DELL - Dell Technologies Inc Corporate Sustainability Investor Call

EVENT DATE/TIME: JULY 27, 2023 / 8:00PM GMT

CORPORATE PARTICIPANTS

Alyson Freeman

Cassandra Garber

Hall Butler *Dell Technologies Inc. - IR Senior Director*

PRESENTATION

Hall Butler - *Dell Technologies Inc. - IR Senior Director*

Hello, everyone, and thank you for joining us today. Welcome to our fourth annual investor call covering Dell Technologies Corporate Sustainability. I'm Hall Butler, Senior Director of Investor Relations here at Dell.

Before we jump into the agenda, I'm going to go through our disclaimer. All statements made during this call that relate to future events, results and events are forward-looking statements based on current expectations. Actual results and events could differ materially from those projected during a number of risks -- due to a number of risks and uncertainties, including those discussed in our periodic SEC reports. We assume no obligation to update our forward-looking statements.

In today's call, we will start with some prepared remarks, and then we'll take questions. (Operator Instructions) Next slide. On the call, I'm joined by Cassandra Garber, Vice President and Head of Corporate Sustainability and ESG, which, here, Dell also includes philanthropy. We also have Alyson Freeman joining, who is our subject matter expert on sustainable data centers. She holds a PhD in material science and engineering with a focus on semiconductors and as a product manager here in our Infrastructure Solutions group.

We posted a copy of today's web deck on our IR website, and our slides here are intended to follow our conversation. Moving to our agenda. I will cover updates on our corporate governance and our Board. Cassandra is going to review our sustainability strategy and governance, our ESG pillars, along with our goals and progress, and Alyson will spotlight our work on sustainable data centers. Then we'll highlight some of the recent recognition we've received as a company and take Q&A.

Starting with governance. This year, we have made several enhancements to our governance and Board structure based on investor feedback. We established a Lead Independent Director role with robust responsibilities, and our Board's Independent Directors elected Ellen Kullman to this role. We approved changing the composition of the Nominating and Governance Committee to consist solely of Independent Directors. So both of our key committees are now composed entirely of Independent Directors, and I believe you can see a high-level summary of our Board and committee responsibilities in the Appendix.

We also continue to enhance our proxy disclosures in key areas, including governance and shareholder engagement. And as a reminder, this builds some other positive changes we've made in recent years. The addition of our last 2 Independent Directors enhanced our mix of leadership and experience along with gender and racial representation. A majority of our Board, 5 of the 8 current members, are now independent after the addition of our most recently appointed Independent Directors, Lynn Vojvodich Radakovich and David Grain. Additionally, one of our Independent Board Members is elected solely by our Class C stockholders.

That's Ellen, and you may hear us refer to her as our Group IV Director. We also declassified our Board, so now all directors stand for election every year. We believe our current Board is composed of Directors with the right mix of skills and expertise, and we'll continue to evaluate our Board structure to ensure it effectively supports our efforts to drive value creation and the interest of our shareholders.

Moving to the bottom of the slide. Our governance is informed by a number of sources. First, it starts with feedback from institutional investors. During the latest off-season and proxy engagement cycles, Investor Relations, along with Cassandra's team, we contacted holders representing more than 43% of our Class C common stock, and we engaged with several of our top holders to answer the questions regarding governance, compensation and ESG practices and disclosures. Going forward, we will continue to collect their feedback for future enhancements.

We also work with an advisory service, including the use of perception studies, to gather investor views and recommendations on governance. The advisory helps us assess both potential impact and implementation feasibility so that we can prioritize those recommendations that are most beneficial to our stakeholders. Historically, IR and our sustainability team members have also held calls with stakeholder and shareholder advocacy firms and responded to their inquiries on various topics.

Before I pass it over to Cassandra, one area where we continue to get governance feedback is our multi-class structure. In many cases, investors are interested in multi-class to the extent that they've seen this as the gating factor to S&P index inclusion. The S&P recently changed its eligibility rules and multi-class companies not already grandfathered into the index are now eligible for inclusion.

As a Fortune 50 company and a bellwether for the tech industry, we think we have a strong case and are encouraged about the potential for future inclusion in the S&P 500, but recognize it as ultimately up to the S&P Selection Committee to decide on inclusion and timing.

With that, I'll pass it over to you, Cassandra.

Cassandra Garber

Thank you, Hall. Hello, everyone. I am really excited to be here today and of course, appreciate you joining us for this discussion. I'll start our conversation today at a high level. We'll talk about our business and societal value that we're working to achieve for all of our stakeholders. Just want to share upfront, our overall focus as a company is not only to drive impact for the planet, but to support sustainable, inclusive and digitally equitable communities in the places we all live and work.

When we talk about sustainability and ESG here at Dell, we're talking about how we operationalize, how we measure, how we report on the set of goals and criteria we've set up to achieve this broader vision. Our goal pillars, which you see listed here, are advancing sustainability, cultivating inclusion, transforming lives and upholding trust. They are how we run ESG in our business and drive progress on a broad set of topics demonstrated in our 2030 goals, disclosures and reporting. Customers, governments, investors and team members expect and require progress across these areas, and stakeholders see the critical role ESG plays in driving the right business and societal outcomes.

