

TRANSCRIPT

DELL - Dell Technologies Inc ESG Strategy Call

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PRESENTATION

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Hello, everyone, and thanks for joining us. Welcome to our stakeholder call covering Dell Technologies' environmental, social and governance strategy. I'm Rob Williams, Head of Investor Relations of Dell Technologies and a member of the ESG Steering Committee.

Before we jump into the agenda, I'd like to remind you that all statements made during this call that relate to future results and events are forward-looking statements based on current expectations. Actual results and events could differ materially from those projected due to a number of risks and uncertainties, which are discussed in our web deck and our SEC filings. We assume no obligation to update our forward-looking statements.

For today's call, we will share some prepared remarks before taking questions. If you have a question at any time, please submit it online through the submit question function on the webcast page.

Okay. Let me introduce my colleagues with me today on the call. First, Cassandra Gerber -- Garber, sorry, Vice President of Environmental, Social and Governance, which, for us at Dell, includes sustainability and philanthropy; and Vanice Hayes, our Chief Culture, Diversity and Inclusion Officer, focusing on our Dell Technologies workforce.

We've posted the web deck for today's discussion on our Investor Relations website. The slides are intended to follow today's prepared remarks. In addition, our FY '22 ESG report was published in late June. This report can also be accessed through dell.com and our Investor Relations website. I encourage you to review these materials in conjunction with the call.

For those of you following along, I'm now on Slide 4, which is our agenda slide. Our agenda today will cover our ESG strategy and governance, our ESG pillars, goals and progress, and I'll update our corporate governance, and we'll wrap up with some remarks, highlighting some of our recent recognition we received, and then we'll move to Q&A. With that, let me pass it over to Cassandra.

Cassandra Garber

Thank you, Rob. Hello, everyone. Thank you all for joining us. I'm really excited to be here today and to be able to talk with you about an important topic for us at Dell, which is ESG.

So jumping right in, I'll first walk you through our ESG strategy at Dell, which starts with our purpose.

Our purpose is to create technologies that drive human progress. Below that, we have our vision, which is to become the essential technology company for the data era. The way we think about ESG and all of this is that our -- is that ESG is our vision and our purpose in action. We are focused on creating both business and societal value for all of our stakeholders. .

So for us, we have established ESG as a corporate function. It's not a brand, it's not an initiative but an organization that works across our company to guide the approach and process for setting, managing and reporting on our ESG activity, performance and social and environmental impact.

So how do we do that? Well, as you all know, ESG can be a bit of a complicated space with a variety of topics and activities and objectives. So we try to simplify it by approaching it with a set of pillars and a set of priorities. Our 4 pillars make up our framework. This serves for how we run ESG

in our business. The pillars are: advancing sustainability, cultivating inclusion, transforming lives, and upholding ethics and privacy. These pillars and some additional topics we manage and report on provide us the flexibility to be holistic in our management and reporting of all the topics important to us and our stakeholders.

On the right side of the slide, you'll see we have our ESG impact priorities. Prioritization is so important when tackling big, complex societal issues and working to drive efficiency, clarity and action to deliver the greatest impact. So that's what these are for us. These are the areas where we seek to have an outsized impact on society. These are climate action, circular economy, inclusive workforce and digital inclusion. You'll see examples of these in the stories we share today. Our commitments and plans across all of these areas span our own operations, our value chain as well as with our partners across the globe, again, working toward the ultimate objective of delivering both business and societal value.

So now let's talk about governance of this work. We fully recognize that managing our most important ESG issues is of increasing importance to our stakeholders. That's why we are not only taking action in these areas, but we're integrating measurement and management of ESG topics into our strategic planning and operations at the highest level of our company strategy. Given we consider ESG a business imperative, governance of it extends to the very top. It starts with our Board of Directors and move down through the company. ESG is now a standing agenda item at every Board meeting, and we have a defined set of CapEx and themes we have committed to sharing with our Board for guidance, accountability and oversight.

Our structure includes our executive leadership team, a steering committee of senior executive, councils providing strategy and collaboration and working teams leading projects and programs, all of whom are sharing insights and feedback back up the structure. These groups cover a wide variety of functional business and regional leaders for diversity of perspective and ownership.

Also part of our governance process is our ESG materiality assessment, which we conducted to establish our 2030 goals and overall long-term ESG strategy. This assessment is a repetitive process as we stay apprised of the changing landscape and expectations for ESG actions. In addition to our ESG report, which we'll walk through in a bit more detail today, we published stand-alone indexes based on the global reporting initiative, GRI, and the industry-specific standards for tech and communications hardware and software, which were established by SASB, the Sustainability Accounting Standards Board. Both of these indexes are available publicly, and you can find the link on Page 15 of our FY '22 ESG report.

