Ethical Screening of: SecureWorks (Dell)
For: [Redacted]
Date: 14th May 2021

Ownership:

According to the SecureWorks Corp.’s latest filings with the US Securities & Exchange Commission, as of April 26th 2021, Dell Technologies owned 98.1% of the voting rights in the company.1

As of June 2020, there were two significant shareholders of Dell Technologies. These were Michael S. Dell, who owned 47% of the voting shares, and Silver Lake Partners, which owned 20%.2

For the purpose of this screening, Dell Technologies was considered to have 98% ownership of Secureworks. Secureworks also picked up Ethiscore marks from private equity firm Silver Lake Partners, which was considered to have 20% ownership of Dell Technologies.

Company overview:

SecureWorks Corp. (“Secureworks”) is one of the world’s leading companies in computer network security.3 It has provided a wide range of cybersecurity services4 to organisations of all sizes since 1999.5 It has offices and subsidiaries in the US, UK, France, India, Japan, Romania, Australia and UAE, including private company Secureworks Inc, registered in Georgia (US).6 7 In the year ended 29th January 2021, it had a turnover of £435 million.8

Dell Technologies has owned a controlling stake in the company since 2011 and took the company public on the NASDAQ stock exchange in 2016.9

Dell has been criticised a number of times for workers’ rights related incidences. In particular its working relationship with suppliers in China has been highlighted due to violations of workers’ rights in the country (see Workers’ Rights in Ethical Consumer database records below for more information):

- In 2013, Mingshuo Computers, which assembled motherboards for Dell, severely underpaid and overworked employees.10
- In 2015, Wistron Corporation, which manufactured servers for Dell, used forced labour from students.11
- In 2020, factories supplying Dell were found to use forced labour from members of the Muslim Uighur minority previously held in internment camps.12

Another continuing issue for Dell are human and workers’ rights violations related to cobalt mining (see Human Rights and Workers’ Rights in Ethical Consumer database records below for more information):

References:
1 www.sec.gov/Archives/edgar/data/1468666/000114036121016858/nc10023928x1_def14a.htm#tSOO
2 www.sec.gov/Archives/edgar/data/0001571996/000157199620000024/proxystatementforfy13120.htm
4 www.secureworks.com/services
5 www.secureworks.com/about
6 investors.secureworks.com/node/8441/html
7 www.secureworks.com/about/offices
8 www.hoovers.com
10 www.theguardian.com/technology/2013/nov/06/dell-suppliers-accused-of-human-rights-violations
12 www.bbc.co.uk/news/world-asia-china-51697800
Ethical Screening

- In December 2019, a group of families from the Democratic Republic of the Congo launched a landmark legal case against Apple, Google, Tesla, Microsoft and Dell, who they claimed “aided and abetted the deaths and injuries of their children, who were working in mines that they say were linked to the tech companies”. A Congolese human rights activist who helped gather evidence for the lawsuit said he was forced to flee the country with his family after receiving “dozens of death threats in person and via telephone, and text messages from people who claimed to be members of mining cooperatives” after details of the lawsuit became public. Dell, alongside the other defendants in the case, have since filed a motion to dismiss which has been detailed in the Ethical Consumer database records section below.

- In January 2016, Amnesty published initial investigations into the cobalt supply chains of major electronics brands, including Dell, which “found that cobalt mined by children and adults in horrendous conditions in the DRC is entering the supply chains of some of the world’s biggest brands”. When Amnesty approached these companies, it was “alarmed to find out that many were failing to ask basic questions about where their cobalt comes from”. A follow-up report from November 2017 showed that Dell had taken “moderate” action to improve its cobalt sourcing.

Ethical Consumer rating (including what EC identifies as the main ethical issues with this company):

Secureworks receives an Ethiscore of 6.5 out of a possible 15 on Ethical Consumer’s database. It loses a whole mark under the following Ethical Consumer ratings categories: Climate Change, Human Rights, Workers’ Rights, Arms & Military Supply, Political Activities and Tax Conduct. It loses half a mark under the following Ethical Consumer ratings categories: Environmental Reporting, Pollution & Toxics and Anti-Social Finance.

The company did not gain any additional positive marks for providing an environmental or social alternative.

All relevant secondary criticism found against Dell Technologies and Secureworks at the time of writing has been included or summarised in this report.

Address:

Secureworks: 1 Concourse Pkwy Ste 500, Atlanta, Georgia, 30328-5346, United States
Dell Technologies: Dell House, The Boulevard, Bracknell RG12 1LF

14 www.computerweekly.com/news/252490351/Major-tech-companies-respond-to-lawsuit-over-mining-deaths
Ethical Consumer database records:

Environment

Environmental Reporting (score: -0.5)

Middle Ethical Consumer rating for Environmental Reporting (12 May 2021)

On 12th May 2021, Ethical Consumer viewed Dell Technologies’ website for information about its environmental reporting. The company’s latest Corporate Social Responsibility Report dated 2019 was found, which tracked Dell Technologies’ performance against its environmental and social targets for 2020. Also viewed was the company’s 2030 goals webpage, which contained its updated goals and methodologies, and its 2020 Progress Made Real Report.