Within these pillars, we're focused on impact areas as that is where we are pooling our resources, our talent, technology, partnerships to create a difference people can see and feel. Those impact areas as listed here include: Taking action on climate change, which means supporting the net zero transition on the path to a climate-resilient society. Accelerating the circular economy, eliminating the concept of waste, redesigning, reusing and recycling our way to a better future. Creating an inclusive workforce, driving representation, inclusion and equity to attract, retain and develop Dell's current and future workforce. Championing digital inclusion, connecting underserved and underrepresented groups to skills and resources, delivering the benefits of technology for all. And, of course, fostering trust in everything we do, which is core to who we are and how we deliver technology and solutions, which drive business and society forward. Let's go to the next slide, please.

Now we'll talk a little bit more about our goals and progress against these priorities in just a bit. But first, we want to address the G of ESG, which is governance. Our governance framework incorporates ESG goals and metrics into the company's overall strategy and operations. Our Board of Directors oversees the establishment and maintenance of our governance, which uses compliance and risk oversight processes to promote responsible ethical business conduct that is rooted in integrity.

To drive robust cross-functional engagement across the company and to formalize reporting to our Board of Directors and executive leadership team, we have established operating models and governance bodies, which include our Steering Committee and our Interlock Team. These governance bodies bring together members from various teams across Dell who create an integrated perspective and approach to sustainability and ESG.

We have continued to evolve the responsibilities of these governance bodies to match our growing efforts and to follow emerging trends. Each of these groups has a distinct and complementary set of responsibilities. For example, our Steering Committee sets and leads our annual ESG strategy. They oversee goal progress. They provide progress updates to the Board of Directors and monitor regulatory updates for ESG requirements.

While our Interlock Team enables the execution of our ESG strategy. They stay informed on key risks, emerging trends and stakeholder priorities and influence decisions that could impact the company's ESG strategy. Interlock members also serve as a conduit to other councils and stakeholder groups to ensure alignment across our entire company. So this helps connect dots across our different business units, and allows members to remain informed of the key risks, emerging trends and the priorities that I mentioned earlier.

We have received overwhelmingly positive feedback from internal and external stakeholders regarding our operating model and governance. Customers, analysts, journalists have walked -- who we have walked through our model with, they recognize the efforts we have made to set best practices as a large organization. Many recognize the importance of cross-functional collaboration and operational rigor and have asked us to share more details on the model to implement in their organizations, too.

Reporting is, of course, also key to accountability in ESG. We are committed to reporting on metrics that matter most to our stakeholders, and we have also proactively sought opportunities to support initiatives to standardize reporting across the industry. So additional details, including our consideration of internationally recognized frameworks and guidelines as you can see on the slide here, can be found in our FY '23 ESG report.

We recognize that a sustainable, successful company has to deliver value on multiple fronts and transparently disclose its performance to its stakeholders. With that, let's discuss some of our progress against these goals. We'll go to the next slide, please.

Last month, we published our annual ESG report. The report is how we hold ourselves accountable and share progress against our commitment to create positive social and environmental impact for business, people and the planet. Our results tell us and our stakeholders where we are making headway and where we need to accelerate progress on our commitment to deliver positive social and environmental impact. Before we get into the results, there are a few key updates to highlight for this year's report.

We originally launched our ESG goals in late 2019. And since that time, there is no doubt we have experienced unprecedented changes related to the global pandemic and the continued evolution of environmental and social issues as well as our own internal learnings. So in FY '23, we worked with cross-functional teams to deep dive into our plan, and we evolved our goals accordingly. So first, we have refined our goals. We've condensed them from 25 to 9 to focus on impact areas where we have the biggest opportunity to drive meaningful change.

As a part of this, we identified goals that required updates, including key changes to existing goal language, scope and methodology. Our updated goals are listed here. As you can see, in addition to condensing goals, we identified areas where we could group related goals as key drivers connected to a broader goal within a larger scope. For example, our near-term greenhouse gas emissions and energy targets are now grouped together under our net zero goal.

Second, we have expanded one of our focus areas from upholding ethics and data privacy to upholding trust, which is inclusive of security, privacy and ethics. Last year, we began framing a Dell Technologies trust model centered on security, privacy and ethics, recognizing that these areas are material to establishing and maintaining trusted relationships. We expanded this goal pillar and established a new goal focused specifically on trust, with a set of key drivers we will deliver on to hold ourselves accountable, define what trust means to us and continue to meet and exceed stakeholder expectations. Our full report, including details of our refined goals, is available at www.dell.com/impact. So could we go to the next slide, please.

Now I'd like to take a moment to highlight how we're doing against some of our goals. For climate action, we have achieved 59% of electricity used across all Dell Technologies facilities that came from renewable sources. Which is in support of our efforts to source 75% of electricity from renewable sources across Dell Technologies facilities by 2030 and 100% by 2040. This is one of the key drivers that supports our overarching net zero goal.

For circular economy, we closed in further on our packaging goal of 100% by 2030, with 94.5% of our packaging across our entire product portfolio made with recycled or renewable materials. For cultivating inclusion, we can say that 34.8% of our global workforce identify as women and 29.2% of global people leaders identify as women. Our goal is that by 2030, 50% of our global workforce and 40% of our global people leaders will be those who identify as women.

