DELL - Dell Technologies Inc ESG Strategy Call

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Hello, everyone, and thanks for joining us today. Welcome to our investor call covering Dell Technologies’ environmental, social and governance strategy. My name is Karen Litzler-Hollier, and with me today are JJ Davis, our Chief Corporate Affairs Officer; Vanice Hayes, our Chief Diversity & Inclusion Officer; and Rob Williams, our Senior Vice President and Head of Investor Relations.

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. Our Progress Made Real and Diversity and Inclusion Reports for FY '21 were published in late June, and these can also be accessed through our Investor Relations website, so I encourage you to review these documents in conjunction with this call.

Before we jump into the agenda, let me cover a couple of housekeeping items. 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 reports. We assume no obligation to update our forward-looking statements.

For today's call, we will first share some prepared remarks before taking questions. (Operator Instructions)

Our agenda today will cover a quick review of our Progress Made Real and 2030 Moonshot Goals, the evolution of our ESG strategy and our governance structure, and we will spotlight a couple of important areas: Our Net Zero goals and update on our inclusion Moonshot Goals and our people philosophy, and we will wrap up our remarks today by highlighting some of the recent recognition we've received and then we'll go to Q&A.

With that, let me turn the call over to JJ to get started. JJ?

Jennifer “JJ” Davis

Awesome. Thank you, Karen, and thanks, everyone, for being here. We're really excited to talk to you about the evolution of our ESG strategy. To set a little bit of context before we get into that specifically – just last month, we produced our Progress Made Real report that covers our entire social impact agenda that we report on as part of what we call Progress Made Real. But we also do a diversity and inclusion report as well as a supply chain report to give maximum transparency and disclosure into everything we're doing and the area of social impact.

Now and what we're here to talk about today is how that has evolved into a much more aggressive and deliberate ESG strategy with our Progress Made Real plan and the Moonshot Goals that we set as well as an additional total of 24 goals, the Moonshots are here on the slide, and you can skim these. This is about 75% of our ESG strategy. So it's important to start here and let you know the journey that we've been on in terms of social impact.

So we launched our Progress Made Real plan for 2030 in November of 2019 and we report on progress against these goals every June or July. The most recent reports are published on our website, and those went live on June 29. The great news is against all of these Moonshots, we have made...
forward progress. We are setting annual targets against each of these goals so that we can very clearly manage our progress here and how we're investing to drive innovation.

So if you think about the 4 pillars, which these 4 pillars were -- we came to these 4 pillars after doing a great amount of research, a materiality assessment with input from all of our stakeholder groups, both internal executives and employees and external suppliers and customers primarily, to really focus in on advancing sustainability. Obviously, we're a technology company. We have a big role to play here, cultivating inclusion, how our technology innovation, the scale and scope of Dell can transform lives and how all of that is underpinned by ethics and privacy.

So here are our Moonshot Goals: How we take back our products to advance closed-loop recycling in a circular economy, how we innovate to get 100% of our packaging to be made from recyclable or renewable materials. I think we're going to have to reach this goal and set a more aggressive target. We're already at about 83% and have done a lot of work here. How do we get our product content to be made from 50% of recycled or renewable material. This one is a lot more complex, as you can imagine, and aggressive work is being done here across our engineering teams.

Women make up half the global population. And so our Moonshot Goal here under cultivating inclusion is that 50% of our global workforce be women and that 40% of our leadership be people leaders who identify as women. We have similar goals, and Vanice will get into some of our D&I updates in a moment, that 25% of our workforce in the U.S. and 15% of our U.S. people leaders will be people who identify as Black African-American Hispanic or Latino or Latinx.

We're focused in terms of transforming lives and how we innovate and use our scale to really advance access to quality health care and education and really close that digital divide. We have a lot of initiatives and programs being driven here. And if you think about the Biden administration and leaders around the world, really focusing on COVID recovery and building back better with the investments in infrastructure.

That includes a lot of digital infrastructure and how we make sure, especially when you think about remote work and remote learning that kids and adults have equal access to connectivity and devices but also the digital literacy skills and the community support that they need. And then our customers expect us to give them complete control of how we use their personal data, and we are working toward automating that completely by 2030 and always doing business in an ethical way.