One thing I want to call out here is that consistent metrics and reporting frameworks are a high priority for us. This is why we were one of the initial signatories of the World Economic Forum and initiative to align corporate ESG disclosures. We support simplifying the reporting landscape and standardizing the way companies disclose their ESG information. For instance, the recently created International Sustainability Standards Board, ISSB, aims to create sustainability disclosure standards to provide stakeholders with comparable, reliable and transparent disclosures. There's also a growing trend to mandate ESG disclosures.

In both instances, we have proactively sought out opportunities to have a seat at the table to both support these initiatives and influence the new rules and guidelines. We are working to have a voice on this. In fact, we have established our own ESG controllership team, and we are actively preparing to comply with upcoming regulations. Specific to climate disclosures we're leveraging TCFD and CDP to manage climate risk and disclosure as well.

Now that we've shared our strategy and how we govern it, let's talk about our actions and performance, which were organized by our pillars and as we've shared in our recent ESG report. Let's start with advancing sustainability. We put sustainability at the core of everything we do. We've set strong commitments, and we're taking significant actions to reduce our environmental impact, engage our customers and drive positive outcomes for our business and for society. In each of our 4 pillars, we have moonshot goals that are great examples of our level of ambition on these topics.

In sustainability, our moonshot goal is focused on e-waste and the greenhouse gas emissions produced when you manufacture new materials. So for every product a customer buys, we have committed to take back and reuse or recycle an equivalent product. We have also set a goal that 100% of our packaging will be made from recycled or renewable materials, and more than half of our product content will be made from recycled or renewable materials. This is a significant undertaking for us and one we're quite proud of.

We're also quite proud of how we're innovating around circularity. Circular innovation is all about eliminating the concept of waste, rethinking, redesigning, reusing and recycling our way to a better future. We're driving innovation and investing in design, manufacturing, sustainable materials and services, and a great example of that is in the middle of the slide where we talk about a project by our experience innovation group. They organized an ambitious work streams designed to uncover and test new revolutionary design ideas and user experience focused on emissions reduction and circularity. They call it Concept Luna. It's the first example to come out of this work stream, and it's taking us to the next level in sustainability and repair. It showed us, our customers and our partners a vision for what could be.

With Concept Luna, we've reduced the number of screws for repair or reuse from hundreds to just 4, which significantly reduces disassembly and repair time. The palm rest assembly is essentially designed for ease of repair and reuse. The keyboard mechanisms provide clean, easy separation from other components and simplify recycling. The advanced deep cycle cell battery provides a long charge that can be maintained across many years of use, which increases refurbishment and reuse well beyond the first product life it serves. And lastly, a new bio-based printed circuit board is made with flax fiber in the base and water-soluble polymers and glue. The reason that's important is that the flax fiber replaces traditional plastic laminates. And even better, the water-soluble polymer can dissolve. This means recyclers can more easily separate metals and components from the board.

The other exciting part about all of this is from that work. Concept Luna led the way for sustainable design in other products. We've expanded our ocean-bound plastics to the Latitude 5000 series in the fan housing in our Precision 3000 series mobile workstations and in the fan and fan housing in our OptiPlex Micro desktops and Precision workstations. We've also extended the use of this material in the Eco Loop Pro series of backpacks, sleeves and brief cases which now feature 100% ocean-bound plastic in the exterior main fabric. And lastly, the bio-based rubber derived from castor beans can also be found in the bottom bumpers of the Latitude 7430 and 7530 and Precision 3000 series mobile workstations. This is increasing Dell's mix of renewable materials.

For the first time, our FY '22 ESG report even includes a product sustainability section, an entire section, beginning on Page 62, detailing how we're considering the environment across our entire life cycle of a product, from design, sourcing materials, manufacturing, shipping and the eventual end of life of those products.

A couple of things we're especially proud of in terms of our highlights in FY '22 on sustainability. We achieved 55% of our electricity across our facilities from renewable sources on track to reach our goal of 75% by 2030 and 100% by 2040. We also achieved 92% of our packaging across our entire product portfolio is now made with recycled or renewable materials, again, putting us on track for our goal of 100%.

Moving on to the next pillar. Let's talk about transforming lives. In this pillar, we believe our scale, our team members and the innovative application of our portfolio can play an important role in advancing fundamental human rights and in addressing complex societal challenges, improving health, education and driving digital inclusion for all. Our moonshot goal for transforming lives is to leverage our technology and size to advance health, education and economic opportunity initiatives that will deliver enduring results for 1 billion people.