For digital inclusion, 88 million people have benefited from our digital inclusion programs, partnerships and innovation to date, which is against our goal to improve 1 billion lives through digital inclusion by 2030. And of course, to support all of this work, we're upholding trust and have been recognized for our commitment to integrity as one of the world's most ethical companies by the Ethisphere Institute for the 11th time.

And I know that we probably don't have time to cover highlights from all of our impact areas, but I did want to call out a couple of pieces under our efforts in advancing sustainability and transforming lives. First, over the course of FY '23, energy concerns became paramount for our customers, not only from a cost perspective, but also as they sought to address their own emissions goals. Dell partnered with customers to transition to sustainable data centers, helping address energy efficiency on multiple fronts, including cooling, power management, telemetry, workload management, rightsizing data storage, as-a-Service models, thermals and more. Alyson will be sharing more on how we have continued to raise the bar on data center infrastructure solutions to drive efficient operational and environmental outcomes for our customers.

Second, I want to share how we are advancing digital inclusion, too. In October 2022, we announced our partnership with United Nations Children's Fund, UNICEF, USA to support Giga, a global initiative by UNICEF and the International Telecommunications Union to connect every school to the Internet by 2030 and every young person to information, opportunity and choice.

To date, Giga has connected over 5,000 schools and over 2 million children to the Internet through its work. In Sudan, mapping of the schools was expected to take one year However, using Dell's high-performance computing equipment, that time was reduced to 6 weeks. This has helped accelerate Giga's great work, and we continue to look at ways we can extend our partnership with UNICEF. In fact, just last week, we kick started our back-to-school cause-related campaign in the U.S., Canada, U.K., France and Germany. Over the coming weeks, for every eligible XPS, Inspiron or Alienware device purchased, Dell will donate to UNICEF to help connect schools to the Internet. Based on eligible sales, we will make a total minimum donation of $1 million and up to a maximum donation of $2.5 million.

Again, you can learn more about our programs and partnerships in the FY '23 ESG report on our website. And now I'll hand the mic over to Alyson for her to share more on how we are supporting customers with their sustainability efforts.

Alyson Freeman

Thanks, Cassandra. Yes, our customers, that's the keyword, that's the main focus of sustainable data centers. We're partnering with our customers to go beyond delivering on our commitment to climate action and the circular economy in our own operations. And we're a partner, helping our customers achieve their IT-related business and sustainability goals through reducing the environmental impact of our portfolio and providing them with innovative products, services and solutions.

These capabilities position us to drive growth as the industry is looking for partners who can help achieve greater efficiency and cost savings while making progress on sustainability. Our products, in combination with our colocation providers, can offer an energy-efficient environment equal to cloud providers or any other in the industry while retaining all the benefits that working directly with Dell provides.

There's 4 main ways we're investing in solutions to help our customers. The first one is the carbon footprint of our products themselves. We help our customers responsibly modernize their IT by reducing the carbon emissions created during manufacturing and assembly. We focus on making smart decisions around design, materials and sourcing choices. This requires working closely with our suppliers on their decarbonization plans.

In addition to the products themselves, we focus on the whole data center. The demand for enterprise-level computing is at an all-time high. And with an already burdened grid, growing climate change concerns and regulatory pressures, more companies are looking for solutions that help meet their evolving data center needs, including managing energy use and carbon footprint. This is really where we're seeing the largest growth, and we'll dive more into that topic in just a second.

Another way we're investing in solutions to help our customers, aside from providing new products at the beginning of their life, is helping take care of them at the end of the product life. Dell has over 25 years of recovery and recycling experience, and we're helping our customers retire their IT equipment in a secure and sustainable manner. We adhere to strict standards for environmental compliance worldwide and prioritize data protection and security.

And then finally, we're also looking at evolving business models. We know organizations are looking for partners to help them achieve their sustainability goals. We have solutions like modular data centers or as-a-Service programs like APEX that can help. In a study we commissioned with Forrester, we found that most organizations foresee sustainability and cost savings benefit from subscribing to Infrastructure-as-a-Service . And so Dell's as-a-service business models can also help reduce e-waste and IT carbon footprint, so it impacts those other areas on the slide as well. The next slide, please.

So how do we help our customers achieve a more sustainable data center? Here's a place where what's good for the planet is also good for business as everyone would like to have lower energy bills while also producing less emissions. Energy cost typically make up 40% to 60% of a data center's operating cost. And that's where most of the environmental impact is, too, running and cooling the equipment. So most of the considerations around creating a sustainable data center revolve around energy efficiency. There's a lot of them on the slide, but I'd like to think of them in kind of 3 categories: efficiency related to hardware. That's where we would think about configuration of the hardware and optimized cooling technology.

But you can also get a more efficient data center through software, through power management or optimizing your workloads or intelligent platform management. Our direction at Dell is to innovate by applying machine learning to carbon footprint telemetry for providing users with new insights to make more informed sustainability decisions, and that's an area I'm really excited about.

In addition to the hardware and software, energy considerations, Dell doesn't stop there. We look at the whole life cycle and responsible equipment retirement. We're designing our data center products to provide optimized performance with sustainable advancements throughout the entire product life cycle. Optimized technology, advanced telemetry, sustainable features and the evolving business models I mentioned all work together across our entire data center portfolio to help drive innovation and progress for our customers and our planet.

