



# CORPORATE RESPONSIBILITY AT INTEL.

2017-2018 REPORT



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# A LETTER FROM OUR CEO

Intel is in the midst of one of the most significant transformations in corporate history. We are evolving from a PC-centric to a data-centric company, delivering products that play critical roles in processing, analyzing, storing, and sharing data to enable amazing new experiences through artificial intelligence, virtual reality, next-generation connectivity, and autonomous vehicles.

At Intel, we will continue to make bold moves and try new things. At the same time, we remain true to our values, with our long-standing commitment to corporate responsibility deeply embedded throughout our business. We also continue to explore new opportunities to apply our technology to help solve major societal challenges, from protecting endangered species and understanding the impacts of climate change, to treating cancer and respecting human rights. In 2017, we advanced progress in multiple areas:

**Environmental Sustainability.** We continued to invest in projects that put us on track to achieve our climate and renewable energy 2020 goals, and announced a new goal to restore 100% of our global water use by 2025. We also continued to advance the application of digital efficiency technologies that empower others to reduce their own environmental footprints.

**Supply Chain Responsibility.** We have worked to build a strong system to detect and address risks of forced and bonded labor among our suppliers, and as a co-founder of the Responsible Labor Initiative, we are helping to lead initiatives aimed at protecting and promoting the rights of vulnerable workers in the electronics supply chain.

**Diversity and Inclusion.** In 2017, we accelerated our 2020 goal to reach full representation of women and underrepresented minorities in our U.S. workforce by the end of 2018, and we made significant progress toward our 2020 goal of \$1 billion annual spending with diverse suppliers.

**Social Impact.** Over the last 10 years, Intel employees have donated more than 10 million hours of volunteer service. Their efforts are helping to make life better in countless ways for people in our local communities and beyond, including supporting our work to inspire and support underserved youth to acquire digital skills they will need for the jobs of the future.

As we approach our 50th anniversary in 2018, we remain committed to promoting transparency, engaging with our stakeholders, and taking bold actions that will enable our company, our people, and our planet to thrive in the future. And we continue to be inspired by the challenge that Intel co-founder Bob Noyce put forth: "Don't be encumbered by history; go off and do something wonderful."



BRIAN KRZANICH, Chief Executive Officer  
Intel Corporation





## CORPORATE RESPONSIBILITY AT INTEL

Our commitment to corporate responsibility and sustainability—built on a strong foundation of transparency, governance, and ethics—creates value for Intel and our stockholders by helping us mitigate risks, reduce costs, build brand value, and identify new market opportunities. We set ambitious goals for our company and make strategic investments to advance progress in the areas of environmental sustainability, supply chain responsibility, diversity and inclusion, and social impact that benefit the environment and society. Through our technology we enable more people to harness the power of data to help address society's most complex issues—from climate change and energy efficiency, to economic empowerment and human rights. Read about how our technology is helping in the [Appendix](#) of this report.

This report provides a comprehensive summary of our approach to corporate responsibility management and our performance for 2017.

# AWARDS AND RECOGNITION

Third-party recognition gives us valuable feedback on our programs and practices, and helps drive continuous improvement over time. Below is a selection of the corporate responsibility awards and recognitions that Intel received in 2017.

*Barron's*. World's Most Respected Companies

CDP. "A" Rating on Water Survey, "A" Rating on Supply Chain Engagement, "A-" Rating on Climate Survey

Center for Political Accountability. CPA-Zicklin Index of Corporate Political Disclosure and Accountability – Trendsetter company

*Corporate Knights*. Global 100 Most Sustainable Corporations in the World

*Corporate Responsibility* magazine. 100 Best Corporate Citizens (#2)

*Corporate Secretary*. 2017 Corporate Governance Awards – Best CSR Disclosure

Dow Jones Sustainability Indices. North America Index

Ethisphere Institute. 2017 World's Most Ethical Companies\*

*Fatherly*. 50 Best Companies to Work for New Dads in 2017

*Forbes*. World's Most Reputable Companies (#8) & Most Valuable Brand (#14)

*Fortune* magazine. World's Most Admired Companies

FTSE Group. Listed on the FTSE4Good Index

Gartner. Top 25 Supply Chains (#6)

Human Rights Campaign. Corporate Equality Index

Ipreo. ESG Leaders Index

JUST Capital and *Forbes*. America's Most Just Companies (#1)

MSCI, Inc. MSCI Global Sustainability Index

Reputation Institute. RepTrak\* World Leading CSR Companies (#6)

Thomson Reuters. Stop Slavery Award

U.S. Chamber of Commerce. 2017 Citizens Award – Best Corporate Steward

U.S. EPA. EPA Green Power Leadership Awards

*Working Mother* magazine. 100 Best Companies



# OUR BUSINESS

We are a world leader in the design and manufacturing of essential products and technologies that power the cloud and an increasingly smart, connected world. In 1968, Intel was incorporated in California (reincorporated in Delaware in 1989), and our technology has been at the heart of computing breakthroughs ever since. We have evolved from a PC-centric company with a server business to a data-centric company, and have begun the next phase of our journey—to build a world that runs on Intel.

**\$62.8B**  
RECORD REVENUE

**#1** RANKING

**86%** OF EMPLOYEES LIKE THE WORK THEY DO

Our growth in 2017 was primarily driven by our data-centric businesses, while our PC-centric business exceeded our expectations.

*Forbes*, in partnership with JUST Capital, placed Intel at the top of the JUST 100 list of America's best corporate citizens.

In 2017 employee surveys, 86% of employees said, "I like the work I do," and 85% said, "I would like to be working at Intel one year from now."

Intel technology powers the devices and infrastructure that power the data-centric world, from PCs and the cloud to telecommunications equipment and data centers.

# COMPANY PROFILE

## Our Vision and Strategy

Our vision is if it is smart and connected, it is best with Intel. We are in the midst of a corporate transformation as we grow beyond our traditional PC and server businesses into markets addressing the explosive demands to process, analyze, store, and transfer data.

Data is a significant force in society and will be essential in shaping the future of every person on the planet. We strive to unlock the power of data so people can ride in self-driving cars, experience virtual worlds, connect with each other over fast mobile networks, and be touched by computer-assisted intelligence in ways yet unimagined.

Intel® technology powers the devices and infrastructure that power the data-centric world, from PCs and the cloud to telecommunications equipment and data centers. Our computing solutions enable a Virtuous Cycle of Growth: The expansion and proliferation of the cloud and data center, Internet of Things, memory, and programmable solutions—all of which are connected—help grow our business.

## Compute Performance from Client to Cloud

When smart devices are connected to the cloud, data can be analyzed in real time, making these devices more useful. We are adding new products and features to our portfolio to address emerging, high-growth areas, including:

**Autonomous Things.** We are working to position Intel as a leading technology provider in the fast-growing market for highly and fully autonomous vehicles, robots, drones, and other devices. We focus our efforts on partnering with industry leaders to lead the transition from connected to smart and eventually autonomous devices capable of creating learning systems.

**Virtual Reality.** As virtual reality becomes mainstream in our daily lives, an increasing amount of data will flow between PCs or PC-like devices and the data center, presenting growth opportunities for Intel in areas such as sensing and capturing technologies.

**5G.** With our wireless, computing, and cloud capabilities, we are driving the development of technologies and collaborating on the rapid definition of open standards that are helping define 5th generation (5G) wireless broadband technology.

**Artificial Intelligence.** Intel is committed to driving breakthrough performance, democratizing access, and guiding the responsible development of advanced artificial intelligence for business and society.

## Strategic Enablers

Our solutions are enabled by:

- **Shared Architecture and Intellectual Property.** We have developed a common architecture and intellectual property across our platforms. Sharing a common architecture and intellectual property enables us to spread our costs over a large manufacturing base of products, which reduces our costs and increases our return on capital.
- **Silicon Manufacturing Technologies.** Unlike many semiconductor companies, we primarily develop and manufacture our products in our own facilities using our proprietary process technologies. This competitive advantage enables us to optimize performance, shorten time-to-market for new product introductions, and more quickly scale products at high volume.



## WE ARE A WORLD LEADER

in the design and manufacturing of essential products and technologies that power the cloud and an increasingly smart, connected world.

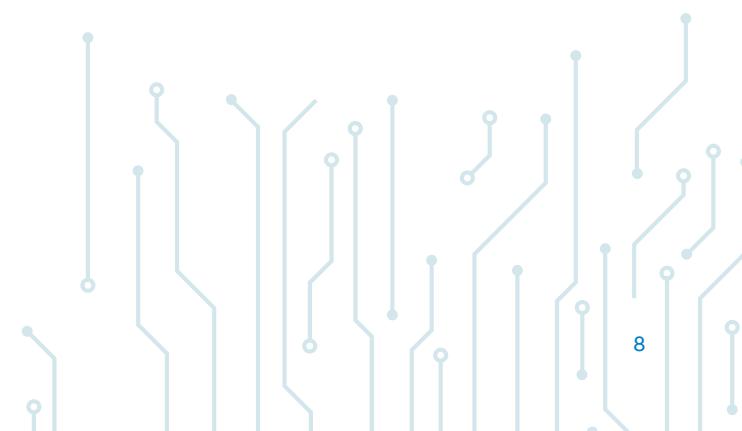
## OUR VISION

is if it is smart and connected, it is best with Intel.

## OUR COMMITMENT

to corporate responsibility and sustainability leadership is deeply integrated throughout our business.

- **Moore's Law.** Our advancement of Moore's Law has driven significant computing power growth and better economics. Through Moore's Law we enable new devices and capabilities that meet our customers' needs for balancing performance, power efficiency, and cost.



## Business Organization and Operations

In addition to manufacturing products in our own factories, we use third-party foundries to manufacture wafers for certain components, including communications, connectivity, networking, field-programmable gate array (FPGA), and memory products. We also use subcontractors to manufacture board-level products and systems, and we purchase certain communications and connectivity products from external vendors. In addition, we use subcontractors to augment capacity to perform assembly and test of certain products.

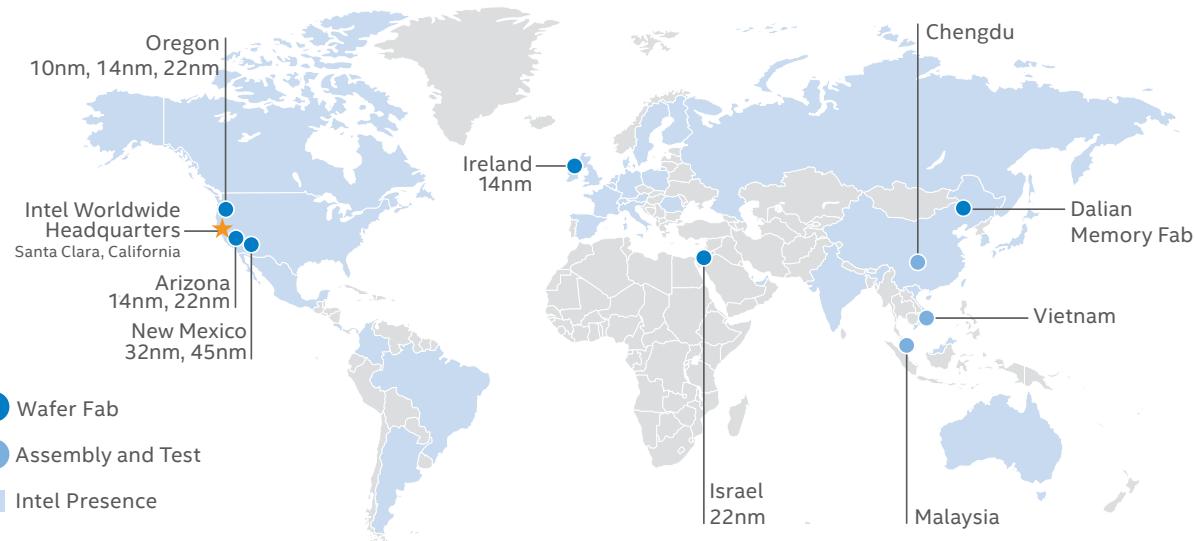
Our multi-tiered supply chain fulfills our various materials, equipment, and services needs, and comprises more than 17,000 suppliers in over 100 countries. For more information, see the [Supply Chain Responsibility](#) section of this report.

We invest in companies around the world that will complement our strategic objectives and stimulate

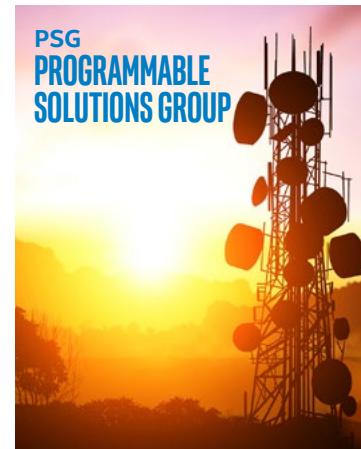
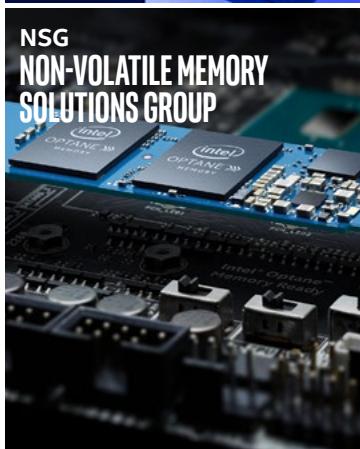
growth of data-centric opportunities. We look for acquisitions that further leverage our capital and R&D investments. In 2017 we completed three acquisitions, most notably, the acquisition of Mobileye, a global leader in the development of computer vision and machine learning, data analysis, localization, and mapping for advanced driver assistance systems and autonomous driving. The transaction positions Intel as a leading technology provider in the fast-growing market for highly and fully autonomous vehicles, while extending our strategy to invest in data-intensive market opportunities that build on our strengths in computing and connectivity from the cloud.

In 2017, we also completed the divestiture of the Intel Security Group (ISecG) to focus on long-term growth areas of the company. We maintain an investment in the newly formed company, called McAfee.

[Read more](#) about our acquisitions and divestitures.



In 2017, the majority of our wafer manufacturing was conducted within the U.S. The map shows our manufacturing facilities and their primary functions as of the end of 2017, as well as the countries where we have a significant R&D or sales and marketing presence.



As of December 31, 2017, we managed our business through these operating segments. For additional information about Intel's business organization and operations, refer to the [2017 Annual Report](#) and [Form 10-K](#).

## Our Products

Intel designs and manufactures essential technologies that power the cloud and an increasingly smart, connected world. We offer computing, networking, data storage, and communications solutions to a broad set of customers spanning multiple industries. Our customers look for solutions that can process, analyze, store, and transfer data—turning it into actionable insights, amazing experiences, and competitive advantages.

We provide discrete platforms, as well as platforms that are integrated with software and other technologies to provide end-to-end solutions. Platforms may incorporate a microprocessor and chipset, a stand-alone System-on-Chip (SoC), or a multichip package. We also offer adjacent products, like memory, programmable solutions, modem, Ethernet, silicon photonics, and Mobileye products. Combined with our platform products, adjacent products form comprehensive platform solutions. Our products primarily compete based on performance, energy efficiency, integration, innovative design, features, price, quality, reliability, brand recognition, technical support, and availability.

In 2017, we launched the 8th generation Intel® Core™ processors, maintaining our annual rate of innovation. We introduced and shipped the Intel® Xeon® Scalable processor, offering data center customers performance gains needed for artificial intelligence and other data-intensive workloads. We also shipped the revolutionary Intel® Optane™ memory, which is designed for the data center and client computing to drive the evolution of computer architecture, as well as the Intel® Stratix® 10 FPGA, built on Intel's process technology. In addition, we achieved advancements in artificial intelligence with the launch of the Intel® Movidius™ Myriad™ X vision processing unit (VPU), the world's first VPU.

For more information about our products, read our [2017 Annual Report and Form 10-K](#).

### Product Stewardship

We are committed to product responsibility and strive to minimize the environmental impact of our products at all phases in their life cycle: development, production, use, and ultimate disposal. For more information, see "[Product Ecology](#)" in the Environmental Sustainability section of this report.

We recognize that innovation, growth, and the continued success of our business and the high-tech industry depend on individuals' trust in their use of technology and in the responsible, protected collection and processing of their data. Intel helps improve cybersecurity both as a consumer and a developer of technology. For more detail, see "[Respecting Human Rights](#)" later in this section of the report.

### Product Security

The security of our products is one of our most important priorities. We build security into our products,<sup>1</sup> and we encourage our customers and others in the technology industry to do the same. We strive to design, manufacture, and sell the world's most secure technology products, and we are continuously innovating and enhancing security capabilities for our products.

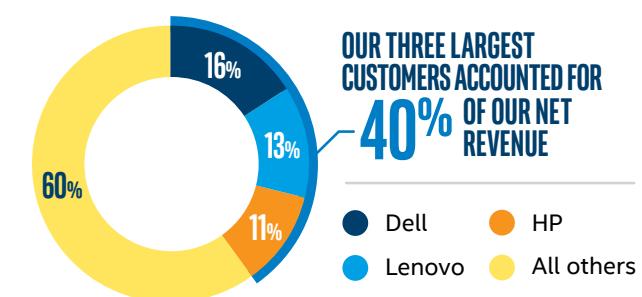
The security of our products is an ongoing priority, not a one-time event. It begins with our Security Development Lifecycle, where security is engineered into our products from the outset. Once products are released, we continue to actively support them and address vulnerabilities. Beyond that, we are committed to working with the industry to share hardware and software innovations that will accelerate industry-level progress in security. We also are committed to funding academic and inde-

pendent research into the prevention and mitigation of potential security threats. Read more about Product Security at Intel [here](#).

In early 2018, a team of security researchers disclosed several software analysis methods that, when used for malicious purposes, have the potential to improperly infer data values from many types of computing devices with many different vendors' processors and operating systems. We have worked closely with many other technology companies to develop an industry-wide approach to mitigate these issues promptly and constructively. For more, read these [facts about the security research](#) and our [Security-First Pledge](#).

### Customers

We sell our products primarily to original equipment manufacturers (OEMs) and original design manufacturers (ODMs). ODMs provide design and manufacturing services to branded and unbranded private-label resellers. In addition, our customers include other manufacturers and service providers, such as industrial and communications equipment manufacturers and cloud service providers, who buy our products through distributor, reseller, retail, and OEM channels. Our worldwide reseller sales channel consists of thousands of indirect customers—systems builders that purchase Intel processors and other products from our distributors.



<sup>1</sup> No computer system can provide absolute security under all conditions. Built-in security features available on select Intel® Core™ processors may require additional software, hardware, services, and/or an Internet connection. Results may vary depending upon configuration. Consult your PC manufacturer for more details. For more information, visit [www.intel.com/technology/security](#).

## Competitors

We compete against other companies that make and sell platforms, other silicon components, and software to businesses that build and sell computing and communications systems to end users. Our competitors also include companies that sell goods and services to businesses that use them for their internal and/or customer-facing processes (for example, businesses running large data centers).

## Research and Development

We are committed to investing in world-class technology development. Our research and development (R&D) expenditures were \$13.1 billion in 2017 (\$12.7 billion in 2016 and \$12.1 billion in 2015).

We focus our R&D activities on developing new microarchitectures, advancing our manufacturing process technology, delivering the next generation of products, ensuring our products and technologies are secure, and developing new solutions in emerging technologies, for example, artificial intelligence, 5G wireless connectivity, and autonomous vehicles.

We continue to develop new generations of manufacturing process technology and realize the benefits from Moore's Law. This makes possible the innovation of new products with higher functionality while balancing power efficiency, cost, and size to meet customers' needs.

## Intel Capital

Intel Capital, our global investment organization, invests across the broad spectrum of technology innovation to encourage the creation of the technologies of tomorrow. Intel Capital equity investments—in the Internet of Things, cloud, data center, semiconductor manufacturing, 5G, security, and other areas—support our strategic objectives. In 2017, Intel Capital invested \$690 million in 87 companies.

## 2017 Financial Summary

We delivered record revenue of \$62.8 billion and strong growth in operating income with solid execution and spending discipline, even in the face of a declining core market. Between 2012 and 2017, PC unit volumes declined 25%, yet Intel revenue grew more than \$10 billion.

We are successfully keeping our PC business healthy and strong while accelerating growth in the data center, Internet of Things, memory, and programmable solutions. Collectively, Intel's data-centric businesses are growing in the mid-teens and approaching 50% of Intel's total revenue. The investments we've made in promising data-driven market opportunities like 5G communications, artificial intelligence, and autonomous driving are starting to pay off.

## Economic Impact

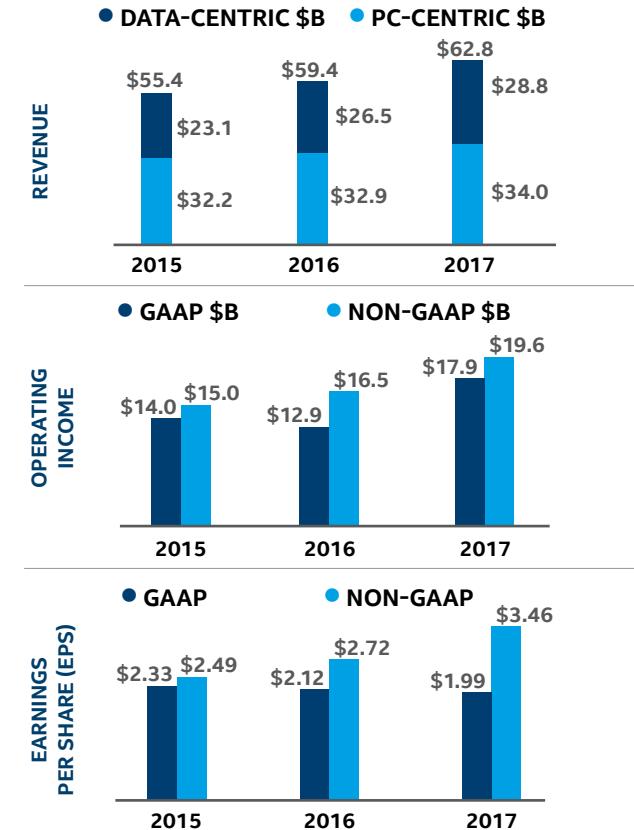
We provide high-skill, high-paying jobs at Intel sites around the world. We also impact economies through our sourcing activities, consumer spending by our employees, and tax revenue. In addition, Intel makes sizable capital investments and provides leadership in public-private partnerships to spur economic growth and innovation. Our investments in education and digital skills training also help communities and countries advance economic development and improve competitiveness.