So that's the grounding on our Moonshot Goals. Now maybe Karen will put it in the context of our ESG strategy timeline and that evolution. So as I mentioned, we've been doing ESG for a really long time. We've been very strong in the "E" and the "S" of ESG. You can see here on the timeline when our materiality assessment started for Progress Made Real and the progress over the last 2.5 years or so to get us to today and a lot of activity in late 2020 and through 2021 as we've evolved our ESG strategy to really not just think about our social impact, but look at social impact and ESG as a critical element of our business strategy. I like to say marrying who we are with what we do, thinking about the long-term value that we can create by having a very strong ESG strategy as a company, and also, at the same time, mitigating risk.

In a moment, you'll see how we think about our ESG governance and reporting structure and then our governance structure to manage that and you'll be able to see how we look at upside or value creation against how we need to mitigate risk. And ultimately, what a lot of the raters and rankers and regulators are looking for as we build more transparency into what we disclose and how we report.

And we really do see ESG as a critical strategic advantage for the company, and that's why we're really doubling down here to add, to some degree, what's been missing, which is that governance piece. So a couple of things that I want to call out in terms of the timeline. We stood up our governance model and took it to our executive leadership team in the November, December time frame. We went to the Board of Directors and presented this model to them in early December, which -- it was approved.

We completed a comprehensive materiality refresh. We did it, as you see here in 2019, but I think about every 2 to 3 years, it will be required that we do an update to the ESG materiality because now climate and diversity and inclusion are among 2 of the greatest risks for a tech company that wouldn't have necessarily been the case a few years ago. So it's important to take a fresh look at ESG materiality on a more frequent basis so we can really look at and link ESG to business opportunity and risk management and really think about where do we have the greatest opportunity as a company to make an impact, grow our business or manage risk.
We have really focused, as I mentioned, on digital inclusion with a big focus on education, where we are piloting an initiative here in the United States to go beyond the device and connectivity to really look at scaling, rescaling and upscaling and that the digital literacy that we need to build and the community-first approach, think community organizer, apply that to digital inclusion.

We think that everything global is local and that we really have to learn a lot with local community partners to build a blueprint for how we once and for all close the digital divide, that also can apply to health care. We have a major program in India called Digital LifeCare where we are working to provide a health care platform for patients, doctors and communities where we can really help deliver much better health care to help address communicable diseases or noncommunicable diseases and then how do we apply that to communicable diseases to really stop death and hospitalizations from disease that is completely preventable.

And then we also launched our net zero climate goals in April on Earth Day and stood up our very first sustainability Customer Advisory Board, and we will double-click on Climate as well during our call today. So that's a little bit on our progress and evolution. And you can see we've been doing ESG for a while. We're getting more sophisticated as we go forward and really linked this into how we run the business.

Tom Sweet, our CFO, for example, we meet with him on a quarterly basis as we talk about regulation and disclosures. We work very closely with Rob and Karen on our IR team as well as Bruny Rios, our Chief Accounting Officer, Corporate Legal and many functions across the company, including our audit and risk teams to ensure that Tom and our leadership team are fully aware of where we are and how we're advancing this strategy.

So if we go to the next slide, let's look at how we think about ESG as a whole. Here is our framework. So if you start on the left, you can see our approach and how we have taken social impact. So those 4 social impact pillars we talked about a moment ago, the Moonshot Goals and the total 24 goals that we are holding ourselves accountable to meeting by 2030 and then how we build on that with other elements of ESG.

So for example, executive oversight, really getting much stronger on that "G". And how we engage on a more frequent basis with our executive leadership team and the Board of Directors. Vanice was just with them last quarter. I was with them to present our ESG strategy and governance recommendation in December. There is a lot of interest and frequent discussion around this strategy.

We know that employee health and well-being, especially coming out of the year of COVID is critically important. What are the employee incentives, the health and well-being we are delivering for our team members to ensure that Dell is a great place to work, that is inclusive, where you can bring your whole self to do your best work and help the company grow.

Another example here of what we're focused on in very close collaboration with our government affairs team is public policy. What are those things that we're going to lobby for and advocate for? We are very active with global leaders during the World Economic Forum and in the U.S. with the Biden administration around climate, as an example. How do we shape the work that Vice President Harris is doing around digital inclusion as we just spoke about.

And we work very hand in glove in really being active in trying to shape new legislation in how we advance our ESG strategy as a whole. And then, of course, underpinned is the strategy and governance the reporting, the raters, rankers and awards that we need to care about, certainly paying attention to GRI, SASB. Michael Dell is very involved as one of the original members of the WEF Common Metrics project because you can't manage what you can't -- you can't manage what you can't measure and getting much more streamlined and consistent in what matters, getting ESG disclosures much closer to the way we do financial disclosures.

