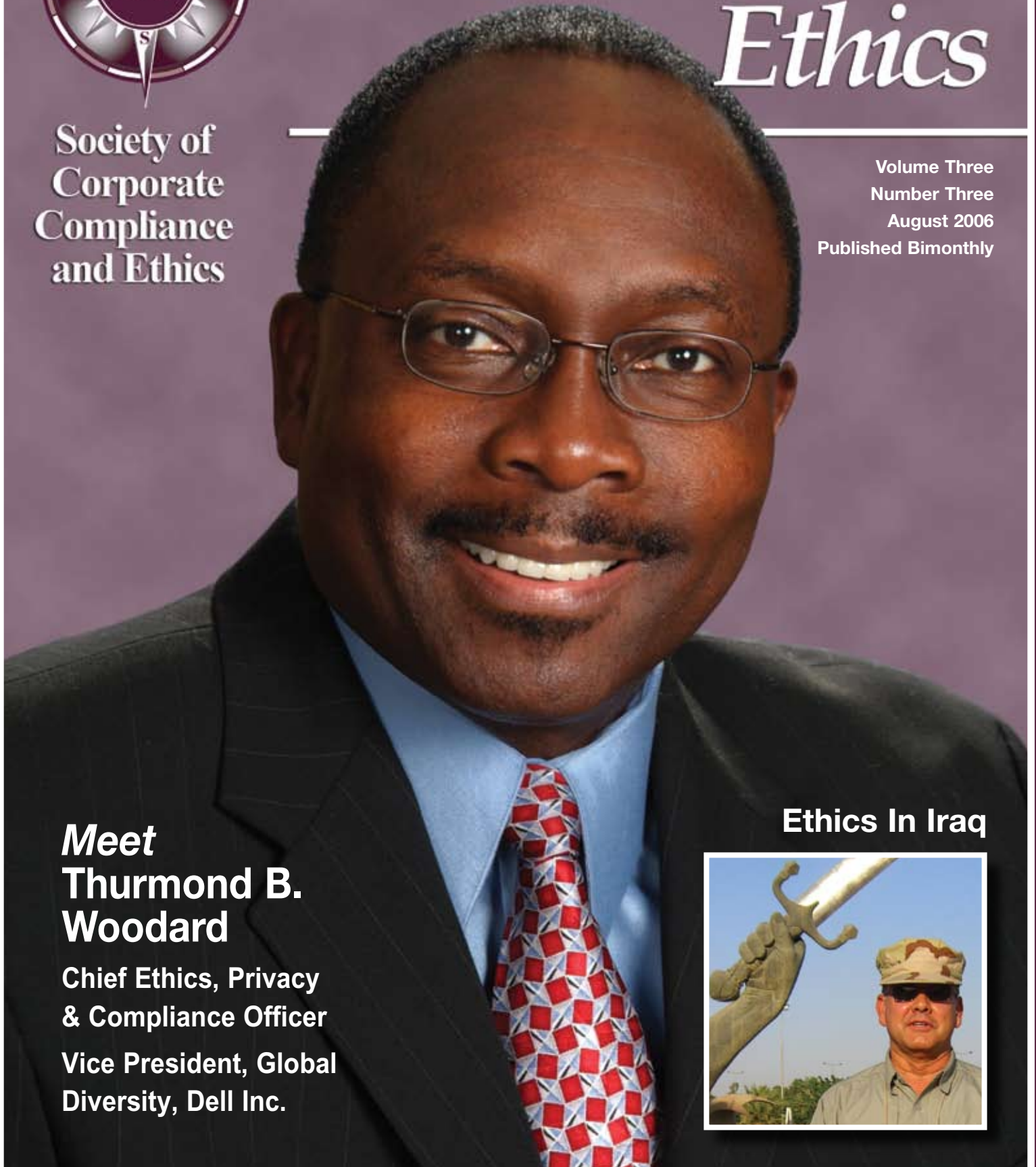




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**Meet
Thurmond B.
Woodard**

Chief Ethics, Privacy
& Compliance Officer
Vice President, Global
Diversity, Dell Inc.

Ethics In Iraq



feature

article

Meet Thurmond B. Woodard Chief Ethics, Privacy & Compliance Officer; Vice President, Global Diversity, Dell Inc.

Editor's note: José A. Tabuena is with the Forensic & Dispute Services practice of Deloitte Financial Advisory Services LLP. He also serves on the Advisory Board for Compliance & Ethics. He conducted the following interview in March of 2006 with Mr. Thurmond Woodard, Chief Ethics, Privacy and Compliance Officer, and Vice President of Global Diversity. In his dual roles, he provides strategic direction and oversees Dell's global business conduct office and leads the company's diversity initiatives. Mr. Woodard's contact email is vivian_kobeh@dell.com

Q. What is your background and how has this experience contributed to your expertise in compliance and ethics?

A. There are three aspects of my background that support my ability to provide leadership for the ethics and compliance functions at Dell. To begin, I was born into a family that values integrity, honesty, and fair dealing. My accounting education also contributed greatly to my preparation for today's job responsibilities. Finally, my 30 years of global and corporate experience in finance, marketing, and human resources enhanced my skills and judgment to perform at the highest level and understand all aspects of an operation.

