1 | 55	1 | 53

Total % of facilities in compliance in 2019

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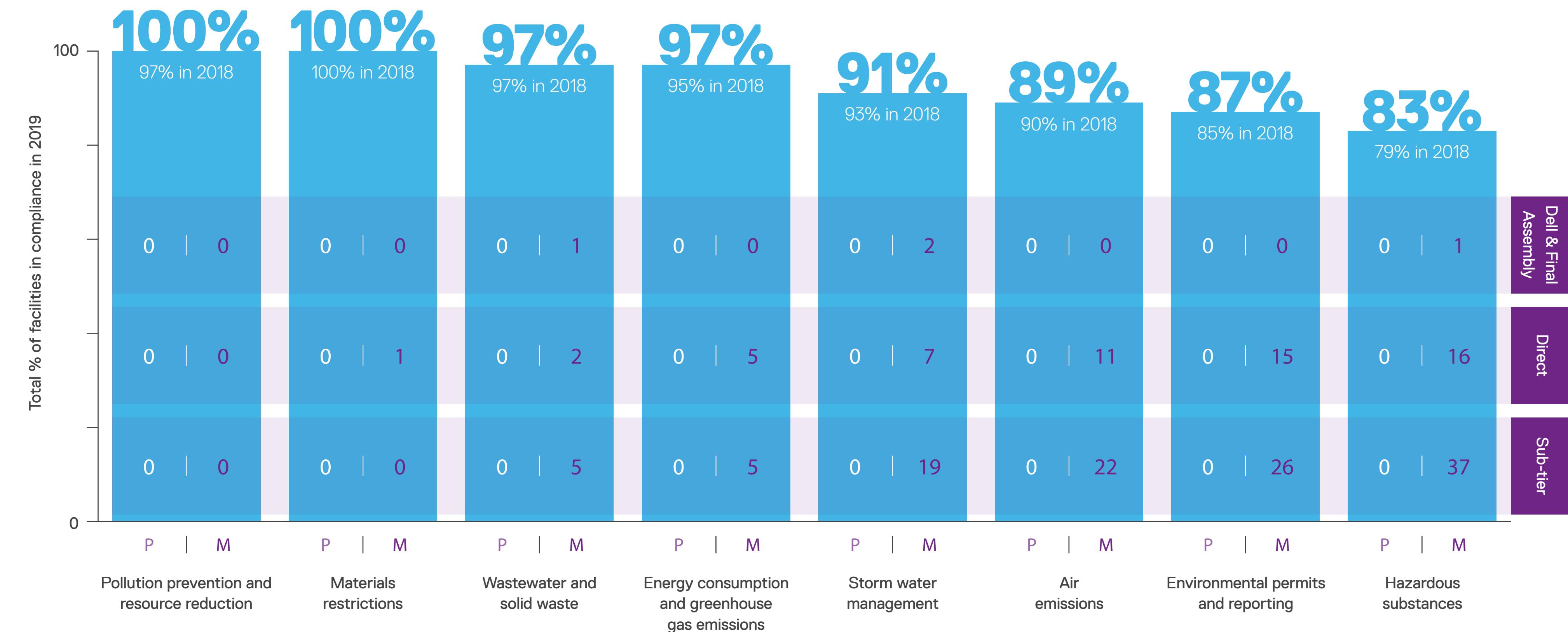
Audit results

Environment

Key
P Priority Findings
M Major Findings

Results are based on audits of 310 factories. When an issue is found, we work with the factory to correct it. At the end of 2019, 76% of priority and major findings (cumulatively) had been closed.

Percentage of audited factories in compliance, with breakdown of major and priority findings of non-compliance according to supply chain tier.