The CSR and Progress Report addressed several areas in which the company had an environmental impact, including product life cycles and recycling, reducing product energy use, increasing sustainability of the materials sourced for packaging and reducing greenhouse gas emissions from its own facilities, as well as those of its suppliers, through increasing supply of renewable energy and reducing overall energy use. It also discussed phasing out the use of toxic substances, and requiring suppliers to report on the use of certain substances considered harmful. The report contained disclosure of Dell Technologies’ Scope 1, 2 and 3 greenhouse gas emissions.

The company was considered to demonstrate reasonable understanding of its environmental impacts.

The 2030 goals website included several dated and quantified future environmental targets, including:

- Reducing greenhouse gas emissions, Scopes 1 and 2 by 50% by 2030 as compared to a FY20 baseline;
- Sourcing 75% of the company’s total electricity from renewable sources (both purchased and on-site generation) by 2030 and 100% by 2040. In FY20 the company sourced 45% of its energy from renewable sources;
- Reducing the energy intensity of the company’s product portfolio by 80% per unit revenue by 2021 compared to a 2012 financial year baseline;
- Partnering with direct material suppliers to meet a science-based greenhouse gas emissions reduction target of 60% per unit revenue by 2030
- “By 2030 for every product a customer buys, we will reuse or recycle an equivalent product. 100% of
our packaging will be made from recycled or renewable material. More than half of our product content will be made from recycled or renewable material."

External assurance was provided by Apex Companies LLC for the GHG emissions and underlying energy consumption data, along with water withdrawals and discharges and underlying data. However, the report as a whole did not appear to be independently verified and included disclosure of other figures such as hazardous waste production.

As Dell had published a report within the past two years that demonstrated reasonable understanding of its impacts and included two future quantifiable targets but had not had all of its environmental reporting data externally verified, it received Ethical Consumer's middle rating for Environmental Reporting and lost half a mark in this category. (ref: 1)

**Climate Change (score: -1)**

**Worst Ethical Consumer rating for Carbon Management and Reporting (12 May 2021)**

On 12th May 2021, Ethical Consumer viewed Dell’s viewed for information about how the company reported on and managed its carbon impact. Dell Technologies' FY19 Corporate Social Responsibility Report, which tracked Dell Technologies' performance against it's environmental and social targets for 2020 was found. Also viewed were its FY20 Social Impact Report, which contained updated goals and methodologies, Dell’s Global Climate Policy Principles and its Climate Change webpage.

Ethical Consumer was looking for the following:

1. For the company to discuss its areas of climate impact, and to discuss plausible ways it has cut them in the past, and ways that it will cut them in the future.

For the company to not be involved in any particularly damaging projects like tar sands, oil or aviation, to not be subject to damning secondary criticism regarding it's climate actions, and to have relevant sector-specific climate policies in place.

2. For the company to report annually on its scope 1&2 greenhouse gas emissions (direct emissions by the company), and,

3. to go some way towards reporting on its scope 3 emissions (emissions from the supply chain, investments and sold products).

4. For the company to have a target to reduce its greenhouse gas emissions in line with international agreements (counted as the equivalent of at least 2.5% cut per year in scope 1&2 emissions), and to not count offsetting towards this target.

If a company met all of these criteria it would receive a best rating. If it met parts 1&2 (impacts and annual reporting CO2e) it would receive a middle rating. Otherwise it would receive a worst rating.

1. The CSR report discussed the company's plans for reducing its scope 1 and 2 (direct) emissions, primarily through the use of renewable energy and reducing the energy intensity of its products. The company had recently completed a first assessment of energy use by location and function (offices, manufacturing, labs and IT) but did not give details of its findings in the report.

The FY20 progress report added to the explanations of how Dell was planning to achieve its decarbonisation goal:

- "Address climate change by leveraging technology, supporting research and development, and promoting resiliency.

- "Work with businesses to use emerging technologies to develop data tools and mechanisms needed to meet the U.N.’s Sustainable Development Goals.

- "Leverage advanced technology to undertake smart city master plans and develop smarter options for
mobility... renewable power generation and storage, power... distribution...

- "Promote development, procurement and use of sustainable goods, considering whole-product lifecycle and circular economy principles

- "Source 75% of electricity from renewable sources across all Dell Technologies facilities by 2030 — and 100% by 2040"

- "Partner with... direct material suppliers to meet a science-based greenhouse gas emissions reduction target of 60% per unit revenue by 2030".

Dell’s Global Climate Policy Principles explained that most of Dell's carbon footprint was related to use of its products while a "smaller, but not insignificant, portion" came from its operations and supply chain. It stated that it was managing these areas through a long-term goals such as reduction of its product portfolio energy intensity and operational carbon emissions. It saw its main opportunity for carbon reduction in product innovation but did not explain how it planned to make its products less energy intensive or reduce its operational carbon emissions. This was considered to constitute a reasonable understanding of its carbon impacts and viable plans for reducing these impacts.

2. The CSR report gave scope 1 and 2 CO2e emission figures for Dell Technologies for the past three financial years. In 2019 it was 372,900 MTCO2e. This figure included all Dell Technologies operations and subsidiaries apart from VMWare. More recently the company had published an infographic which included its 2020 performance figures. For scope 1 and 2 its emissions were 298,500 MTCO2e. As its reporting did not include all of its operations it did not meet this requirement.

3. The CSR report also contained scope 3 emissions for use of products sold by Dell and its subsidiary EMC but only gave scope 3 emissions for Dell’s (and not EMC) suppliers. It reported scope 3 emissions as 13,650,000 MTCO2e in 2019. In 2020 this figure was reported as 16,238,000 MTCO2e in the company's infographic.

