

STATEMENT OF GILBERT F. CASELLAS

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DELL INC.

BEFORE THE

**HOUSE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, ORGANIZATION,
AND PROCUREMENT**

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**Congressional Testimony
Statement of Gilbert F. Casellas,
Vice President of Corporate Responsibility, Dell Inc.**

**IT Procurement and Disposal: Application of the Federal Government's
Green Policies in the Life Cycle Management of its IT Assets
House Committee on Oversight and Government Reform
Subcommittee on Government Management, Organization, and
Procurement
October 27, 2009**

Thank you for the opportunity to testify on the important issue of procurement of greener IT products and services, particularly regarding energy efficiency, recycled content, and responsible recycling and disposal. We are proud of our industry-leading commitment to help the federal government achieve its green goals and lead by example.

Dell's Green Strategy: Our Operations, Our Suppliers, and Our Customers

Our commitment to green policies starts at the top, with our Chairman Michael Dell. With his leadership, we are embarking on our new business platform, Enviro 2.0. We believe that responsibly reducing environmental impacts and economic costs depends on: improving our own operations; encouraging the supply chain; and empowering our customers to reach their environmental goals.

In addition to our environmental achievements discussed below, we've also set environmental stewardship goals for 2010 and beyond:

- Reduce our worldwide facilities' greenhouse gas (GHG) emissions by 40 percent by 2015 (from 2008).
- Increase take-back volume totals to a cumulative worldwide one billion pounds of collected equipment by 2014
- Make laptop and desktop products 25 percent more energy efficient by calendar year 2010
- Produce mercury-free laptops by 2010
- Continue expansion of far-reaching collection networks for unwanted electronics
- Eliminate 20 million pounds of packaging by 2012 (reduced product packaging and shipping materials by 9.5 million pounds in 2008)
- Sustain stakeholder engagements
- Increase employee engagement by seeking commitment to living green
- Recycle or reuse 99 percent of manufacturing nonhazardous wastes by 2012
- Strive for zero waste in operations (reduce, reuse, recycle)

Reviewing Dell's success in achieving environmental stewardship goals, reducing energy use, and realizing costs savings illustrates that the federal government also can successfully make such progress – and that Dell can help.

Greening Our Own Operations

We are determined to be the greenest technology company on the planet. By optimizing consumption of energy, we can reduce costs and shrink our carbon footprint **and** develop expertise that allows us to help our customers do the same.

In 2008, we met our operational carbon neutrality goals for our global operations ahead of schedule. We committed in early 2009 to further reduce our worldwide facilities' greenhouse gas (GHG) emissions by 40 percent by 2015. We source about 35 percent of our U.S. energy use from green power (approximately 27 percent globally), we evaluate options for on-site generation of low-carbon power, and we aspire to obtain 100 percent of our operational electricity needs from clean and renewable sources of energy – an aggressive approach that we believe is helping expand global generation of renewable energy. Just this month, we completed construction of a 516-panel solar structure, which will provide up to 130,000 kilowatt hours of energy to our Round Rock, Texas headquarters and help avoid the emission of about 145,000 pounds of CO₂ into the atmosphere each year. As an EPA SmartWay logistics partner, Dell has committed to reducing GHG emissions from freight operations by increasing the percentage of freight shipped by carriers with programs to minimize their fleet emissions, and we're working to make our inbound and outbound logistics operations as efficient as possible to reduce costs, delivery times, and GHG emissions. Also, we will responsibly offset the remaining GHG emissions from our operations and business air travel.

We'll save more than \$5.8 million annually at our own facilities worldwide by reducing our energy load from our buildings and our server centers, and we reduced our energy consumption 3 percent last year alone. In fact, we save \$1.8 million annually just by installing and using power-management software on employee computers.

In addition to our programs focused specifically on energy-use reduction, our programs to reduce the amount of materials we use and to increase internal reuse and recycling further reduce the energy (and costs) required for manufacturing and transportation.