We, among a lot of other companies, responded to the SEC's call for public input into climate disclosures and regulation as an example. And then our team also manages a lot of inquiries from our customers. So the vast majority, 94%, I believe, of our Dell Technology select customers, the biggest of the big that we serve, have sustainability, as an example, in their RFPs and want to know how we can help them meet their own sustainability requirements. And more than half of them have their own climate or net zero goals themselves, and they will need our help and technology to help achieve those.

So these are just a few examples of how we're thinking about ESG and our approach. We've built ESG, as an example, into our proxy and into our 10-K. It was in Michael's letter as part of our proxy earlier this summer and increasingly as a part of how we continue to engage with our stakeholders,
from our investors, to our employees, to our customers who are increasingly looking at ESG to decide what companies are you going to invest in, work for, or buy from.

So this is a little bit about our ESG framework and how we think about governance and reporting. And then if we go to the next slide, we can double-click on the governance structure itself. This was important when we took it into the Board in December, we wanted them to see the rigorous structure that it was in place, especially considering that we really needed to amp up the governance of our environmental and social strategy.

So you see there at the tippy top, regular engagement with the Board of Directors and our executive leadership team. We stood up in this time frame an ESG Steering Committee and an Interlock team, so the working group. We meet about every 6 weeks. We look at specific strategies around what are we going to disclose? How do we want to weigh in with WEF Common Metrics as an example? And what do we want to disclose or explain and how do we shape how these governing bodies think about ESG? What is the content or data that's going to go into the proxy as an example, what are the critical raters and rankers where we might need to invest?

It takes a lot. If we're going to respond to CDP as an example, and raise our score from a B to an A, which you will see in one of our closing slides that we absolutely did that this year. Then if you think about the other side of this, risk management, Tom Sweet; Jeff Clarke, our COO, both run the Global Risk and Compliance Council. We have regular interlocks with a series of Senior Vice Presidents and Presidents to look at our biggest risks for the company and how do we manage those.

And then underneath, all of the councils and governing bodies that feed into the top part of the pyramid from global sustainability and how do we make decisions around product innovation, how do we pilot free take-back programs as an example, to fuel our one-for-one goal. How do we think about hiring and ensuring that we have the right representation in our company at every level as we continue to promote more diverse employees into leadership positions as an example. We have a giving counsel that oversees our giving budget and approved all of our big strategic initiatives.

So that just gives you a snapshot of the governance structure. So we know when all these councils meet, they have the official minutes that come out. We are connecting the dots and engaging the ELT and the Board in the most strategic decisions we need to make around ESG.

One of those that we made this year was our Net Zero goal that we announced on Earth Day. So this is our Pac-Man slide. And you can see that we are measuring achieving Net Zero and thinking about it end-to-end. Dell Technologies, as well, we are an essential technology provider to our customers. The breadth and depth of our portfolio is the largest in the world, from PCs and client devices to infrastructure and cloud.

And so when we think about achieving Net Zero, 2050 is a pretty aggressive goal, but it's achievable. And the way we think about it is Scope 1, 2 and 3. Scope 1 and 2 are emissions related directly to our own facilities and infrastructure. Scope 3 includes our supply chain. And so yes, when we say we will achieve net zero by 2050, that includes not only our infrastructure and facilities, but that of our suppliers.

But the biggest blue piece of the Pac-Man are emissions related to our as-sold products, our products in use in the field by our customers because our data centers and PCs still have to plug into a wall to work. And so we equally have to be advocating for renewable energy. And we know that will come in some parts of the world sooner than it will come in others. How do we think about energy efficiency in our products?

And so we did close out our previous energy efficiency goal in June, where we set to improve energy efficiency of our products by 80%. We came really close to meeting that goal. We reached about 76%, I believe. So very close, and we are resetting that energy efficiency goal, and we'll announce it by the end of this fiscal year, which will be a critical component to how we start to get closer to achieving Net Zero by 2050. But a lot to still be done and figured out here and we will be working very closely with our customers.