4. According to the FY20 progress report, the company aimed to "reduce Scopes 1 and 2 greenhouse gas emissions by 50% by 2030" compared to FY20. This emission target was considered to be in line with international agreements. The company’s goal had been approved by the Science Based Targets initiative (SBTi).

Although Dell reported its CO2e emissions annually, demonstrated a reasonable understanding of how it planned to address its specific climate impacts and had a decarbonisation target in line with international agreements, it did not report on emissions for all its subsidiaries. Therefore, Dell Technologies received Ethical Consumer's worst rating for carbon management and reporting and lost a whole mark under the Climate Change category. (ref: 2)

**Pollution & Toxics (score: -0.5)**

**Middle Ethical Consumer rating for toxics – electronics (12 May 2021)**

On 12th May 2021, Ethical Consumer searched the Dell website for the company's policy on the use of potentially hazardous chemicals such as PVC, BFR and phthalates.

A toxics policy was deemed necessary for all electronics companies, as these substances were widely used by electronics companies and had a significant negative environmental impact when released after disposal.

Dell’s Chemical Use Policy, dated February 2021, was viewed. The report stated “Dell Technologies Inc. continues to progress to eliminate BFR and PVC from personal computing products, as acceptable alternatives are identified”.

It also mentioned phthalates and noted that in 2015 it had phased out the use of four phthalates (DEHP, BBP, DBP and DIBP) ahead of an EU restriction on the same substances that came into force...
in July 2019.
As the company committed to phasing out PVC and BFRs and had made some progress towards this, but gave no date for this, it received Ethical Consumer's middle rating for toxics and lost half a mark in the Pollution & Toxics category. (ref: 3)

Investments in criticised companies (12 May 2021)
On 12th May 2021, Ethical Consumer rated Silver Lake's investment transparency as 'Bottom of the pile' (see Anti-Social Finance section below).
As the company had no ethical investment, engagement or shareholder voting policies or disclosure, it fell into the bottom Ethical Consumer category for transparency of financial firms (EC172). As a likely holder of shares in companies receiving criticism across all our ratings categories, it therefore lost half a mark under the following categories:

Positive policy on conflict minerals (12 May 2021)
On 12th May 2021, Ethical Consumer viewed Dell's Responsible Minerals Sourcing Report dated May 2020 as well as its Responsible Sourcing Policy (updated December 2018), Supplier Principles (December 2017) and a page on its website titled Responsible Minerals Sourcing. No more up-to-date information was found.

Conflict minerals are minerals mined in conditions of armed conflict and human rights abuses, notably in the eastern provinces of the Democratic Republic of Congo (DRC). The minerals in question are Tantalum, Tin, Tungsten and Gold (3TG for short) and are key components of electronic devices, from mobile phones to televisions.
Ethical Consumer expected any company manufacturing electronics to have a policy on the sourcing of conflict minerals. Such a policy would articulate the company's commitment to conflict-free sourcing of 3TG minerals and a commitment to continue ensuring due diligence on the issue. The policy should also state that it intended to continue sourcing from the DRC region in order to avoid an embargo and that the company had membership of, or gave financial support to, organisations developing the conflict-free industry in the region.
1. The web page stated: "It is our goal to refrain from purchasing from any known source suspected of funding conflict or any form of human rights abuse, and require the same of our suppliers".
The 2020 Responsible Minerals Sourcing Report stated that it conducted a "good faith reasonable country of origin inquiry" to determine whether 3TG originated in DRC or neighbouring countries and described its due diligence process for buying materials 3TG materials found to originate there.
2. The 2020 Responsible Minerals Sourcing Report stated that: "Our approach to responsible sourcing follows the tenets set forth in the Organisation for Economic Co-operation and Development's 'Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, 3rd Edition (2016) ' and the related Supplements for 3TG (the 'OECD framework'). We participate in multi-stakeholder initiatives such as the Responsible Minerals Initiative ('RMI'). "
3. Dell's Supplier Principles required suppliers to have a policy to "reasonably assure" that their sourcing of 3TG materials did not contribute to conflicts in DRC and neighbouring countries. It also required suppliers to conduct a supply chain survey to identify the 3TG smelters and refiners in their supply chain, and report to Dell using the Responsible Mineral Initiative's Conflict Minerals Reporting Template."
4. Dell’s 2020 Responsible Minerals Sourcing Report listed measures the company had taken to “conform, in all material respects, with the OECD framework”:

*1 Establish Strong Management Systems
*2 Identify & Assess Risk
*3 Design/Implement Response Strategy
*4 Carry Out Independent 3rd Party Audits
*5 Report Publicly on Due Diligence

5. The report stated that the company required suppliers “to progress towards sourcing exclusively from RMAP conformant smelters and refiners”, although it acknowledged that this had not yet been achieved.

6. The Report included a list of smelters or refiners (SORs) which included their name and location. However, the list only included “facilities reported by suppliers that are on the RMAP standard smelter list”. Ethical Consumer required companies to list all smelters or refiners and report their RMAP status to fulfil this criterion.

Overall, Dell received Ethical Consumer’s best rating for its conflict minerals policy, having fulfilled 5 out of the 6 criteria defined in the rating. (ref: 5)

People

Human Rights (score: -1)

Named in US lawsuit over Congolese child cobalt mining deaths (16 December 2019)

On 12th May 2021, Ethical Consumer searched for information regarding a US lawsuit over Congolese child cobalt mining deaths which had named Dell among other tech companies.