Total % of facilities in compliance in 2019

|	Pollution prevention and resource reduction		Materials restrictions		Wastewater and solid waste		Energy consumption and greenhouse gas emissions		Storm water management		Air emissions		Environmental permits and reporting		Hazardous substances	
% in 2019	100%		100%		97%		97%		91%		89%		87%		83%	
in 2018	97%		100%		97%		95%		93%		90%		85%		79%	
	P	M	P	M	P	M	P	M	P	M	P	M	P	M	P	M
Dell & Final Assembly	0	0	0	0	0	1	0	0	0	2	0	0	0	0	0	1
Direct	0	0	0	1	0	2	0	5	0	7	0	11	0	15	0	16
Sub-tier	0	0	0	0	0	5	0	5	0	19	0	22	0	26	0	37

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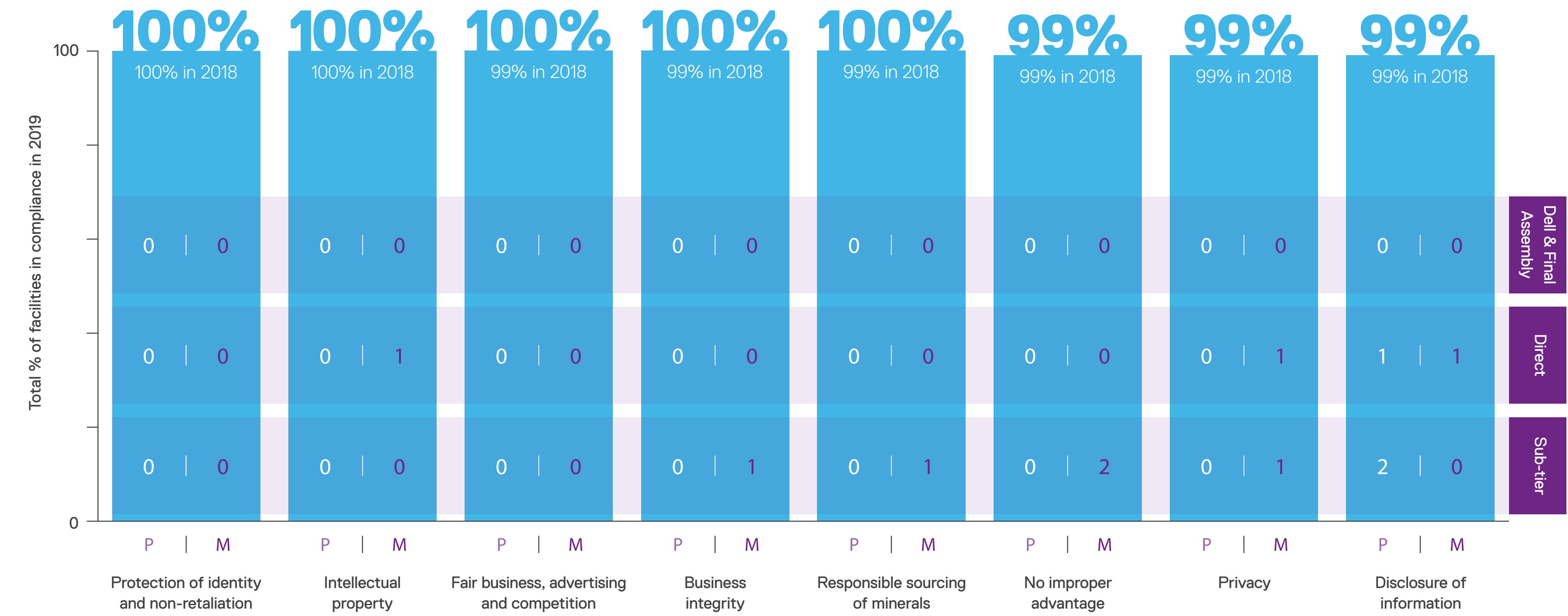
Audit results

Ethics

Key

P Priority Findings

M Major Findings

Results are based on audits of 310 factories. When an issue is found, we work with the factory to correct it. At the end of 2019, 76% of priority and major findings (cumulatively) had been closed.

Percentage of audited factories in compliance, with breakdown of major and priority findings of non-compliance according to supply chain tier.