A lot of this is driven by rising environmental concerns and corporate sustainability goals, but also the need to drive efficiency and lower operational cost is really what's driving demand for a modern and sustainable data center, and Dell is committed to the continued investment and innovation of end-to-end sustainable data center solutions in this high-growth area.

Cassandra Garber

I'll jump back in here. I want to wrap this up by just touching a little bit on the awards that we've received in FY '23. Recognition for our efforts in this space reflects our commitment to sustainability and to driving environmental, social and governance and business impact and highlights areas of excellence in areas where we will continue to enhance our performance.

Our recognition over the past year includes the EcoVadis Platinum medal plus, as I mentioned earlier, Ethisphere's World's most Ethical Companies for the 11th time, a Top 10 of the World's Best Employers out of 750 companies, Global Top 25 Supply Chain, and we were named First in America's Most Loved Workplaces. We were also named Fast Company's World Changing Ideas Company of the Year, which we're pretty proud of in recognition of our global solar community hubs program and our explorations in sustainable PC designs with Concept Luna.

Now I think we can open it up for Q&A. So Hall, do we have any questions?

QUESTIONS AND ANSWERS

Hall Butler - *Dell Technologies Inc. - IR Senior Director*

Thanks, Cassandra. As a reminder, there's a ton of great information and a lot more detail in our annual ESG report, which you can find on dell.com or on our IR website. There is also additional content in our deck Appendix. (Operator Instructions) Let's go to the first question. I'll paraphrase here a bit, but this question is for you Cassandra. We have some relatively ambitious goals for 2030. What's your confidence level in terms of meeting those goals?

Cassandra Garber

First, I will confirm they are ambitious. But one thing I want to share is a lot has changed since we initially set our 2030 goals in late 2019 so we have learned a lot. There's been a lot of valuable insights throughout this journey. So I talked a little bit about how we recently refined our goals to focus on the areas where we have the greatest potential for meaningful change. But I mean when it comes to these goals, we have to bear in mind, many of them are part of decade-long commitments that we set for ourselves.

So -- or longer. Some goals we've set go beyond 2030. Some are set against the time line of 2040, even 2050. So when we set these goals, we knew they were ambitious and that it would take our entire company as well as partnering with others, which includes our suppliers, our peers, customers, partners, nonprofit, even public sector organizations to drive the results we need to meet these targets. I mean also, I'd say we remain committed and we remain confident in our efforts. So you can read a detailed breakdown of our goals and our progress to date in the report.

Hall Butler - *Dell Technologies Inc. - IR Senior Director*

Thanks, Cassandra. And not surprisingly, the next question is for you as well. What is -- what do you foresee as the next focus area as we continue to see increased interest and Dell continues to deepen its reporting on important sustainability issues?

Cassandra Garber

That's a great question. The so much happening right now. Sustainability and ESG reporting is a rapidly evolving and very dynamic space. So I mean, importantly, I know we said it before, but we continue to listen to feedback from our shareholders and the financial community. And we remain committed as well to transparent disclosure because we know how valuable that is. In addition to the ESG report that we've talked about today and mentioned a number of times, we also publish a GRI, that's the global reporting initiative.

We have a content index against the GRI. We've made significant progress to better align our disclosures with the goal of being more in accordance with GRI standards. Many of you have asked in the past about SASB. So we do publish a SASB, which is the Sustainable Accounting Standards Board Index along with a summary of the World Economic Forum stakeholder capitalism metrics. This -- we do this to back up Michael Dell's commitment to disclose against the material core metrics that the WES is advocating for.

We're also working to adopt the recommendations of the TCFD, which is the Task Force on Climate-Related Financial Disclosures, putting that in our reporting as well. Additionally, just in case that wasn't enough acronyms. We published our CDP water security and climate change responses, and we've been doing that and do that dating back to 2017.

So we'll continue to focus on improving our disclosures against all of these frameworks, and we'll, of course, monitor the future of mandatory disclosures and continue to advocate for standardized ESG reporting frameworks that lie ahead as well. And we'll also continue to discuss reporting preferences with investors. And we really appreciate and really hear the investor feedback, and we take that into consideration as we evaluate the future of ESG reporting.

Hall Butler - *Dell Technologies Inc. - IR Senior Director*

All right. The next question, I'll take this one. You mentioned the Board elected Ellen Kullman as its Lead Independent Director, what does her position entail?

So first, I'll start with the Lead Independent Director responsibilities were determined based on reviewing best practices. Ellen will serve as the principal liaison between the Chairman and the Independent Directors. She's going to preside over all executive sessions of the Independent Directors and Board meetings when the Chairman isn't present.

Ellen approves the information to be provided to the Board, including the quality, quantity, appropriateness and timeliness of such information. She will preside over the annual evaluation -- self-evaluation of the Board and conduct an annual process for reviewing the CEO's performance, and she'll report the results of the process to the other Independent Directors. And finally, as appropriate, Ellen will also be available for consultation and direct communication with stockholders. And for additional context, because I don't think I mentioned this earlier, the Lead Independent Director is elected for a 1-year term.

Okay. The next question is also related to the Board. And so maybe you can take this one Cassandra. What is the Board's involvement in overseeing sustainability-related topics and diversity initiatives?