An article on the Guardian website titled 'Apple and Google named in US lawsuit over Congolese child cobalt mining deaths' and dated 16th December 2019 was viewed, which reported that Apple, Google, Dell, Microsoft and Tesla had been named as defendants in a lawsuit filed in Washington DC by human rights firm International Rights Advocates on behalf of 14 parents and children from the Democratic Republic of the Congo (DRC).

It stated, “The lawsuit, which is the result of field research conducted by anti-slavery economist Siddharth Kara, accuses the companies of aiding and abetting in the death and serious injury of children who they claim were working in cobalt mines in their supply chain.

The families and injured children are seeking damages for forced labour and further compensation for unjust enrichment, negligent supervision and intentional infliction of emotional distress.”

In October 2020, the Business & Human Rights Resource Centre published an article titled 'Major tech companies respond to lawsuit over child labour in cobalt mines, argue that global supply chains do not fall under the scope of the Trafficking Victims Protection Reauthorization Act'. It stated "Five major technology companies named in a lawsuit over the mining deaths of Congolese children have filed a joint motion to dismiss the case, claiming that the 'expansive theories alleged in the complaint are not supported by law'."

The companies’ motion to dismiss was made under three key arguments, that:

1) "under definitions contained in the Trafficking Victims Protection Reauthorization Act (TVPRA), 'an entire global supply chain is not a venture'." It added: “The plain meaning of the word ‘venture’ under the TVPRA… requires more than simply being a part of a global supply chain. Indeed, if the law were otherwise, any manufacturer or consumer of products that contain cobalt supplied by Glencore,
Umicore or Huayou Cobalt would be part of an unlawful 'venture' and subject to potential enforcement, including potential criminal enforcement."

2) "the maimed and dead child miners were not forced' into labour under definitions in the same Act, which they said only encompasses labour that is compelled by direct threats of force or harm from the employer, and not labour that is compelled by other circumstances, such as economic pressure."

3) "they did not have ‘requisite knowledge’ of the abuses at the specific mining sites mentioned, and that ‘knowledge of a general problem in an industry, for example, is insufficient' to prove they knew about the violations that had injured the plaintiffs."

Another article was found on the Business & Human Rights website, dated 27th August 2020 and titled 'DRC: Tech giants seek to dismiss child labor lawsuit, arguing they have no control over conditions in mining companies’. It stated, "All the tech giants argue the case should be dismissed and they 'strongly condemn' what's happening in the mines. For the likes of Microsoft, Apple, and Google, their argument rests on them not owning the mines. According to the companies, they have no interaction with the mines and use an intermediary supplier. There is no proof which mines the companies use because the cobalt in their batteries cannot be traced to a specific location".

Computer Weekly reported on the 29th October 2020 that the companies' motion to dismiss had been challenged by the Congolese families whose children were killed or maimed whilst cobalt mining.

As a result, the company lost half a mark under Ethical Consumer's Human Rights category. (ref: 6)

Operations in oppressive regimes (11 May 2021)

On 11th May 2021, Ethical Consumer viewed Dell Technologies family tree on the D&B Hoovers corporate database. It listed subsidiaries in the following countries: China, Egypt, Israel, Mexico, Nigeria, Philippines, Russia, Saudi Arabia and Turkey. At the time of writing Ethical Consumer considered each of these countries to be governed by an oppressive regime. As such Dell, lost a whole mark under Human Rights. (ref: 7)

(See also 'Investments in criticised companies' in Pollution & Toxics above.)
(See also 'Positive policy on conflict minerals' in Habitats & Resources above.)

Workers' Rights (score: -1)

Inadequate protection of female factory workers in leading tech companies (25 January 2021)

On 25th January 2021, Swedwatch published a report titled 'Hazardous chemicals in ICT-manufacturing and the impacts on female workers in the Philippines'. It detailed how female factory workers in the Philippines who manufacture devices such as laptops and smartphones for the global market are exposed to a wide range of hazardous chemicals at work.

The report was based on interviews conducted by Swedwatch with factory workers in the Philippines. The report stated, "In the Philippines unions and labour rights defenders are under constant attack and dozens of human rights defenders are murdered every year. Threats and harassment against those who speak out on labour rights issues is not uncommon and in interviews with Swedwatch workers stated that addressing issues related to the working environment is difficult. Several workers said that if they asked too many questions or spoke out about being exposed to hazardous chemicals, they would risk losing their jobs."

It went on to state, "women complained of chest pains they attributed to fumes inhaled in poorly ventilated spaces without proper protective equipment. Several had suffered from miscarriages."

The report specifically mentioned Dell, which was contacted by Swedwatch for comments:
"Dell stated that it works with suppliers according to its social, environment, ethical and safety principles. The work is based on risk assessments and incorporates a range of factors, including geographic location, nature of the commodity and production process, as well as HRIAs. The company declared that it works with suppliers to reduce exposure and remove hazardous substances by mapping their use, undertaking remedial actions where necessary. Dell has identified health and environmental risks connected to lead soldering, DCM and toluene. According to its Guidelines for Management of Manufacturing Process Chemicals the use of these chemicals is restricted. Dell did not provide information on its HRDD in the Philippines, or on whether any impact assessments had been conducted in this context. Nor did it indicate whether it is currently engaged in dialogue with suppliers in the Philippines regarding hazardous chemicals. Furthermore, Dell referred to work done through the CEPN as well as the Chemical Management Workgroup, a part of the Responsible Business Alliance (RBA)."