One key way we're transforming lives is by advancing digital inclusion and empowering communities with our solar community hubs. We are so proud of these solar community hubs. They are solar-powered Internet center built using 2 refurbished shipping containers, which are transformed into well-lit, well-ventilated classroom, using a combination of solar power, energy-efficient Dell technology and air-cooled servers. Each hub has multiple user stations featuring workstation and network technology from Dell. They support up to 40 people at a time. And they offer up to 20 people a wireless connection to learning materials. These hubs enable micro and small enterprises to create jobs in the community and enable financial sustainability by offering services and products that go beyond education, for instance, job, telemedicine. They're connecting community members to the digital world.

Together with our nonprofit partner, Computer-Aid International and some like-minded contributors and partners, we will be opening solar community hubs across the globe. To date, this program has already helped over 34,000 students, introducing them to science, technology, engineering and mathematics, and the economic opportunities technology can offer.

One thing I want to highlight in transforming lives in terms of what we accomplished in FY '22, we have now reached 222 nonprofits that we supported on their digital transformation journey, which we do through our tech pro bono program. This allows our team members to use their skills for a societal impact. This puts us again on track to reach our goal of supporting 1,000 nonprofit on their digital transformation journey.

Now let me walk through our ethics and privacy pillar before I hand it off Vanice. Ethics and privacy play a critical role in establishing a strong foundation for positive societal impact. In this time of rapid innovation, big data and evolving regulatory environment and increasing expectations from our ecosystem, we are committed to continuing to lead in ethics and privacy. Our moonshot goal in this area is that by 2030, we will fully automate our data control processes to make it easy for our customers to control their personal data.

As I just mentioned, we continuously and consciously set high ethical standards. And as part of our own digital transformation, we give our team the digital tools and resources to hold ourselves and our third parties accountable. So the story we'd like to share with you is around the power of data and AI and how we are using both to detect and address compliance and ethics risks.

Our example of this is Dell image analysis, a fraud prevention tool built by Dell team members to analyze images and detect falsification at the metadata level. This tool uses machine learning, artificial intelligence, and programmer feedback to enhance accuracy over time. In using this tool, we've been able to detect and avoid potential dollar losses due to fraud.

The team members who came together to do this were not only inspired by their entrepreneurial spirit to problem solve, but they embody our ethical culture and demonstrated the power of problem solving to uphold and further strengthen the integrity of our business and our third-party ecosystem.

As we continuously work to drive greater transparency and control for our customers and their personal data, we've built a new privacy center, where customers can learn more about our privacy practices and data life cycles, view their privacy dashboard, and submit privacy requests. And we built a privacy center of excellence for our internal team members to better implement privacy practices on a daily basis, especially those teams who work closely with our customers.

We've also embedded transparent and accountable personal data values and requirements in our code of conduct as well as our global data privacy, information governance and information security policies, which apply to all team members, and we require all team members to receive training on these policies annually.

One highlight I want to share in this area that we're especially proud of is that in fiscal year '22, we were recognized for the tenth time as one of the world's most ethical companies by the Ethisphere Institute.

And now I'd like to pass it on to Vanice Hayes, to talk about the work and progress we've made within cultivating inclusion. Vanice?

Vanice Hayes

Thanks, Cassandra. Having an inclusive workplace is essential to our long-term strategy, it's something that requires intentional focus and fine-tuning we hold ourselves accountable to creating an environment where our workforce can be their authentic selves and do their best work every single day. .

Our moonshot goal for cultivating inclusion is that, by 2030, 50% of our global workforce and 40% of our global people leaders will be those who identify as women. Our additional representation goal within the U.S. is that 25% of our workforce and 15% of our people leaders will be those who identify as Black African-American and Hispanic or Latino. These representation goals represent our greatest opportunity to help close the anticipated global technology talent gap of 4.3 million workers by 2030.

As highlighted on the slide and in our FY '22 ESG report, we continue to make progress against our representation goals. For example, we saw a 2.1 percentage point increase year-over-year of our global workforce moonshot goal, and we also saw a 1.2 percentage point increase year-over-year of our U.S. workforce representation goal.

Representation is only the first step. We also recognize that engagement, development and retention of our talent are critical to an inclusive culture. Our additional impact goals show our commitment to fostering a sense of community and belonging, and driving an inclusive culture with measurable impact.

A few highlights to call out on the right-hand side. We exceeded our foundational learning goal with 99.6% of our employees participating in training on key topics related to inclusion, and we saw a 3 percentage point increase year-over-year of team members participating in at least 1 of our 13 employee resource groups.

2030 is the goalpost, not the finish line. A truly inclusive culture is built and measured every day by every team member and leader. And while we are pleased, we are not satisfied and know we can always continue to improve.

To allow time for questions today, Cassandra and I have only scratched the surface with these updates. There's a tremendous amount of information and additional context around our impact goals. For more detailed metrics and year-over-year progress, refer to Pages 25 through 35 of our FY '22 ESG report. And now I'll pass it to Rob to discuss how we're governing across the company.