One thing we will want to bring back and update on it at some point in the future is even how do you connect sustainability to things like as-a-service and what we're doing through APEX. And how we can enable customers to not only buy the technology they need and dial it up or down based on demand, but to think about sustainability as a part of that. What is going to be the carbon footprint of my infrastructure?
How do I think about end of life and feeding my product back into the circular economy, whether that is donating 3-year-old product to a nonprofit or a school or putting it back into the recycling ecosystem to build new devices and infrastructure for the future. So Net Zero, again, was announced on Earth Day, and this is our climate ambition. We will be active in the fall time frame, focused with the rest of the world during COP26, really looking at what is our role to play as we reverse the impacts of climate change.

So I will stop talking now and hand it over to Vanice for the next slide.

Vanice Hayes

Thanks so much, JJ. And so to achieve our ultimate moonshot goals by 2030, it’s imperative that we not lose momentum as we approach 2030. Here’s where we are today against our moonshots. Our first moonshot states that 50% of global -- of our global workforce will be those who identify as women. And at the close of FY ’21, we were at 31.8%. The second moonshot states that 40% of our global people leaders will be those who identify as women. And at the close of FY ’21, we were at 25.8%. Our third moonshot is that 25% of our U.S. workforce will be those who identify as Black African-American or Hispanic Latino. And at the close of FY ’21, we were at 14.2%. And finally, 15% of our U.S. people leaders will be those who identify as Black African-American or Hispanic Latino. And at the close of FY ’21, we were at 11.3%. And we’re progressing and excited about that, but we recognize that much work remains to be done.

With our representation goals, we are working to address the global tech talent shortage, which is expected to be about 4.3 million by 2030, including women. And by developing and diversifying the tech pipeline, we are investing in both the future of our direct workforce and the overall tech industry, helping to drive innovation throughout the industry.

We recognize diversity isn’t just about representation. Underneath our Moonshot Goals are critical inclusion levers that we must pull to achieve our end goal of having an environment where all can succeed. This includes ensuring that our team members feel their work is meaningful, their leadership is inspiring and they are valued as individual team members. It takes every single person feeling valued, included and that they can do their best work to achieve their full potential. We can go on to the next slide. Thanks.

So true success is not just reaching our 2030 goals. It’s developing a company culture that embeds diversity, equity and inclusion into everything that we do, allowing us to consistently hire, retain and develop a workforce that truly represents the customers that we serve and the communities that we exist in. You see here everything starts with our purpose, which is our commitment to our customers and the communities we serve. That then is underlined by our culture code, which are the expectations that we set for all of our team members.

And finally, our people philosophy, which is our commitment as a company back to our team members. And as we move forward, we’re taking steps and making investments that will increase representation, create an inclusive environment for all to succeed. Steps like infusing D&I into everything we do and looking at how we build D&I into our regular flow of business to ensure we reach every corner of the company with inclusion and belonging.

We started this by defining who we are and being more explicit about the inclusive behavior expectations of our culture code, and by adding a new section for diversity to our people philosophy. We also expanded learning opportunities. We evolved our foundational learning and training on helping our team members deepen their understanding of unconscious bias, intersectionality, in and out groups and micro aggression.

We are excited that nearly 100% of our people leaders participated in this learning experience on these topics last year. And the program is now also available to all team members around the world. We also recognize this type of engagement as something we need to experience on a continuous basis. With the latest iteration of this foundational training called “Be the Change”, team members can participate throughout the year on key – during key moments like performance reviews or check-ins with their managers throughout the year.

We’re also investing in our supportive flexible workplace. We are leaning in to what it means to feel a deep sense of belonging in a hybrid environment. We’re building tools and a culture that provides choice and flexibility to all team members. We’re also hoping to connect in new ways, through moments of reflection and having support groups for our team members and wellness and educational sessions.
All these things have been critical to supporting each other through this global pandemic. These connection points have helped our employee resource group participation grow to 44% of the company, which is up from 34% last year. We’re well on track to meet our 2030 Moonshot Goals of 50%. Closing the tech talent gap and continuing to build a diverse leadership pipeline is another area that we’re focused on.

We expanded our current partnerships with historically black colleges and universities with minority serving institutions and community colleges connecting virtually to foster relationships and help students build technological skills. This has already increased hiring from these schools by 42% compared to last year. And close examinations of our current workforce resulted in the promotion of women globally and underrepresented minorities in the U.S. at rates higher than our current representation.