	Protection of identity and non-retaliation		Intellectual property		Fair business, advertising and competition		Business integrity		Responsible sourcing of minerals		No improper advantage		Privacy		Disclosure of information	
	100% 100% in 2018		**100%** 100% in 2018		**100%** 99% in 2018		**100%** 99% in 2018		**100%** 99% in 2018		**99%** 99% in 2018		**99%** 99% in 2018		**99%** 99% in 2018	
Dell & Final Assembly	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Direct	0	0	0	1	0	0	0	0	0	0	0	0	0	1	1	1
Sub-tier	0	0	0	0	0	0	0	1	0	1	0	2	0	1	2	0
	P	M	P	M	P	M	P	M	P	M	P	M	P	M	P	M

Total % of facilities in compliance in 2019

100

0

DELL Technologies
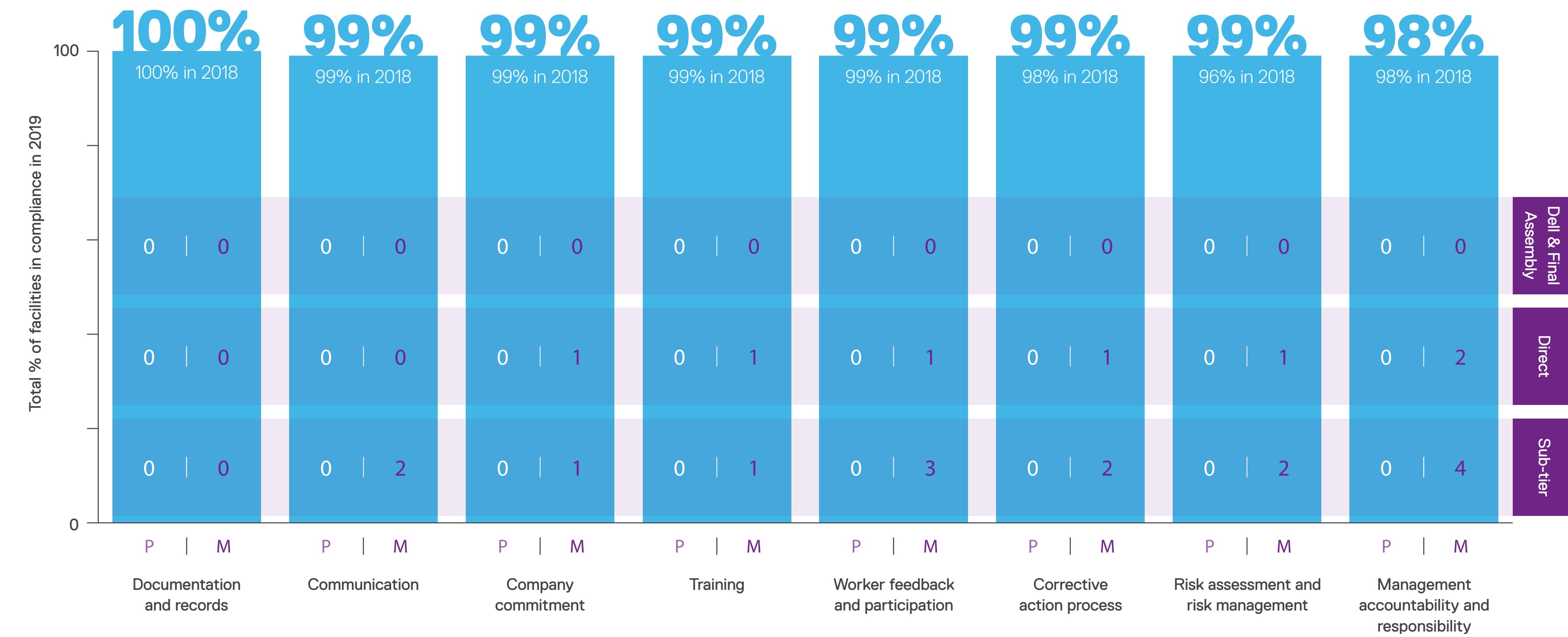
Audit results

Management systems

Key
P Priority Findings
M Major Findings

Results are based on audits of 310 factories. When an issue is found, we work with the factory to correct it. At the end of 2019, 76% of priority and major findings (cumulatively) had been closed.