Robert L. Williams - Dell Technologies Inc. - SVP of IR

Thanks, Vanice. Great stuff. And actually, it makes me really proud to work for Dell and be able to work with you. Let's talk about the ongoing governance and Board enhancements next. So let me start by saying that our evolving practices are clearly informed by our regular engagement with stakeholders. And I'll get to that in just a second. I'll talk about that just a little bit more, but that's really important.

We made a number of positive changes since we retired the tracking stock and Dell began trading on the New York Stock Exchange at the end of 2018. Informed, again, largely by feedback from investors during the course of the Class B transaction, we removed the Executive Committee and established a Nominating and Governance Committee. We declassified the Board with all directors standing for election every year, and we have created a group for a director who is elected solely by the Class C stockholders. We've also added 2 independent directors.

Our majority independent Board has a strong cross-section of directors with experience as CEOs and leaders in the industry, with technical expertise in technology, global business, emerging markets, operations, finance, accounting and other key areas. And we'll continue to evaluate our structure, considering all stakeholders and supporting our efforts to drive long-term value creation.

We also recognize that 1 share 1 vote is a concept that's broadly supported by the institutional investor community, and we continue to consider our multi-class stock structure in the context of the feedback that we received from investors. And again, as I mentioned, we regularly seek feedback and receive input from the outside, and it's incredibly helpful for us to have that engagement with the investment community and various outside groups every year.

In fact, during the 2021-'22 off-season and proxy engagement cycles, the Investor Relations team and our ESG team members held calls with approximately 15 of our top Class C stockholders representing well over 35% of the shares, the Class C shares outstanding. Of course, we answered their questions regarding our governance and compensation and ESG practices and disclosures. But more importantly, we also collected feedback from their governance organizations for future enhancements. And this is feedback that we regularly supply to the Board through regular feedback to the Board for them to consider.

We also work closely with a world-class advisory service on investor engagement strategies, including reviewing investor suggestions for ESG enhancements, and we also do an assessment on both the impact and implementation feasibility of many of these suggestions.

During the 2022 off-season, we also engaged with 6 shareholder advisory firms and responded to their inquiries on right to repair, human rights in the supply chain and other topics of interest. Let me turn it back over to Cassandra to tell us some more about our latest external recognition we've received.

Cassandra Garber

Yes. I'm privileged to get to share this slide because we have some really great recognition that we can share with everyone. Only going to talk through a few of them, but we are so proud of some recent recognition in these important topics.

I mentioned this before, but perhaps it's worth saying it again, we were recognized in 2022 is one of the world's most ethical companies by the Ethisphere Institute for the tenth time. This is exciting for us because it affirms our robust programs and commitment to integrity.

We're also very pleased that we achieved prime status by fulfilling ISS, Institutional Shareholder Services organization, their strong ESG requirements regarding sustainability performance in our sector in 2021. Ecovadis, we received a platinum medal in 2021 for scoring in the top 1% of companies assessed. The assessment was across 4 major themes: environment, labor and human rights, ethics and sustainable procurement.

And the last one I'll mention, Newsweek ranked us second out of 100 companies as one of America's most loved workplaces. This is especially exciting as this list is established through employee feedback, employee surveys and an analysis of employee benefits. So we're especially proud of that recognition as well.

Now we can open it up for Q&A. Rob, do we have any questions to cover?

Robert L. Williams - Dell Technologies Inc. - SVP of IR

Thanks, Cassandra, and thanks, Vanice, as well. Just as a reminder again, we spent the last 25 minutes or so, just really covering a very high-level run-through of our ESG initiatives and all of the metrics that we're tracking. So I really encourage you to take a look at the report. It's an extensive and expansive review of everything that we do and goes into much, much greater detail on all of our programs and the progress that we're making against all of the metrics that we track as well as our 2030 goals.

QUESTIONS AND ANSWERS

Robert L. Williams - Dell Technologies Inc. - SVP of IR

So let's get to Q&A. (Operator Instructions)

So let's get started.

All right. What I'll attempt to do is paraphrase some of the questions that are coming in, and I'll direct those appropriately, so my colleagues, Cassandra and Vanice will know that the question is coming to them. And so let me start with one for you, Cassandra.

This question has to do with Board involvement in ESG. So what is Board's involvement in overseeing ESG-related topics and diversity initiatives? And what are some of the key metrics they're measuring?

Cassandra Garber

Yes. This is a great question, a popular question, quite frankly. As I mentioned, we are so pleased have established ESG as a standing agenda item when our Board gets together. So in general, of course, our Board of Directors oversees the establishment, maintenance of overall governance, compliance, risk processes and procedures. And as our slide earlier demonstrated, governance has been an area of focus for us -- a big area of focus for us with the evolution of our ESG strategy and formalization of that structure. And we very intentionally put the Board at the top and have increased their level of engagement on that topic. So we're really pleased about that.