In recent years, we have engaged with third-party organizations to conduct analyses of the direct, indirect, and induced economic impacts of our operations inside and outside the U.S. For example, a [PwC study](#) found that Intel's total impact on the U.S. gross domestic product (GDP) from 2008-2012 was \$408 billion. The study also found that in 2012, each Intel full- and part-time position supported 13 additional jobs.

Periodic local assessments help us better understand our economic impact at the community level. For example, a study completed by ECONorthwest found that "total

## 2017 FINANCIAL HIGHLIGHTS

(Dollars in Billions, Except Per Share Amounts)



Refer to the [Appendix](#) for a reconciliation of Non-GAAP Operating Income and Non-GAAP EPS to comparable GAAP measures. For additional 2017 financial information, see the [2017 Annual Report and Form 10-K](#).

economic impacts attributed to Intel Oregon operations, capital spending, and charitable contributions in 2016 amounted to over \$27 billion in economic activity." A 2017 study by PwC estimated our [Intel Ireland](#) operations have an annual contribution to the Irish economy of over \$1.1 billion. In addition, in Israel, the Industrial Cooperation Authority at the Ministry of Economy and Industry approved direct and indirect technological reciprocal procurement at \$2.6 billion during 2013-2016.

# INTEGRATED STRATEGY, GOVERNANCE, AND ETHICS

## Embedding Corporate Responsibility

We believe that our integrated approach to financial matters, corporate governance, and corporate responsibility drives increased accountability, improves decision making, and ultimately creates long-term value.

We also believe that embedding corporate responsibility across the company is the most effective management approach. We have established cross-functional Management Review Committees (MRCs) consisting of senior executives who manage corporate responsibility and sustainability activities across the organization. Our global Corporate Responsibility Office acts as an internal adviser to the business groups and MRCs to drive strategic alignment and incorporate external stakeholder input into decision processes. Many Intel business groups have established teams dedicated to corporate responsibility issues, or conduct due diligence and implement policies

## INTEGRATED VALUE FRAMEWORK

### Risk Management

#### License to Operate and Governance

- Regulatory risk (e.g., environmental)
- Community engagement
- Supply chain

### Operations

#### Cost Savings and Continuous Improvements

- Operational efficiency
- Management quality
- Employee engagement

### Brand

#### Reputation and Goodwill

- Differentiation
- Trusted partner
- Goodwill

### Revenue

#### Growth and Innovation

- Market expansion
- Product innovation
- New customer needs

Embedding corporate responsibility and sustainability into our business and decision-making creates value for Intel in four main ways. It helps us: reduce risk and protect our license to operate, improve the efficiency and effectiveness of our operations, protect and build brand value, and drive revenue growth through innovation and identification of market opportunities.

and procedures for specific issues. Read more about the oversight and management of all areas of Corporate Responsibility in each section of this report and on the [Report Builder](#) website.

We have developed CSR-related guidelines and policies that take into account the concept of shared value and frameworks such as the [United Nations Global Compact](#), International Labor Standards, OECD Guidelines for Multinational Enterprises, and the United Nations Sustainable Development Goals (SDGs). We have outlined how our strategies support the SDGs in the [Appendix](#).

## Linking Compensation to Corporate Responsibility Factors

Since 2008, we have linked a portion of our executive and employee compensation to corporate responsibility factors in our Annual Performance Bonus (APB). The formula for determining APB payouts is based on both absolute and relative financial performance and the achievement of certain operational goals. In 2017, the operational goals component included metrics related to our diversity and inclusion objectives. Previous metrics have focused on

areas such as carbon emissions and recycling. For more information, see our [2018 Proxy Statement](#).

## Investor Outreach

Our outreach team, led by representatives from our Investor Relations group, Corporate Responsibility office, and Corporate Secretary's office—and including representatives from other business groups as needed—engage proactively with a broad base of investors throughout the year on environmental, social, and governance (ESG) issues. We use these engagements to gain a better understanding of emerging issues and gather input on our reporting and performance. Our engagement model provides us with valuable information to help us improve our performance over time and ensures that the Board and management consider and effectively address the ESG issues that matter most to our stockholders.

In addition, we continue to further integrate corporate responsibility information into our [2017 Annual Report and Form 10-K](#), [2018 Proxy Statement](#), and [Investor Relations](#) website.

## Intel Guidelines and Policies on Strategic Corporate Responsibility Issues:

- Intel Values
- Intel Code of Conduct
- Intel Human Rights Principles
- Intel Statement on Slavery and Human Trafficking
- Intel RBA Commitment Letter
- Intel EHS Policy
- Intel Climate Policy
- Intel Water Policy
- Intel Political Accountability Guidelines
- Intel Conflict Minerals Sourcing Policy

## Corporate Governance and Board Oversight

Since 2003, the Board's Corporate Governance and Nominating Committee has been responsible for reviewing and reporting to the Board on corporate responsibility and sustainability issues at Intel. The committee receives formal updates at least twice each year on the company's corporate responsibility performance, including a review of the annual Corporate Responsibility Report and specific corporate responsibility issues such as political contributions and climate change. The committee regularly reviews the Board's practices and composition to make sure it has the necessary breadth and diversity of skills and experience. A number of directors have expertise in key corporate responsibility areas, including corporate governance, education, and environmental sustainability. As part of every Board search, our Board is committed to actively seeking women and minority candidates, as well as candidates with diverse backgrounds, experiences, and skills.

One of the Board's functions is the oversight of risk management. The Board receives periodic briefing and informational sessions by management on the types of risks the company faces and enterprise risk management. Management is responsible for identifying risk and risk controls related to significant business activities; mapping the risks to company strategy; and developing programs and recommendations to determine the sufficiency of risk identification, the balance of potential risk to potential reward, and the appropriate ways to control risk.

A full description of the Board's responsibilities, director biographies, and compensation practices are available in our [2018 Proxy Statement](#).

## Ethics and Compliance

Each year, our CEO communicates with all employees and senior managers about the importance of ethics and legal compliance. This "tone from the top"—combined with our annual ethics and compliance training, regular communications throughout the year, and educational resources on our employee intranet site—help to create an ethical and legally compliant culture.

We maintain a robust process for reporting misconduct, and employees are encouraged to raise ethical questions and concerns, and to ask questions about policies or procedures. We offer and maintain multiple channels for employees to report concerns, including reporting anonymously, as permitted by applicable law. The anonymous reporting channel consists of a telephone and online reporting tool managed by a third party. We clearly communicate Intel's non-retaliation policy, which prohibits retaliation against anyone who, in good faith, reports a concern or participates in an investigation.

The Board and senior management receive periodic reports of statistics related to misconduct, as well as details about key investigations that are in progress or completed. Our Ethics and Compliance Business Champions review quarterly investigation case studies with leaders of their respective business groups. The largest categories of verified cases in 2017 were corporate travel card misuse, conflict of interest, expense reporting misconduct, falsification of documents, and misuse of assets. Consistent with our commitment to maintain the highest levels of ethics and compliance, we address these concerns through senior management discussions, employee communications, and individual corrective action measures.

Each year, Intel's Ethics and Compliance Oversight Committee (ECOC) invites various Intel organizations to assess and report on ethics and compliance in their respective businesses or sites, and reviews risk topics that span business groups.

In 2017, for the eighth time, the Ethisphere Institute named Intel to its annual list of the World's Most Ethical Companies.\*

## The Intel Code of Conduct

The [Intel Code of Conduct](#) affirms the principles that guide the behavior of employees of Intel and its subsidiaries, non-employee members of our Board of Directors regarding their Intel-related activities, independent contractors, consultants, suppliers, and others who do business with Intel. Through the Code, which is available in 14 languages, we seek to promote honest and ethical conduct, deter wrongdoing, and support compliance with applicable laws and regulations. We also communicate our ethical expectations, including compliance with our Code principles and anti-corruption policies, to our suppliers and third parties.

All employees are expected to complete annual Code of Conduct training, through which they also certify adherence to the Code. In addition, a targeted population completes an annual disclosure process to monitor compliance with the Code. Depending on their roles and geographic locations, certain employees are assigned more in-depth ethics and compliance training on topics such as anti-corruption, import-export compliance, insider trading, and antitrust. In 2017, for example, more than 41,000 employees—about 39% of our workforce—received additional training on anti-corruption or anti-trust topics, a 9% increase from 2016.

## Public Policy and Political Accountability

Intel works with governments, organizations, and industries around the world to advocate for policies that encourage new ideas, promote fair commerce, and protect resources. We also work to educate political candidates about the implications of public policy decisions for our business, and provide financial support to candidates who hold positions consistent with our business objectives. Our trade association memberships help us work collaboratively with other companies and groups to address key public policy issues.

The [Intel Political Accountability Guidelines](#) outline our approach to making political contributions, including senior management and Board-level review processes and our commitment to transparency. Decisions on political contributions, whether from the Intel Political Action Committee (IPAC) or corporate funds, consider Intel's business objectives, corporate policies, and public policy priorities outlined on our [Public Policy](#) and [Corporate Responsibility](#) websites.

We publish reports on our corporate contributions, IPAC contributions, and trade association membership dues on our [Report Builder](#) website.

### 2017 CONTRIBUTIONS

Contribution Type	Amount
Corporate contributions to state and local candidates, campaigns, and ballot propositions	\$15,000
Intel Political Action Committee contributions	\$596,850

**Direct Corporate Contributions.** Intel makes relatively few direct political contributions using corporate funds, and has a policy of not making independent political expenditures or funding electioneering communications.

**Intel Political Action Committee.** No corporate funds are contributed to IPAC other than for administrative purposes, and all employee participation in IPAC is voluntary. IPAC's approach targets balanced support of Democratic and Republican candidates each cycle.

**Industry and Trade Associations.** We disclose trade association membership dues and payments to other tax-exempt organizations such as 501(c)(4) and 501(c)(6) organizations annually, including the reported portion of dues used for political purposes for annual dues over \$50,000.

**Lobbying Expenses.** Intel files quarterly reports with the Secretary of the U.S. Senate and the Clerk of the U.S. House of Representatives that detail our lobbying activities. These reports can be found in the Senate's [Lobbying Disclosure Act Database](#). In 2017, our reported lobbying expenditures totaled \$3.7 million, compared to \$4.2 million in 2016.

We regularly evaluate our political spending for effectiveness and alignment as part of our contributions process. We recognize that it is impractical and unrealistic to expect that our company, stockholders, and stakeholders will agree with every issue that a politician or trade association may support, particularly given our strategy of bipartisan giving.



Intel was named a “Trendsetter” company in the 2017 CPA-Zicklin Index of Corporate Political Disclosure and Accountability.

## Key Public Policy Issues

Cloud	Healthcare
Communications	Information Technology
Customs and Trade Facilitation	Immigration
Cybersecurity	Internet of Things
Diversity and Inclusion	Intellectual Property
Environment and Energy	Privacy
Global Trade	Tax

### MORE INFORMATION

[Public Policy](#) website and our [Public Policy](#) blog.

We assess recipients' overall voting records related to our key policy issues and make funding decisions that we believe in aggregate will have the greatest benefit for our stockholders and key stakeholders. Decisions are also made based on states and districts with a significant Intel presence and leadership on committees of jurisdiction on important Intel priorities. In cases of significant misalignment across multiple priority issues, we will take action to realign future funding decisions. We also take actions to make our priorities and positions on key issues clear by publicly supporting amicus briefs or other joint policy communications. In 2017, we published statements on our [Public Policy](#) blog covering a range of issues important to our business and industry, from technology infrastructure and regulation of emerging technologies, to diversity and inclusion and climate change.



# RESPECTING HUMAN RIGHTS

Human rights are the fundamental rights, freedoms, and standards of treatment to which all people are entitled. Intel's [Human Rights Principles](#), adopted in 2009, formalize our commitment to respecting human rights; embody common principles laid out in multiple frameworks, including the [United Nations Guiding Principles for Business and Human Rights](#); and apply to all employees and contingent workers, including those in our subsidiaries.

We are committed to maintaining and improving systems and processes to avoid complicity in human rights violations related to our own operations, supply chain, and products. We also see potential opportunities for our technology to support the advancement of human rights.

Intel has established an integrated approach to managing human rights across our business, including board-level oversight and the involvement of senior-level Management Review Committees. Our Corporate Responsibility Office manages our human rights program, and responsibility is also embedded across the company through close partnerships with global teams that develop and implement policies and actions related to our human rights risks.

## Our Approach to Managing Human Rights

### Our Operations

Our goal is to cultivate a safe, diverse, and respectful work environment where employees can thrive and innovate. As a founding member of the Responsible Business Alliance (RBA)<sup>1</sup>, we hold ourselves accountable to the same expectations we have for our suppliers. We apply the same high expectations and human rights standards for all our employees, regardless of where they work.

<sup>1</sup> Formerly the Electronic Industry Citizenship Coalition (EICC).

The [Intel Environmental, Health, and Safety Policy](#) guides us to "provide a safe and injury-free workplace" through our core safety programs and injury-reduction initiatives—not only for our employees, but also for contractors working at our sites. In addition, the [Intel Water Policy](#) reinforces our respect for the human right to water by helping us responsibly meet our operational needs as well as those of our communities.

### Our Supply Chain

We have invested significant time and resources in collaborating with others to influence system-level, industry-wide improvements to protect and empower workers in the global electronics supply chain and reduce community impacts. For more information, see the [Supply Chain Responsibility](#) section of this report.

### Our Products

We have long been committed to respecting privacy and security related to the development and use of our products. Our Privacy by Design and Secure Development Life-Cycle processes define actions, deliverables, and checkpoints aimed at integrating security and privacy protections into our products and services. Our development process includes an analysis of how products protect against unauthorized access, use, destruction, modification, or disclosure of personal information, and we review the security and privacy implications of our products with internal or external experts. Intel does not participate in any efforts to decrease security in technology and does not design back doors for access into our products. We also publish our [Intel Privacy Notice](#), which outlines our general approach to managing personal information. In addition, we advocate for global policies and standards to protect data privacy and security, and proactively communicate our positions on our [Public Policy](#) blog.

As Intel invests in new technologies such as artificial intelligence, autonomous driving, virtual reality, and 5G, we are engaging various stakeholders to evaluate the potential for these technologies to infringe on human rights. The challenges vary by product or service, but include product misuse, algorithmic bias, algorithmic transparency, privacy infringement, limits on freedom of expression, and health and safety impacts. We continually assess our policies and practices to identify, assess, and mitigate emerging risks.

## Our Salient Human Rights Risk Areas



Discrimination



Health and Safety



Forced Labor



Working Hours



Living Wage



Raw Materials



Water



Privacy



Freedom of Expression

## SEE MORE

For more detail, see our Salient Human Rights Risk mapping on the [Report Builder](#) website.

## Advancing Respect for Human Rights

In 2016, we engaged a third party to conduct a human rights impact assessment (HRIA) to review our processes and validate our human rights risks. The HRIA confirmed that we were addressing our most salient human rights risks, and reaffirmed our need to assess potential risks associated with emerging technologies. In response to the HRIA, in 2017:

- We launched a Human Rights Steering Group responsible for reinforcing Intel's culture of respecting human rights corporate-wide. The group meets quarterly or as necessary to develop strategies to avoid contributing to human rights abuse through our operations, supply chain, and products; consider emerging issues; and address any violations as they occur.
- We engaged human rights experts to facilitate a cross-functional workshop to enable us to more effectively identify and manage the potential human rights impacts of emerging technologies.
- We updated Intel's Human Rights Principles to increase transparency of our salient human rights risks, demonstrate alignment with the UN Guiding Principles, and proactively address stakeholder needs.

## 2018 Human Rights Priorities

- Complete the first Intel-led HRIA to assess the potential human rights impacts of emerging technologies such as artificial intelligence and autonomous driving.
- Advance our responsible mineral sourcing program to address social impacts beyond conflict in the Democratic Republic of Congo. For more details, see "[Responsible Mineral Sourcing](#)" in the Supply Chain section of this report.
- Extend our work to combat forced and bonded labor in the second tier of our supply chain.

Salient Risk	Value Phase	Related Policies
Discrimination	Operations, Supply Chain, Products	<ul style="list-style-type: none"><li>• Equal Opportunity and Diversity Guideline</li><li>• RBA Code of Conduct</li></ul>
Forced Labor	Supply Chain	<ul style="list-style-type: none"><li>• Intel Anti-Slavery and Human Trafficking Statement</li><li>• RBA Code of Conduct</li></ul>
Freedom of Expression and Privacy	Products	<ul style="list-style-type: none"><li>• Intel Privacy Policy</li></ul>
Health and Safety	Operations, Supply Chain, Products	<ul style="list-style-type: none"><li>• Intel Environmental, Health, and Safety Policy</li><li>• RBA Code of Conduct</li><li>• Intel Product Safety Policy</li></ul>
Legal Wages	Supply Chain	<ul style="list-style-type: none"><li>• RBA Code of Conduct</li></ul>
Raw Minerals	Supply Chain	<ul style="list-style-type: none"><li>• Intel Responsible Mineral Sourcing Policy</li></ul>
Water	Operations	<ul style="list-style-type: none"><li>• Intel Water Policy</li></ul>
Working Hours	Supply Chain	<ul style="list-style-type: none"><li>• RBA Code of Conduct</li></ul>

Above is a high-level mapping of our salient human rights risks within our value chain and the relevant supporting policies, in addition to the Intel Code of Conduct and Intel Human Rights Principles.

98%  
CONFLICT-FREE  
SOURCES

We strive to go beyond conflict-free<sup>1</sup> and not source from mines known to exploit workers or fund crimes against humanity. Our latest assessment revealed that approximately 98% of our relevant suppliers use only smelters and refiners whose products are from conflict-free sources. Read more in "[Responsible Mineral Sourcing](#)" in the Supply Chain section of this report.

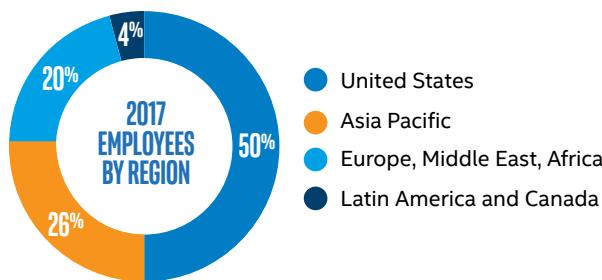
<sup>1</sup> "Conflict-free" refers to products, suppliers, supply chains, smelters, and refiners that, based on our due diligence, do not contain or source tantalum, tin, tungsten, or gold that directly or indirectly finance or benefit armed groups in the Democratic Republic of the Congo or adjoining countries.

# HUMAN CAPITAL

Given the highly technical nature of our business, our success depends on our ability to attract and retain talented and skilled employees. Approximately 87% of our people work in technical roles.

From hiring, on-boarding, and integration, to performance management, career development, and industry-leading compensation and benefits, we are invested in creating a diverse and inclusive environment where our employees can deliver their workplace best every day. Detailed information on our diversity and inclusion initiatives is available on our [Diversity](#) website and in the [Diversity and Inclusion](#) section of this report.

Intel's Human Resources (HR) organization has primary responsibility for the management of our workplace and talent development activities, and the [Intel Values](#), [Intel Code of Conduct](#), and [Intel Human Rights Principles](#) form the foundation of our workplace policies and practices.



As of December 30, 2017, we had 102,700 employees worldwide, with approximately 50% of those employees located in the U.S. A list of sites with more than 50 employees is included on the [Report Builder](#) website.

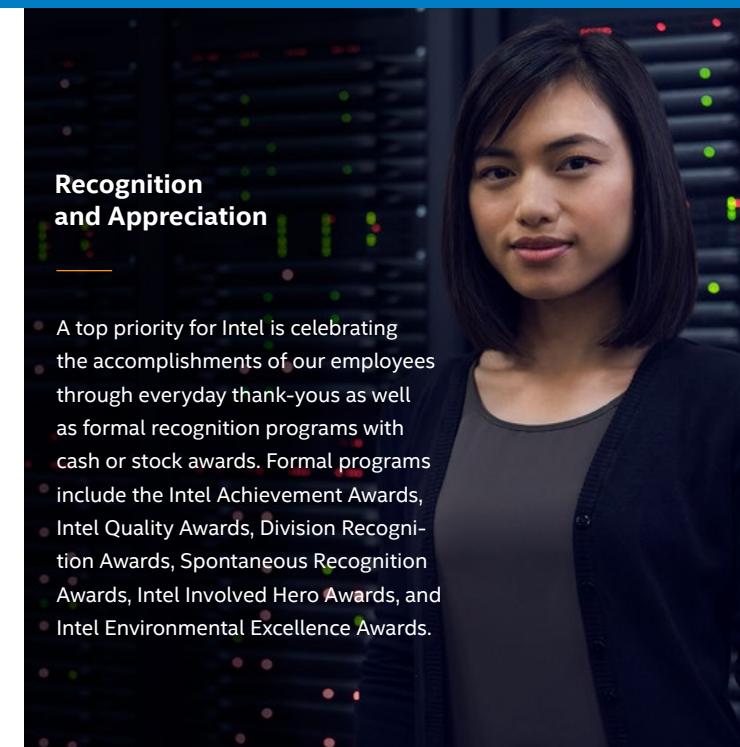
## Communication and Engagement

We believe that our success depends on employees understanding how their work contributes to the company's overall strategy. We use a variety of communications channels to facilitate open and direct communication, including open forums with our executives and quarterly Organizational Health Polls, and engagement through 32 different employee resource groups such as the Women at Intel Network.