Cassandra Garber

Yes, that's a great question. This, of course, for many companies has evolved in the past few years as well. So for us, our Board of Directors oversees the establishment and the maintenance of our governance, compliance and risk oversight processes and procedures. So they promote the conduct of our business with the highest standards of responsibility, ethics and integrity. So our governance framework includes regular updates to the Board of Directors.

It incorporates ESG goals and metrics into the company's overall strategy. And we involve management committees, including an ESG Steering Committee that I mentioned earlier in the slides, that are charged with the development and achievement of our overall long-term ESG strategy. That same committee, the ESG Steering Committee, is also responsible for monitoring and supporting Dell's progress towards achieving our established ESG goals and our other priorities as well as ensuring compliance with regulations.

And a really important element of how all of these groups come together is to be very integrated because this is so cross-functional across our company. And everyone from the Board, 2 team members, not just on my team, but well beyond have an expectation and a role to play in how we achieve these goals. So to ensure an integrated perspective and approach to ESG, these management committees are composed of members from various teams across the company. So it's -- that's what makes it work.

Together, these governance bodies develop, manage and measure our sustainability and ESG strategy and progress. Just to give a few examples of the kinds of topics that are covered in our Board updates, we share strategy updates. We share our plan of record. We share the data and, of course, our ESG report. We also share proposed investments and plans and even forecasting as it relates to these environmental and social topics.

Hall Butler - *Dell Technologies Inc. - IR Senior Director*

Thanks, Cassandra. Maybe one more for you since we're on a roll here. Given some of the recent Supreme Court decisions, how are you thinking about progress going forward on Dell's representation goals?

Cassandra Garber

Yes. So I think that this question is probably linked to our inclusive workforce goals. So those goals, just as a reminder, by 2030, we are seeking to have 50% of our global workforce and 40% of our global people leaders to be those who identify as women and 25% of our U.S. workforce and 15% of our U.S. people leaders to be those who identify as Black, African-American or Hispanic Latino. Importantly, we believe an inclusive workforce with diverse perspectives fuels the innovation that is key to driving human progress, which is our purpose as a company. We will continue to invest in. We'll continue to build a pipeline of diverse talent to create a workforce representative of our customers and the society we all live in.

Now having said that, the composition of the workforce evolves. And so we recognize that companies embracing diversity and inclusion are experiencing greater innovation, better productivity, engagement and employee satisfaction. So to be clear, we are committed to increasing gender and ethnic diversity throughout Dell Technologies.

So back to the numbers and the progress, we see steady year-over-year progress. But of course, we know we still have work to do. We must improve the representation of our leadership and workforce overall, and that requires attracting, hiring and retaining a wider range of talent. When we talk about attraction, importantly, we continue to build stronger relationships with institutions and organizations that provide access to additional sources of targeted talent, including, but not limited to, women and other underrepresented populations.

When it comes to hiring, we have a hiring policy that is aimed at ensuring that at least one candidate from an underrepresented ethnicity or gender is included in external candidate interview slates, including at the executive level. And then when it comes to retention, we also know that hiring is just one part of the challenge. If talent enters our doors and does not feel welcome or included, we'll be back to square one. So that's why we focus heavily on ensuring everyone feels like a value part of our team and culture.

Importantly, we work to embed inclusion and accessibility into everything we do. That includes practices, policies and programs. And we encourage our team members to engage in our employee resource groups, which is a great place for them to grow their networks, develop a sense of community and expand their professional skills. Ultimately, we know that improving representation is a long-term multifaceted challenge that will require a variety of intentional targeted approaches to drive lasting systemic change, and we're committed to doing so.

Hall Butler - *Dell Technologies Inc. - IR Senior Director*

Thanks, Cassandra. And maybe one for you here, Alyson, how do sustainable data centers fit in with Dell's ESG and business strategy?

Alyson Freeman

They're a big part of it. In 2021, there were 7.2 million data centers around the world, and experts estimate that data storage and transmission in and from data centers use more terawatt-hours per year than some entire country. So this is a really big market.

And according to a recent study by IDC, among IT decision makers, the #1 priority for IT planning and procurement as it relates to sustainability is reducing data center energy consumption. That's like PUE or improving utilization, areas where Dell is really positioned well to help. And that study concluded that organizations are increasingly considering replacement or refurbishment of their data centers and IT equipment in the context of optimizing efficiency. And this sustainable data center market is set to hit $55 billion by 2027. So it's definitely an area of focus.

Hall Butler - *Dell Technologies Inc. - IR Senior Director*

Thanks, Alyson. Cassandra, we'll go back to you for this next question. It's about how Dell is protecting and engaging workers within the larger global supply chain.

Cassandra Garber

Yes. This is a really important space. Upholding and advancing respect for fundamental human rights of all people is core to our business strategy purpose and again, pointing back to our commitment to drive human progress. And of course, creates a positive and lasting -- creating a positive and lasting societal and social impact. You can't do that without respecting human rights.

So for us, in order to hold ourselves accountable to this commitment, we've created an assurance system that includes comprehensive risk assessments. We do supplier audits. We have corrective action plans, and we have capability building with our suppliers across a range of societal -- I'm sorry, social and environmental responsibility standards. We work closely with our suppliers towards maintaining the highest standards of safety, environmental and ethical requirements for people working throughout our supply chain.