In light of this story Dell lost half a mark under Workers' Rights. (ref: 9)

Know The Chain ranking – 63% (June 2020)

In a report released in June 2020, Know The Chain evaluated the efforts of 49 global Information and Communications Technology (ICT) companies to address forced labour and human trafficking in their supply chains.

The companies represented the largest in the sector.

Companies were assessed against the following criteria: Commitment & Governance (the highest scoring theme); Traceability & Risk Assessment; Purchasing practice; Recruitment; Worker Voice; Monitoring; Remedy.

The report provided good practice examples and recommendations, evaluated corporate commitments and compliance with relevant regulations, and set out recommendations for investor action.

Industry-average scores out of 100 were given for each criterion, as well as a final average for each company across all criteria.

The average score of the companies benchmarked in both 2018 and 2020 had dropped slightly, from 32/100 to 31/100.

Five companies achieved an overall score of 68 and above, with more than three-quarters scoring less than 50/100.

Dell received a score of 63, which ranked 6 out of 49 in the benchmark.

The company's scores under each criterion were:

- Commitment & Governance 73
- Traceability & Risk Assessment 63
- Purchasing practice 34
- Recruitment 63
- Worker Voice 47
- Monitoring 75
- Remedy 88

Know the Chain summarised their findings about Dell as follows:

"The company’s score is based on its good performance on the themes of Commitment & Governance, Monitoring, and Remedy. Notably, the company is one of the two highest-scoring companies on the theme of Remedy, and it scores second highest (along with other companies) on the theme of Worker
Ethical Screening

Voice."

On areas for improvement, it stated: “Additional steps the company could take to address forced labor risks in its supply chains include strengthening its disclosure and practice on the themes of Purchasing practice, Recruitment, and Worker Voice.”

As Dell scored below 68 out of 100, it lost a half mark in the Workers’ Rights category. (ref: 10)

**China Uighurs 'moved into factory forced labour' for foreign brands (20 March 2020)**

In August 2020, Ethical Consumer viewed an article on the BBC News website titled ‘China Uighurs ‘moved into factory forced labour’ for foreign brands’ and dated to 20th March 2020.

It reported that "thousands of Muslims from China's Uighur minority group are working under coercive conditions at factories that supply some of the world's biggest brands", including Dell. A report by the Australian Strategic Policy Institute (ASPI) "said this was the next phase in China's re-education of Uighurs". The ASPI think tank estimated that between 2017 and 2019, "more than 80,000 Uighurs were transferred out of the far western Xinjiang autonomous region to work in factories across China".

Some were sent directly from detention camps, through "labour transfer schemes operating under a central government policy known as Xinjiang Aid". According to the report, it was "'extremely difficult' for Uighurs to refuse or escape the work assignments, with the threat of 'arbitrary detention' hanging over them". The report added that "there was evidence of local governments and private brokers being 'paid a price per head' by the Xinjiang government to organise the assignments, which ASPI describes as 'a new phase of the Chinese government's ongoing repression' of Uighurs".

According to the report, the factories claimed to be "part of the supply chain for 83 well-known global brands, including Nike, Apple and Dell".

Dell lost half a mark under Workers' Rights. (ref: 11)

**Fined for gender-based remuneration discrimination (27 September 2019)**

On the 27th September 2019, Dell Technologies was fined $5.4 million for employee discrimination. The fine was reported on the Violation Tracker website ran by Good Jobs First.

The court statement following the case stated that in 2009, 40 female EMC (Dell's predecessor) employees were found to have received "adverse compensation". EMC voluntarily "paid a total of $1,544,183.00 to nineteen" of these employees. The remaining 21 employees were not paid. Dell was stated as agreeing to "distribute $5,455,817.00 which is $5,183,026.15 in back pay and $272,790.85 in interest".

The company was also instructed to take several actions to ensure that its compensation calculations were fair and non-discriminatory in the future and meet with regulators yearly to check progress made.

The company lost half a mark under Workers' Rights as a result of this story. (ref: 12)

**Amnesty International rating on responsible Cobalt sourcing (2017)**

Dell Technologies was given an overall rating of 2 out of 4 by Amnesty International in 2017 in relation to its cobalt sourcing practices.

In its report, Time to Recharge: Corporate action and inaction to tackle abuses in the cobalt supply chain, published in November 2017, Amnesty International looked at the performance of 29 companies, comprising Huayou Cobalt (the smelter and “choke point” in the supply chain) and 28 downstream companies. All had been identified in the course of research for the 2016 report 'This is What We Die For' to have possible supply chain links to Huayou Cobalt and included five automakers contacted after
The report summarised the cobalt supply chain as follows:

- Artisanal mines
- Intermediaries (in the case of child miners)
- Licensed buying houses in Musompo and Kapata
- Congo Dongfang Mining (CDM)
- Huayou Cobalt, China
- Lithium-ion battery component manufacturers
- Electronics and car companies

Dell Inc, was one of the nine computer, communication & consumer electronics companies in the report which sourced cobalt for its products.