This accelerates our pipeline for leadership. We’re moving forward, knowing we must hold ourselves accountable for ensuring Dell is a place where we all can thrive as our authentic selves. It’s why our most senior leaders have diversity goals tied to their performance expectations, and our people leaders receive feedback on how they’re doing in these areas of inclusion. Our success can have lasting impact beyond our walls into our communities and can serve as a catalyst for change.

I’d love to talk a bit about some of the accolades and awards that we have in this space. Great. So first, you’ll see here, we have our Stevie Awards for Great Employers. This is recognition for our achievement in creating and driving a great workplace for diversity and inclusion. Next, we have our Ethisphere Awards for Ethical Companies, which recognizes -- which is recognition by the Ethisphere Institute -- as one of the world’s most ethical companies in 2021, making it 8 years in a row. Next, we have our disability index Disability Equality Index, sorry about that, where we scored 100% on our disability index through a company called DisabilityIN, and the American Association of People with Disability. So we’ve got numerous awards that we’re excited to be able to share. I know JJ is going to go and touch on a few additional awards that we won in the expanded ESG space.

Jennifer “JJ” Davis

Yes. So I mentioned CDP earlier and we became named as only 5% of companies out of 5,800 scored by the CDP on their A-List. So this is really companies transparently reporting on their climate impact and actions to cut emissions and mitigate climate risk. So we are all responsible for developing a low-carbon economy and CDP really focuses in there. And a lot of our customers make buying decisions based on your -- I mean it’s not the only criteria, but it’s 1 of the criteria and it’s 1 of the most important sustainability criteria, is what is the technology provider score on CDP. And being on the leaderboard for CDP supply chain is also important because we really have to, as I mentioned, really look at not just our own infrastructure, but that of our supply chain. You carry that over into the recognition by being part of the Gartner Top 25 and then also “Know the Chain” where we've been reporting there since 2020 and are ranked 6 out of 49 companies.

And what now the chain really looks at is another critical element of SER and ESG, which is human labor. And how do we make sure that we are addressing no forced labor in our supply chain, really good working conditions as an example, we take some of our largest customers or we did pre-COVID, and we have developed a VR experience as well deep into our supply chain. So those customers who really care about human rights within our supply chain can see our policies and really make sure that our say-do ratio is very high, which I am very proud. As I think about our ESG strategy and where we're really focused is, is our say-do ratio high and where we want it to be, are we doing the right thing and living by our core values when no one is looking. -- and that certainly goes towards Vanice’s comment about Most Ethical Company and that ranking that we have been a part of for the last 8 years in a row. So this is just some of the accolades and recognition that we’re really proud of as we continue to invest and accelerate our ESG strategy and ambition. So Karen, that's all we have in terms of prepared content for today.

Questions and Answers

Karen Litzler-Hollier - Dell Technologies Inc. - IR Director

That's great. Thank you so much, JJ and Vanice. I think that was a really helpful foundation to set for everybody as we move into Q&A. (Operator Instructions)

So with that, let's go ahead and jump into some of the questions that we’ve got here. Let’s start, I think JJ and Vanice, you both actually
can answer this question around our culture and how we're ensuring the health and safety and well-being of our employees through the last year or so, can you help describe what’s that been like?

Jennifer “JJ” Davis

Yes. I'll start. And then, Vanice, please chime in. When you think about 2020, it seems a bit like a blur. But one decision we made early on, and we happen to be in Las Vegas at our Senior Vice President Annual Meeting when we started having to make real-time decisions around travel and COVID response as a company. And what we decided right then and there with direct involvement from Michael and Jeff was the health and well-being of our employees and every decision we make, have to put that first, along with the health and well-being of our team members, families and the communities where we live and work. And as we work through real-time decisions, nobody really has to teach us or any company.

Know how to be agile. We were making real-time decisions as new information became available to us but we were always guided by what is best for our team members, and we always and continue today to take a pretty conservative approach to how we went remote for 90% of our employees over a weekend. So you may be familiar with Dell's Connected workplace culture and that we were already largely remote or flexible work first. On any given day, pre-COVID, 25% of our employees were working remotely on any given day. Over a weekend in the middle of March, that went to 90%. And now we have announced internally, I think it was last week or the week before, that we would be opening the majority of our sites around the world on September 7, and but we will take a hybrid first approach. So we surveyed our team members during Tell Dell, which is our annual employee engagement survey, and 90% of them said they want to work in a hybrid or remote capacity.