Encouraging Our Suppliers to Make Environmental Improvements

We can have an even greater impact on environmental improvements by looking outside our own operations to those of our suppliers. We require our primary suppliers to measure and publicly report their GHG emissions, and we ask them to set improvement goals of their own and set expectations for their suppliers. We also are working with our suppliers on reporting and reducing the use of certain hazardous materials in our products and on meeting stringent environmental and safety requirements in recycling end-of-life products. We require that our suppliers comply with the Electronic Industry Citizenship Coalition Code of Conduct for labor, worker health and safety, and environmental conditions, and we're working to educate, share best practices, and partner with our suppliers to implement the Code.

Empowering Our Customers to Achieve Their Environmental Goals

Dell recognizes that our customers increasingly are interested in cutting their costs and reducing their environmental footprint. We are integrating environmental standards into our products and solutions, enabling our customers to achieve their own goals around performance, cost, and environmental stewardship.

IT Tools Drive Energy Efficiency: According to a recent report by the American Council for an Energy-Efficient Economy (ACEEE), *Information and Communication Technologies: The Power of Productivity*, IT is a net saver of energy and economic costs across the US economy. For every extra kilowatt-hour of electricity that has been demanded by IT technologies, the U.S. economy increased its overall energy savings by a factor of about 10. Dell is pleased to provide innovative products and services to help our customers significantly increase their energy efficiency and performance and reduce their environmental impact.

Green Planning Tools: To assist our customers with their own environmental goals, we've created a series of services and solutions that helps IT professionals assess their operations and identify ways to improve them, including energy-efficiency calculators, our Greenprint Advisor, and a data-center capacity planner. We were also the first tech company to offer customers carbon offsets, which allow customers to verifiably offset impacts of the use of products they purchase.

Improving Packaging Practices: Dell leads the industry in packaging innovations — creating the cube, content and curb metric (the “3 Cs”) to capture the benefits of smarter packaging. In December 2008, Dell committed to eliminate 20 million pounds of packaging by 2012 by shrinking packaging volume by 10 percent (cube), increasing by 40 percent the amount of recycled content in packaging (content), and increasing to 75 percent the amount of packaging material that is curbside recyclable (curb). We can help our customers by selecting the right packaging materials and using less packaging. We have introduced new packaging, such as air cushions in Europe, and other cushioning material, such as a thermal-form HDPE cushion. We strive to provide new packaging materials that are curbside recyclable, are designed for higher cube utilization and incorporate recycled material.

Responsible Recycling of Unwanted Electronics: Dell is committed to the environmentally responsible reuse and recycling of our products when our customers are finished with them. We are the first manufacturer to offer free computer recycling to consumers worldwide, and we have been providing responsible recycling services for more than a decade. We also offer customers in several countries around the globe the opportunity to donate used, working computers to benefit non-profit organizations in their communities. Our innovative, free, easy, responsible and convenient approach is about setting the highest standards in product recovery and responsible disposition. In FY2009, we exceeded our goal to recover 275 million pounds of materials through our take-back programs. Our global product development and recycling/take-back programs are certified to ISO 14001. We regularly audit our recyclers, and in December we will publish the electronics disposition standard we are developing.

Ban of Export of Nonworking Electronics: In May 2009, Dell became the first major computer manufacturer to ban the export of nonworking electronics to developing countries. Equipment must be tested and certified as “working” prior to export. Dell supports current efforts by some members of the U.S. Congress to place reasonable restrictions on the export of nonfunctional electronic products to developing countries that lack sufficient recycling and disposal infrastructure.

Federal Government Environmental Goals and Dell’s Role

The federal government is Dell’s biggest customer. We recognize that the federal government – like many state and local governments – is working to improve performance, reduce costs, **and** reduce its environmental impact. And as with other Dell customers, we believe that our products and services, partnerships, and technical assistance help the federal government achieve performance and environmental goals.