Percentage of audited factories in compliance, with breakdown of major and priority findings of non-compliance according to supply chain tier.

Total % of facilities in compliance in 2019

	Documentation and records	Communication	Company commitment	Training	Worker feedback and participation	Corrective action process	Risk assessment and risk management	Management accountability and responsibility	
2019	100%	99%	99%	99%	99%	99%	99%	98%	
2018	100% in 2018	99% in 2018	99% in 2018	99% in 2018	99% in 2018	98% in 2018	96% in 2018	98% in 2018	
P | M (Dell & Final Assembly)	0 | 0	0 | 0	0 | 0	0 | 0	0 | 0	0 | 0	0 | 0	0 | 0	Dell & Final Assembly
P | M (Direct)	0 | 0	0 | 0	0 | 1	0 | 1	0 | 1	0 | 1	0 | 1	0 | 2	Direct
P | M (Sub-tier)	0 | 0	0 | 2	0 | 1	0 | 1	0 | 3	0 | 2	0 | 2	0 | 4	Sub-tier
	P | M	P | M	P | M	P | M	P | M	P | M	P | M	P | M	

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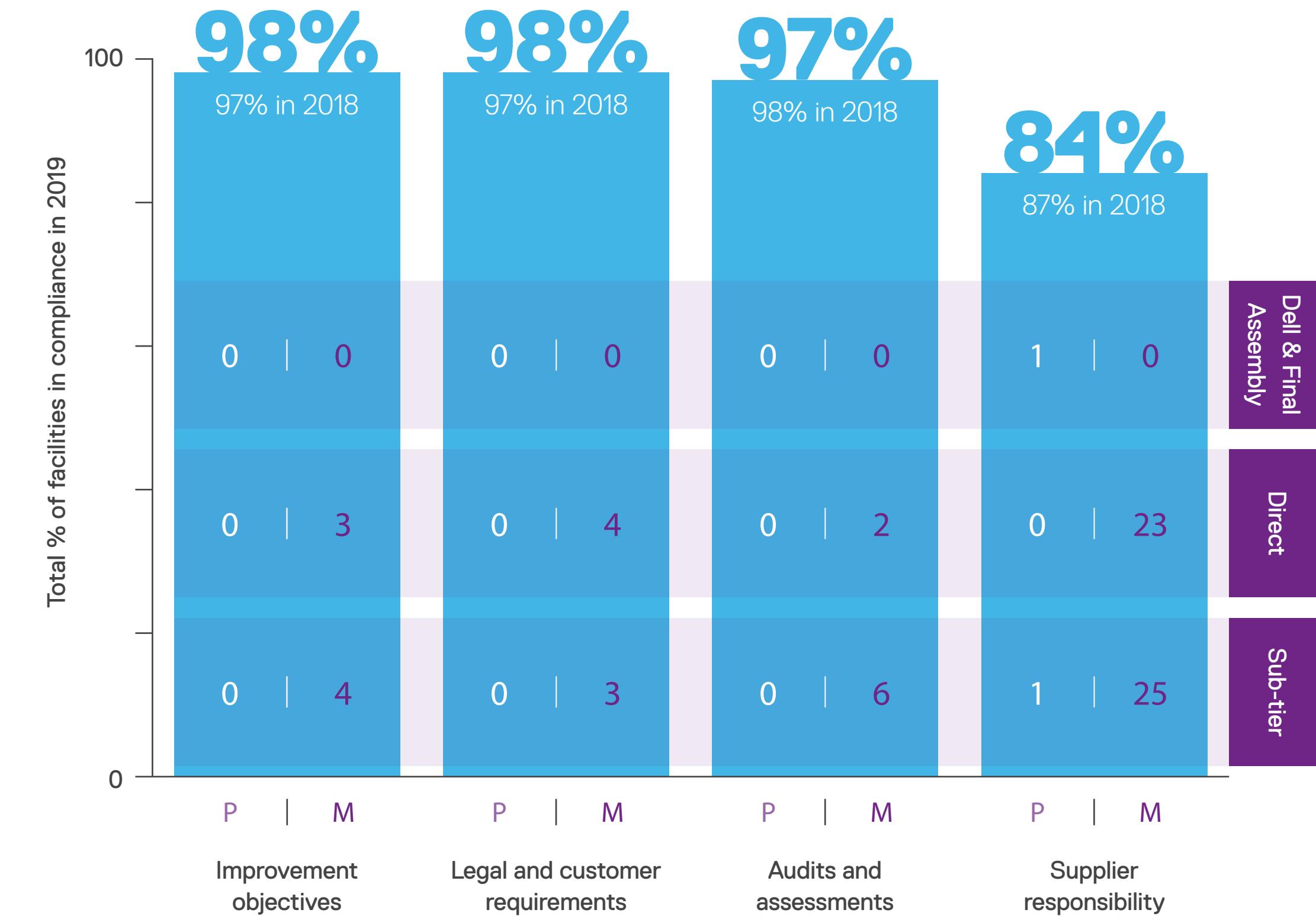
Audit results