And as we map jobs and determine what's required to be in the office and what we learned is work as an outcome, not a place or time. And we can be productive and happier working on our own terms where you think about life and work as one, we think we'll be able to really marry what employees want with what we'll be able to deliver, really prioritizing choice. And so that's been our North Star from the very beginning. And some examples of things we put in place over the last year as it relates directly to COVID, like so many companies, we went remote. We added 15 days -- working days of crisis sick leave so that if you needed to take care of yourself or family, you didn't have to worry about paid time off. Who knew that HR would be the most innovative functional group within the company in the last 18 months, but we reimagined our benefits from making sure that our team members knew they could get 8 free counseling sessions if they needed to really prioritize mental health as an example.

We gave additional very low-cost support to parents, if they need online tutoring, support for their children. Michael Dell even did a story time with Dell employees' kids all around the world to really drive home the message that to take care of ourselves and our families and communities first, if we think we can be productive at work. And this flexible first approach, the do anything from anywhere economy, we are now calling it, has also really helped us think about our diverse population, specifically women. Vanice, do you want to talk about that?

Vanice Hayes

Absolutely. So for women specifically, we know that they were really, really hard hit by loss of jobs. So in 2020, women globally lost more than 64 million jobs or 5% of the total jobs that they held while only 3.9% of men's jobs were lost -- And so while these impacts cause a lot of women to leave the broader workforce at a disproportionate rate globally, we fortunately didn't see that at Dell. So although we know that we have pandemic support groups that working parents, especially women have struggled, adding and extending benefits to these working parents like caregiving, childcare, tutoring, learning pod solutions, all of these things have really, really helped. So ongoing development and sponsorship is something that we believe will be critical ways that we're going to invest in the women at our company and help to continue moving them forward.

Karen Litzler-Hollier - Dell Technologies Inc. - IR Director

That's great. Thank you so much. So the next -- we're getting a couple of questions on our supply chain. So I'm going to try to combine these. But obviously, there's been lots of things that have happened over the last couple of years. But then also, as you think about the suppliers from a sustainability perspective, JJ, maybe you can jump in on this one. But how do we think about our supply chain for the future and some of the things that we're doing to help those folks there on that side?
Yes. And so our supply chain team run by Kevin Brown is one of the best in the world. And as we think about some of the goals that we need to set, we're working with our suppliers, so those goals can be extended and they can set those goals for themselves. We also partner very closely with our suppliers around training. How do we skill, reskill and upskill our supply base. And so that is a big focus. We do regular audits of our supply chain and put risk mitigation or corrective actions into place if that is necessary. And so we do think about our social impact agenda as it relates to Dell, but also to our suppliers. And certainly, I did see a question here from Leslie about how do we think about our own emissions as we think about no longer commuting and more working from home.

And we saw already in 2020, pretty drastic improvements there. We know that we will start to travel again as an example, -- But in the calendar year 2020, we saw an 80% decrease in emissions related to business travel. How do we think differently about travel and use more Zoom so that we can balance that OpEx and also think about the environmental benefits. And certainly, however, we think about direct and indirect emissions upstream transportation and fuel costs, all the best practices, we are sharing those with our supply chain as an example. So those are just a few things, Karen, that we're doing within our supply base.

**Karen Litzler-Hollier** - Dell Technologies Inc. - IR Director

That's great. And Rob, the next one is going to be a great one, I think, for you to jump in and answer. This is around incorporation of ESG metrics into our executive compensation structure, have we incorporated any of those types of targets into that exec comp plan?

**Rob Williams**

Sure. Thanks, Karen. To be specific about that, we don't have targets currently integrated into the comp plans. But if you think about the linkage between ESG metrics, and ESG performance and company stock price. And the other factors that are at play in terms of determining stock price. I think it's very safe and fair to say that ESG and our Moonshot Goals are really firmly implanted in the consideration set for compensation. If you take a little bit of a step back and think about our compensation plans, we have a compensation strategy here at the company that's really focused on meritocracy and pay-for-performance.

We really focus -- not only aligning our named executive officers, all of our executive officers, the leaders in the company and our employees with the interest of stockholders. And so we want all of our -- we want all of those interests aligned, and we work very diligently to do that through our compensation plan. I mentioned that we really want to instill and drive this culture of meritocracy. So there's a lot of linkage between pay and performance. And that's incredibly important. And we want to apply incentive plans, whether they be cash-based or equity based that are -- that we believe drive company performance.