## Growth and Development

We invest significant resources to develop the talent needed to keep Intel at the forefront of innovation and make Intel an employer of choice. Each year, we deliver millions of hours of web-based and face-to-face training for different employee segments: New to Intel, Employee Development, Manager Development, and Leader Development. Through the "Managing at Intel" course, we are training every manager in the company in inclusive management practices and providing resources and tools to support them.

We also create on-the-job development opportunities through rotation or temporary assignment programs. Our web-based development tool enables employees to apply for part-time or temporary assignments across the company. In addition, our U.S. sabbatical program creates growth opportunities through job coverage assignments; many of the employees who completed sabbatical coverage assignments in 2017 gained valuable management experience by covering for their direct managers.



## 2017 LEARNING AND DEVELOPMENT STATISTICS

Total learning hours delivered <sup>1</sup>	1,922,668
Number of learners who received training <sup>2</sup>	179,683

Most of Intel's internal courses are led by employee volunteers who leverage their skills and knowledge of a particular subject to teach other employees.

<sup>1</sup> Includes a mix of training methods, such as instructor-led classroom, virtual classroom, and multimedia.

<sup>2</sup> Includes Intel employees, contractors, suppliers, and interns.

## Employee Health, Safety, and Wellness

Our health, safety, and wellness programs help employees enjoy a better quality of life and contribute to Intel's success. Our innovative, flexible, and convenient employee programs include on-site health centers and fitness classes and facilities.

Our ultimate goal is to achieve zero serious injuries through continued investment in and focus on our core safety programs and injury reduction initiatives. The [Intel Environmental, Health, and Safety Policy](#) guides us to "provide a safe and injury-free workplace"—not only for our employees, but also for contractors working at our sites. We maintain a fully integrated [multi-site registration](#) for Occupational Health and Safety

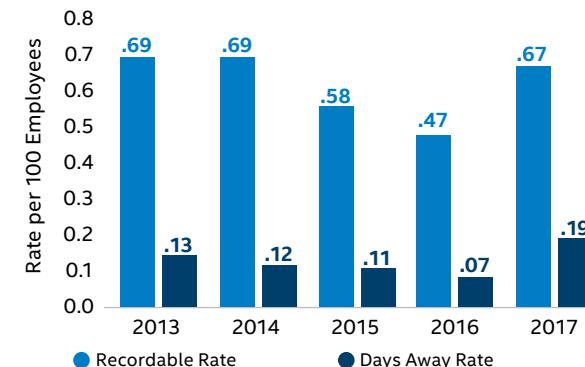
Assessment Series (OHSAS) 18001, the internationally recognized standards for occupational safety and health management systems. We set high safety training and performance expectations with our suppliers during our contracting process, including contractor orientation for new suppliers. For more information, see the [Supply Chain Responsibility](#) section of this report.

Health and safety training helps employees understand their safety responsibilities, and covers information needed for specific jobs (such as electrical safety, ergonomics, control of hazardous materials, and chemical safety). We continue to maintain our comprehensive, corporate-wide EHS compliance assurance program. For information about this program and our Notices of Violation, refer to the [Environmental Sustainability](#) section of this report.

Intel ended 2017 with an Occupational Safety and Health Administration (OSHA) recordable rate of 0.67, compared to the U.S. semiconductor industry average recordable rate of 0.9<sup>1</sup>. Our days away case rate<sup>2</sup> is 0.19 compared to the semiconductor industry average of 0.4.<sup>1</sup> Ergonomic-related or "cumulative trauma disorders" (CTDs) remained the most prevalent type of injury experienced at Intel in 2017, followed by strain/sprains, cut/lacerations, and contusion/bruises. In 2017, we implemented Wellnomics office ergonomics software, which aims to reduce ergonomic-related injuries and increase productivity with micro-breaks, desk exercises, and more. Our First Aid to Recordable Ratio for CTDs declined from 2.8 to 1 in 2016 to 1.87 to 1 in 2017.

In 2017, more than 11,700 employees participated in the U.S. Intel Vitality Program, which helps employees achieve their personal best with free individualized plans focusing on four pillars of wellness: mindset, nutrition, movement, and recovery. 90% of participants surveyed are very satisfied and very willing to recommend this program.

### RECORDABLE AND DAYS AWAY INJURY RATES



Rate based on 100 employees working full time for one year; data as of January 12, 2018.

## Compensation and Benefits

We strive to provide benefits and services that help meet the varying needs of our employees—from working parents and those with eldercare responsibilities, to those in the military reserves. Our total rewards package provides highly competitive compensation, with the inclusion of stock grants, retirement benefits, generous paid time off, bonding leave, flexible work schedules, sabbaticals, on-site services, and more. In 2017, 735 female and 2,146 male employees took parental leave and 100% returned to work. This approach aligns company, employee, and stockholder interests, and provides employees with incentives to focus on meeting or exceeding business objectives.

Our bonus programs, the cornerstones of our pay strategy, link employees' compensation directly to Intel's financial and operational performance metrics:

**Quarterly Profit Bonus:** Cash awards paid to employees four times per year based on Intel's financial success.

**Annual Performance Bonus:** Cash awards based on Intel's achievement of financial and operational metrics. Since 2008, we have included criteria related to corporate responsibility metrics such as diversity and environmental sustainability.

**Equity Plans:** We grant equity in the form of restricted stock units to 90% of our employees each year. In addition, through our Employee Stock Purchase Plan, full- and part-time employees and interns can purchase stock through payroll deductions at 85% of Intel's stock price.

<sup>1</sup> <https://www.bls.gov/iif/oshwc/osh/os/ostb4732.pdf>

<sup>2</sup> Days away begins the day after the accident.

We also offer comprehensive health benefits, including medical, dental, vision, and employee assistance programs for employees and their families. In addition, we offer multiple retirement plan options, including 401(k) retirement contributions by Intel, defined benefits plans, and post-retirement medical benefits.



#### BENEFITS AT A GLANCE

Learn more about our comprehensive benefits at [intel.com/benefits](http://intel.com/benefits).

Included on the *2017 Working Mother 100 Best Companies List* and *Fatherly 50 Best Places to Work for New Dads in 2017*.

#### Measuring Our Progress

We use a variety of methods to solicit employee feedback on Intel culture, management, career opportunities, and compensation and benefits. The Organizational Health Poll (OHP) is one channel by which employees can voice their perceptions of the company and their work experience. The poll, usually administered once per quarter, randomly invites roughly 25% of the employee population to participate (excluding those previously invited), resulting in most employees having the opportunity to participate about once per year. Trends in areas such as employee emotional commitment, job fit, trust, and organizational direction are monitored at the corporate, business group, and country levels.

**86%** "I like the kind of work I do."<sup>1</sup>

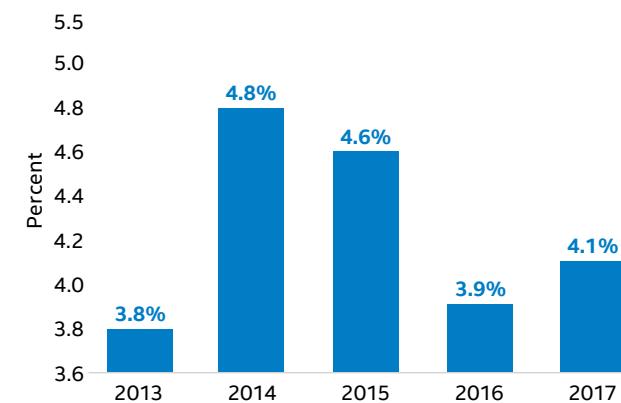
**85%** "I would like to be working at Intel one year from now."<sup>1</sup>

**85%** "I know what I need to do to be a valued contributor at Intel."<sup>1</sup>

<sup>1</sup> Responses from the 2017 Organizational Health Poll, averaged from quarterly polls.

Individual business groups also conduct their own surveys to gather employee input and assess progress. For example, our Ethics Program Office surveys employees on the state of ethics at the company, and our Corporate Services organization measures satisfaction with workplace design, cafeterias, and other on-site employee services.

#### UNDESIRED VOLUNTARY GLOBAL TURNOVER



Our undesired voluntary turnover increased slightly from 3.9% in 2016 to 4.1% in 2017. These figures include all regular Intel employees who voluntarily left Intel, but do not include Intel contract employees, interns, or employees who separated from Intel due to divestiture, retirement, voluntary separation packages, death, job elimination, or redeployment.



# STAKEHOLDER ENGAGEMENT

We are committed to operating with transparency and, through open and direct communication, we work to develop trusted relationships with all stakeholders, including employees, customers, suppliers, governments, and communities. We maintain formal management systems to engage with, listen to, and learn from our stakeholders and incorporate their input into our thinking and planning.

## 1. IDENTIFY



We use a range of methods and inputs to identify priority topics and emerging issues from our stakeholders.

**SOURCES:**

- CSR online and social media channels
- ESG investor outreach meetings
- Results of community advisory panels and surveys
- Customer data requests and survey data
- Employee open forums and surveys
- Meetings with governments
- Human rights impact assessment and ethics and compliance processes
- Research on external standards, trends, and frameworks

**ISSUES IDENTIFIED:**

Topics and concerns raised by our stakeholders include those related to our business, such as financial performance, business strategy, taxes and incentives, political accountability, human rights, and data security. Stakeholders also raise topics related to the environment, including climate change, water conservation, air emissions, materials and chemical usage, and biodiversity. Other issues of concern for stakeholders relate to our supply chain, including conflict minerals, forced and bonded labor, and supplier audits; diversity, including LGBTQ rights and pay equity; and social impact, including support for youth technology skills, and community engagement.

In addition to face-to-face meetings, a number of online channels provide us with valuable, ongoing input on our performance and strategy. Our corporate responsibility [e-mail account](#) enables stakeholders to share their issues, concerns, and comments directly with members of our corporate responsibility team, who respond to hundreds of messages each year on a wide variety of topics. We also receive and respond to feedback through our

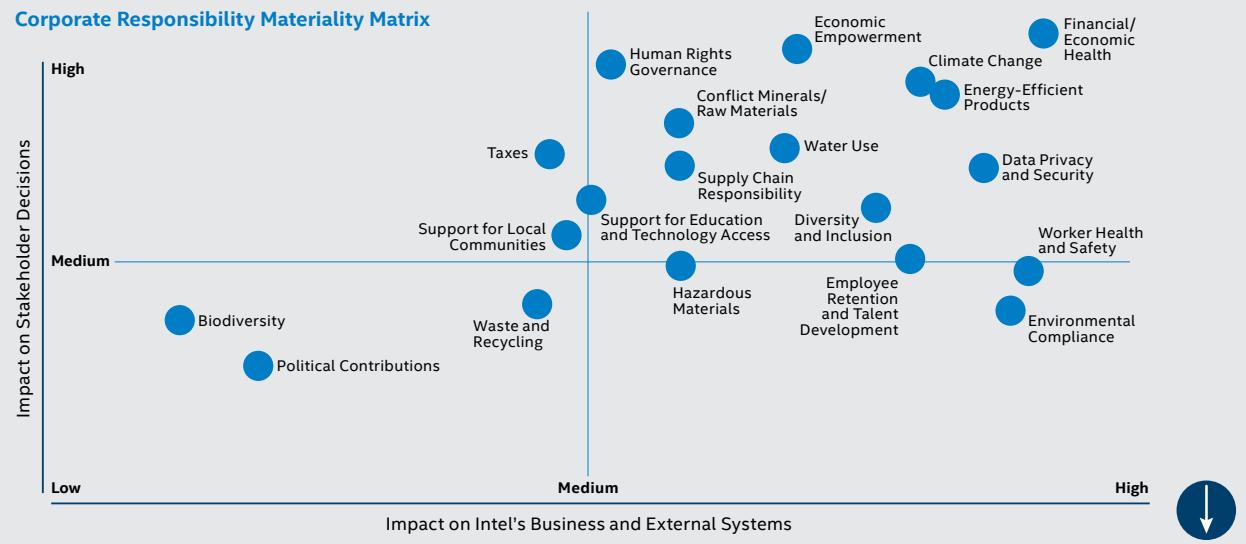
[CSR@Intel](#) blog, [Exploreintel.com](#) website, [Facebook](#) page, and [@WeAreIntel](#) Twitter account.

The corporate responsibility materiality matrix below illustrates how we identify, prioritize, and take action surrounding the topics we believe are of greatest interest to our stakeholders regarding Intel's environmental, social, and economic performance.

## 2. PRIORITIZE

We review issues and consider both the potential impact on stakeholder decisions and the impact on Intel's business and external systems.

**Corporate Responsibility Materiality Matrix**



## 3. REVIEW/TAKE ACTION

We review priority issues with internal and external groups and use this information to inform changes to our strategies, goals, and ongoing engagement and disclosure practices.



# KEY CORPORATE RESPONSIBILITY CHALLENGES AND OPPORTUNITIES

Based on our corporate responsibility materiality analysis, we believe that the following issues represent key challenges and opportunities for Intel:

TOPIC	CHALLENGES	OPPORTUNITIES
CLIMATE CHANGE	Discussions about net zero carbon and science-based targets are increasing, and expectations for companies to further reduce absolute emissions from operations and to address the climate change impact of products continue to rise.	Worldwide efforts to reduce emissions and address climate change present potential market opportunities for Intel technologies, including those for smart grids and transportation, as well as those related to big data and machine learning to support climate modeling.
WATER USE	Sustainable water management is a key expectation for our industry. We face challenges in reducing our water use as our manufacturing processes become more complex.	The increasing focus on water scarcity worldwide presents opportunities to apply our technology to help others conserve water in a wide range of areas—from smart factories to agricultural applications.
WORKFORCE TALENT AND DIVERSITY	Our ability to attract and retain top talent is key to our business success and is dependent upon our reputation as an employer that invests in cultivating a safe, respectful, and ethical work environment that enables employees to thrive.	We have an opportunity to lead in our industry through targeted external programs aimed at building talent pathways in engineering and technical disciplines and through initiatives to expand diversity across the electronics industry.
TECHNOLOGY ACCESS AND INCLUSION	Technology is a force for positive social impact and has the power to be a great equalizer, but it also has the potential to disrupt entire industries. Rapid technology changes have broad implications for the technology and innovation skills that today's youth will need to succeed in the future.	Recognizing the lack of access to technology and education that still exists for many people around the world—and the importance of enabling that access—we have multiple engagement efforts and collaborations in this area.
HUMAN RIGHTS AND SUPPLY CHAIN RESPONSIBILITY	Expectations for companies around the topic of human rights and protection of vulnerable workers in global supply chains continue to evolve. As technology becomes more pervasive, additional stakeholder concerns are emerging surrounding the use of technology products by governments in ways that raise censorship and human rights issues.	New legislation related to human trafficking and forced and bonded labor present opportunities for companies to make improvements in policies and processes and for increased collaboration and leadership.
PRIVACY AND DATA SECURITY	The continued success of our business depends upon individuals' trust in their use of technology and in the responsible, protected collection and processing of their data.	We have long been committed to respecting privacy, security, and human rights related to our products and business operations. Many opportunities are evolving to apply emerging technologies to support the fundamental human rights of privacy and freedom of expression.



# PERFORMANCE SUMMARY AND GOALS

## Progress Toward Goals

The following table provides a high-level summary of our company-wide goals in key corporate responsibility areas. More detailed discussions of our performance to goals and our future goals is integrated into each relevant section of this report.

	<b>Goal</b>	<b>Progress By the End of 2017</b>	<b>Status</b>
Environmental Sustainability	Reduce direct greenhouse gas (GHG) emissions by 10% on a per unit basis by 2020 from 2010 levels.	20% reduction since 2010	On track
	Grow the installation and use of on-site alternative energy to three times our 2015 levels by 2020.	2x increase in installations	On track
	Continue 100% green power in our U.S. operations and increase alternative energy use for our international operations from 2015 to 2020.	100% U.S. and EU, 73% globally	On track
	Achieve cumulative energy savings of 4 billion kWh from 2012 to 2020.	3 billion kWh saved	On track
	Increase the energy efficiency of notebook computers and data center server products 25x by 2020 from 2010 levels. <sup>1</sup>	8x since 2010 (data center server products)	On track (data center server products) At risk (notebook computers)
	Reduce water use on a per unit basis below 2010 level by 2020.	10% reduction since 2010	On track
	Restore 100% of our global water use by 2025.	18% <sup>2</sup> progress	On track
	Achieve zero hazardous waste to landfill by 2020. <sup>3</sup>	3% sent to landfill	On track
	Achieve a 90% non-hazardous waste recycle rate by 2020.	85% recycled	On track
	Design all new buildings to a minimum LEED* Gold certification between 2015 and 2020.	46 buildings certified to date	On track
Supply Chain Responsibility	Ensure that 90% of suppliers participating in our Program to Accelerate Supplier Sustainability (PASS) meet advanced expectations in ethics, environmental performance, and labor practices by the end of 2017.	86% met expectations	Not met
	Reach 90% compliance to each of our 12 environmental, labor, ethics, health and safety, and diversity and inclusion supplier expectations.	New	-
	Establish an 85% "green" Intel ground transportation fleet by 2019.	75% green fleet achieved	Sunsetted <sup>4</sup>
	Implement an enhanced green chemistry screening and selection process for 100% of new chemicals and gases by 2020.	Initial assessment complete	On track
Diversity and Inclusion	Increase our annual spending with diverse-owned suppliers to \$1 billion by 2020.	\$650 million spent in 2017	On track
	Achieve full representation of women and underrepresented minorities at Intel in the U.S. by the end of 2018. <sup>5</sup>	84% of gap closed	On track
Social Impact	Through the Intel® She Will Connect program, reach 5 million women in Sub-Saharan Africa by 2020.	3.3 million women reached	On track

<sup>1</sup> Data center energy efficiency is determined by server energy efficiency (as measured by SPECpower\_ssj2008 or equivalent publications and using a 2010 baseline of an E56xx series processor-based server platform) as well as technology adoption that raises overall data center work output (such as visualization technology). Notebook computer energy efficiency is determined by average battery life, battery capacity, screen size, and number of recharge cycles of volume notebook computers in that model year.

<sup>2</sup> This 18% represents progress made toward restoring an equivalent amount of water to what Intel consumes, which was approximately 2 billion gallons in 2016.

<sup>3</sup> We define zero hazardous waste to landfill as less than 1%.

<sup>4</sup> We will no longer be pursuing this goal and are reevaluating the appropriate goal moving forward. For more detail, please see "[Supplier Environmental Impact](#)" in the Supply Chain section of the report.

<sup>5</sup> Full representation (or full workforce representation) is the point at which Intel's workforce in the U.S. matches the supply of skilled talent available (market availability) for current roles at Intel. This was originally a 2020 goal, which we pulled into 2018.