As I mentioned, this is demonstrated by inclusion of social and environmental responsibility metrics in our quarterly business reviews and of course, in how we report. We also are a founding member of the Responsible Business Alliance, the RBA, which embeds requirements to uphold and ensure

respect for human rights in the RBA code of conduct. And we adhere to these standards and also expect our suppliers to comply with the RBA code of conduct and other requirements that we set out and make available in our Dell supplier principles.

So our global commitment to respecting human rights extends beyond that to the responsible sourcing of materials used in our products and is underscored in our responsible sourcing policy. We're also involved in building an industry-wide approach to responsible sourcing of minerals through groups like the Responsible Minerals Initiative. There's plenty happening in this space.

Hall Butler *- Dell Technologies Inc. - IR Senior Director*

Thanks, Cassandra. I'll take this next one, which I get all the time. Are you considering removing the multi-class structure or subjecting it to some sort of a sunset provision?

The Board continues to believe that the current structure is appropriate because it allows the Board and the management team to focus on long-term value creation for the benefit of all stockholders. The current structure provides leadership and management stability and enables our long-term focus and commitment to a multiyear strategy.

Michael will continue to be an important part of the company's long-term success and remains highly incentivized to create long-term value. As a reminder, the economic interest of Michael and Silver Lake who primarily own the A and B shares, respectively, are aligned with Class C shareholders, which should support the creation of sustainable long-term value for all stockholders. As I mentioned earlier, much of the interest in multi-class was a function of S&P eligibility. So that particular concern over multi-class has now been addressed.

So next question is about diversity of our Board of Directors. I will take this one as well. We feel that our Board is currently comprised of the right mix of Directors, including a varied set of skills across our Director positions when you think about their technology industry expertise, financial literacy, international experience, operational excellence and some of their C-suite roles.

We value diversity of experience, background and perspective when considering new candidates for our Board, which includes a broad range of factors, including a candidate's gender, age, race and ethnicity. Each of our Directors feels empowered to share their unique perspectives in the boardroom and to express their opinion, which elevates the level of discussion and enhances decision-making.

We continually assess our Board composition to ensure it has the right mix of skills and experience represented to support the execution of our strategy within the business, cultivating a culture of inclusion remains a company imperative. Michael Chairs our Global Diversity Council, which provides directions, support and oversight of inclusion initiatives across the business. And inclusion will continue to be an important factor in our Board-nominating process.

So the next question, this is about net zero. So Cassandra, this one will be it for you. You talked about your net zero goal. Can you share a little bit more about how you'll meet that goal by 2050, especially given the complicated Scope 3 space? And are these goals aligned to science-based targets initiative?

Cassandra Garber

Yes. Here we are again back to some fun acronyms. Net zero is also a fast-moving space, and I know there's a lot of complicated conversations around Scope 3 in particular. So first and foremost, we remain committed to creating innovative technology and solutions that help our customers improve their business outcomes and reduce their emissions. And we're taking action on our ambitious climate targets that benefit society and the planet.

So just to reiterate what our targets are, by 2050, we will deliver on our goal to achieve net zero greenhouse gas emissions across scopes 1, 2 and 3. So accelerating our path to net zero greenhouse gas emission starts with setting clear ambitious science-based targets across those scopes for

the near future. So our climate targets cover our organization, they cover our supply chain and they cover our customers. So that creates that value chain with a shared sense of responsibility.

With Scope 3, in particular, for us, that comprises the majority of our greenhouse gas emissions. So it's important that our targets extend beyond our 4 walls. They have to extend upstream to our supply chain and downstream to our customers and their facilities. So this is, again, as part of the work that we did in FY '23 on our targets that we revisited, we took steps to evaluate our existing 2030 Scope 3 emissions targets and we looked for opportunities to strengthen them so we would have greater impact. So these updated targets, of course, were based on guidance from SBTi, the Science-Based Targets Initiative, as you mentioned, so that we make sure they're aligned with current science on climate change. So to strengthen those near-term targets.

And again, back to providing greater transparency, we shifted from intensity targets. So intensity targets are a measure a reduction relative to a specific business metrics such as production output or financial performance of the company. So that's where -- what we did have, we met those targets, and we shifted to absolute targets, which measure an overall reduction in the amount of greenhouse gases a company emits into the atmosphere relative to levels in a baseline year. So that was a big shift shifting from intensity to absolute.

And these updated targets have been validated by SBTi as have our Scope 1 and 2 2030 targets and are in alignment with the SBTi's current 1.5 degrees C guidance. So while Scopes 1 and 2 are largely under Dell's -- our own control, addressing our Scope 3 emissions is different in a lot of ways, and it requires deep engagement with our supply chain partners to monitor and manage their greenhouse gas footprint, that's category 1. We also have to help reduce the footprint of our products. So Scope 3 reductions also require us to partner with our customers to reduce the emissions associated with using our technologies, and that's category 11.

So that includes helping them transition to renewable electricity, offering tools such as power management software and supporting their move to sustainable data centers as we just talked a bit about before. That's a critical part as well in terms of all of us reaching the climate targets. These 2 categories within Scope 3 represent our greatest opportunity to move the needle on our overall net zero goal. So by focusing on these areas in conjunction with the actions we're, of course, continuing to take on our scopes 1 and 2, we plan to drive reductions where they matter the most and where they're most material to us.