Our structure that we've put in place, starting with the Board of Directors, incorporate ESG goals and metrics into our overall strategy so that as a company, we have a strategy map that brings ESG performance right up there as a key performance measurement for the company. We have the management committees that I shared before and that Rob mentioned, Vanice is on as well with our ESG Steering Committee. And we have councils and we have working teams.

Specific to the Board and the engagement that we have with them, we have actually created a set of themes or topics that we have committed to share with them that we line up with the way in which we manage our business, the kinds of timelines that we have from budgeting from strategic planning and those kinds of things. So we have it set up so that, in the first quarter, we provide the Board with strategy update, a plan of record. In the second quarter in preparation for the release of our ESG report, we share with them data and a preview to the report. In the third quarter, we talk about proposed investments and plans that we have, which lines up with our annual operating plan process. And in the fourth quarter, we share with them forecasting and our plan of intent for the upcoming year and beyond.

We, of course, have ad hoc topics that we add. So sometimes, there is an emerging topic. We also share very regularly. We put together stakeholder insights, and we might feature certain projects or accomplishments that we want to make sure they're aware of or provide feedback on and support.

So it's a pretty robust engagement that we have, and we're really pleased with the response and feedback that we've had directly from our Board of Directors on ESG topics.

Robert L. Williams - Dell Technologies Inc. - SVP of IR

Awesome. Thanks, Cassandra. This next question looks like it's best addressed by you as well. So I'll drag it out just a little bit while you catch your breath and maybe get a drink of water. But here we go. .

What's your next area of focus for continuing to deepen reporting on important ESG issues?

Cassandra Garber

Yes. This is another great question. I grabbed a cup of coffee, so hopefully, I can make it through this one. Rather than a topical area of focus from a reporting standpoint, we're hearing from our stakeholders, particularly shareholders and the financial community, continued expectations around transparency and really the need for shared common metrics on ESG.

So as I mentioned earlier, a lot of our emphasis is on helping to create that shared set of metrics. So in the meantime, we've identified those we feel have the greatest value to our stakeholders and report it accordingly. So that's why I mentioned we've got -- within our ESG report, you can kind of name your acronym, but we published in accordance with GRI. We have a SASB index. We use stakeholder capitalism metrics, which we are a primary member of and we've aligned to the TCFD framework. We also publish our CDP water security, our climate change responses as well. We've been doing that in 2017. So we have a lot of structured disclosure and reporting against what we have found to be the most recognized indexes and frameworks.

So we'll, of course, keep focusing on improving our disclosures on those material topics. We'll keep monitoring future mandatory disclosures, standardize ESG reporting frameworks. And a lot of emphasis right now is being put on potential regulations that lie ahead.

So the last thing I'll say on this is just our management team is very involved and engaged in discussing reporting preferences. We absolutely, in our road show, have conversations with investors and take investor feedback into consideration, and that has absolutely influenced the organizations and the framework that I referenced above. So transparency, clarity of reporting, shared common metrics are the biggest areas of focus for us when it comes to continuing to report on ESG issues.

Robert L. Williams - Dell Technologies Inc. - SVP of IR

Awesome. Awesome. Thank you very much. Thanks. Okay. This next question, Vanice, looks like it would be a good one for you. So let me -- again, I'll paraphrase it a little bit. How are you doing -- how are you going to make progress on Dell's representation goals, and especially at the leadership level? So diversity representation.

Vanice Hayes

Thanks, Rob. That's another question that I get a lot. So while we are seeing steady year-over-year progress with representation, we know that our workforce and leadership does not yet reflect the makeup of the people we serve. So we know that we still have work to do. We must improve the representation of our leadership and workforce overall by attracting, hiring and retaining a much wider range of talent.

On the attraction side, we continue to build stronger relationships with institutions and organizations that provide us access to additional sources of talent, including, but not limited to those who identify as women and other underrepresented populations.

On the hiring side, we have a hiring policy aimed at ensuring that at least one candidate from an underrepresented ethnicity or gender is included in our external candidate interview slates including at our executive levels. And on the retention side, we also know hiring is just one part of our overall challenge. If talent enters our doors and doesn't feel welcome or included, we'll be right back to square one. So that's why we focus heavily on ensuring everyone feels like a value part of our team and our culture. We try to embed inclusion and accessibility into everything we do, including our practices, our policies and our programs. We don't want D&I to be kind of a one-off check-the-box activity.

We also encourage our team members to engage in our employee resource groups to help grow their networks, help them to develop that sense of community and also help them expand their professional development skills. We know that improving representation is a long-term multifaceted challenge that's going to require a variety of intentional and targeted approaches to help drive lasting systemic change.