## Key Performance Indicators

Report Section	2017	2016	2015	2014	2013
<b>Our Business and Financial Results</b>					
Net revenue (dollars in billions)	\$62.8	\$59.4	\$55.4	\$55.9	\$52.7
Net income (dollars in billions)	\$9.6	\$10.3	\$11.4	\$11.7	\$9.6
Provision for taxes (dollars in billions)	\$10.8	\$2.6	\$2.8	\$4.1	\$3.0
Research and development spending (dollars in billions)	\$13.1	\$12.7	\$12.1	\$11.5	\$10.6
Capital investments (dollars in billions)	\$11.8	\$9.6	\$7.3	\$10.1	\$10.7
Employees at year end (thousands)	102.7	106.0	107.3	106.7	107.6
Safety – recordable rate <sup>1</sup> /days away case rate <sup>1</sup>	0.67/0.19	0.47/0.07	0.58/0.11	0.69/0.12	0.69/0.13
<b>Environmental Sustainability</b>					
Greenhouse gas emissions (million metric tonnes of CO <sub>2</sub> equivalent) <sup>2</sup>	2.46	1.62	2.00	2.08	1.69
Energy use (billion kWh – includes electricity, gas, and diesel)	7.3	6.5	6.4	5.9	5.6
Total water withdrawn (billions of gallons)	11.1	9.4	9.0	8.4	8.7
Hazardous waste generated (thousand tons)/% to landfill	78.8/3%	63.6/0.7%	61.6/2%	49.4/0.4%	41.3/1%
Non-hazardous waste generated (thousand tons)/% recycled	108.0/85%	81.0/82%	80.8/82%	94.7/86.4%	120.7/89.4%
<b>Supply Chain Responsibility</b>					
On-site supplier audits (third-party and Intel-led audits)	167	150	121	129	133
<b>Diversity and Inclusion</b>					
Women in our global workforce	27%	26%	25%	25%	26%
Women on our Board at year end <sup>3</sup>	17%	18%	18%	18%	20%
<b>Social Impact</b>					
Employee volunteerism rate	36%	38%	41%	39%	43%
Worldwide charitable giving (dollars in millions) <sup>4</sup>	\$89.6	\$122.7	\$90.3	\$102.3	\$109.5

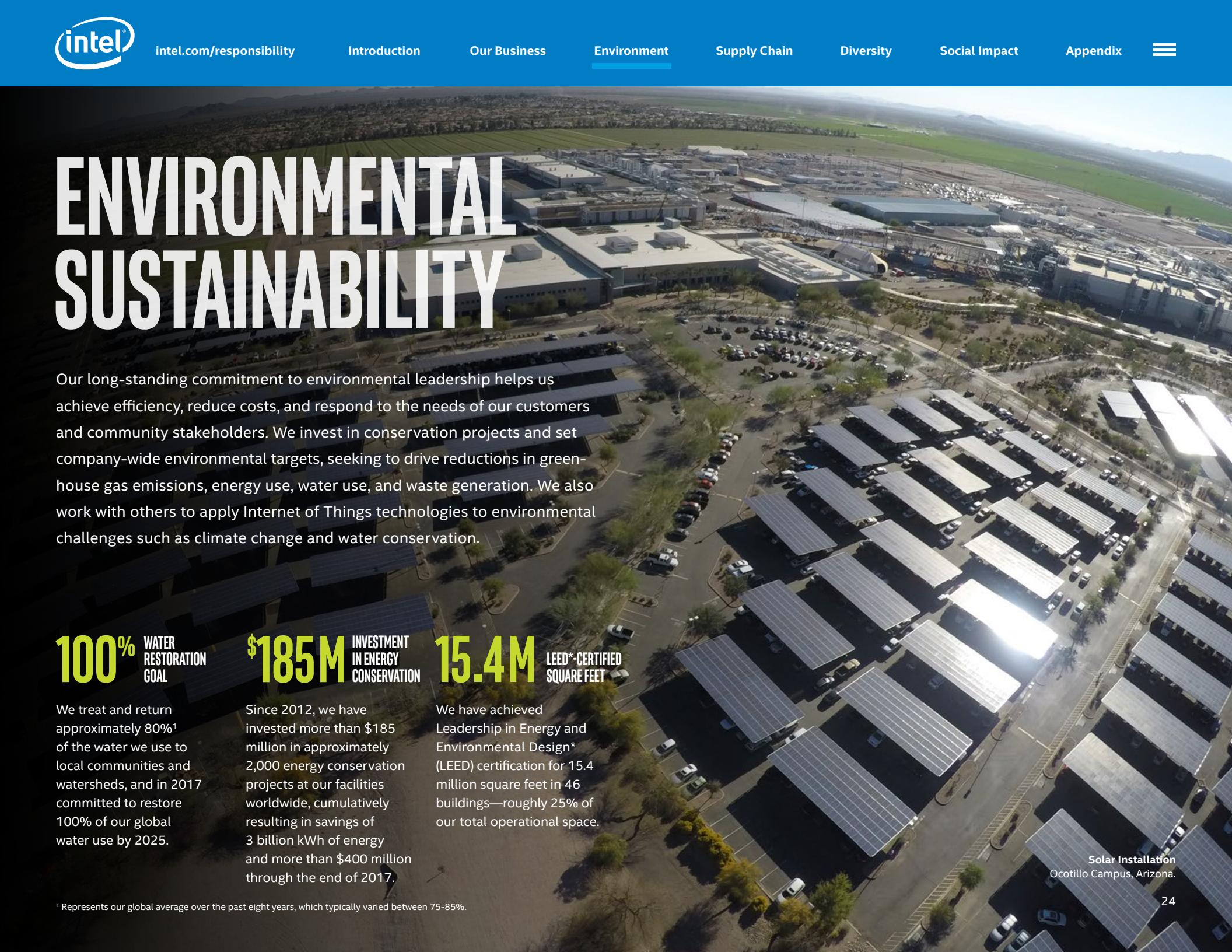
<sup>1</sup> Rate based on 100 employees working full time for one year; data is as of January 12, 2018.

<sup>2</sup> Including purchases of renewable energy certificates.

<sup>3</sup> If each director nominee is elected to the Board at the 2018 Annual Stockholders' Meeting, the percentage of women on the Board will be 20%.

<sup>4</sup> Includes total giving (cash and in-kind) from Intel Corporation and the Intel Foundation.

# ENVIRONMENTAL SUSTAINABILITY



Our long-standing commitment to environmental leadership helps us achieve efficiency, reduce costs, and respond to the needs of our customers and community stakeholders. We invest in conservation projects and set company-wide environmental targets, seeking to drive reductions in greenhouse gas emissions, energy use, water use, and waste generation. We also work with others to apply Internet of Things technologies to environmental challenges such as climate change and water conservation.

**100%** WATER RESTORATION GOAL

**\$185M** INVESTMENT IN ENERGY CONSERVATION

**15.4M** LEED\*-CERTIFIED SQUARE FEET

We treat and return approximately 80%<sup>1</sup> of the water we use to local communities and watersheds, and in 2017 committed to restore 100% of our global water use by 2025.

Since 2012, we have invested more than \$185 million in approximately 2,000 energy conservation projects at our facilities worldwide, cumulatively resulting in savings of 3 billion kWh of energy and more than \$400 million through the end of 2017.

We have achieved Leadership in Energy and Environmental Design\* (LEED) certification for 15.4 million square feet in 46 buildings—roughly 25% of our total operational space.

Solar Installation  
Ocotillo Campus, Arizona.

<sup>1</sup> Represents our global average over the past eight years, which typically varied between 75-85%.

# STRATEGY AND MANAGEMENT APPROACH

Building on our historical reductions in energy consumption, water use, and waste generation, we continue to drive to the lowest environmental footprint possible—even as Intel grows.

The [Intel Code of Conduct](#), [Climate Change Policy](#), [Water Policy](#), and [Environmental, Health, and Safety Policy](#) guide our sustainability strategy and help us set our goals. We work to engage all of our employees in helping to reduce our environmental impact.

## Governance and Management

Unlike many companies in the electronics industry that outsource their production, we manufacture the majority of our products in our own wafer fabrication facilities. As a result, Intel has a more significant direct environmental footprint than those of our “fab-less” competitors, whose manufacturing footprints sit in their supply chains. We

consider environmental impact when we select sites, design buildings, set performance levels for manufacturing tools, and establish goals for production processes.

For over a decade, Intel has maintained:

- Multi-site, third-party-verified ISO 14001 registration to help us evaluate the effectiveness of our environmental management system.
- ISO 50001 Energy Management standards at five of our 12 manufacturing sites to demonstrate our energy-efficiency improvements and commitments.
- Environmental, health, and safety (EHS) program self-assessments to validate site-level EHS compliance.

Our senior corporate EHS professionals also partner with legal counsel to complete internal audits related to compliance, management systems, and business risk at various Intel sites. The audits include in-depth documentation and records reviews, interviews with site leadership, and physical inspections related to EHS compliance.

A key component of our chemical management strategy is a comprehensive review of all materials used. The review begins with a regulatory search of all applicable chemical regulations and use restrictions. The search includes Intel-specific restrictions (which often go beyond regulatory requirements), and local and global regulations. The second phase of the review includes identifying the environmental and safety controls needed to protect personnel and the environment during a chemical's intended use.

On an annual basis, we report Intel's emissions, waste transfers off-site, and treatment of reportable chemicals in the U.S., in accordance with state and U.S. Environmental Protection Agency (EPA) regulations. For our most recent SARA Title III Reportable Chemicals by Site report, access the [Report Builder](#).



Wind Power Installation  
Intel Campus in Santa Clara, CA

## WE ARE STILL IN

In 2017, Intel joined hundreds of businesses, investors, universities, local officials, and state governments in pledging to continue to support the Paris Climate Agreement and pursue ambitious climate goals, despite the U.S. government announcement that it intends to withdraw from the international accord.

## EHS COMPLIANCE REPORTING DATA

Year	Number of NOVs	Fines or Fees
2013	7	\$2,500
2014	4	\$143,000
2015	11	\$0
2016	8	\$0
2017	11	\$8,075

In 2017, officials from environmental, health, and safety agencies made 178 visits to audit and inspect Intel sites across the globe. As a result of those visits, Intel received three environmental Notices of Violation (NOVs), two fire protection-related NOVs, and six health and safety-related NOVs.

Details on NOVs are provided in the [Appendix](#) of this report, and previous NOV data can be accessed on our [Report Builder](#). Senior management reviews all NOVs to ensure root cause corrective actions for all identified concerns are put in place and tracked to completion.

## Collaboration

To better understand how Intel compares to others in our industry, we regularly benchmark our environmental performance with semiconductor and other large companies. To build a supportive policy environment for private sector leadership on climate change, Intel participates in organizations such as the [Center for Climate and Energy Solutions](#) (C2ES), the [American Council for an Energy Efficient Economy](#) (ACEEE), and the [Alliance to Save Energy](#). In addition, we work with the [U.S. Green Building Council](#), which aims to expand the number of manufacturers implementing green building practices. For more information on our approach to environmental policy issues, read the [Public Policy](#) section of this report.

## Employee Engagement

Our “Learn, Act, Share” model helps employees understand sustainability issues, priorities, and goals; work together to take action; and share information about our priorities with others.

The Intel Sustainability Leaders Speaker Series, founded in 2011, increases employee engagement by providing direct communication between employees and the company's environmental leaders, and fosters a corporate-wide sustainability community. Initially a lunch discussion among three employees, the series now reaches employees via teleconference on nine campuses. We attribute the success of the series to the employees

who voluntarily organize it outside of their regular jobs and to our employees' desire to learn about the company's environmental pursuits. [Read more.](#)

## Supply Chain Environmental Impact

We disclose our carbon footprint, water data, and climate-and water-related risks and opportunities through [CDP](#). In 2017, we again requested that our top suppliers also report through CDP. To learn more about this effort and other environmental expectations we establish for our suppliers, see the [Supply Chain Responsibility](#) section of this report.

## Rewarding Employee Efforts

Through the annual Intel Environmental Excellence Awards (EEAs), our employees receive company-wide recognition for innovative projects that they propose and implement to reduce environmental impact, support local communities, and generate bottom-line results. In 2017, employees were awarded for their efforts to cut greenhouse gas (GHG) emissions, conserve water and other resources, increase biodiversity, and reduce waste. Some of their projects included:

### IoT Air Quality Monitoring System

Working in collaboration with Bosch,\* a team from our Internet of Things Group developed an innovative air quality management solution. The system has an easily deployable form factor designed for smart cities, industries, commercial/enterprise, and residential applications. It provides 24/7 micro-climate monitoring covering 10-20 times more locations per zone than traditional air quality monitors, and offers significant improvements in cost, size, coverage, and power consumption. The solution has been deployed at Intel sites in Arizona and India.

### Embracing Biodiversity

A team at Intel Ireland set out to build awareness of the significant environmental threat our planet faces as a result of biodiversity loss. The team's actions included creating a two-acre wildflower meadow, supporting a nature walk and habitat study, and providing education in the local community.

### Energy Conservation

A cross-site team from Intel's Asia operations completed multiple energy conservation and alternative energy projects that resulted in annual savings of 43.3 million kWh. Projects included optimizing energy for systems such as chillers, compressors, air handling units, and lighting; implementation of eco sleep modes for assembly and test manufacturing tools; and installation of alternative energy projects that replaced 3.5 MW capacity of grid-provided power in 2016.

## 2017 EEAS BY THE NUMBERS

In 2017, 24 employee projects were submitted, and six teams consisting of 39 employees across 14 Intel sites won EEAs. We estimate that all 24 projects will enable the following total annual savings:

**\$9M** Cost savings direct to Intel      **\$364M** Total cost savings from the past eight years of EEA projects

**56.7M** kWh per year  
Electricity Savings

**120** tons per year  
Waste Reduction

**97K** therms per year  
Natural Gas Savings

**183M** gallons per year  
Water Conserved

**21,000** metric tonnes per year  
CO<sub>2</sub>e Emissions Reduction

Real-time Internet of Things moisture-sensing technology,  
Vanasche Farms, Oregon.

# CLIMATE AND ENERGY

We believe that climate change is a serious environmental, economic, and social challenge. We focus on reducing our own direct climate "footprint"—the emissions resulting from our own operations, our supply chain, and the marketing and use of our products. We also focus on increasing our "handprint"—the ways in which Intel® technologies help others reduce their footprints. In addition, we collaborate with others to drive industry-wide improvements and policy change.

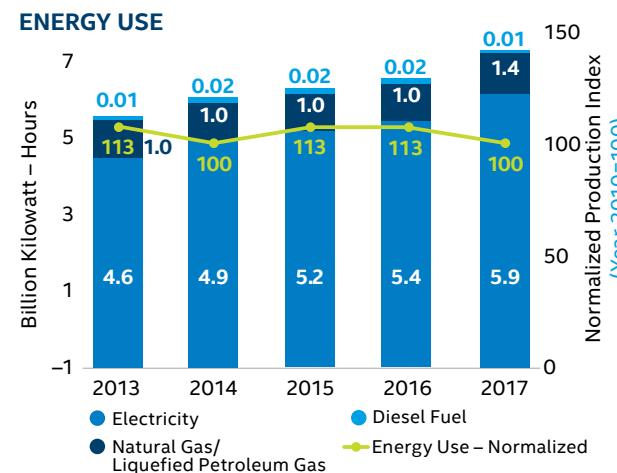
Our [Climate Change Policy](#) outlines our formal position and provides a more detailed history of our climate change actions.

## Reducing Our Operational Carbon Footprint

For close to two decades, Intel has set aggressive greenhouse gas (GHG) reduction goals to conserve energy and minimize our air emissions, and over that time, our Scope 1 and 2 emissions have decreased by about 40% on an absolute basis. Our 2020 environmental goals include a commitment to reduce our direct GHG emissions by 10% on a per unit basis from 2010 levels, while we continue to expand our manufacturing capacity. Reducing our energy use is a key component of our overall climate change strategy, and we have proactively invested in renewable energy purchasing and alternative energy installations.

We also collaborate with others to minimize emissions across the semiconductor industry. For example, we eliminated the use of Class 1 ozone-depleting substances in our manufacturing in the 1990s, and have significantly reduced the use of fluorinated gases in semiconductor production. We also work to minimize our emissions of volatile organic compounds (VOCs), hazardous air pollutants (HAPs), nitrogen oxides (NOx), and carbon monoxide (CO) through the use of thermal oxidizers and wet scrubbers.

We make year-on-year investments to reduce our operational energy use. Since 2012, we have invested more than \$185 million to complete 2,000 energy conservation projects. We incorporate energy efficiency into our facility upgrades. We have had particular success in reducing the requirement for fossil fuel usage to heat our cleanrooms through the use of large-scale heat recovery chillers or heat pumps.



Our 2017 absolute energy use increased 13% compared to 2016 due to our manufacturing growth around the world, but our 2017 normalized energy use decreased 15% from 2016 through 2017 which indicates that we are more efficiently using energy on a per product manufacturing basis.

Our Information Technology (IT) organization has improved the efficiency of our data center operations to increase compute, storage, and IT capabilities while maintaining a flat carbon footprint. For example, Intel converted a 5,000-square-foot wafer fabrication facility

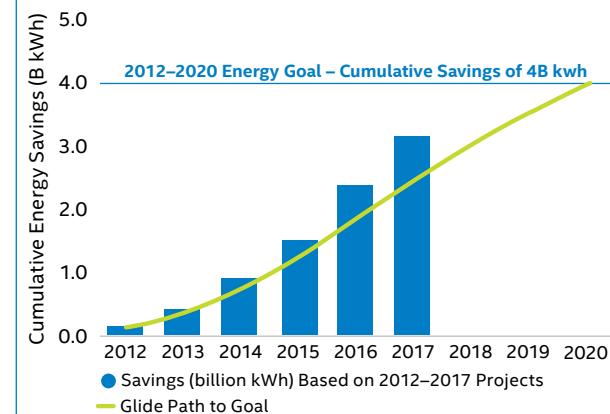
## GOAL

### ENERGY CONSERVATION

Achieve cumulative energy savings of 4 billion kWh from 2012 to 2020.

**Our Progress:** On track

Since 2012, we have achieved cumulative energy savings of more than 3 billion kWh and remain on track to hit our 2020 energy goal. In 2017, we completed 189 projects, saving 142 million kWh of electricity. We also completed 24 projects that saved 4.7 million therms of natural gas.



into a high-density, high-efficiency data center using Intel® architecture-based servers. The data center has the capacity of three legacy data centers, and boasts cooling density and power usage effectiveness of 10 times the industry average.<sup>1</sup>

<sup>1</sup> <https://www.intel.com/content/dam/www/public/us/en/documents/best-practices/intel-it-extremely-energy-efficient-high-density-data-centers-paper.pdf>

## 2017 GREENHOUSE GAS EMISSIONS REPORTED BY TYPE (METRIC TONNES OF CO<sub>2</sub>E)

Scope	Emissions	Notes
Scope 1 Emissions	1,490,000	
Scope 2 (Indirect, Electricity) Emissions	971,000	Market-based method <sup>1</sup> ; includes renewable/REC purchases.
<b>Total Scope 1 and 2 Emissions</b>	<b>2,461,000</b>	
<b>Scope 3 (Indirect, Value Chain) Emissions Total</b>	<b>12,320,000</b>	
Leased Vehicles and Commuting	522,000	Employee leased vehicles and commuting.
Logistics and Distribution	63,000	Upstream and downstream transport and distribution.
Employee Business Travel	106,000	Air travel, car rentals, and hotel stays.
Supply Chain	1,050,000	This figure represents our 2016 estimate based on approximately 90% of materials used in manufacturing. Supply chain scope 3 emissions calculation methodology update is in process and updated data will be included in our next Corporate Responsibility Report.
Capital Goods <sup>2</sup>	13,000	Extraction, production, and transport of capital goods purchased.
Fuel and Energy Related Activities <sup>2</sup>	271,000	Impacts related to extraction, production, and transportation of fuels and energy purchased, not already included in Scope 1 or 2.
Waste Generated in Operations <sup>2</sup>	35,000	Disposal and treatment of waste generated in our operations.
Product Energy Usage	9,868,000	Represents the GHG emissions of the product lifetime (2,667,000 metric tonnes of CO <sub>2</sub> annualized).
Processing of Sold Products <sup>2</sup>	392,000	Processing of intermediate products sold to downstream manufacturers.

<sup>1</sup> Location-based Method Scope 2 Emissions (does not account for any renewable energy/REC purchases) = 2,615,000 metric tonnes CO<sub>2</sub>e/year.

<sup>2</sup> Scope 3 categories added in 2016. To improve our understanding and transparency of our entire value chain carbon footprint, we have assessed all relevant categories as outlined in the GHG Protocol and CDP's Climate Change reporting.



GOAL

### GREENHOUSE GAS EMISSIONS

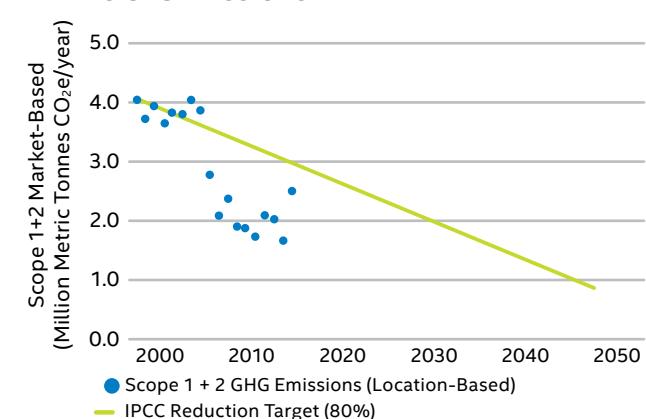
Reduce direct GHG emissions by 10% on a per unit basis by 2020 from 2010 levels.

**Our Progress:** On track

In 2017, our direct GHG emissions decreased 20% on an intensity basis, and we are on track to meet our 2020 goal.

Per unit is based on the number of die produced and made available for sale.

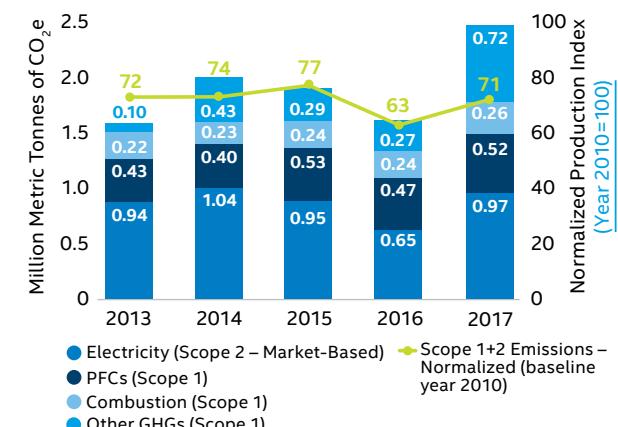
## INTEL'S GHG EMISSIONS – WHERE ARE WE HEADED?



We have been tracking our greenhouse gas emissions against science-based carbon targets recommended by the Intergovernmental Panel on Climate Change (IPCC).

Our emissions calculations are based on Global Reporting Initiative G4 guidelines, the World Resources Institute/World Business Council for Sustainable Development's The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, and internal criteria defined by Intel management. Additional GHG emissions reporting is publicly available in our CDP questionnaire response on the [CDP website](#).

## SCOPE 1 + 2 GREENHOUSE GASES (GHGS)



Our combined Scope 1 (direct) and Scope 2 (indirect) emissions increased by 13% (intensity) and increased by 52% (absolute) from 2016 to 2017 due to manufacturing growth and our conservative accounting for emissions related to heat transfer fluids in new equipment in the first year of use.

## Alternative Energy

In addition to conserving energy, Intel invests in green power and on-site alternative energy projects that provide power directly to Intel buildings. Today, 100% of the power we use in the U.S. and the European Union—which equates to 73% of our global power use—is green power. Since 2008, Intel's renewable energy and renewable energy credit (REC) purchases have totaled approximately 27 billion kWh of green power.