Q. How did you come to your cur-

rent role as Chief Ethics & Compliance Officer at Dell?

A. I joined Dell in 2000 as vice president for Global Diversity. Having spent a good part of my career running businesses, I learned that knowing how the corporate culture operates is key for the success of any business, so my role was not only to institute and sustain a model for diversity, but also to help Dell's leadership team define what they call a winning culture.

The past five years have been crucial for Dell's expansion around the world. Later in the road, we also realized that creating awareness around our higher standard of ethical behavior in all new and existing operations, and Dell's Code of Conduct—which was implemented since 1992—would be a core piece of our winning culture. We can't expect for all team members to know what the company expects from them unless we establish a formal communication about our standards.

With that in mind, in 2003, Kevin Rollins and Michael Dell asked me to lead the Ethics function. Given our focus on the customer in everything we do, this role has also evolved and I'm now Chief Ethics, Compliance and Privacy Officer.

Q. How is the ethics and compliance



program structured at Dell and whom do you report to in your organization?

A. At Dell, the Ethics and Compliance program permeates the entire organization. With approximately 65,000 people on 6 continents and speaking 28 languages, and \$55.9 billion revenue in 2005, the task is immense and very important. We are structured to make sure the job is well done and that issues are handled nearly immediately.

This function is supported from the top and embedded in all parts of our business. Let me explain to you what that is. Dell's board of directors oversees the overall affairs of Dell, from strategic and operational planning, major corporate actions and financial reporting, to governance, compliance, and risk manage-

ment. It bases corporate governance on the highest possible standards. I'm talking about standards of responsibility, ethics, and integrity. These standards are also rooted in our desire to act in our stockholders' best interest. Michael Dell, chairman of the board, and Kevin Rollins, CEO, are the only Dell executives who are also part of our board of directors. I report to Larry Tu, Senior Vice President and General Counsel for Dell.

We also have a Global Ethics Council that interacts with Dell's board of directors, setting global ethics policies and overseeing the compliance of our executives. The council is chaired by me and includes executives from our business, operations, and corporate functions throughout the world, including Kevin Rollins, Dell's CEO.

Q. Since Dell is a global company, can you comment on some of the international trends that may be impacting your program—such as European Union data privacy rules, the new French data protection rules for whistle-blowing systems, the OECD Convention and the Foreign Corrupt Practices Act, and so forth?

A. All of these trends and initiatives impact our global business activity. In keeping with our Dell model and culture, we are accustomed to seek out ways to achieve economies of scale, and our approach to addressing compliance with the rules and acts you mention is no different.

While these privacy rules, for example, are fairly recent, we expect them to continue and at Dell, we have developed a strategy that will allow us to successfully scale our business while holding ourselves to a higher standard in this area. We mirror our own global data privacy requirements to meet the most stringent requirements out there. This enables us to

focus on the important few rules, rather than the hundreds of variations.

As far as OECD Convention and Foreign Corrupt Practices Act, they are obviously not new, having been around since 1997 and 1977, respectively. What is new today is a stronger focus of the authorities and the general public to ensure business is conducted ethically to safeguard the rights of employees and investors, especially after the known corporate cases and Sarbanes-Oxley. Dell has historically devoted substantial resources and implemented adequate controls to help prevent or detect violations of the laws and regulations of the countries where it operates. We also continuously evaluate the effectiveness of our Compliance and Ethics Program and make improvements, if necessary, to ensure we comply with the 2004 amended Federal Sentencing Guidelines and are in line with or ahead of industry best practices.

Our reputation and success are based on our customers' and stakeholders' trust and we see no other way to maintain that trust than to protect our customers' privacy and other rights, and more generally, to conduct business with the highest level of integrity.

Q. How is the ethics and compliance program related to Dell's corporate social responsibility and diversity programs?

A. Dell is committed to operating in a responsible and sustainable manner around the globe. Our accountability, environment, and community programs help ensure that we operate in a manner consistent with our core values as we grow our business globally.

No truly global organization can succeed in business without also achieving excellence in these important areas

of corporate life. We accept no conflict, tension, or confusion between the correct behaviors in corporate social responsibility and diversity, as contrasted with all the other necessary activities of our business. In today's global economy, solid practices in these areas are at the core of good business.

Q. Tell us the role ethics and culture plays in the operation of your program.

A. Like I said, ethics is an important part of Dell's winning culture and corporate philosophy. It is challenging to maintain a culture of ethics when leading a global company of our size that needs to deliver operational results. Think for a moment that Dell's growth outside of the US has been over 125 percent over the last five years.

But just as we work towards the same product and service standards around the world, we work towards the same commitment to ethics wherever we do business. The expectation of ethical behavior in conducting business in Austin, TX is the same in Shanghai, Bangalore, or Madrid. "Winning with Integrity" is global and must be owned by each employee.