At the time the report was published, more than 50% of the world's cobalt (an essential element of lithium-ion rechargeable batteries) originated from the Democratic Republic of Congo (DRC), with 20% of that cobalt coming from artisanal miners. An earlier report by Amnesty International published in 2016 ('This is What We Die For') had documented serious human rights abuses in artisanal cobalt mining in southern DRC and exposed how miners operating outside of authorised zones, worked in extremely dangerous conditions, lacked basic protective or safety equipment, had limited access to legal protections, and suffered from chronic illnesses including fatal respiratory diseases. In addition, children as young as seven had been found to be working in the mines. The report also assessed the cobalt sourcing practices of 26 companies and concluded they had all failed to conduct human rights due diligence in line with international standards.

Two years on, 'Time to Recharge' documented the extent to which those companies and others had subsequently improved their cobalt sourcing practices.

The report rated Dell, two out of four after finding it had taken:

- moderate action in relation to investigating its supply links to the DRC;
- adequate action in relation to establishing robust policies and systems to detect human rights abuses in its cobalt supply chain;
- moderate action to identify human rights risks and abuses;
- minimal action to disclose information about human rights risks and abuses in its supply chain;
- minimal steps to mitigate human rights risks or remediate harms related to its cobalt supply chain.

Dell lost half a mark under Workers' Rights. (ref: 13)

**Dumping of unionised workers (30 June 2016)**

In August 2020, Ethical Consumer viewed an article on the Guardian website titled 'Dell dumps cleaners after they secure better pay and job conditions' and dated 30th June 2016.

The article accused Dell of dumping unionised cleaners after they had secured a contract that "ensured they would be paid at least $15 per hour and included protections against sexual harassment".

Dell lost half a mark under Workers' Rights. (ref: 15)

(See also 'Investments in criticised companies' in Pollution & Toxics above.)
Middle Ethical Consumer rating for Supply Chain Management (12 May 2021)

On 12th May 2021, Ethical Consumer viewed Dell Technologies' FY19 Supply Chain Sustainability Progress Report (the latest available on its website), the Dell Human Rights and Labor Policy Statement, the Dell Vulnerable Worker Policy and its Statement Against Slavery and Human Trafficking for information on how the company managed workers’ rights in its supply chain.

Supply chain policy (rudimentary)

The Human Rights and Labor Policy Statement stated that Dell had “fully adopted the Responsible Business Alliance (RBA) Code of Conduct for itself and its suppliers”. It was not clear whether this included any suppliers beyond the first tier, however as the company reported on audit results from its “sub-tier” suppliers it was considered likely that they were held to this code of conduct as well. The code provided clauses covering forced labour, child labour, anti-discrimination and freedom of association, which were considered adequate. It also contained clauses relating to working hours and wages; however, these were considered inadequate for the following reasons: it allowed over 60 hour weeks "in emergency or unusual situations" and only required the payment of legal minimum, not living, wages. Dell was overall considered to have a rudimentary supply chain policy.

Stakeholder engagement (poor)

Dell was a founding member of the RBA. However, as an industry-only body (with no membership from NGOs or trade unions), this was not considered to be a multi-stakeholder initiative and therefore did not demonstrate adequate stakeholder engagement. No evidence of NGO, trade union or not-for-profit verification of supply chain audits was found.

The 2019 progress report stated that Dell had a free worker helpline for people “working at first-tier and sub-tier supplier factories, or third parties representing them”. Communication cards with the helpline details were given to suppliers’ employees during audit interviews so they could access a “more private way of offering feedback”. According to its Ethicsline website, "where allowed by law, this may even be done anonymously"; however, Dell did not confirm that its process was anonymous. There was no information regarding the availability of translation or language support, nor the independent investigation of complaints. Dell was considered to have a poor approach to stakeholder engagement overall.

Auditing and reporting (reasonable)

The 2019 progress report contained good disclosure of audit results. Several graphs were included, showing improvements in supplier audit performance in 2019, corrective actions and findings closed, and the percentage of audited factories in compliance, with breakdown by supplier level of “major or priority findings of non-compliance” related to labour and human rights.

The report stated that in 2019, Dell audited 310 factories across 15 countries, including final assembly factories and sub-tier suppliers.

Final assembly factories, suppliers directly supplying materials to manufacturing sites and some sub-tier suppliers were risk assessed annually. Factories determined to be "high risk" were audited by third-party auditors trained and certified by RBA.

Non-conformance was addressed through a Corrective Action Plan, which were "collaborative processes that include input from the factory and Dell Technologies". This was considered to be an adequate auditing schedule and staged policy for non-compliance for the whole supply chain, including some second-tier suppliers.

No reference to the cost of audits was found. Overall, Dell was considered to have a reasonable approach to auditing and reporting.
Difficult issues (rudimentary)

According to the 2019 progress report, Dell ran a capacity building programme for suppliers alongside its other compliance programmes. It also provided training to management teams on how recruitment fees could lead workers into forced labour.

The company had also published a Vulnerable Worker Policy, which outlined Dell's commitment to ensuring workers rights for "all workers including temporary, migrant, student, contract, direct employees, and any other." Given that student labour was an issue in technology supply chains this was considered to be addressing a difficult issue.

No mention was found in the reports or associated documents of the difficult issues of purchasing, audit fraud, illegal freedom of association or living wage. Dell's approach to difficult issues was found to be reasonable.