As of the beginning of 2018, we have facilitated the installation of more than 88 on-site alternative energy projects in 15 countries/states, using 19 different technology applications, including solar, wind, hydro, geo, bio-energy, waste-to-energy, chemical/fuel cell, and other supply sources. These projects, which include pilots of innovative technology applications, help us displace more carbon-intensive energy sources and understand future installation opportunities for both Intel and the broader alternative energy market. When installed, they are often the largest corporate on-site projects of their type in a country or region, and include water solar thermal systems, corporate solar-covered parking lots, and a micro wind turbine array.

## Green Power Purchasing

For more than a decade, Intel has been one of the top voluntary corporate purchasers of green power in the U.S. EPA's Green Power Partnership (GPP) program. In addition to generating on-site and off-site green power and purchasing green power for our utility suppliers, we purchase RECs from multiple sources of generation. These includes wind, solar, low-impact hydro power, and geothermal, which are certified and verified by the non-profit Center for Resource Solutions' Green-e® program to meet the requirements of the GPP program.

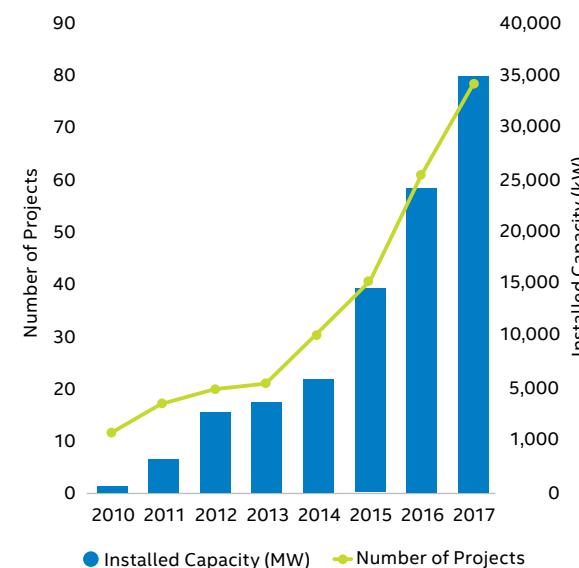
## GOAL

### ALTERNATIVE ENERGY AND GREEN POWER

Grow the installation and use of on-site alternative energy to three times our 2015 levels, continue 100% green power in our U.S. operations, and increase renewable energy use for our non-U.S. operations by 2020.

#### Our Progress: On track

Since 2015, we have doubled the number of completed on-site renewable and alternative energy projects. We continued our 100% green power purchase commitment for the U.S. and increased renewable energy use for our European operations from 0% in 2015 to 100% in 2017. Intel is currently the largest private corporate purchaser of green power in Ireland.



80 on-site projects were completed by the end of 2017. Eight additional projects were completed in the first quarter of 2018.

Our approach to green power and alternative energy investments has been to reduce our own carbon footprint while encouraging others to take similar actions. We aim to stimulate the market to make these options less expensive and more accessible over the long term. We are encouraged by the actions we have seen over the past decade—by companies, investors, and governments—to increase commitments and investments in renewable energy and apply new technologies to drive improvements in digital efficiency.

### Alternative Energy Generation Systems

We have distributed energy generation systems installed in 39 buildings across 15 countries and states. Below are both on-site and off-site alternative energy sources for Intel

<b>United States</b>	<b>Ireland</b>
U.S. EPA Green Power Partnership – National Top 100	Largest voluntary green power purchaser
Largest corporate solar carport <sup>1</sup>	First energy generation from water/air exhaust system <sup>1</sup>
Ranked top 20 for installed solar electric facilities	Malaysia
First and largest micro wind turbine array <sup>1</sup>	Largest solar thermal system installation in a semiconductor plant <sup>1</sup>
<b>European Union</b>	<b>Vietnam</b>
100% renewable energy use in our sites	First and largest solar photovoltaic rooftop power project <sup>1</sup>
<b>India</b>	
First and largest fuel cell power project <sup>1</sup>	
First and largest solar-powered adsorption cooling system <sup>1</sup>	
Largest solar thermal system install on single roof in India <sup>1</sup>	

<sup>1</sup> At installation.

Fuel Cells  
at Intel Campus, India.

## Product Energy Efficiency

The vast majority of environmental impact related to the use of our products pertains to energy consumption. We are committed to helping customers lower the energy costs associated with computing and data centers. Each generation of process technology can enable us to build products that offer higher performance, lower cost, or improved energy efficiency compared to previous generations. Building energy efficiency into our products not

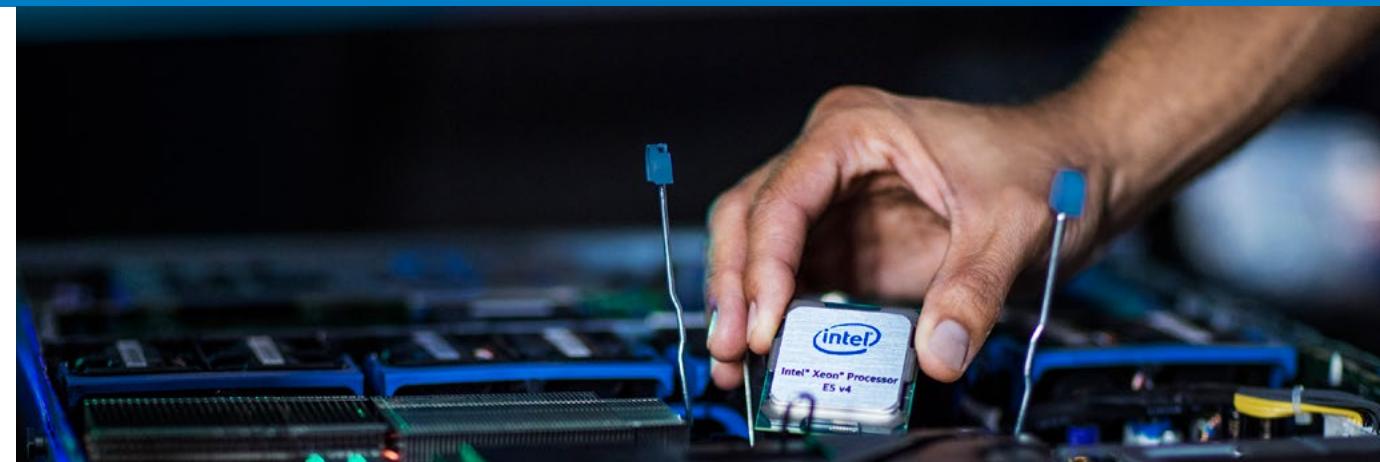
### GOAL

#### PRODUCT ENERGY EFFICIENCY

Increase the energy efficiency of notebook computers and data center server products 25x by 2020 from 2010 levels.<sup>1</sup>

**Our Progress:** On track (data center server products), at risk (notebook computers)

Intel continues to lead the industry in maximizing the productivity and energy efficiency of data center server products. Our data center server products are on track to meet our 2020 energy efficiency targets, and are currently 8x more efficient than 2010 volume servers. For notebook computers, we introduced 4-core mainstream processors to meet market requirements for additional performance without increasing system energy consumption. While we will continue to track our progress on the data center component of this goal, we are currently evaluating alternate options for the notebook metric to focus on our processor's energy efficiency rather than the finished PC system due to the diversity of form factors and system-level features found in the PC market. Client desktop computing continues to be an important PC market segment and as such, we have broadened our energy efficiency efforts to include meeting California Energy Commission Energy Efficiency Standard<sup>2</sup> requirements for computers ahead of the January 1, 2019 effective date.



only reduces our scope 3 GHG emissions, but also lowers the scope 2 emissions of our customers by reducing their energy costs and lowering their environmental impact.

As part of our carbon footprinting efforts, Intel has estimated that the total GHG emissions due to energy consumption by Intel® processors in servers and desktop and notebook computers sold in 2017 equated to 2,667,000 metric tonnes. This figure represents 2017 emissions from products sold in 2017, calculated using the U.S. ENERGY STAR® typical energy consumption model for computing products and the Greenhouse Gas Protocol Corporate Value Chain Accounting and Reporting Standard. The lifetime emissions associated with these processors is 9,868,000 metric tonnes of CO<sub>2</sub>.

#### Policy Advocacy for Product Energy Efficiency

Intel continues to support the International Energy Agency and the G20 Energy Efficiency Action Plan, and the Connected Devices Alliance (CDA) in particular. The [CDA Voluntary Principles for Energy Efficient Connected Devices](#) were developed by the G20 Networked Devices Task Group, consisting of industry and government representatives. The principles provide designers, manufacturers, and protocols authors with guidance on the key features of energy-efficient connected devices, networks, and communications protocols. They also provide a common global framework that policy makers can use in developing government policies and measures. The CDA vision and goals also maintain the complementary objectives of reducing network standby energy consumption while pursuing additional savings through intelligent efficiency.

Intel also partnered with industry stakeholders and the U.S. EPA to finalize ENERGY STAR 7.0 requirements focused on notebook computers' energy consumption reduction, effective November 16, 2018. We believe the ENERGY STAR requirements, while challenging, are achievable.

<sup>1</sup> Data center energy efficiency is determined by server energy efficiency (as measured by SPECpower\_ssj2008 or equivalent publications and using a 2010 baseline of an E56xx series processor-based server platform), as well as technology adoption that raises overall data center work output (such as virtualization technology). Notebook computer energy efficiency is determined by average battery life, battery capacity, screen size, and number of recharge cycles of volume notebook computers in that model year. Due to market evolution, the goal for computer energy efficiency is being reevaluated in 2018.

<sup>2</sup> <http://www.energy.ca.gov/2016publications/CEC-400-2016-026/CEC-400-2016-026-FS.pdf>

# WATER STEWARDSHIP

Semiconductor fabrication operations require significant water use. By responsibly managing our operational water use, we can meet our business needs as well as those of our communities. To learn more, read the [Intel Water Policy](#).

Our water strategy has three main objectives: **conserve** water used in our operations, **collaborate** on water initiatives with local communities, and **create** technology solutions to help others reinvent how they use and conserve water. We have invested more than \$237 million in water conservation projects at our global facilities since 1998. We estimate that our water conservation efforts saved over 3.5 billion gallons of water in 2017. We also completed new projects in 2017 that we estimate will save approximately 1.3 billion gallons annually, once operational. To date, our water conservation efforts have saved around 60 billion gallons of water, enough to sustain over 500,000 U.S. homes for one year.

We currently treat and return approximately 75-85% of our water withdrawals back to municipal water treatment operations, where it can be treated and reused for irrigation or other purposes within the community or returned to the water environment. The remaining 15-25% is consumed within our operations, primarily through evaporation or landscape irrigation.

In addition to our goal to reduce water withdrawals on a per unit basis below the 2010 level by 2020, in 2017 we announced a new goal to restore 100% of our global water use by 2025. This new commitment will close the gap in our water balance (i.e., water consumed) by funding collaborative community-based projects that will restore water in amounts equivalent to what Intel consumes.

See details about our water footprint by location in the [Appendix](#).

## GOAL

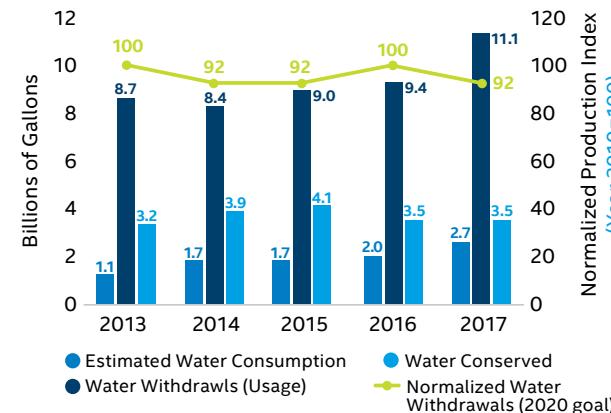
### WATER USE

Reduce water use on a per unit basis below 2010 level by 2020.

**Our Progress:** On track

In 2016, we lowered our reporting threshold, which added 14 sites into our 2017 inventory, as compared to our 2010 baseline year inventory. Comparing only to baseline sites, our normalized water usage decreased by 10% from 2010.

### WATER MANAGEMENT



Our normalized water use decreased by 11% from 2016, and our absolute water use increased by 19% from 2016. We define water withdrawals, or water usage, as total gallons of incoming fresh water (i.e., drinking quality) used. "Operations" includes all manufacturing and non-manufacturing sites with 500 or more employees where Intel has operational control. We define water consumption as the portion of water use that is not returned to a municipality or the original water source.

## GOAL

### WATER RESTORATION

Restore 100% of our global water use by 2025.

**Our Progress:** On track

Since we announced this goal in 2017, Intel has funded projects benefiting Arizona, California, and Oregon watersheds. Our 2017 water restoration goal is based on restoring an equivalent amount of water to what Intel consumes, which was approximately 2 billion gallons in 2016. Work to implement these projects is underway, and based on the anticipated volumetric benefits upon completion, as of the end of 2017, we had achieved approximately 18% of our global restoration goal, with our total water restored at approximately 84%. This goal will be evaluated each year to adjust for changes in our water consumption. Our goal of restoring 100% of our water use will be achieved when our direct return (i.e., discharge) and restoration projects funded by Intel are equal to our water withdrawals.



### HEAR DIRECTLY

Fawn Bergen, Intel's Global Water Stewardship Manager, shares how we plan to achieve our new water restoration goal. [Watch now.](#)

## Conserve

Below are examples of the types of water conservation projects we implemented in 2017:

**Reducing Fresh Water Usage.** At Intel Dalian, a team of engineers completed a water reclamation project that, once operational, we estimate will save 174 million gallons of fresh water per year. The reclaimed water will offset fresh water usage in several mechanical systems at this manufacturing site.

**Ultrapure Water (UPW) Conservation.** A significant amount of our water use is related to production of ultra-pure water (UPW) used to clean silicon wafers during fabrication. Our strategy is to reuse UPW after manufacturing for other industrial purposes or irrigation, and to increase the efficiency of our UPW process. We estimate that our conservation projects related to UPW during 2017 will save more than 942 million gallons and over \$4.3 million in utility costs annually.

## Collaborate

In 2017, as part of our commitment to restore 100% of our global water use by 2025, we funded several restoration projects, including:

**Mountain Island Ranch.** This organic cattle ranch on about 125,000 acres of land along the Colorado River in Utah also serves as a critical wildlife habitat. Working with Trout Unlimited, we are supporting the ranch's conversion to early season, low-water-use grasses, and improvements in irrigation efficiency. Once this project is completed, it will restore an estimated 142 million gallons of water per year.

**Long Valley Meadow.** This high-elevation meadow provides water filtration and storage, as well as wildlife habitat, in Arizona's Coconino National Forest. Through a partnership with the National Forest Foundation, we are supporting the restoration of approximately 20 million gallons of water per year across 42 acres of headwater

meadows. The project uses a "plug and pond" technique that diverts flow out of incised channels and into the meadow. Healthy, functioning headwater meadows retain and slowly release water, which makes them critically important for the hydrology of streams, fish, and wildlife habitats.

For more information on these and other projects, visit our [Water Restoration](#) page.

## Create

We work with other companies and nonprofits to develop and implement technologies that enable both Intel and others to save water. One example is the pilot of an Internet of Things system that we are conducting in partnership with Vanasche Farm, a hazelnut producer in northwestern Oregon. The system tracks weather patterns and measures precise soil moisture at various locations across the farm with the goal of reducing water use by optimizing watering times.



# WASTE MANAGEMENT

Most of the waste we generate is tied to product manufacturing. Building and updating facilities also results in significant construction waste. Approximately 43% of our waste is classified as hazardous, the disposal of which is regulated. The other 57% is non-hazardous, and includes non-regulated wastes such as plastics, metals, organics, and paper.

## Hazardous Waste

Although our absolute and per unit hazardous waste generated has risen as the complexity of our manufacturing processes has increased, we recycled approximately 70% and sent approximately 3% of it to landfills in 2017. To achieve our 2020 hazardous waste goal, multiple groups across Intel are working to recycle or recover waste streams for reuse, or even convert them into sources of revenue. In 2017, we continued the solvent recovery project started in 2016. In partnership with one of our top-performing chemical waste suppliers, we captured over 2,500 tons of solvent for resale from our mixed solvent waste, up from 650 tons in 2016. We also agreed to limit our salt discharge to publicly owned treatment works (POTWs) in Arizona and Oregon, and began collecting the material in 2017 and directing it to landfill. Doing so increased our hazardous waste volume directly to landfill, but in the spring of 2018, we launched Intel's first full chemical reuse life cycle program for salt discharge.

## Non-Hazardous Waste

We have implemented several programs to reduce, reuse, and recycle office furniture and other non-hazardous materials, including donating items to schools and nonprofits, and engaging our employees in recycling efforts. In 2017, we finished the demolition of Fab 17 and achieved a 99% recycling rate for this project, diverting approximately 14,000 short tons from landfill. At the end of 2017, we also diverted our last major fab chemical waste stream from landfill, resulting in the direction of over 700 tons of material into beneficial reuse as feed stock and a replacement for virgin material in cement production. In 2018, we expect to move significantly closer to our 2020 recycling rate goal.

### GOAL

#### HAZARDOUS WASTE

Achieve zero hazardous waste to landfill by 2020.

#### Our Progress: On track

Intel defines zero hazardous waste to landfill as less than 1%. In 2017, we sent 3% of our hazardous waste to landfill, an increase from 2016 primarily due to sulfuric acid being sent to landfill as we await vendor technology to reclaim it.

### GOAL

#### NON-HAZARDOUS WASTE

Achieve a 90% non-hazardous waste recycle rate by 2020.

#### Our Progress: On track

We recycled 85% of our non-hazardous waste in 2017. Fifteen of our sites have achieved recycling rates of 90% or better. We are sharing best practices across Intel to raise our recycling rates and achieve our 2020 recycling goal.

## HAZARDOUS WASTE



From 2016 to 2017, our absolute waste generated increased 24% primarily due to increased production, but our normalized waste generated decreased 11%. Hazardous waste not recycled or sent to landfills was incinerated or biotreated.

## NON-HAZARDOUS WASTE



In 2017, our non-hazardous waste generated increased from 2016 levels primarily due to construction projects. However, compared to 2013, we generated 10% less non-hazardous and our normalized non-hazardous waste generated also decreased by 37%.

Intel's SRR3 Office Building  
India



## GREENER BUILDINGS AND THE INTERNET OF THINGS

Our engineers have long incorporated green design standards and concepts into the new construction and renovation of our facilities. We also partner with companies and nonprofits to expand the number of manufacturers implementing green building practices. Intel is a founder of LEED user groups that have driven cross-company and industry collaboration with the U.S. Green Building Council.

### GOAL

#### GREEN BUILDINGS

Design all new buildings to a minimum LEED Gold certification between 2015 and 2020.

#### Our Progress: On track

We continue to design our new buildings in line with our goal. We've achieved LEED certification for more than 15.4 million square feet of space in 46 buildings, or approximately 25% of our total operational space.

In 2017, Intel's [SRR3 office building](#) in Bangalore, India received LEED Platinum certification. It is a world-class smart and green building equipped with more than 9,000 sensors to monitor and/or optimize temperature, lighting, water use, energy consumption, and occupancy. In addition to solar hot water heating, rainwater harvesting, and a gray water re-use system, SRR3 has LED lighting that reduces the building's energy demand by 50% compared to traditional office buildings.

#### Advancing and Sharing Technology Solutions

As part of Intel's commitment to transparency, we share our real-time building performance in the U.S. At the Robert Noyce Building headquarters in Santa Clara, California, a system using Intel technology displays our

energy and water conservation efforts and provides updates on our performance. The data provided by the system also helps our facilities managers optimize building functions.

We continue to install smart lighting systems in our buildings. The systems reduce energy consumption through daylight harvesting and occupancy sensing, and create a platform on which we can develop future building management technologies.

The Internet of Things is rapidly expanding in the area of building automation. Working with ecosystem partners, [Intel is advancing solutions](#) for smart building energy management, predictive maintenance of HVAC and other building systems, building safety and security, and more.

We are developing the foundation for a plug-n-play ecosystem that includes sensors, network connectivity, and advanced analytics options that will allow us to rapidly and cost effectively deploy Internet of Things solutions. Working with Intel engineers, IT, and Internet of Things partners, we have several proof-of-concept projects and pilots underway, including:

- Wireless water meters for rainwater capture.
- UPW analytical cart wireless monitoring.
- Wireless power meters for non-critical office building circuits.
- A "smart meters" lab for rapidly testing, integrating, and qualifying sensors and IT infrastructure for industrial Internet of Things solutions.
- Exhaust motor wireless vibration and temperature monitoring for early automated problem detection and predictive maintenance.