Executive Order 13514 (74 Fed. Reg. 52,115): Just as Dell’s commitment starts at the top, so, too, does the federal government’s commitment. On October 5, President Obama issued Executive Order 13514, which builds on and incorporates various efforts to encourage federal agencies to procure environmentally responsible products and services. The Order requires that agencies inventory and target reduction of GHG emissions, including GHG emissions of their vendors and contractors, which would include contracted data centers. In addition, each agency must:

ensure that 95 percent of new contract actions ... for products and services ... are energy-efficient (Energy Star or Federal Energy Management Program (FEMP) designated), water-efficient, biobased, environmentally preferable (e.g., Electronic Product Environmental Assessment Tool (EPEAT) certified), non-ozone depleting, contain recycled content, or are non-toxic or less-toxic alternatives, where such products and services meet agency performance requirements[.]

[and] promote electronics stewardship, in particular by:

- (i) ensuring procurement preference for EPEAT-registered electronic products;
- (ii) establishing and implementing policies to enable power management, duplex printing, and other energy-efficient or environmentally preferable features on all eligible agency electronic products;
- (iii) employing environmentally sound practices with respect to the agency's disposition of all agency excess or surplus electronic products;
- (iv) ensuring the procurement of Energy Star and FEMP designated electronic equipment; [and]
- (v) implementing best management practices for energy-efficient management of servers and Federal data centers[.]

The White House's Federal Environmental Executive, Council on Environmental Quality, and Office of Management and Budget assist federal agencies to meet these requirements by issuing technical guidance, providing regular scorecards, and coordinating interagency workgroups.

We at Dell also consider ourselves a critical partner of the federal government to assist in achieving environmental stewardship goals. Through our green tools, technology, and services, as well as our assistance in development and refinement of procurement standards, Dell works with the federal government to promote the purchase, management and use of its IT assets.

Helping to Develop Standards for Environmental Performance

Dell strongly supports environmental procurement policies based on standards that are measurable, implementable, based on strong methodology, and developed through broad stakeholder processes. Dell continues to participate in the process of developing and refining standards, such as ENERGY STAR, EPEAT, and FEMP.

EPEAT and ENERGY STAR: Dell has been an integral participant in the development of both EPEAT and ENERGY STAR, which is incorporated into EPEAT as one of the many required environmental criteria. Dell has assisted in the development of computer and server ENERGY STAR standards and criteria, and we are a member of the board of advisors to the Green Electronics Council, which owns the EPEAT database and verification process. Dell supports EPEAT's efforts to establish a global standard for green computing products, one that drives harmonization of the many green labels, registries, and certifications, including by incorporating into EPEAT a certified recycler standard to ensure responsible end-of-life disposition.

Responsible Recycling Practices: Two models of responsible disposition certification are being developed. EPA, with industry and other partners, including Dell, are finalizing "Responsible Recycling (R2) Practices for Use in Accredited Certification Programs for Electronics Recyclers." R2 identifies 13 principles to urge better management of items potentially hazardous to the environment or human health, promote re-use and recovery versus landfill or incineration, and offer guidelines to help stem export to developing countries. The eStewards standard is an approach that the Basel Action Network is developing.

EPA READ: Dell assisted EPA with the development of its Recycling Electronics and Asset Disposition (READ) Services Contract, under which EPA serves as the federal executive agent for government-wide acquisition of IT recycling and asset disposal services. The contractors under READ are all small businesses, however, so Dell is not able to participate in this program today. As EPA works to improve READ, Dell has offered for EPA to visit some of its recycling partners to see our industry-leading procedures and audit practices in action. To ensure robust standards in READ, Dell supports using the R2 certification process. Of course, outside of READ, Dell provides recycling services for many end-of-life EPA and other federal agencies' IT products.

Other Collaborative Forums: Dell also works closely with other industry partners in various federal environmental and energy partnerships, and is helping industry drive such forums on energy efficiency as the The Green Grid, Climate Savers Computing Initiative, Digital Environmental Solutions Campaign, and The Technology CEO Council. Dell assisted EPA last year in identifying how to reduce energy consumption by 65 percent across its computer installation portfolio. Dell is also a member of many EPA partnerships, including the Low Carbon IT Campaign the SmartWay Transport Partnership, the Green Power Partnership, and the Climate Leaders program.