Our ethics and compliance team was created in a way that it could function at a global level but be effective at a local cultural level. Dell ethics managers sitting in the regions are from the local culture, so, no matter where we operate, we have a structured team that understands the culture, the laws and requirements of each region, and how those relate to Dell's Code of Conduct and policies. This team is also aligned with each business's goals and has the ability to advise leaders when faced with difficult ethical dilemmas involving the business performance.

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Q. What are the biggest compliance risks that the organization faces?

A. Given the global scope of our operations, the most challenging compliance risk we face is maintaining the highest ethical standards across a spectrum of circumstances. One of our areas of focus this year is to develop and implement a risk assessment tool that allows us to identify areas of compliance risk effectively and in a timely manner. A good risk assessment process will complement our efforts around our vigorous compliance training that is driven today at all levels of the organization.

Q. Has Sarbanes-Oxley changed your relationship with the board?

A. No, Sarbanes-Oxley has not changed the relationship with our board. We are, in fact, living in a new business environment where corporations are expected to perform and report their performance in accordance with Sarbanes-Oxley and all other regulations; however, this was not the kickoff for ethics and strong corporate governance at Dell.

Our Global Ethics and Compliance Office and overall structure that's embedded in the business is expected to watch that policies are generated timely, understood, and followed by employees. Written reports on compliance are provided regularly to the board of directors and I appear before the audit committee of the board twice a year to share plans and results.

We are continuously reviewing our practices to be certain that we're not only meeting the absolute letter of the law, but also living up to the high standards Dell has set for itself—including the suppliers we partner with and our customers. For example, from the time we begin a relationship, we share

our Code of Conduct with our business partners and ask them to follow our higher ethical standard. That practice was already ingrained into the way we do business. The new regulatory environment has reinforced our commitment to ethical corporate governance and the need to continue to build the foundation into our operations.

Q. How is ethics and compliance training coordinated in such a big organization?

A. All Dell employees are required to complete at least three ethics training courses annually. This past year all 65,000 employees met this requirement. As part of these courses, they learn that we have an Ethics Helpline available to them 24/7 in their language, no matter where they work. The training is supported with a series of communications delivered consistently to all employees in approximately nine languages. Additional courses are provided and/or created based on identified regional and special business unit needs.

An important part of the program is management involvement. All Dell managers are expected to:

- ensure that their employees understand our ethics program;
- encourage employees to raise, and have issues raised and addressed; and
- facilitate completion of our training.

We have other internal tools available like, "Tell Dell" to help motivate employees to speak out. Our retaliation protection also encourages openness.

Q. Are Dell employees being held accountable for meeting ethics and compliance-related objectives in performance reviews?

A. Yes, they are held accountable.

Additionally, we have identified an over-time trend relationship between employee inquiries and incidents in the ethics arena.

Q. How do you see the relationship between ethics and compliance and fraud control?

A. For us, fraud is just one more area that we need to be vigilant about. Based on our current metrics, fraud incidents tend to appear more often, almost on a regular basis, in countries like China and India where local sales practices, local culture, and other business practices are very different from Dell's "higher standard." We consider this in our screening and hiring processes and local business controls. We have also developed specific training toolkits that focus on fraud, identity theft, and customer data privacy.

Q. Why did you become involved with SCCE and have you worked with other associations in ethics and compliance?

A. Dell is proud to have sponsored the 4th Annual Ethics in Business Awards with SCCE. The relationship between Dell and SCCE is a natural one based on shared principles. One only needs to compare Dell's core tenets with the five principles SCCE adapted for its awards from John Dalla Costa's "The Ethical Imperative":

1. Respect life.
2. Be fair.
3. Be honest.
4. Strive for justice.
5. Honor the environment.

Dell's program of "Winning with Integrity" is achieving growth while maintaining a higher standard of ethical behavior under seven principles:

- TRUST: Our word is good.

- INTEGRITY: We do the right thing without compromise.
- HONESTY: What we say is true.
- JUDGMENT: We think before we act.
- RESPECT: We treat people with dignity and value their contribution.
- COURAGE: We speak up for what is right.
- RESPONSIBILITY: We accept the consequences of our actions.

The parallel principles on these two lists are obvious and demonstrate the naturalness of our relationship.

Q. How is the compliance profession changing, and how will it change in the future?

A. The profession is moving toward more complexity as time moves forward. The demands on the profession are constantly increasing and the importance of compliance is no longer limited to large multinational companies. It's also important for small businesses. The stable aspect of the profession is its unchanged commitment to the highest ethical standards, regardless of other changes the world may generate. We must continue to be vigilant in maintaining our standard.

Q. Any parting advice for your fellow ethics and compliance officers?

A. Firstly, let me thank you for the opportunity of sharing with you in this forum. I encourage all of us to continue to share tools, best practices, and other means of meeting the tremendous challenges we all face. It is only through our collective knowledge, ingenuity, and shared respect for ethical behavior that we can continue the proud traditions we have started. Thank you. ■