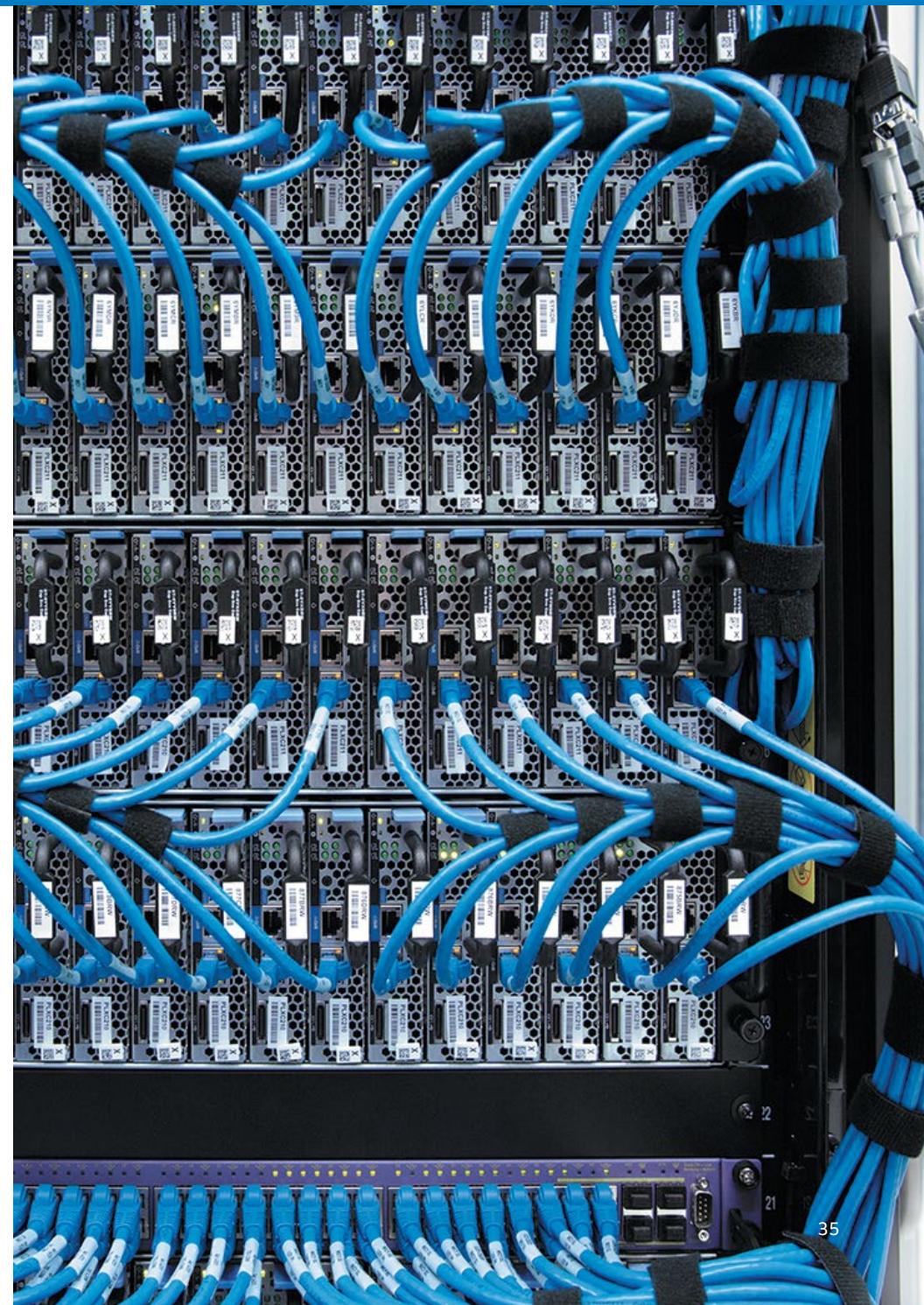
# PRODUCT ECOLOGY

Intel's vision is to avoid the use of substances in its products that could seriously harm the environment or human health and to ensure that we act responsibly and with caution. Intel material restrictions are based on consideration for legal requirements, international treaties and conventions, and specific market requirements.

For more than a decade, we have collaborated with suppliers and customers to eliminate lead and halogenated flame retardants from our products. While legislation does not require the elimination of halogenated flame retardants, Intel has played a role in facilitating industry consensus around low-halogen practices and has chaired industry standards committees on materials selection and eco-design. We also have reviewed our products and engaged our suppliers to meet the requirements of the European Union's Registration, Evaluation, Authorization, and Restriction of Chemicals ([REACH](#)) regulation and comply with applicable product ecology regulations. When we must use hazardous materials, we take steps to ensure that they are handled safely from the time they enter our operations until they are properly disposed of or recycled.

**Electronic Waste.** Managing e-waste such as computers, monitors, and phones is a global concern. Most of our products—including motherboards, microprocessors, and other components—fall within the scope of e-waste laws only when they are incorporated into a final product, generally by an original equipment manufacturer (OEM). As such, we work with OEMs, retailers, customers, and others to identify shared solutions for used electronics. We also take steps to integrate environmental considerations into the design phase of our products to minimize environmental impacts of electronics at their end of life. In some countries, our distributors provide recycling options for products covered by e-waste laws. In 2017, Intel launched a free mail-back program for Intel® NUCs, Intel® Compute Sticks, and Intel® Compute Cards in the U.S., making it easier for U.S. customers to properly recycle these products.

The [Electronic Product Environmental Assessment Tool](#) (EPEAT\*) rating system is designed to help purchasers in the public and private sector evaluate, compare, and select electronic products based on environmental leadership and corporate social responsibility attributes. We provide information about EPEAT conformance to channel partners and customers.



# SUPPLY CHAIN RESPONSIBILITY

Advancing accountability and improving performance across our supply chain creates value for Intel and our customers by helping us reduce risks, improve product quality, and achieve environmental and social goals. Through communication, assessments, and capability-building programs, we work to ensure that our supply chain is resilient, responsible, and respectful of human rights.

**\$13 M** IN FEES  
RETURNED

To prevent forced and bonded labor, we set expectations with our suppliers that workers should not have to pay for their employment. As a result, our suppliers have returned over \$13 million in fees to their workers in our supply chain since 2014.

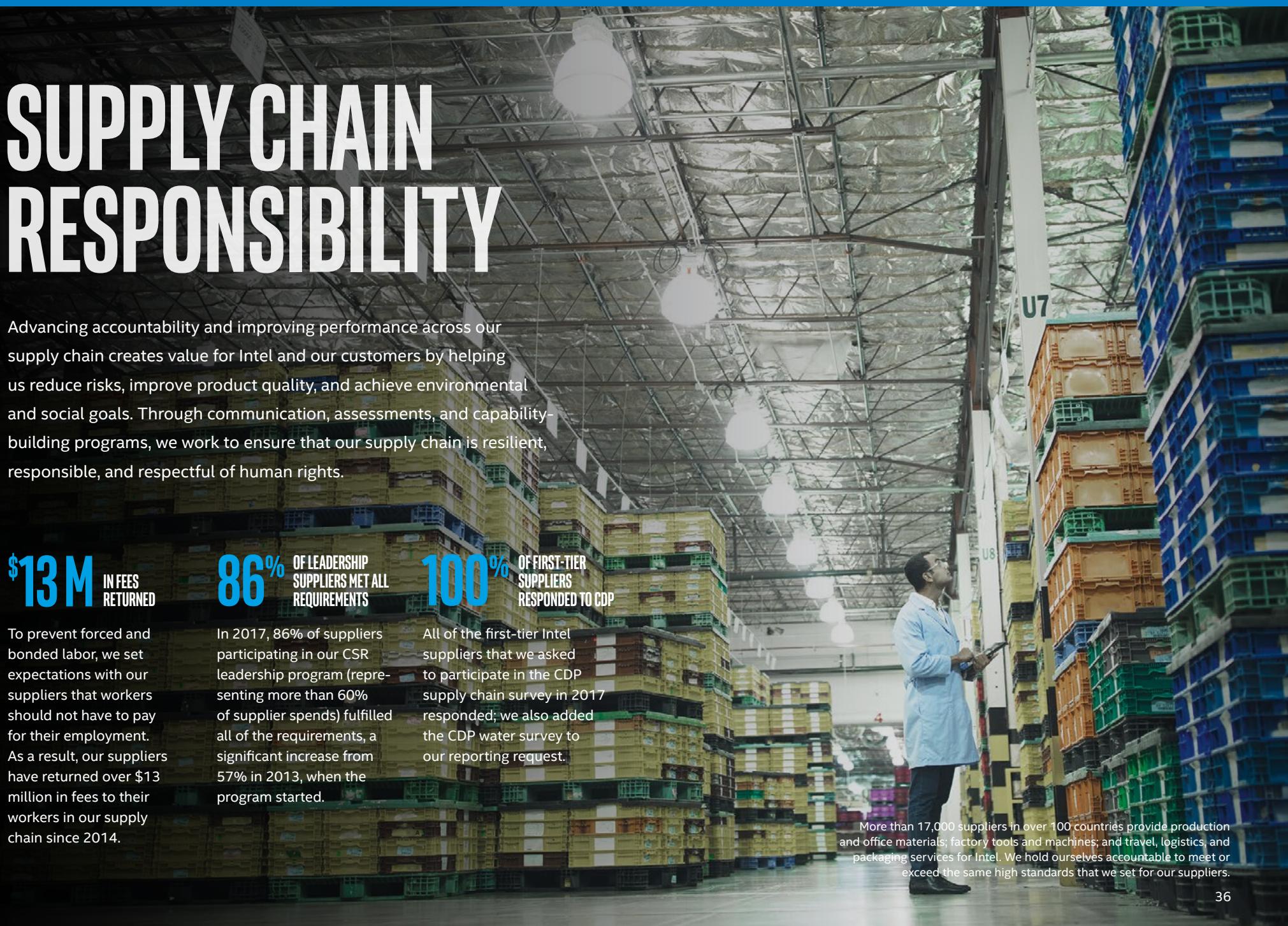
**86%** OF LEADERSHIP  
SUPPLIERS MET ALL  
REQUIREMENTS

In 2017, 86% of suppliers participating in our CSR leadership program (representing more than 60% of supplier spends) fulfilled all of the requirements, a significant increase from 57% in 2013, when the program started.

**100%** OF FIRST-TIER  
SUPPLIERS  
RESPONDED TO CDP

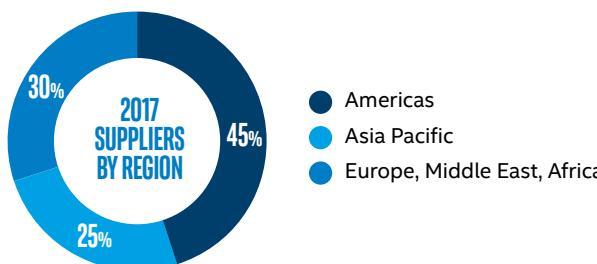
All of the first-tier Intel suppliers that we asked to participate in the CDP supply chain survey in 2017 responded; we also added the CDP water survey to our reporting request.

More than 17,000 suppliers in over 100 countries provide production and office materials; factory tools and machines; and travel, logistics and packaging services for Intel. We hold ourselves accountable to meet or exceed the same high standards that we set for our suppliers.



# STRATEGY AND MANAGEMENT APPROACH

More than 17,000 suppliers in over 100 countries provide direct materials for our production processes, tools and machines for our factories, logistics and packaging services, office materials, and travel services for Intel. We also rely on others to manufacture, assemble, and test some of our components and products. For a list of our top 100 production, capital, services, and logistics suppliers, see the [Appendix](#) of this report.



We expect our suppliers and their suppliers to comply with the [Intel Code of Conduct](#) and the Responsible Business Alliance<sup>1</sup> Code of Conduct ([RBA Code](#)). The RBA Code describes industry environmental, social, and ethical standards, and is consistent with our [Human Rights Principles](#) and the Intel Code of Conduct. For more, read our [RBA Commitment Letter](#).

In addition, we expect our suppliers to develop their own corporate responsibility strategies, policies, and processes; set goals and report on their performance; engage with and audit their own suppliers; and develop, manage, and regularly test business continuity plans.

<sup>1</sup>Formerly the Electronic Industry Citizenship Coalition (EICC).

<sup>2</sup>We recognize diverse suppliers as businesses that are 51% owned and operated by at least one of the following: women; minorities as defined by the country where the business was established; veterans/service-disabled veterans; persons who are lesbian, gay, bisexual, or transgender; or persons who are disabled.

We communicate our expectations in our supplier contracts and request-for-proposal documents, on our supplier website, at meetings and training events, and in annual letters to suppliers.

## High Internal and External Standards

We hold ourselves accountable to meet or exceed the same standards that we set for our suppliers, and audit ourselves to the same protocols. In 2017, our assembly and test facility in Kulim, Malaysia was audited using the RBA Validated Assessment Process (VAP). One minor finding, in the area of facilities management, was identified and addressed, and the site's overall score was 197 out of 200. For more details, see the [audit summary](#). In addition, our Chengdu, China facility that was audited in 2016 received a perfect score following a closure audit in 2017.

## Building Skills and Capabilities

Many electronics industry supply chain issues stem from systemic problems that require changes in management systems and company culture. To enable broad, sustainable changes, we provide training, infrastructure, and tools to help our suppliers improve. Examples of the support we provide include:

**Online Resources.** Our complimentary Supplier Sustainability Resource Center includes information on 19 critical topics, such as management systems, working hours, social insurance in China, RBA Code changes, and Lean\* manufacturing, and is open to all Intel suppliers. We delivered 11 webinars in four languages through the platform in 2017. The platform's user feedback feature enables direct, two-way dialogue, resulting in

new insights about critical sustainability topics. In 2017, we enrolled 468 new users to the Resource Center, raising the total number of registered users to over 1,600. We also encourage suppliers to leverage the RBA's extensive [training resources](#).

**Face-to-Face Workshops.** Since 2014, we have worked with the supply chain sustainability consultant, ELEVATE, to offer suppliers a capacity-building program focused on work-hours management. To date, 35 supplier factory sites have participated in the program, and 25 continue to demonstrate 95% or higher compliance to the 60-hour-per-week threshold set by the RBA Code.

**Direct Engagement.** In 2017, we developed tailored training plans for select suppliers, with the goal of strengthening their management's acumen prior to on-site assessments and accelerating the closure of any compliance gaps. Of the 17 selected suppliers, 15 completed all training requirements. We will continue using this approach moving forward.

**Industry Collaboration.** We were a founding member of the RBA, and we continue to collaborate extensively with external supply chain-related organizations—including the RBA, [Semiconductor Industry Association](#), and [SEMI](#)—to help set electronics industry-wide standards, develop audit processes, conduct training, address third-party anti-corruption issues, and more.

## Supplier Diversity

Working with a diverse supply chain has the potential to bring more innovation and greater value to our business. In 2015, we announced a goal to increase our spending with diverse suppliers to \$1 billion by 2020<sup>2</sup>. For more details on our efforts and progress, see the [Diversity and Inclusion](#) section of this report.

## Holding Suppliers Accountable

We use a variety of tools and processes to manage supplier performance, including:

### Program to Accelerate Supplier Sustainability (PASS).

This collaborative and proactive initiative is designed to help our suppliers build internal capacity around corporate responsibility through rigorous annual commitments to compliance, transparency, and capability-building. The number of suppliers participating in PASS has increased from 100 in 2013 to over 300 in 2017 as we have broadened our scope to include additional commodities and requirements. Participating suppliers represented over 60% of Intel's supply chain spending in 2017. As of the end of 2017, 86% of participants had met all PASS requirements, representing significant work done to address sustainability challenges across our supply chain. We continue to raise expectations of our suppliers and expand requirements to encompass a broader set of focus areas.



### HEAR DIRECTLY

Kevin Martins, Supply Chain Sustainability Program Manager at Intel, shares how we hold suppliers accountable. [Watch now.](#)

**GOAL**

### ACCELERATE SUPPLIER SUSTAINABILITY

Ensure that 90% of suppliers participating in our Program to Accelerate Supplier Sustainability (PASS) meet advanced expectations in ethics, environmental performance, and labor practices by the end of 2017.

#### Our Progress: Not met

We ended 2017 with 86% of PASS participants meeting all requirements, up from 83% in 2016. The area that most frequently prevented suppliers from achieving all expectations was timely closure of audit findings. In 2018, we will again strive for a 90% success rate, but will measure supplier compliance in each program area separately (for example, CDP participation and public disclosure, audit finding closure, and responsible mineral sourcing). This change reflects the maturity of the program and how it has evolved over the past six years to include more suppliers and a wider scope of requirements. We will continue to work with suppliers on all expectations, with a particular focus on closure of audit findings.

**GOAL**

### ADVANCE SUPPLIER CSR LEADERSHIP

Reach 90% compliance to each of our 12 environmental, labor, ethics, health and safety, and diversity and inclusion supplier expectations.

#### Our Progress: New

We have set this aggressive target to continue to raise the bar for supplier performance in our CSR leadership program, and we are providing supplier capability-building resources to support these goals.



### A Risk-Based Approach to Supplier Assessments

**New Supplier Assessment:** A short survey is sent to new suppliers to determine whether a facility is of potential high risk. We work with suppliers during the on-boarding process to remedy any issues identified.

**Self-Assessment:** Strategic and high-risk suppliers complete a questionnaire to determine a facility's potential gaps to the RBA Code. In 2017, we assessed 167 supplier facilities.

**Audit:** Higher-risk suppliers must undergo either an on-site audit by qualified third-party auditors who use the [RBA VAP](#), or an on-site audit by a qualified Intel auditor. The latter audits are specialized according to risk and compliance concerns for a particular supplier or facility. Lower-risk suppliers, as determined by the self-assessment, may also be audited at our determination.

**Supplier Report Card (SRC).** The SRC helps us grade suppliers for product availability, cost, quality, sustainability (ethics, financial sustainability, supplier diversity, and environmental and human rights performance), technology, and customer satisfaction.

**Assessments and Audits.** Supplier assessments and audits cover more than 300 environmental, safety, and human rights factors, and help us determine a supplier's risk profile. The audits, conducted by a mix of third parties and Intel personnel, follow the [RBA VAP](#) and help us identify where immediate action is needed and where longer-term, corrective "targeted action plans" should be put in place. Environmental, social, and governance criteria are also incorporated into Intel Quality Assessment audits to achieve broader reach. We strive to audit 100% of high-risk supplier sites within two years, and in 2017, we instituted a process of unannounced audits to follow up on credible reports of non-compliance. These audits validated the reported issues, which we then resolved through our supplier escalation program and corrective action plans. Between 2013 and 2017, our suppliers underwent more than 450 RBA VAP and Intel RBA-based target audits.

#### TOTAL AUDITS CONDUCTED

Type of Audit	2013	2014	2015	2016	2017
RBA VAP Audits	36	25	63	60	64
Intel RBA-Based Target Audits	30	57	26	61	52
Intel Quality Audits with Sustainability Element	57	34	24	34	51
Total Audits Conducted	123	116	113	155	167

Applying our risk-based approach, we continue to use the RBA process as the industry standard for our validated audits for manufacturing suppliers. In addition, we apply the risk-based criteria to complete targeted assessments of our non-manufacturing suppliers. Our sustainability criteria have also been embedded into our supplier quality assessment process to further extend our reach into the supply chain. For priority and major findings by category and sub-category, visit the [Report Builder](#). In certain circumstances, the same facility may be audited multiple times in a calendar year. We treat each individual audit for a single facility as a unique audit in the above table.



**Targeted Action Plans.** When suppliers do not make sufficient progress in addressing audit findings or have particularly egregious issues, we require that they develop and obtain Intel's approval on "get-well action plans." Suppliers' progress is reviewed quarterly until we have verified that all significant issues have been closed, and that processes have been put in place to prevent recurrence. If satisfactory progress is not made, we are prepared to take additional action, such as not awarding new business ("conditional use" status) until issues are resolved, or ending the supplier relationship. Complete closure of all issues can take several years, and many of our suppliers have made substantial progress in addressing identified issues.

We help suppliers on the targeted action plan list make progress in multiple ways. Our actions may include conducting additional reviews, including unannounced audits, and increasing the frequency of contact between Intel executives and supplier senior management. Throughout 2017, eight suppliers were on targeted action plans. By the end of the year, six had made significant progress toward closing all compliance items.

#### 2017 SUPPLIER TARGETED ACTION PLAN SUMMARY

Supplier	Area of Concern	Status (as of February 2018)
Quanta	Labor	At risk
Sigurd	Labor	On track

An "on-track" supplier has made significant progress to implement the agreed-upon action plan. An "at-risk" supplier faces challenges to achieving progress and may be placed on conditional use status.

#### Supplier Facilities Covered by Valid Audits

#### Cumulative Supplier Sites Receiving Audits



As our understanding of the risks in our supply chain grows and our business evolves, we continue to increase audits to ensure we maintain a responsible supply chain and hold suppliers accountable. Since 2013, we have conducted 442 audits of supplier facilities.

## Supplier Safety Performance

We set high safety training and performance expectations with suppliers during our contracting process and during orientation for new suppliers. In 2017, a worker of one of our independent contractors was fatally injured while performing routine maintenance on equipment in our Hillsboro, Oregon facility. After a full investigation, applicable procedures and practices have been updated and implemented by contractors across our sites, and we have a team working to strengthen safety efforts with respect to on-site employees of suppliers.

## Recognizing and Rewarding Performance

We provide regular feedback to suppliers on their achievements and progress, and integrate corporate responsibility considerations into our supplier awards and Supplier Continuous Quality Improvement (SCQI) Program. The SCQI Program recognizes suppliers that have demonstrated outstanding performance with SCQI, Preferred Quality Supplier (PQS) status, or Supplier Achievement Awards. In 2017, we launched two new awards to recognize suppliers for contributions to our supplier diversity and manufacturing safety programs. For more information and a list of recent SCQI and PQS winners, visit our [SCQI award page](#) and the [Appendix](#) of this report.

## Supplier Perspectives

"Schneider Electric has interwoven business and sustainability strategies from top to bottom for more than 15 years. Our sustainable partnership with Intel dates back to 2012 when our China factories were first asked to self-assess their operations against EICC standards. In 2013 more than 12 of our factories were audited against EICC and Intel standards, and we continue to schedule annual audits. We have also engaged at Intel's Supply Chain Sustainability Summit to share leading practices. We value this collaboration between global leaders committed to sustainability, and see the value it brings to the global markets we both serve, from risk prevention, CO<sub>2</sub> or resource productivity, labor practices, people safety, or innovation. While we had been auditing more than 1,000 suppliers against the ISO 26000 framework for 10 years, we decided to join the Responsible Business Alliance (formerly the EICC), and to audit suppliers using the RBA protocol and to engage them in this journey. We believe there is no other way to do business."