And you can see in our disclosures this year, we made some significant enhancements to our disclosures in our compensation discussion and analysis that really breaks down how cash compensation and bonuses are determined and applied. And I would also point out the additional disclosures around equity compensation and the fact that a significant portion of equity compensation for our executives is tied to stock performance and specifically to metrics that drive performance like non-GAAP operating income, non-GAAP revenue and also TSR metrics that are relative metrics where a portion of our equity compensation is driven by how the company performs over time, over a 3-year period relative to a TSR, or total shareholder return metric that is kind of aligned with the S&P 500 IT sector.

And so -- If I look broadly across our compensation, I feel really good about the alignment. There's probably some work we can do there and we'll continue to take a look at that. But it's definitely factored in as we think about those -- all of those metrics that I just mentioned, Karen.
Karen Litzler-Hollier - Dell Technologies Inc. - IR Director

That's great. And it's always good to get the feedback from folks. So that's always helpful. So Vanice, for this next one that's coming in, I want to drill in a little bit on the diversity hiring goals that we've got and especially at that executive level. How are we going to make more progress on those strong diversity goals that we have set up?

Vanice Hayes

Great. Karen, thank you so much for asking. So here at Dell and around our industry, we know we have work to do in this space. Today, our senior leadership doesn’t reflect the diversity of the people that we serve. And we know that we must increase the diversity at our leadership levels and across our workforce as a whole by attracting, developing and retaining our talent. Diversity and inclusion power creativity, which leads to stronger customer connections. So we are a part of a number of coalitions and initiatives that will help not only us but the U.S. tech industry at large build and attract a more diverse workforce over the next decade.

We know that changing the narrative on bringing in more underrepresented talent is not a silver bullet kind of challenge. We know we have programs and initiatives in place to strategically kind of chip away at the lack of diversity. So from a recruitment standpoint, we've got many initiatives in place, but a few that I'd like to highlight would be one that we have in place to help build our pipeline of black and Hispanic talent.

We've got a program that helps to broaden our talent pool. It's called Project Immersion and attract more underrepresented candidates into internships and entry-level roles. We've selected 13 historically black colleges and universities and minority serving institutions to help deepen relationships with students and source talent for internship roles across Dell.

In 2020, we held a large number of events with these schools and increased our hiring with these talent pools by 47%. These efforts also contributed to our most diverse intern class to date with 27% of our North America interns being either black or Hispanic. On the retention side, we also know that this is critical, right? It's not enough to just hire people, but we've got to make sure that we retain them and don't end up with what's known as that revolving door of talent.

So if the talent enters the door and they don’t feel welcome or included, we know we’re going to have to kind of start back over. And so that's why we've done a number of things. One thing is that we've got a development program, it's called Diversity Leadership Accelerator program. It's a 9-month coaching and sponsorship program to help high-performing individuals advance their careers at Dell.

It’s designed to address that revolving door or the leaky pipe, whatever you want to call it, that challenge of helping to retain our representation of women in the workforce including black women, women of color because we know that at each stage of the career, we could end up losing this population. So this program is designed to help ensure that they are sponsored and can progress in their careers. We also are a sponsor of the Hispanic Association of Corporate Responsibility. We -- they partner with us to develop talent as well as advanced inclusion of Hispanics in corporate America.

They focus on 4 key areas: Employment, procurement, philanthropy and governance. So we're excited to continue to do the work there. We also know that women leave the tech industry at a 45% higher rate than men. So we need to think about how we not only get them into tech but also how we keep them in tech. And so additional programs, as an example, that help focus on women is a program called releasing female potential. It’s a development opportunity for our early- to mid-career women and our underrepresented women to help them navigate their career and help them navigate life changes.

Currently, this program is offered globally in 13 countries in Europe, the Middle East, Africa and it's being piloted at different sites in other regions. So the overall objective here is to equip the talent that participate in the program with the skills, the courage, the inspiration and those things that they need to help challenge the status quo and reach their full potential.
And finally, one of our best examples of helping to cultivate inclusion is our network of employee resource groups I talked about before. We've got 13 of those, and they have been instrumental in helping us retain the talent, making sure people feel that they've got a community that they can connect to so that once we get them in the door, they feel that they're in a place where they can stay.