Providing the Federal Government Green Tools, Technology, and Services

To meet the Executive Order 13514 and other energy efficiency and environmental goals, Dell provides the federal government with the latest green products and services, including EPEAT- and ENERGY STAR-compliant gear, server virtualization solutions, power management enabled at the factory, LED back light technology, and products with recycled content.

EPEAT Products: Dell currently has more than 90 desktops, laptops, monitors and workstations registered with EPEAT (www.epeat.net). The majority of Dell product registrations are declared to the highest levels of the standard: 100 percent of Desktops and Workstations are registered as Gold, and 78 percent of the remaining products are Silver. These are among the most environmentally preferable computer products ever released, and Dell was first to register an EPEAT Gold laptop.

ENERGY STAR Products: Dell makes available a broad range of ENERGY STAR products for federal government purchasers. In 2008 alone, Dell added 6 Dell Inspiron and 4 Studio ENERGY STAR configurations, 23 server power supplies (one Bronze EPEAT, 12 Silver EPEAT, and 10 Gold EPEAT), and 41 ENERGY STAR monitors, yielding a total offering of:

- 14 ENERGY STAR desktop configurations,
- 14 ENERGY STAR laptop systems,
- 5 ENERGY STAR workstation systems,
- 89 ENERGY STAR monitors,
- 12 ENERGY STAR multi-function devices, and
- 14 ENERGY STAR printers.

Dell was also the first to announce a family of servers meeting the new ENERGY STAR for Computer Servers specification, and the first to announce offerings under the ENERGY STAR 5.0 specification. Also, 100% of Dell monitors are ENERGY STAR.

Virtualization: Organizations large and small are turning to virtualization – technology enabling a single server to act as multiple servers – as a means of consolidating to fewer, higher performing servers. This approach not only reduces the amount of equipment needed but also decreases power consumption, cooling requirements, and data-center square footage. Dell also helps customers achieve energy efficiency in existing facilities and newly acquired data centers. We perform comprehensive assessments and develop customized remediation plans to reduce energy use in heating, ventilating, and air

conditioning (HVAC) and power-delivery systems. In fact, Dell recently participated in a project with other members of The Green Grid, where we worked with the EPA to assess one of EPA's mid-size data-centers to identify opportunities to make efficiency improvements that could be emulated by similar data centers in the public and private sector. A white paper describing that project was released earlier this year and can be found at www.thegreengrid.org.

Power Management: Power management allows systems to be powered-down when not in use and presents a significant, readily available opportunity for conservation. Dell high-volume systems – Latitude, OptiPlex and Precision – and all displays, printers and projectors, have power management enabled in the factory, which allows systems to save power when not in use, reducing electricity consumption of computers by up to 78 percent.

LED Transition: Effective December 15, 2008, two-thirds of Dell Latitude and E-family laptops were shipped with mercury-free light-emitting diode (LED) back light. We have committed to transition to LED technology by 2010. Dell's 15-inch LED display consumes an average of 43 percent less power at maximum brightness compared to cold cathode fluorescent lamp (CCFL) technology, resulting in extraordinary cost and carbon savings. Dell estimates customer savings of approximately \$20 million and 220 million kWh in 2010 and 2011 combined — equivalent to the annual GHG emissions from the energy use of more than 10,000 homes.

Recycled Content: Dell has launched multiple displays (E207WFP, E1909W, E1909WDD, E2209W, E2009W, G2210, and G2410) that contain 25 percent post-consumer recycled content in chassis plastic and one desktop (OptiPlex 960) that features 10 percent post-consumer recycled content in chassis plastic content. In 2008, we shipped more than 1.1 million pounds of post-consumer recycled plastic, equivalent to recycling more than three million water bottles.

Conclusion

Dell appreciates the opportunity to testify, to share some information about the products and services, partnerships, and technical assistance we provide to the federal government, and how we're helping the federal government achieve its goals to improve performance, reduce costs, **and** reduce its environmental impact. Dell applauds your efforts to help the federal government continue to lead by example in the area of environmentally responsible procurement. We look forward to any questions you may have and to any opportunities there may be to further assist your efforts.