—SCHNEIDER ELECTRIC, Energy Management and Automation

"Hoya Electronics has worked with Intel on ensuring compliance at our factories in Malaysia and Singapore. In Malaysia, we repaid worker recruitment fees and returned passports to our foreign contract workers. These workers are much happier now as they feel they have been treated equally to other employees who did not have to pay to secure employment. Overall we feel they are more motivated and committed to their work and the organization now. At the Singapore site, we ensure that migrant workers do not need to pay any fees to a recruitment agency and we have received a positive response from workers on these changes. In addition, by implementing tight control and close monitoring of working hours of our employees, we are able to ensure that our employees do not overwork. We are able to build good corporate and employee branding through our journey implementing EICC (now RBA) compliance."

—HOYA ELECTRONICS

# COMBATING FORCED AND BONDED LABOR

We have worked to build a strong system to detect and address risks of [forced and bonded labor](#) among our suppliers and their labor agents. Our [Anti-Slavery and Human Trafficking Statement](#) details the expectations we have for ourselves and our suppliers, including prohibitions against holding worker passports and charging workers fees to obtain or keep employment. As a result of our efforts, our suppliers have returned approximately \$13 million in fees to their workers since 2014.

As we have learned more about the contributing factors to forced and bonded labor, we have targeted our assessments to align with likely risks. In 2016, we focused our efforts on conducting targeted assessments of suppliers with newly identified risks for forced and bonded labor, leading to a higher number of findings. In 2017, we continued to work with suppliers to address serious issues, including recruitment and other service fees, passport holding, substandard living conditions, and contract substitution.

## VIOLATIONS RELATED TO RISKS FOR FORCED AND BONDED LABOR

Violations to Expectations	2013	2014	2015	2016	2017
Closed	25	51	22	116	24
On Track	-	-	-	2	20
Overdue	-	1	1	8	6
Total Violations	25	52	23	126	50

We are proactively working to identify and help suppliers close findings that we believe are trigger factors for forced and bonded labor.

We recognize that many challenges exist in combating this issue, in particular, lack of full visibility into our multi-tier supply chain, and difficulty in tracing the multiple levels of labor agents who source workers. In 2017, we required a subset of our suppliers who employ foreign and migrant workers to perform deep analyses of their risk-management approaches to ensure conformance to our expectations. Through our five-point plan, 17 suppliers showed us how they mapped the journey of the workers from their home countries to factories and provided action plans to close any gaps to our expectations. Most suppliers recognized the risks and took action to update recruitment policies, add controls, and engage more closely with their recruiting agents. For suppliers that did not make improvements in a timely manner, we placed them in our escalation program to drive the issues with senior management for faster results.

In 2018, about 50 of our most critical suppliers will be required to roll out our five-point plan with some of their suppliers that employ foreign or migrant workers, and we will oversee gap closure for any instances of non-conformance.

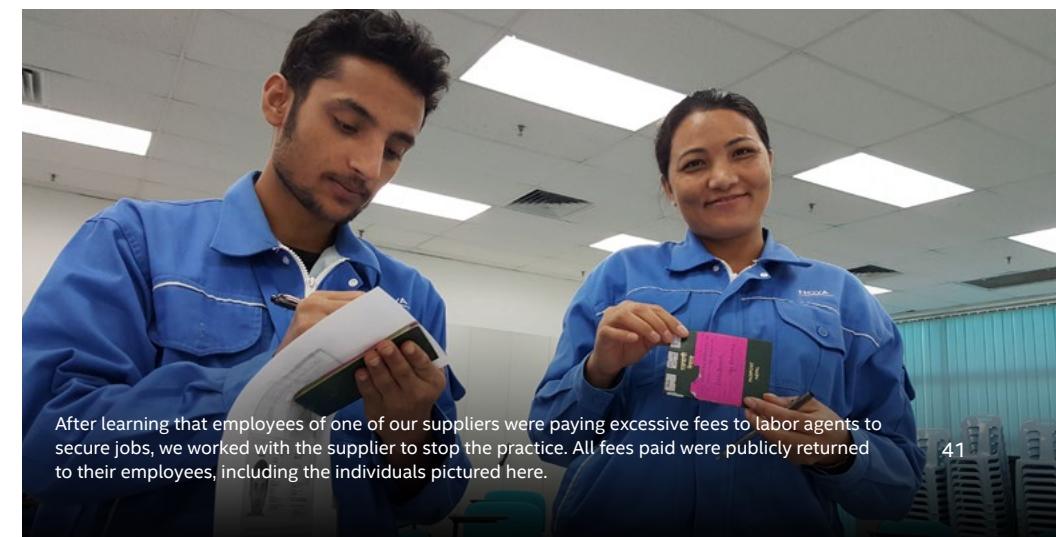
As a result of changes they made to match our performance expectations, several suppliers are seeing positive business impacts, such as better and larger pools of candidates, a more satisfied workforce, and higher worker retention—all of which lead to improved productivity and product quality.

## Industry Collaboration

Collaboration is key to addressing broad, long-standing issues. Intel co-founded the multi-industry, multi-stakeholder Responsible Labor Initiative (RLI), which works to protect and promote the rights of vulnerable workers. The RLI is establishing a labor agency maturity model, and Intel co-sponsored initial trainings of labor agents in November 2017. Intel, HP Inc., Seagate, and Western Digital also co-sponsored an in-depth workshop with suppliers and labor recruiters in Thailand.

Our goal is to ensure that suppliers are operating in ways that minimize or eliminate the possibility of vulnerable workers being in forced and bonded labor situations. Our ongoing assessments and efforts to reach deeper into the supply chain encompass more than 26,500 workers in our extended supply chain.

For more information, see "[Respecting Human Rights](#)" in the Our Business section of this report.



After learning that employees of one of our suppliers were paying excessive fees to labor agents to secure jobs, we worked with the supplier to stop the practice. All fees paid were publicly returned to their employees, including the individuals pictured here.

# SUPPLIER ENVIRONMENTAL IMPACT

We partner with our suppliers to manage their environmental impact, which reduces our own environmental impact, lowers supply chain risk, and can decrease costs. We focus primarily on helping suppliers lower waste generated, water usage, and greenhouse gas emissions. We also work with suppliers on green chemistry programs.

## Reducing Waste

Our procurement and event marketing teams work with our suppliers to reduce the environmental impact of Intel events. Step-by-step planning guides, training webinars, and mentorship support are available to help event planners contribute to Intel's sustainability goals.

We also work with our logistics and packaging suppliers to drive changes in the materials that we use to ship products between Intel sites and to our customers. Our long-term vision is to achieve a high level of sustainable packaging for all inbound, outbound, and return shipments.

## Reducing Greenhouse Gas Emissions and Water Use

We reduce the greenhouse gas emissions related to our transportation and logistics network by optimizing packaging to reduce the quantity and weight of shipments, and by increasing local sourcing. Intel is at the forefront of standardizing transportation CO<sub>2</sub> reporting standards within the industry through our collaborative efforts with organizations such as the [Global Logistics Emissions Council](#).

In 2017, we again asked select first-tier suppliers to participate in the CDP Supply Chain survey and submit data on their own carbon and water footprints. Using this existing global standard maximized the reporting benefit to Intel and our suppliers, while minimizing the burden

placed on suppliers who are responding to multiple customers. In 2017, 100% of 87 first-tier suppliers completed the CDP Climate Change Questionnaire, and 95% of those companies made their responses public. We also launched the CDP water questionnaire with 47 suppliers that are located in water-stressed regions and achieved a 94% response rate. Of the suppliers who completed the water questionnaire, 57% were first-time responders and 85% publicly shared their responses. As a result of our efforts, we attained a Leadership (A) score in CDP's Supplier Engagement Rating.

We also began requiring first-tier suppliers to set carbon reduction goals. Performance to this expectation will be measured during the 2018 CDP reporting year.

## Green Chemistry

"Green chemistry" involves designing chemical products and processes in ways that minimize the use and creation of hazardous materials. Intel has set a collaborative goal for our chemical suppliers to demonstrate their efforts to select the most "green" materials to enable our technology.

In support of this goal, we have been working with our suppliers to conduct thorough chemical screening and reviews. In 2017, we completed this survey with all of our main chemical suppliers. We also held informative webinars and conducted a small-scale pilot using industry tools to determine the most effective strategies for implementing the green chemistry goal.

## GOAL

### GREEN TRANSPORTATION

Establish an 85% "green" Intel ground transportation fleet by 2019.

#### Our Progress: Sunsetted

In 2017, we made progress on our green ground transportation initiatives and achieved our highest recorded percentage in a given quarter of 28-plus miles-per-gallon and hybrid vehicle usage of 75% (Q3 2017). However, our ground transportation management model is evolving and we are reevaluating our goal moving forward. We remain committed to fuel efficiency and ensuring continued focus from our supply chain on green alternatives and goals.

## GOAL

### GREEN CHEMISTRY

Implement an enhanced green chemistry screening and selection process for 100% of new chemicals and gases by 2020.

#### Our Progress: On track

To meet our 2020 green chemistry goal, we sought to understand the current green chemistry awareness in our supply chain by completing a detailed supplier survey. In addition, Intel held webinars to share and educate our supply chain on our view of green chemistry and alternatives assessments. We researched numerous industry screening tools, selected one, and piloted it with some key chemical suppliers. The learnings were shared among the pilot participants and incorporated into our plans for the next phase of implementation. In 2018, we will expand the pilot to incorporate more suppliers and tools, and will work toward a collaborative alternative assessment system.

# RESPONSIBLE MINERAL SOURCING

Like many companies in the electronics industry, Intel and our suppliers use metals in our manufacturing processes, including tantalum, tin, tungsten, and gold (3TG). These metals, also known as “conflict minerals,”<sup>1</sup> could be sourced within the Democratic Republic of the Congo (DRC) or adjoining countries from mines under the control of armed groups who exploit mine workers to fund crimes against humanity.

Our work on the conflict minerals issue began in 2008, and we are proud of the significant progress we have made in breaking the link between DRC mining and armed militias, and the positive impacts our efforts have brought to people who live and work in the DRC. We also recognize that the social and environmental impacts of mineral sourcing stretch beyond the DRC.

Our [mineral sourcing policy](#) is aligned to the [OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas](#)

(OECD Guidance). We believe that the OECD Guidance provides practical ways to identify and mitigate risks when sourcing minerals from conflict-affected and high-risk areas (CAHRAs), and that such methods should be adopted by the entire mineral supply chain.

## Driving Accountability in the Supply Chain

Our long-term leadership and participation in initiatives such as the Responsible Minerals Initiative (RMI)—formerly the Conflict-Free Sourcing Initiative (CFSI)—and the European Partnership on Responsible Minerals (EPRM) allow us to regularly collaborate on this issue with other companies, industries, governments, and civil society. Such collaboration is crucial to identifying and addressing risks associated with mineral extraction and trade in complex mineral supply chains. All participants,

from mine to device makers, have a responsibility to ensure that they do not contribute to human rights abuses.

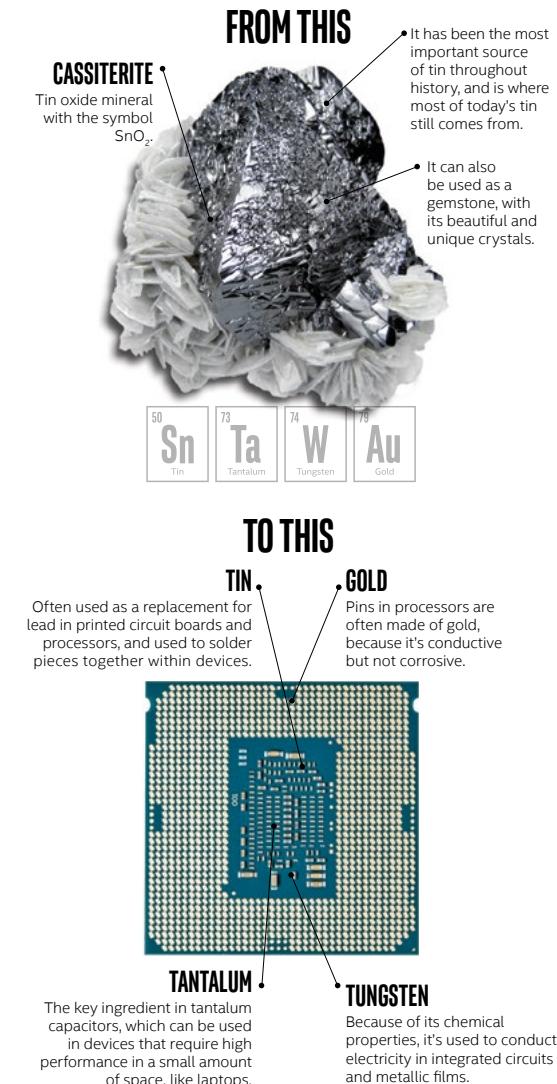
## Our Due Diligence Approach

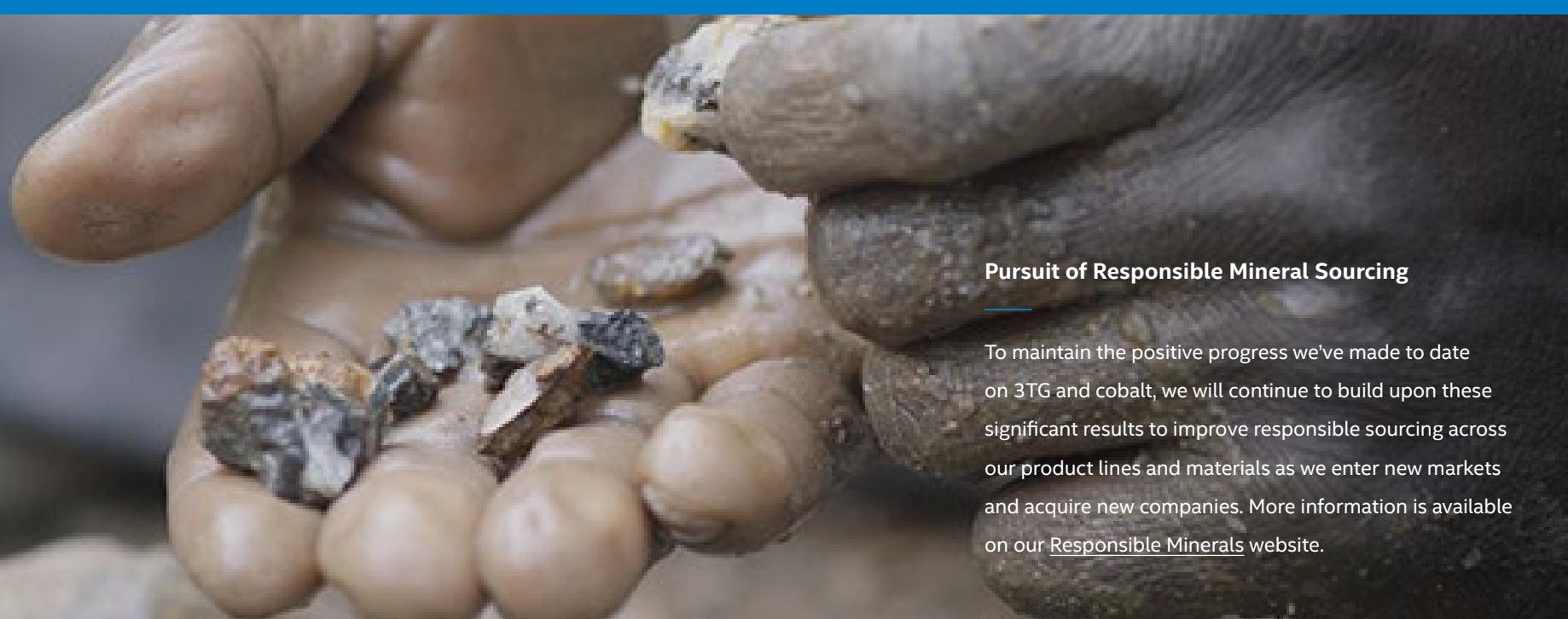
The design of Intel's responsible minerals program, aligned with the OECD Guidance, focuses on three primary areas:

**Risk Identification.** Each year we conduct a supply chain survey to identify the smelters and refiners who process the metal contained in the products supplied to Intel, and the country of origin and trade of minerals used. We then compare those smelters and refiners to the list of facilities that conform to a responsible mineral sourcing validation program such as the RMI's Responsible Minerals Assurance Process (RMAP)—formerly the Conflict Free Smelter Program (CFSP). We use the information to identify potential mineral supply-chain risks.

**Risk Mitigation.** When we identify potential risks, we conduct further due diligence, which may include on-site smelter or refinery visits. Such visits help identify risks, encourage smelters and refiners to participate in an audit program to validate their sourcing practices, and drive risk mitigation for human rights impacts. We will disengage from mineral supply chains that cannot uphold our responsible mineral sourcing standards.

**Supporting In-Region Sourcing.** We believe that the creation and support of responsibly sourced minerals from the DRC improve the lives of the people in the region. Our membership in and support of the [iTSCI](#), the Better Sourcing Program ([BSP](#)), and the Public-Private Alliance for Responsible Minerals Trade ([PPA](#)) enable responsibly sourced minerals from the DRC and adjoining countries by helping to implement programs that are consistent with the OECD Guidance.





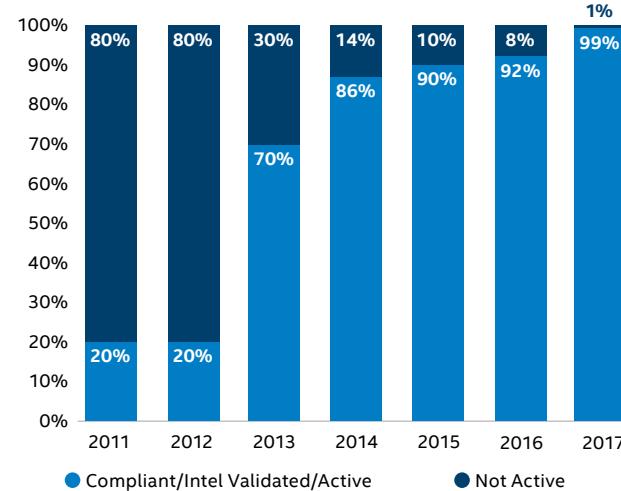
## Pursuit of Responsible Mineral Sourcing

To maintain the positive progress we've made to date on 3TG and cobalt, we will continue to build upon these significant results to improve responsible sourcing across our product lines and materials as we enter new markets and acquire new companies. More information is available on our [Responsible Minerals](#) website.

### Results of our Due Diligence Program

**3TG Progress.** Through our annual supply-chain survey process, our suppliers have identified 267 operational smelter and refiner facilities that may process the 3TG contained in products provided to us. Approximately 99% of these smelters and refiners participate in an independent third-party assurance program, or we have reasonably concluded through our own efforts that their products are conflict free<sup>1</sup> (see chart at right). Approximately 98% of our relevant suppliers use only smelters and refiners whose products are from conflict-free sources. Our annual conflict minerals disclosure filed with the U.S. Securities and Exchange Commission (SEC) contains additional information regarding our 3TG due diligence practices and is available on our [Responsible Minerals](#) website.

### 3TG SMELTERS AND REFINERS COMPLIANCE SUMMARY



**Cobalt.** We use cobalt in Intel's next-generation 10nm microprocessor manufacturing technology. We have surveyed direct suppliers providing Intel with products containing cobalt to validate that any DRC-originated cobalt does not use child labor. All suppliers supported our cobalt inquiry. We are awaiting information on the smelters and refiners in our extended supply chain—those that supply our direct suppliers. Although these cobalt supply chains have asserted the cobalt is responsibly sourced, we continue our work to identify all cobalt smelters or refiners and mineral countries of origin to confirm that the underlying supply chain meets our standards. Our suppliers identified the following cobalt suppliers: Dynatech Madagascar Company; Glencore Nikkelverk AS; Freeport Kokkola; Kola Mining and Metallurgical Company; and Sumitomo Metal Mining Co., Ltd.

<sup>1</sup> "Conflict-free" refers to products, suppliers, supply chains, smelters, and refiners that, based on our due diligence, do not contain or source tantalum, tin, tungsten, or gold that directly or indirectly finance or benefit armed groups in the Democratic Republic of the Congo or adjoining countries.

# DIVERSITY AND INCLUSION

Diversity and inclusion are key to Intel's evolution, and driving forces for continued innovation and growth. We believe that inclusive teams of people with diverse perspectives are more creative and innovative. Inclusion is the foundation of a high-performance workforce, where all employees are empowered and capable of doing their best work. Our diversity efforts go beyond hiring and retention, to also include spending with diverse suppliers, diversifying our venture portfolio, and strengthening the technical pipeline to encourage more women and underrepresented minorities to enter and succeed in technology careers.

**\$300M**

**2 YEARS  
EARLY**

We committed \$300 million to accelerate diversity and inclusion both at Intel and across the technology industry.

In 2017, we accelerated our 2020 goal to reach full representation<sup>1</sup> in our U.S. workforce by the end of 2018. Since 2015, the gap to full representation in our U.S. workforce has improved 84%.

**\$650 M**

We spent over \$650 million with diverse suppliers in 2017, making significant progress toward reaching our 2020 goal of \$1 billion in annual diverse spending.



Employees at Intel's Santa Clara, California headquarters gather in one of the company's many collaborative work spaces.

<sup>1</sup> Full representation is the point at which Intel's workforce in the U.S. matches the supply of skilled talent available (market availability) for current roles at Intel.

# STRATEGY AND MANAGEMENT APPROACH

In January 2015, we set a goal to reach full representation of women and underrepresented minorities (URMs) in Intel's U.S. workforce by 2020. We committed \$300 million to support this goal and our broader goal of improving diversity and inclusion across the entire technology industry. In August 2017, recognizing the critical importance of achieving our workforce goal, our CEO, Brian Krzanich, pulled it in by two years, challenging us to achieve full representation in the U.S. by 2018.