Robert L. Williams - Dell Technologies Inc. - SVP of IR

Awesome. Okay. Great. Thanks, Vanice. .

All right. This one, Cassandra, you're getting all the fun questions here. So here's another one for you. This is going back to the concept of circular innovation and repairability of devices. So you mentioned investing in circular innovation and advancing sustainability. Can you elaborate on the work that Dell does to support sustainable product design and designing devices for repair?

Cassandra Garber

Yes. This is another fun question. So we're doing so much around product design and designing devices for repair. I mean I talked about Concept Luna. I mean we have been doing a lot of work to advance circular economy all the way back to 2008. So that work has always included designing our products for ease of repair and disassembly.

An important thing to note, we have long supported customers' choice to repair their own device or to seek out the most convenient repair option. Only caveat to that is when making repair choices, we remind them to prioritize safety and data privacy. In full candor, we have been focused on doing the work and realize we could better articulate our policies and positions for many stakeholders, which is why we recently published circular economy principles on our website. So those are publicly available principles that we have shared, and we will continue to make our position clear on this really important topic.

A couple of things I'd love to share about repair. It is essential to keep our products in use longer and out of landfills. So that's, of course, an important part of our circular economy position and strategy. The way we define repairability is intentionally designing products with features that enable easier repair. So I shared a bit of how we're testing that and how we're doing that and how we're working on that earlier.

We also think reparability includes providing customers with easy access to the resources, spare parts and support they need should they wish to repair their products themselves. And we include offering and supporting multiple repair options across global markets, and it varies by market but making sure that they have safety, quality, data security and privacy built in.

Some of our progress we've made in circularity that we're especially proud of, we've used almost 400 million pounds of sustainable materials in our products and packaging. So we shared a bit of that earlier, and that's only going to continue to grow. We're really excited about the way in which we can use sustainable materials.

We've also increased our electricity generated by on-site solar panel installations. Since FY '20, we've had an 82% increase, which is, of course, all very connected to how we create our products. And we have a 26% year-over-year increase in the percentage of products sold that have been taken back for reuse or recycling. So as I mentioned, our take-back -- our one-to-one take-back moonshot goal that we are working really hard at, we're so proud of the increase that we've seen in our products that we've taken back.

So all of this comes back to how we're putting a big emphasis and a big investment in circular innovation and the connection to climate and the importance of that as part of our advancing sustainability strategy.

Robert L. Williams - Dell Technologies Inc. - SVP of IR

Awesome. All right. Cassandra, you'd be happy to know that over the last few months, I've replaced 2 batteries in Dell notebooks myself, and it was very easy to do, and I recycled both of the batteries with one of our partners. So I've lived this question myself personally in the last few months. So I think...

Cassandra Garber

Way to go, Rob.

Robert L. Williams - Dell Technologies Inc. - SVP of IR

Yes. Yes. Okay. This next one is actually probably one I should take. So here goes. This question is, are you considering removing the multi-class structure or subjecting it to a sunset provision.

First, let me explain. We do have a multi-class structure here at Dell. We have Class A shares, Class B shares and Class C shares. The A and B shares are primarily held by Michael. In the case, the As and the Bs are primarily Silver Lake. Those shares have a higher vote total or a vote per share. And then we have the Class C shares, which have a lower vote total. So that's what the multi-class share is.

We've actually looked at that quite a bit, and the Board does continue to believe that the dual-class structure is appropriate at this time. We think that it allows the company and the Board and management to focus on long-term value creation for the benefit of the shareholders. We also recognize, and I mentioned this in the presentation, that the concept of one share one vote is very widely supported by the investment community and investors in general. And we do continue to take feedback from them and our engagement with them and take that into consideration as we think about how the company should be structured going forward. So that is the current structure. And again, we believe that's the right structure at this time.

All right. Let's see here. This next question is a cybersecurity question. And Cassandra, maybe I'll direct it to you, and I can kind of help out on this one. We could tag team it if we need to. So here we go. As a consumer-facing company, please touch on your cybersecurity policies and practices, who's responsible for cybersecurity and what are the processes for escalation. So Cassandra, maybe you could start there and I could help out of A and B.

Cassandra Garber

Now you're just using my name for all of them. This is like giving me all the fun. So I'm happy to share it. So from cybersecurity risk, of course, we recognize this is a key risk for our company. And so we are being hypervigilant and have cybersecurity measures in place. The way that the team approaches it is all around helping to prevent, detect, respond to and recover from possible threats while protecting our most critical digital assets.

Really, really importantly, that includes our customers' information. So we have their – we refer to it as SRO. It's our security and resiliency organization, led by our Chief Security Officer, John Scimone. They lead our cybersecurity efforts across technology. Specific cybersecurity measures are of course in place to do the things I mentioned above and to recover from any possible threat while protecting our most critical assets.