**Jennifer “JJ” Davis**

Vanice, I just wanted to add 1 thing. As we think about remote or flexible work and the leveling of the playing field, especially as we think about underrepresented minorities and women. If you think about Zoom or the way we engage now on mind, everybody has a "square" at the table, not just a seat at the table. And so now -- You don't have to have proximity to headquarters to have opportunity to move up. We've seen this firsthand over the last decade of being a connected workplace. And I think I can speak firsthand and I know the data shows that having flexible work -- a flexible work culture certainly helps in the retention of women. And I think more and more that a square at the table versus having to be physically in the room is going to really serve women well too.

**Vanice Hayes**

Completely agree. Agree.

**Karen Litzler-Hollier - Dell Technologies Inc. - IR Director**

Thank you both. So one of the questions that's come in and JJ, I think you and/or I can jump in and answer this one. I do think it's more broad. But when it comes to reporting and shareholder engagement, how do we go about separating the disclosures and our thoughts around ESG risks for the industry and our ESG goals that we help propagate like the sustainable development goals? So do you want to take a stab at that one?

**Jennifer “JJ” Davis**

Yes. And then you chime in for anything I missed or that you want to stress. So the way that we've been thinking about it is as we think about risks and what we need to disclose or report, we can do that for the shareholders audience through -- like what we talked about with CDP and how we report on our climate risk as a business, GRI, SASB, the WEF Common Metrics, those are going to be really important disclosures as we make very transparent, the risk associated with the work that we do. When I think about the ESG goals and the strategy of how we want to marry purpose and profit and how we move societal and business progress forward together, that's where our Progress Made Real agenda really comes in those 4 pillars around sustainability, Inclusive culture, transforming lives and ethics and privacy.

We do, and you will see in our Progress Made Real, D&I and supply chain reports, how we marry our mass goals to the sustainable development goals, the world's to-do list, if you will. And we, along with the rest of corporate America play a really important part in public-private partnerships to achieve that to-do list. And that's kind of how we think about how we report on both the risk and the progress or goal side of things.

**Karen Litzler-Hollier**

Yes. And I think the only thing I would add there for this audience specifically is we have really upped our engagement strategy on these types of topics with our shareholders. And so we do take the feedback that we get from those conversations and specifically me, for instance, taking that feedback and sharing that with JJ and the rest of the team to help identify either areas where we can improve or add additional disclosures or transparency on things. And so it really has been a fantastic opportunity to move some of those forward.
Karen Litzler-Hollier - Dell Technologies Inc. - IR Director

So I think we have time for maybe a couple more questions. So Vanice, I think this would be a good one. This has come in, and we actually do get this question quite a bit. How do the diversity goals extend to our Board of Directors? Is there anything that you could help shed some light on for that question?

Vanice Hayes

Absolutely, Karen. Thanks. So our Board is comprised of an experienced set of directors that provide diverse perspectives and strong oversight of management’s execution of our long-term strategy. We value diversity of experience, background and perspective when considering new candidates for our Board. The Board continually assesses its composition to ensure it has the right mix of skills and experience represented to support the execution of our strategy.

So each of our directors feel empowered to share their unique perspectives in the boardroom and to express their opinion. This results in fruitful discussions and an exchange of diverse ideas during meetings. We feel that our Board is currently comprised of the right mix of directors, including a varied set of skills across our director positions, technology, industry expertise, financial literacy, international experience, operational excellence and other kind of public company CEO roles. While the Board has not established any formal diversity policy to be used to identify director nominees, when assessing a candidate’s background and experience, the Board takes into consideration a broad range of factors, including a candidate’s gender, age, race and ethnicity. As a business imperative, we strive to unlock innovation by cultivating a culture of inclusion and diversity at Dell.

Michael himself chairs our Global Diversity Council, which provides direction, support and oversight of diversity and inclusion initiatives across the business. Our 2030 focus areas for cultivating inclusion at Dell reflect this commitment as I stated earlier. With any turnover on the board going forward, diversity will continue to be an important factor in our nominating process.

Karen Litzler-Hollier - Dell Technologies Inc. - IR Director

Thank you so much, Vanice. I appreciate that.

So it looks like we don’t have any other questions in the queue. So I think we’ll go ahead and wrap up the call today. Huge thank you to JJ, Vanice and Rob for this really great discussion that we’ve had today. And a huge thank you to the audience for attending and the questions that you’ve submitted.

So if there are any other questions that come in on the reports or anything you heard today, please reach out to the IR team. And that concludes our call for today. Thank you all.