Hall Butler - *Dell Technologies Inc. - IR Senior Director*

Thanks, Cassandra. We have actually a question from one of our internal Dell team members, which I think is still an important question to highlight here on the call and that is what can Dell team members not in corporate ESG -- on the corporate ESG team, how can they help reach our 2030 goals?

Cassandra Garber

I love this question. I love when we get this question. I love that our team members are asking these questions. We have so much internal enthusiasm on this topic. It makes me so proud. Importantly, and this is why I love the question so much, we see sustainability as being a part of everyone's job at Dell. And in fact, a great deal of the work that's being done towards progress against those 2030 goals that we've been talking about actually takes place embedded in our businesses, not just in the ESG team or the sustainability team. That comes back to the model we were talking about in the integrated matrix that we have.

So the product groups, engineering services, supply chain groups and more are all critical to reaching these goals. And in fact, they are who my team holds accountable to reaching these goals. So that's how we make this work across the company. So no matter where you sit in the company, there is an opportunity for you to contribute in some way, shape or form based on kind of the integrated approach that we now have with our operating model and our governance within this. Outside of that, if there are ways to find it in your day job and in partnering with customers or in things that you can do within your own organization, we also encourage our team members to join our planet ERG, which is our largest ERG.

And there are several activities and events. They are even organized by region, so there are opportunities to get involved. And these are the kinds of things that beyond your everyday work life, these are things you can do in your daily life. Everything from carpooling to taking public transportation to the office every day or reducing the amount of single-use plastics that you use. And I'll just make a personal plug that the #1 thing we can all be doing right now is talking, having the conversations and learning from one another and talking about these kinds of things.

So thanks for bringing that forward, and thanks for being a part of making progress on this to that team member.

Hall Butler - *Dell Technologies Inc. - IR Senior Director*

Thanks, Cassandra. And we have another big one here for you but maybe just to break it up a little bit. There's another one here that maybe Alyson can take. Are you providing data regarding emissions associated with specific products and energy use of specific products to allow supply chain partners to quantify emissions?

Alyson Freeman

Yes. That's a big part of my day-to-day role is providing product carbon footprint data on our products, which can be used by our customers or suppliers to help them meet their emissions goals. For supply chain partners, we have a supplier engagement strategy that's related to our updated emissions target to reduce the emissions of our purchased goods and services by 45% by 2030. So we ask them to partner with us to help achieve that goal, which in turn helps them achieve their emissions targets.

Hall Butler - *Dell Technologies Inc. - IR Senior Director*

Thanks, Alyson. So Cassandra, maybe back to you for the next question here. You mentioned investing in circular innovation and advancing sustainability. Can you elaborate on the work Dell does to support sustainable product design and designing devices for repair.

Cassandra Garber

I would love to elaborate on the work that Dell does in circular innovation. So we truly feel that we've led the way to advance the circular economy and particularly in our industry dating back to 2008. So we focused on designing to reduce waste by using recycled and sustainable materials in our products and packaging, designing products for durability so they are long-lasting and repairable and offering services for taking products back. So we really work hard to make it easy for our customers to recycle and dispose of their products.

Our long-standing commitment for intentionally designing products to be easier to repair and recycle supports our work to accelerate the circular economy, frankly, before the phrase was really being commonly used. It helps us keep products and materials in circulation for longer, and it helps divert e-waste from landfills. We also support customers' choice to repair their device or seek out a convenient local repair option that works for them.

We want people to be safe, of course, and to keep their data secure when they're making those repair choices. And it's why we encourage Dell authorized repair options that have safety, quality, data security, sustainability and privacy all built in. Our approach to advancing the repairability of devices includes designing for repairability and providing easy access to parts and manuals that support repair.

Beyond that, in FY '23, we continued our work on Concept Luna, which is our breakthrough prototype for the future of sustainable PC design. So like a concept car, Concept Luna test what's possible. It's just so incredible. It's exploring revolutionary ideas to reduce waste and emissions. It reuses materials and has achieved next-level innovation. Continued work on this concept drives internal analysis of ways we can enhance our current product development and design that will give us so many learnings to focus on circular design principles that we have -- we're putting in place and go beyond and take it across our portfolio.

We prioritize these learnings in terms of what can be scaled up for the greatest environmental benefit. So it's provided us with insights into more recyclable designs, in the energy savings throughout our portfolio. We're even exploring additional opportunities in intelligent telemetry, continuing work that we've done in many places on sustainable materials, driving energy savings, which we know is critical and important for our customers in many, many parts of the world, in particular, and in designing for repair and recycling because we know this will have a sizable impact on our overall sustainability initiatives and those of our customers.

We do offer a variety of convenient and secure take-back services as well for consumers and our business customers. In fact, we are one of the first companies in our industry to offer recycling for our commercial customers. We launched that more than 25 years ago. Since we started tracking this metric back in 2007, we are so proud we have recovered more than 2.6 billion pounds of used electronics for reuse and recycling. So we recognize as a global company with our scope and scale, we can make a meaningful impact and we know we can leverage our end-to-end solutions from how we design and how we build our technology to how we make it last longer, how we recover all the components at the end of life and we can repurpose, refurbish, reuse and then finally, as a last resort, recycle.