So the other group I should mention is they work closely with our privacy officer. So we have a Chief Privacy Officer as well Sommer Coutu, and they work very closely together to ensure we have a comprehensive policy and position. Both of these groups actually roll up to our General Counsel's office. So they're all within kind of our legal organization.

Importantly, from an ESG perspective, both also are part of the ESG executive steering committee that we mentioned before. So we have a robust approach. We have a very close tie between those 2 organizations, and it is absolutely a high priority for us.

Robert L. Williams - Dell Technologies Inc. - SVP of IR

Awesome. I think you got it all. That was really good. You didn't need any help. All right.

This next question, we're going to go back to you, Vanice. So how have you enhanced your key human capital disclosures as it relates to representation?

Vanice Hayes

Thanks, Rob. I'm happy to take that one. So we've made a number of enhancements to our human capital disclosures. For starters, we have included more detail around our representation goals for 2030, showing our current metrics by gender globally. We also are showing our metrics by race and ethnicity in the U.S. We've also talked a bit more about our cultivating inclusion strategy and focus on how it fits in our overall 2030 plan. We highlight how our human capital resources are vital to our social impact and long-term success.

We talk a bit about our culture code and what it means and who we are as a company, and that our goal is to ensure that all of our team members of different backgrounds feel valued, engaged and inspired to do their best work. So I like that we've added not only the additional metrics, which I think is very, very helpful for everyone to be able to see how we're progressing, but being able to tell a bit more of a story around our approach with embedding inclusion into everything that we do.

Robert L. Williams - Dell Technologies Inc. - SVP of IR

Awesome. All right. This is a related question, but specific to the Board. So this -- I'll take this one. This is more governance related. So how do you think about the diversity of your Board of Directors?

So I guess the place that I would like to start on this is that Michael, Michael Dell, who is the Chairman of our Board, also chairs our Global Diversity Council. And he's very, very active in the work that Vanice and her team do and this concept of diversity across the entire organization. The Global Diversity Council provides direction, support and oversight for diversity and inclusion initiatives really across the business.

In addition, if you look at our 2030 goals and the focus areas for cultivating inclusion, you can also see the commitment that we have. For example, 50% of our global workforce and 40% of our global people leaders will be women by 2030. In the United States, 25% of our U.S. workforce and 15%

of our U.S. people leaders will be Black African-American and Hispanic Latino minorities. So you can see that diversity is important across the entire organization.

Relative to the Board, the Board continually assesses its composition to ensure that we have the right mix of skill sets and representations across the organization and across the board. We value the diversity of experience and backgrounds and perspectives. And we think that, that type of diversity makes a company better and makes for better decision-making. So we know that each of our Directors are empowered, and they feel able to share their unique perspectives and express their opinions, and this results in, as I said earlier, kind of better decisions, more fruitful discussions and a great exchange of ideas.

So we do feel that the Board is a nice compromise -- or nicely composed and has a nice mix of Directors, but there's always room for improvement and all these things that we want to consider. We'll look at the various diversity areas as well as the experience areas, which are also incredibly important, which we talked about here, in many cases, cybersecurity, financial literacy, international experience, running large multinational, very complex global operations, accounting, finance and other areas. So we'll continue to look at that and continue to take in as those -- all of those factors, including gender, age, race and ethnicity and the decisions for future Board members.

Okay. Let's see here. I'll throw one back towards Cassandra here. Cassandra, this is about the net zero goal. So you talked a bit about your net zero goals. Can you share a little bit more about how you'll meet that goal by 2050, specifically the very complex Scope 3 space, which we've been talking about a lot in steering committee. So -- and can you give us some idea of how these goals are aligned to the science-based targets initiative?

Cassandra Garber

Yes. Gosh, we have so many conversations about this. So I mean, the first thing I would say is our net zero target is set for 2050. And now, the 2050 is a long time. So an important part of our 2050 target is our interim target. The question asked about science-based targets, we are absolutely using the science-based targets initiative and have validated goals right now. So in the report that we've been referring to, you can see our progress against these goals.

But we have 4 goals right now that are up and running. So we have one around reducing Scopes 1 and 2 greenhouse gas emissions of our facilities. 50% by 2030. This is an SBTi validated goal. We also source -- as I mentioned, we have achieved already 55%, but we have a goal by 2030 to source 75% of our electricity from renewable sources across all of our facilities, and then a 100% target in that same area by 2040. So that's, of course, a core part of our net zero strategy.

We also have a supplier goal because that is a material part of our Scope 3 emissions as well. So we have a target to partner with our direct material suppliers to meet a science-based greenhouse gas emissions reduction target of 60% per unit of revenue by 2030, and this one is also SBTi validated.