Overall the company received Ethical Consumer's middle rating for Supply Chain Management and lost half a mark in this category. (ref: 16)

Arms & Military Supply (score: -1)
Supplier to the military (September 2019)

In August 2020, Ethical Consumer viewed the USA Spending website, www.usaspending.gov, for information about supply contracts with the US military. The website stated that Dell Federal Systems had been awarded a total of US$483.35 million in contracts from the Department of Defense in the past twelve months. Dell lost a whole mark under Arms & Military Supply. (ref: 17)

(See also 'Investments in criticised companies' in Pollution & Toxics above.)

Politics

Political Activities (score: -1)

Lobbying, donations and revolving doors (11 May 2021)

On 11th May 2021, Ethical Consumer viewed the entry for Dell Technologies on the Opensecrets.org website, which was published in the USA by the Centre for Responsive Politics. This stated that in 2020 the company had spent $4.5 million on lobbying and made $4 million in political donations. Of this, 29% was donated to Republican candidates and 71% to Democrats. NOTE: OpenSecrets states: “The organization itself did not donate, rather the money came from the organization's PACs, their individual members or employees or owners, and those individuals' immediate family members. Organizations themselves cannot contribute to candidates and party committees. Totals include subsidiaries and affiliates.”

In 2020 53 out of 63 lobbyists were said to have previously held government jobs.

Dell Technologies lost a whole mark under Political Activities. (ref: 18)

Member of AMCHAM (11 May 2021)

On 11th May 2021, Ethical Consumer searched the American Chamber of Commerce website, it listed Dell as a member. Ethical Consumer regarded AMCHAM-EU to be a corporate lobby group which lobbied for free trade at the expense of the environment, animal welfare, human rights or the environment. The company lost half a mark under Political Activities as a result. (ref: 20)
Member of Business Round Table (11 May 2021)
According to the organisation's website businessroundtable.org viewed by Ethical Consumer on 11th May 2021, Dell was a member of the Business Round Table. This was regarded by Ethical Consumer as an international corporate lobby group which exerted undue corporate influence on policy-makers in favour of market solutions that were potentially detrimental to the environment and human rights. The company lost half a mark under Political Activities as a result. (ref: 21)

Member of US Council for International Business (11 May 2021)
On 11th May 2021, Ethical Consumer viewed the US Council for International Business Annual Report 2019-20. The report listed Dell as a member. The USCIB described itself as "founded in 1945 to promote an open world trading system, now among the premier pro-trade, pro-market liberalization organizations...provides unparalleled access to international policy makers and regulatory authorities." Ethical Consumer noted that free trade lobby groups had been criticised by campaigners for lobbying for business interests at the expense of the environment, human rights and animal welfare. The company therefore lost half a mark under Political Activities. (ref: 22)

Member of World Economic Forum (11 May 2021)
According to the organisation's website www.weforum.org, viewed by Ethical Consumer on 11th May 2021, Dell was an Industry Affiliate, Partner or Associate of the World Economic Forum. This was regarded by Ethical Consumer as an international corporate lobby group which exerted undue corporate influence on policy-makers in favour of market solutions that were potentially detrimental to the environment and human rights. The company lost half a mark under Political Activities as a result. (ref: 23)

Lobbying, donations and revolving doors (12 May 2021)
On 12th May 2021, Ethical Consumer viewed the entry for Silver Lake Partners on the Opensecrets.org website, which was published in the USA by the Centre for Responsive Politics. This stated that in 2020 the company had spent $430,000 on lobbying and made $3,592,670 in political donations. Of this, 35% was donated to Republican candidates and 64% to Democrats.

NOTE: OpenSecrets states: "The organization itself did not donate, rather the money came from the organization's PACs, their individual members or employees or owners, and those individuals' immediate family members. Organizations themselves cannot contribute to candidates and party committees. Totals include subsidiaries and affiliates."

In 2020, 12 out of 14 lobbyists were said to have previously held government jobs. Silver Lake lost a whole mark under Political Activities. (ref: 18)

(See also 'Investments in criticised companies' in Pollution & Toxics above.)

Member of Business Round Table (12 May 2021)
According to the organisation's website businessroundtable.org viewed by Ethical Consumer in May 2021, Silver Lake Partners was a member of the Business Round Table. This was regarded by Ethical Consumer as an international corporate lobby group which exerted undue corporate influence on policy-makers in favour of market solutions that were potentially detrimental to the environment and human rights. The company lost half a mark under Political Activities as a result. (ref: 22)
Member of World Economic Forum (12 May 2021)
According to the organisation's website www.weforum.org, viewed by Ethical Consumer in May 2020, Silver Lake Partners was an Industry Affiliate, Partner or Associate of the World Economic Forum. This was regarded by Ethical Consumer as an international corporate lobby group which exerted undue corporate influence on policy-makers in favour of market solutions that were potentially detrimental to the environment and human rights. The company lost half a mark under Political Activities as a result. (ref: 22)

Anti-Social Finance (score: -0.5)
Excessive directors' pay (12 May 2021)
On 12th May 2021, Ethical Consumer viewed Securework's latest Form 14A SEC filing (2021). It stated that the company's three executive directors received over £1 million in total compensation in fiscal year 2021. The highest paid received US$7 million.