And we're really proud of that work and really proud of the strategy that we've been able to execute on and the commitments that we're making.

Hall Butler *- Dell Technologies Inc. - IR Senior Director*

Thanks, Cassandra. And I think this next one is -- this should be -- I think, Alyson, you would be best suited to answer this one. What are the specific features that make Dell's data center products sustainable?

Alyson Freeman

Yes, I like that one. I'll definitely take that. I think that consolidation is one important part, just how don't need as many servers today as you did a few years ago, you can get the same compute power. There's a 3x performance improvement and that results in less floor space and just the more powerful and efficient technology. And then there's a couple of features within that are specific to Dell's products. On the hardware side, we have Dell Smart Flow, which is a new feature within the Dell Smart Cooling suite that increases airflow and helps reduce fan power because, again, the cooling of the data centers is what uses up a lot of that energy.

And we even have software specific to helping with this, our open managed enterprise power manager can help manage your power and also monitor carbon emissions in real time, so that's really giving customers the insights that they need to manage their carbon footprint. And I would say also eco-labels that we go for, like ENERGY STAR and EPEAT, which is global designation for products and services in the technology sector that help customers see which products demonstrate responsible purchasing decision. I can tell you all day long, how sustainable we are, but it's important to get that validation from third parties that show how we're leading in the industry.

Hall Butler *- Dell Technologies Inc. - IR Senior Director*

Great. Thanks, Alyson. And this next question, this is a good one for you, Cassandra, and I know we've gotten this one on a few of our prior investor calls during the proxy season, but how is Dell incorporating ESG metrics into its executive compensation structure?

Cassandra Garber

Yes. We do get this question a lot. Our compensation plans are, of course, competitive with the industry, and we, of course, reward executives based on individual performance and performance against Dell Technologies' financial goals and our overall strategic objectives as a company. So the same as with other areas of our business, our compensation approach reinforces our strong pay-for-performance and meritocracy and pay equity philosophy, so that applies here in the same way. So various aspects of our strategy, which includes execution of our ESG-related efforts, which we shared before are part of our corporate strategy as a company, they are considered when making individual compensation decisions for our executive officers.

Hall Butler - *Dell Technologies Inc. - IR Senior Director*

All right. Thanks, Cassandra. The next question, this is about S&P eligibility. So I'll take this one. You mentioned the recent S&P eligibility rules changes and the potential for future inclusion in the S&P 500 index. Do you have an update on the timing?

We have a long history of being in the S&P 500 as a company when you think about legacy EMC was in the S&P prior to the acquisition in 2016. Dell was a longtime member up through 2013 where we went private. And as I mentioned earlier, we are an industry bellwether with an excellent case for inclusion. Ultimately, inclusion and timing is subject to the discretion of the S&P Selection Committee. They have a process that they run, which typically doesn't include a lot of back and forth with candidates, and we respect their process. So no hard update on inclusion or timing.

Here's another one. I'll take this one. We get this one quite a bit as well. Does Dell plan to go private again? So here, I will go back to Michael's recent public comments. This is not something that's on the radar. No plans to go private. The circumstances that led us to take the company private back in 2013 were quite different and do not exist today. Over the last decade, we've made a number of key strategic decisions, including the EMC acquisition. And as a result, we've transformed the company with leadership positions in all our core markets. The industry trends are in our favor, and we remain confident in our business model, our durable competitive advantages, the long-term attractiveness of our core markets and our ability to generate strong cash flow over time for our shareholders.

All right. I think we have time for maybe one more question here. And so we'll end this one with a question for you, Cassandra. And this is in regard to security, why did you add security to the new trust pillar?

Cassandra Garber

Yes. This is a great question. And actually, I'm just thrilled we're ending on this question as well because this is so important to who we are and what we do. And we're really proud of what we've done to expand this pillar to include kind of a broader look at trust. I mean, honestly, as the company, trust is at the root of everything we do, and we recognize how critical that is for the success of our business moving forward. So as a trailblazer in the technology industry and after decades of listening to our customers, we firmly believe security, privacy and ethics are core to establishing and maintaining trusted relationships.

It's core to building trusted technologies. It again, is core to driving human progress. So coming back to our purpose as a company, we know how important this is. So we know what it means to make a very specific commitment to this. So we've heard from our customers they're uneasy adopting new technology to accelerate their digital transformation, and with so much that is happening in the world today unless the technology can be trusted to not present security risk to their operations.

So at Dell, we believe in building security into our technology by design at the front end, and we wanted to bring more transparency to this area, which is why we brought it into the pillar, building security out in a much bigger way in that pillar. Before, we were missing that key aspect of trust that we know and fully recognize is critical to our customers and frankly, something a commitment that we want to make to all our stakeholders because trust is so foundational. So I appreciate that question. And really, really proud and really pleased that we've been able to build that out in such a significant way as a company.

Hall Butler - *Dell Technologies Inc. - IR Senior Director*

Well, that was our last question, and I think we covered a lot of ground today. I want to thank Cassandra and Alyson for joining and thank all of you online for attending. If you have additional questions about our sustainability programs and progress, please reach out to our team. That concludes our call for today.