Management systems (continued)

Key
P Priority Findings
M Major Findings

Results are based on audits of 310 factories. When an issue is found, we work with the factory to correct it. At the end of 2019, 76% of priority and major findings (cumulatively) had been closed.

Percentage of audited factories in compliance, with breakdown of major and priority findings of non-compliance according to supply chain tier.

Total % of facilities in compliance in 2019

	Improvement objectives	Legal and customer requirements	Audits and assessments	Supplier responsibility
2019	98%	98%	97%	84%
2018	97% in 2018	97% in 2018	98% in 2018	87% in 2018
Dell & Final Assembly (P | M)	0 | 0	0 | 0	0 | 0	1 | 0
Direct (P | M)	0 | 3	0 | 4	0 | 2	0 | 23
Sub-tier (P | M)	0 | 4	0 | 3	0 | 6	1 | 25

About this report

Unless otherwise noted, this report reflects progress during calendar year 2019.

The report reflects progress in the Dell Technologies supply chain, and excludes the supply chains of strategically aligned businesses including RSA, SecureWorks, Virtustream, Pivotal and Boomi. Information relating to supplier diversity spend reflects Dell Technologies and its strategically aligned businesses except for VMware and SecureWorks.

Feedback

Transparency and collaborative leadership are key pillars of our sustainability strategy. We value feedback or questions you may have regarding this report or Dell Technologies' approach to supply chain sustainability. If you would like to contact us regarding information in this report, please email us at SCSustainability@Dell.com.

Other related reports and Dell Technologies supply chain policies:

FY20 Progress Made Real Report

Dell Supplier Principles

Dell Vulnerable Worker Policy

Human Rights and Labor Policy

Statement Against Slavery and Human Trafficking

Dell Responsible Sourcing Policy

Guidelines for Management of Manufacturing Chemicals

Dell's Form SD (Conflict Minerals Filing with the SEC)

Dell Supplier Diversity Overview

Dell's Public Supplier List

360 Tour of Our Supply Chain

Dell's Social Impact website

Acknowledgements

Dell Technologies' Supply Chain Social and Environmental Responsibility team would like to thank the following for their collaboration and partnership over the last 12 months:

Our supplier partners

Our partners across Dell's procurement and manufacturing teams

Dell Technologies Social Impact team

The Responsible Business Alliance, its initiatives and working groups and fellow members with whom we have collaborated

NextWave and its members

Staff at the Clean Electronics Production Network and members

The Antai College of Economics and Management at Shanghai Jiao Tong University

Staff at the Institute of Public & Environmental Affairs (IPE)

Staff at the Alliance for Water Stewardship-Asia Pacific

Women's Business Enterprise National Council

Billion Dollar Roundtable

**Supply Chain
Sustainability
Progress Report**
2019

DELLTechnologies