Ethical Consumer deemed any annual amount over £1 million to be excessive. The company therefore lost half a mark under Anti-Social Finance. (ref: 24)

Excessive directors' pay (12 May 2021)
On 12th May 2021, Ethical Consumer viewed Dell's latest proxy statement, filed with the US Securities and Exchange Commission and dated to June 2020. It stated that the company's five Executive Directors received over £1 million in total compensation in fiscal year 2020. The highest paid received £19.9 million.

Ethical Consumer deemed any annual amount over £1 million to be excessive. The company therefore lost half a mark under Anti-Social Finance. (ref: 25)

(See also 'Investments in criticised companies' in Pollution & Toxics above.)

Information Only: Rated 'bottom of the pile' for investment transparency (12 May 2021)
In May 2021, Ethical Consumer viewed the Silver Lake Partners website for the company's investment, engagement, and voting policies, as well as the company's voting history on its investments as it was a private equity firm which held corporate assets.

According to Ethical Consumer's assessment of these policies and disclosures, a company was placed in the one of the following categories:
Top of the pile
(a) A clear investment, engagement and voting policy, which includes consideration of ethical risks, with
(b) full or extensive disclosure of voting history, and
(c) a clear statement that these policies apply across all the assets under management.
Getting there
Some details of investment, engagement and voting policies, with limited disclosure of voting history.
Vague/unsubstantiated
Some reference to a voting policy or engagement strategies, or a published stewardship statement, but more information required to assess how robust they are. No voting, or voting or disclosure for a single
subsidiary only.

Bottom of the pile

No information on investment, engagement or shareholder voting policies could be found.

The company’s investment funds focussed on the tech sector. The company had no ethical investment, engagement or shareholder voting policies but did disclose its portfolio of tech investments. Silver Lake Partners was categorised as ‘Bottom of the pile’.

As the company had no ethical investment, engagement or shareholder voting policies or disclosure it fell into the bottom Ethical Consumer category for transparency of financial firms (EC172). As a likely holder of shares in companies receiving criticism across all our ratings categories, it therefore lost half a mark under the following categories:


**Tax Conduct (score: -1)**

**Worst Ethical Consumer rating for likely use of tax avoidance strategies (12 May 2021)**

On 12th May 2021, Ethical Consumer viewed Dell’s list of subsidiaries in its family tree on the D&B Hoovers corporate database. This showed that the company had multiple subsidiaries in jurisdictions considered by Ethical Consumer to be tax havens at the time of writing. Of these, at least eight were holding companies, which was a high risk company type for likely use of tax avoidance, including the following companies:

- EMC Group 1 Limited in Bermuda
- VMWARE BERMUDA UNLIMITED COMPANY in Ireland
- EMC INFORMATION SYSTEMS MANAGEMENT LIMITED in Ireland
- VMWARE INTERNATIONAL UNLIMITED COMPANY in Ireland
- VMWARE SINGAPORE PTE. LTD. in Singapore
- VMWARE INTERNATIONAL MARKETING LIMITED in Ireland
- VIRTUSTREAM IRELAND LIMITED in Ireland
- DFS B.V. in the Netherlands

An internet search using the search terms "Dell tax policy statement country" found the Dell Technologies Group Tax Strategies, which stated: "Dell’s tax planning aims to support the commercial needs of the business by ensuring that the group’s affairs are carried out in the most tax efficient manner in line with, and in the spirit of, tax legislation, applying the highest ethical standards whilst remaining compliant with all relevant laws." This was not a clear public tax statement confirming that it was this company’s policy not to engage in tax avoidance activity or to use tax havens for tax avoidance purposes. No country-by-country financial information or reporting (CBCR) was found.

Given that Dell had more than two high risk subsidiaries in jurisdictions on Ethical Consumer’s tax haven list and it published no country-by-country financial information, nor adequate policy statement and narrative explanation, the company received Ethical Consumer’s worst rating for likely use of tax avoidance strategies and lost a whole mark under Tax Conduct. (ref: 27)

(See also 'Investments in criticised companies' in Pollution & Toxics above.)
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3 – Dell Technologies Corporate Communications: Chemical Use Policy (February 2021)
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5 – Dell Technologies Corporate Communications: Form SD (29 May 2020)
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9 – Know the Chain: knowthechain.org: KnowTheChain ICT Benchmark Findings Report – 2020 (June 2020)
10 – BBC News website: China Uighurs 'moved into factory forced labour' for foreign brands (2 March 2020)
11 – Dell Technologies Corporate Communications: Court statement following discrimination case (September 2019)
12 – Amnesty International: Time to Recharge: Corporate Action and Inaction to Tackle Abuses in the cobalt supply chain (2017)
13 – Guardian, The: Dell dumps cleaners after they secure better pay and job conditions (30 June 2016)
14 – Dell Technologies Corporate Communications: FY19 Supply Chain Sustainability Progress Report (4 August 2020)
16 – Open secrets website: Open Secrets generic ref 2021 (5 January 2021)
17 – Lobby Group members list: Ethical Consumer Lobby Group member list (19 February 2020)
18 – Business Round Table website www.businessroundtable.org: Members List (February 2021)
19 – World Economic Forum website www.weforum.org: Members List (February 2020)
20 – Secureworks Corporate Communications: 2021 DEF14A SEC filing (12 May 2021)
21 – Dell Technologies Corporate Communications: Form DEF 14A (29 June 2020)
22 – Silver Lake Partners Corporate Communications: www.silverlake.com (12 May 2021)