In FY '21, we retired our goal to reduce the energy intensity of our products by 80%. That was the time set for the goal in the first place. So we achieved a 77% reduction across our entire portfolio. So the goal has now been retired. That original goal was actually the first product energy goal in our industry to be validated by SBTi.

Right now, and the reason Rob mentioned, we're having lots of conversations about this, is that in order to continue to drive progress, we are right now establishing a new 2030 goal to reduce the carbon emissions associated with the use of sold product, which for those of you who are deep in the Greenhouse Gas Protocol and the scopes, that and the supplier emissions is where we have to put our emphasis. That's where we have the greatest carbon footprint. So we're working on that goal right now, and we will be sharing that in FY '23.

Robert L. Williams - Dell Technologies Inc. - SVP of IR

Okay. Great. Thanks, Cassandra. This is a question -- a governance question, so I'll take it. Can you elaborate on the consent rights of Michael and Silver Lake that were eliminated on Slide 11?

I'll attempt to do that. That was a few years back. But essentially, for those on the call, recall that we went private in 2013, and we're a private company. And then when we emerged from private company, we're a controlled company. And so Michael and Silver Lake, as the primary owners of the company, had certain consent rights to certain types of corporate actions, if you will, for example, M&A and other consent rights. And so during the Class B transaction in 2018, we removed those consent rights. And so those became effectively broader Board decisions and not rights that could be addressed just by Michael and/or Silver Lake. So that's what happened there, okay?

All right. Let's see. This is a good one, Cassandra. And you could talk about this for a long time, too, and it's very highly topical right now. This is related to the supply chain. How is Dell protecting and engaging workers within its large global supply chain?

Cassandra Garber

Yes. This is -- gosh, this is a really important topic for us. So of course, upholding and advancing respect for fundamental human rights of all people is core to our business strategy overall, our purpose. Our commitment to drive human progress, as we mentioned. I mean that's our purpose as a company, and you have to do this in order to create a positive and lasting social impact. So I mean I've mentioned it before, the way in which it feeds into our transforming lives, I mentioned it, but also we run this through our sustainability pillar because this is just a really important part of how we think about human rights throughout our supply chain.

So specific to supply chain, we are so proud we are a founding member of the Responsible Business Alliance, RBA. So they are world renowned and well regarded for creating requirements and setting standards and expectations in terms of ensuring respect for human rights throughout the value chain. So we've actually built this into our code of conduct as well. So we not only adhere to the standards. We comply with their code, and we have set it out in our supplier principles. So it's an expectation that we have of our suppliers as well. So we push that stuff pretty hard.

We also have an updated human rights policy on our website. So I would absolutely encourage people to check that out because I believe we have a pretty robust approach to human rights and our policy there. We also, of course, in the FY '22 ESG report, we talk about our progress on human rights and the due diligence that we have put in place. So we share things there like how we assess and how we address actual or potential risks, all, of course, on track to advance positive outcomes for people in our supply chain. So this is an incredibly important focus area for us and something that we take very seriously. And so between the report and our updated human rights policy, I think we've got some great publicly available information there to share.

Robert L. Williams - Dell Technologies Inc. - SVP of IR

Okay. Awesome. Thanks. All right. I'm going to wrap it up with one last question here. This is a question -- and again, I'll paraphrase it just a little bit. Can you talk about how you're supporting the situation in the war in Ukraine, product donations, services, other things that we're doing? So let me see if I can address that.

First, I would say that our top priority has always been to ensure that all of the team members that are in Ukraine or have been in Ukraine are safe, and we continue to support them in any way we can to make sure that they're in secure and safe environments for them and their families. Safety is clearly top of mind for us, and we have resumed product sales to non-sanctioned areas in the Ukraine. We're focused on providing products and support to Ukrainian customers as they rebuild their infrastructure and restore their businesses in the financial industry. So we're very much trying to do everything we can to help them in this process of rebuilding during the ongoing conflict there.

Product deliveries are obviously taking longer than normal, and we're also being very careful about how we service and sell certain products in Russia and Belarus and other parts of Ukraine that are currently occupied. So we're closely monitoring the conflict and the various restrictions in determining the steps that are most appropriate for our customers, for the region and obviously for our team members.

So with that, we are approaching the top of the hour, and I would like to thank everyone for joining us today. Again, we're very proud of the work that we're doing here in ESG. And while there's always room for improvement, we are obviously excited by the work that's being done. And I know it inspires our team members and inspires our customers.

So Cassandra and Vanice, thank you so much for joining us today. This is an annual event, and we look forward to doing this again in July next year. And thanks to the audience for attending. If you have any questions about our ESG report or anything else that you've heard today, please reach out to the Investor Relations team. And if we can't answer your question, we'll be sure to connect you with someone that can. So that concludes our call today. Thank you.