We also made changes to ensure our goals stay current and relevant, and that our data is as transparent as possible:

- We updated our Market Availability (MA) benchmark for the first time since 2015, as newer census data on women in technology has become available. The MA captures hiring, retention, and progression data, and compares how many skilled people exist in the external U.S. labor market to the jobs for which Intel is hiring. For example, according to the 2010 census, just over 50% of people in the U.S. are women. However, the MA for early career technical females is about 26%, so we use that figure to set our goal for full representation of early career technical women at Intel.
- For our [2017 mid-year report](#), we made our reporting more inclusive by adding data on our majority population, military/veteran employees, employees with disabilities, and employees who self-identify as LGBTQ.
- We reformatte our annual [diversity report](#) to make it easier to read and evaluate, and to better reflect MA as our key metric.

## Highlights

**84%** Improvement

Since 2015, the gap to full representation in our U.S. workforce has narrowed from 2,300 employees to 376 employees, an 84% improvement.

**27%** Increase since 2015

URMs in leadership positions at Intel have increased 27% since 2015.

**\$1B** Goal in spending with diverse-owned suppliers

We have increased our annual spending with diverse-owned suppliers to \$650 million in 2017. We are on track to achieve our 2020 goal of \$1 billion in annual spending with diverse-owned suppliers.

**FOR MORE INFORMATION**  
see our [Global Diversity and Inclusion](#) website.

## WOMEN IN OUR WORKFORCE



## INTEL'S DIVERSITY STRATEGY

Achieve full workforce representation through focused hiring and retention



Our goal is to achieve full representation in our workforce through focused hiring, retention, and progression, and to drive the whole technology industry to be more diverse and inclusive. We collaborate with other companies, invest in research, and advocate for the systematic change we want to see.

# INCLUSIVE WORKFORCE

We work to create a workplace where every employee is treated equally and fairly, and with dignity and respect.

## Fostering Inclusion

In 2017, we launched Managing at Intel (MAI), a two-day, required interactive training experience for all people managers. This company-wide program aligns managers to a common set of core skills, expectations, and vocabulary, and includes a focus on inclusive management practices. In early 2018, we achieved our goal of reaching nearly 100% of managers with MAI training. We also continue to provide tools and guidance to the Intel business units and organizations that, due to their scale or growth, are best positioned to help us make progress on closing progression and hiring gaps.

## Developing Inclusive Leaders

In 2017, we introduced the Inclusive Leaders program aimed at equipping managers to play a leadership role in growing Intel's inclusive culture. The cohort program fosters the leadership skills needed to build diverse and inclusive high-performing teams.

## Inclusive Hiring Practices

We developed a set of best practices for our managers to mitigate the influence of unconscious bias in the hiring process. Central to these practices are posting of formal requisitions for open jobs using an impartial description of qualifications, having a diverse slate of candidates, and having a diverse hiring panel.

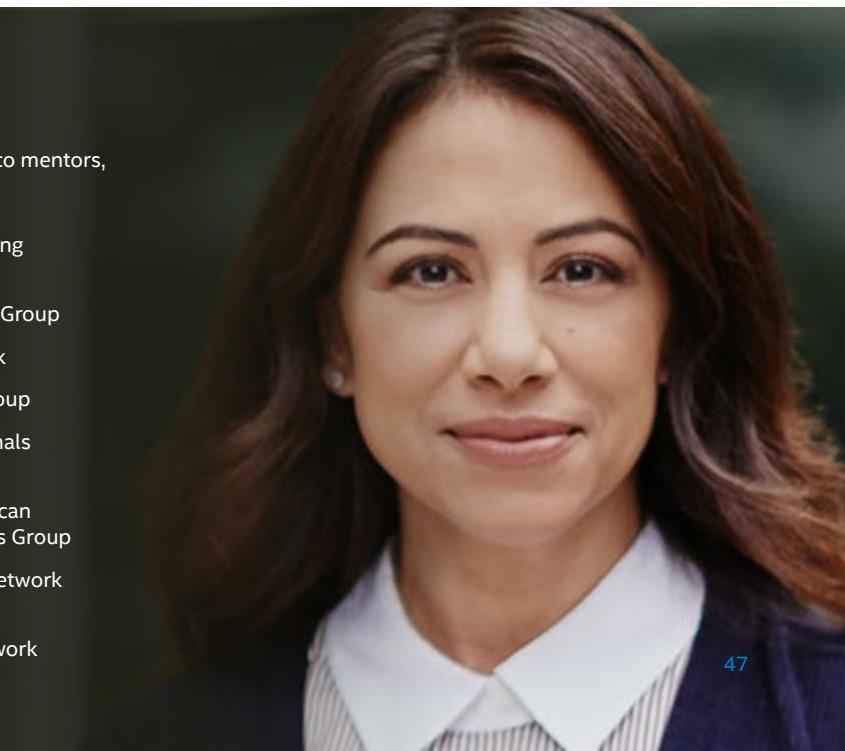
## Building Communities

We offer 32 Employee Resource Groups and nine leadership councils that connect over 18,000 employees. Our Leadership Councils, composed of over 200 Intel leaders, help guide and mentor members of the resource groups. We also encourage employees to participate in resource groups beyond their personal affinity to build deeper relationships with a wider community. The communities formed around our employee resource groups, leadership councils, and other affinity-based programs facilitate mentoring and drive greater inclusion. Additionally, connecting employees through forums, groups, training, and events has been a long-standing hallmark of Intel's workplace culture. Retention rates increase when our people feel included and connected to deep and wide-ranging networks.

## Employee Resource Groups

These groups can serve as a powerful network, offering opportunities for personal and professional development, access to mentors, and volunteer activities that facilitate teamwork and build camaraderie.

Agnostics, Atheists, and Allies at Intel	Intel Chinese Employee Network	Intel Iranian Employee Group	Intel Russian-Speaking Employee Group
Asian Cultural Integration	Intel Diverse Abilities Network	Intel India Employee Group	Intel Sikh Employee Group
Arab Intel Community	Intel Doctorates Leadership Forum	Intel Jewish Community	Intel Taiwan Network
American Veterans at Intel	Intel Eastern European – Balkanika Group	Intel Korean Community	Intel Vietnamese Group
Bahai Intel Network	Intel Filipino Employee Network	Intel Latino Network	Next(gen) Professionals Network
EXTEND Community	Intel French Speakers Network	Intel Muslim Employee Group	Network of Intel African American Employees Group
Intel Bangladesh Association	Intel Gay, Lesbian, Bisexual or Transgender Employees	Intel Native American Network	Intel Nepalese Group
Intel Bible-based Christian Network		Intel Pakistani Employee Group	Turkish Employee Network at Intel
Diversity and Inclusion		Intel Parents Network	Women at Intel Network



## Supporting Employee Progression

### ● Inspire

**Leadership Councils.** The Intel American Veterans Leadership Council, Black Leadership Council, Hispanic Leadership Council, Native American and Pacific Islander Leadership Council, Network of Executive Women, and Out & Ally Leadership Council host sponsorship programs to help advance leaders within their respective communities. Council members include the senior-most employees and allies for the various populations. They serve as leadership role models and champions for Intel's diversity and inclusion initiatives. Their overall mission is to promote the progression and growth of diverse employees and foster an inclusive culture where all employees can thrive professionally.

### ● Grow

**Mentoring Circles.** The Intel Network of Executive Women, Intel Hispanic Leadership Council, Intel Black Leadership Council, and Intel Native American Pacific Islander Leadership Council all participate in the "Lean-in circle" mentoring-based program. The program connects groups of 7-10 senior-level employees with Leadership Council representatives who provide group mentorship. The goal of the program is to broaden employees' networks and minimize isolation, while supporting retention efforts.

## Our Workforce and Culture: Retention

Intel's WarmLine service provides a support channel for U.S. employees to explore different options with a personal adviser before they consider leaving the company. Since its launch in 2016, the WarmLine service has received over 10,000 cases and successfully achieved a 90% retention rate.

### GOAL

#### FULL REPRESENTATION

Achieve full representation of women and underrepresented minorities at Intel in the U.S. by 2018.

#### Our Progress: On track

In August 2017, we pulled in this 2020 goal by two years, challenging us to achieve full representation in the U.S. by 2018. Our gap to full representation in our U.S. workforce has narrowed from 2,300 employees in 2015 to 376 employees at the end of 2017—an 84% improvement.

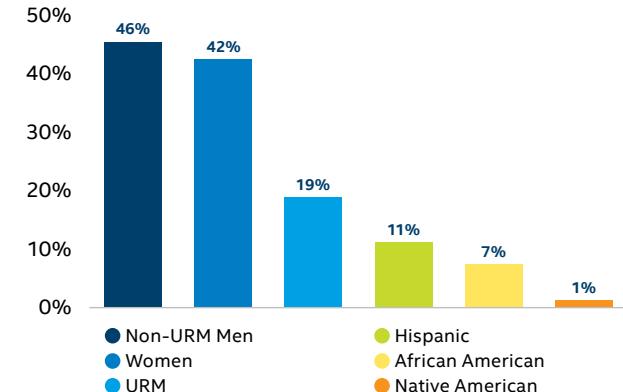
In 2017 we incorporated data and learnings from our multicultural retention and progression study and WarmLine service to create playbooks aimed at improving diverse representation and inclusion within each of our business units. We are engaging business leaders and managers in diversity and inclusion efforts more directly so that we can collectively work toward meeting hiring, retention, and progression goals.

#### Pay and Promotion Equity for Females and URMs

We pay close attention to pay and promotions, and work to ensure that promotions are distributed fairly and equitably between diverse and non-diverse populations. We view promotions and pay equity as signals of the overall health of our company, as well as a means of ensuring equity for all employees. We continually monitor pay and promotion metrics.

## WARMLINE USERS

### Case Count



Intel WarmLine users span a range of diverse categories. Non-URM men account for 46% of cases and women account for 42%.

## Leadership Progression

In January 2018, Intel named three women—20% of this year's inductees—to the rank of Fellow, the highest level of technical leadership at Intel. Fellows participate in strategic technical planning, decision-making, and research and development activities and their application to Intel's technological initiatives.

At the same time, we are making progress to improve the diversity among our vice presidents. Of our recently appointed vice presidents in the U.S., 36% were women or URMs. We've seen positive trends in progression at all levels of the company, with improvements in diverse representation across early, middle, senior, and leadership levels for both gender and ethnicity. Overall, 19.6% of Intel senior managers are women.

# SUPPLIER DIVERSITY AND INCLUSION

We believe that working with diverse-owned suppliers generates greater innovation and value within our global supply chain. We seek to generate more inclusive sourcing, as demonstrated by our goal to increase our annual diverse spending to \$1 billion by 2020.

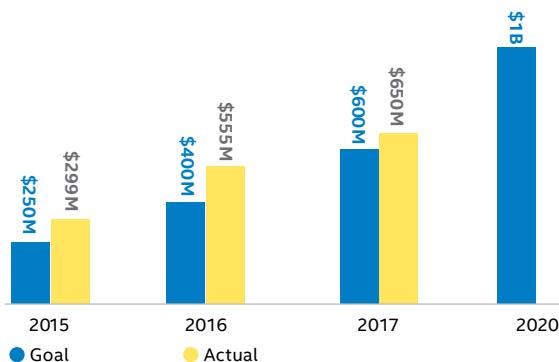
## GOAL

### DIVERSE SPENDING

Increase our annual spending with diverse-owned suppliers to \$1 billion by 2020.

**Our Progress:** On track

In 2017 we surpassed our 2017 target of \$600 million, spending \$650 million with tier 1 and tier 2 suppliers certified as 51% diverse owned and operated.<sup>1</sup>



<sup>1</sup> We recognize diverse suppliers as businesses that are 51% owned and operated by at least one of the following: women; minorities as defined by the country where the business was established; veterans/service-disabled veterans; persons who are lesbian, gay, bisexual, or transgender; or persons who are disabled.

Inclusion of diverse-owned suppliers is built into our operations. In 2017, we integrated requirements for including diverse suppliers into our supplier bidding, selection, and management processes, and in our Supplier Continuous Quality Improvement (SCQI) award. We apply these expectations and requirements to direct suppliers, and we also expect our non-diverse suppliers to report their own spending with diverse-owned suppliers and subcontractors. We had our largest reporting year to date in 2017, with 200 non-diverse suppliers registering and reporting their diverse spending—nearly twice as many as reported in 2016. See our updated policy for supplier diversity on our [Supplier](#) website.

### Global Commitment to Women

As participants in the Women20, a working group for the G20 international forum, Intel representatives shared supplier diversity best practices as a way to support women and reduce the gender employment gap. The final declaration developed by this group was brought to the G20. Ahead of the summit, Intel joined IBM and Pfizer on stage at the Global Citizen Festival, where the three companies each committed to spend \$100 million with women-owned businesses over the next three years.



## 17 TOTAL COUNTRIES

In 2017, Intel's Supplier Diversity and Inclusion program expanded to reach even more countries, 17 in total, with active certification programs.



### Diverse Supplier Highlight

HB Design is an LGBTQ/women-owned marketing agency in Portland, Oregon. The agency has worked with Intel for many years on projects like Intel® NUC package design, HR annual enrollment, IT signage, the Corporate Responsibility Report, and diversity-related marketing. Intel's Supplier Diversity and Inclusion program sponsored HB Design's attendance at one of the diverse entrepreneur education programs held at a major university a few years ago. Today, Noma Hanlon (co-owner) says that the Intel-sponsored training she attended taught her new accounting methods and provided a great business foundation from which to excel. Now HB Design is more able to ride business ups and downs with greater peace of mind and better planning.

# BUILDING A DIVERSE TECHNOLOGY INDUSTRY

We are committed to supporting the development of a more diverse technology industry. We invest in diverse-owned technology start-ups and—through education initiatives, financial assistance, and internship opportunities that offer experience and technical skills—we aim to encourage more women and underrepresented minorities to enter and succeed in tech careers like engineering and computer science.

## Investing in Diverse Tech Entrepreneurs

The Intel Capital Diversity Initiative, the largest of its kind in the venture industry, identifies and invests in women- and minority-led technology companies. Launched in 2015 as a \$125 million investment fund, the initiative aims to ensure that funded entrepreneurs across a broad spectrum of innovative technologies can access business development programs, technology expertise, and more. As of the fourth quarter of 2017, more than 30 technology start-ups led by diverse teams had joined Intel Capital's portfolio, and represented more than 10% of the total portfolio.

Intel Capital Diversity Initiative investments are focused on companies with founders/CEOs or at least 40% of senior managers who are women; African American, Hispanic, or Native American; people living with disabilities; U.S. military veterans; and/or U.S.-based entrepreneurs from the LGBTQ community.

## Investing in Pathways to the Tech Industry

Intel has long been committed to improving education to prepare youth from varying backgrounds and communities for the jobs of tomorrow. Below are a few of our current pathway development partnerships. For additional information, read the [Social Impact](#) section of this report.



**HEAR DIRECTLY**  
from Oakland students. Watch the [video](#).

## Oakland Schools Partnership Yields Impressive Results

In 2017, Intel continued implementing its five-year, \$5 million comprehensive educational solution in the Oakland Unified School District. The program aims to create a computer science and engineering pathway for more than 2,400 students. Results to date include:

- A 400% increase in student enrollment in computer science.
- A 15-fold increase in the number of URM students and a 28-fold increase in the number of females enrolled in computer science curriculum.
- A 17-fold increase in the number of students enrolled in an Advanced Placement computer science course.

## Investing in Historically Black Colleges and Universities

We are partnering with six historically black colleges and universities (HBCUs) to encourage women and URM students to enter and succeed in tech fields. Our three-year,

\$4.5 million HBCU program aims to increase the number of African Americans who pursue electrical engineering, computer engineering, and computer science fields. Through the program, we expect that:

- 120-plus students will receive scholarships, and nearly 1,200 students will be impacted.
- Intel will hire over 160 new HBCU graduates over the three-year period.
- \$600,000 for workshops and activities will bring HBCUs and the technology industry together to help students acquire the skills they need to enter the tech workforce.

## Expanding Access to STEM for Native American Students

We are partnering with the American Indian Science and Engineering Society (AISES) to create pathways to jobs for Native American undergraduate and graduate students. Intel is contributing \$1.32 million to the AISES "Growing the Legacy" scholarship program to provide financial support for 40 Native American university students every year for four years. Students will also have access to Intel mentors, as well as opportunities to apply for paid internships or jobs at Intel upon graduation. In addition, Intel and AISES are collaborating on a culturally appropriate computer science curriculum for Native American high school students.

This partnership extends the 2016 Next Generation of Native American Coders project at the Navajo Nation in Arizona, where we introduced computer classes, trained teachers, and provided a computer lab for three Navajo high schools. This project brought computer science classes to these schools for the first time.

# SOCIAL IMPACT

Intel is committed to creating a better world through the power of our technology and the passion of our employees. We believe that the health of our company and local economies both depend on an increasingly inclusive community of innovators. We are committed to applying technology to broaden access to opportunity and prepare people for the jobs of the future. We also empower our employees to apply their expertise to solve global challenges, support our local communities, and inspire the next generation of innovators.

**10M<sup>+</sup>** VOLUNTEER HOURS

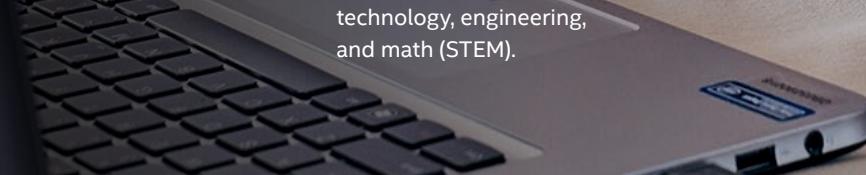
Over the last 10 years, our employees have volunteered more than 10 million hours globally to tackle environmental challenges, improve education, and help meet community needs.

**14K** UNDERSERVED YOUTH REACHED

Through the Intel® Future Skills program, in 2017 we helped 14,000 underserved young people acquire technology skills they need for the jobs of the future.

**\$1M** TO EMPOWER GIRLS

The Intel Foundation announced a \$1 million investment encouraging middle school girls in the U.S. to pursue their interests in science, technology, engineering, and math (STEM).



Young students explore their interests in technology through hands-on activities at an Intel-supported STEM camp for middle school girls in Northern Arizona.

# STRATEGY AND MANAGEMENT APPROACH

As a leading creator and driver of technology, Intel is uniquely positioned to understand what skills today's youth will need for tomorrow's jobs, and to inspire young people to become innovators. We share our expertise and provide both financial and in-kind support to help communities, governments, non-governmental organizations (NGOs), and educators reach their goals more effectively.

Our investments and engagements in social impact generate significant value for Intel and our stakeholders.

Helping to expand the community of people using technology to improve their lives and solve global challenges allows us to collaborate with external stakeholders and build trust in our communities. While many of our initiatives are focused on communities where we operate and have passionate employees who engage directly, we also bring our technology and programs to other parts of the world where we believe we can catalyze positive change.

## WE AIM TO ACHIEVE LASTING SOCIAL IMPACT IN THREE MAIN WAYS

### EMPLOYEES CHANGING THE WORLD

Our employees are our biggest asset and we encourage them to share their experience, talents, and passions with schools, nonprofits, and NGOs in their local communities and around the world. We provide volunteer opportunities to solve global and local problems.

### INTEL® INNOVATION GENERATION

This initiative focuses on inspiring underserved youth and expanding access to opportunities that will help them succeed and innovate using the power of technology.

### INTEL FOUNDATION

The Intel Foundation amplifies employee generosity and service through its matching gifts program, disaster relief support, and community giving. The Foundation works to enable multi-sector partnerships to ensure that the next generation of innovators is more diverse and inclusive.



Fina

Inspired by an Intel innovation boot camp, Fina, the daughter of a fisherman, is using technology to improve the lives of those in her fishing community in remote Indonesia.  
[Watch Fina's video.](#)

# EMPLOYEES CHANGING THE WORLD

Our employees generously donated their skills, technology expertise, and more than 10 million hours of service over the past 10 years to tackle environmental challenges, improve education, and help meet community needs around the world.

## Intel Involved and Skills-Based Volunteering

Through Intel Involved, our global corporate volunteer program, we identify and organize service projects for individuals and teams. The Intel Involved Matching Grant Program, funded by the Intel Foundation, extends the impact of volunteerism by donating cash to qualified

nonprofits and schools where Intel employees and retirees donate at least 20 hours of service in a year.

The Intel Employee Service Corps provides opportunities for employees to empower people through technology in education, health, agriculture, and other fields. In 2017, employee volunteers helped start tinkering labs in India, and supported a Women in Science (WiSci) camp in Malawi and a middle school girls' STEM camp in Arizona. Intel Employee Service Corps teams also worked with local governments to help assess technology needs in disaster-affected areas such as post-hurricane Puerto Rico.

Our employees find ways to donate the skills that they have honed at Intel. During 2017, employees logged an estimated 225,000 hours of skills-based volunteerism. We believe that the impact of these hours is particularly significant, in part because schools and nonprofits welcome the assistance provided for service where they would have to pay high rates in the marketplace. Our legal team alone donated over 3,300 hours in 2017, estimated to be valued at over \$690,000<sup>1</sup>. [Read](#) how Intel engineer Leslye Paniagua shared her skills with the next generation.

## Invested and Involved

2017 Volunteerism by the Numbers

**36%** Percentage of employees who volunteered

**1.2M** Number of hours

**\$28.7M**

Estimated in-kind value of volunteer hours<sup>2</sup>

**\$8.5M**

Total dollars matched under Intel Involved Matching Grant Program

<sup>1</sup> Based on Taproot's Pro Bono executive legal valuation rate of \$210/hr.

<sup>2</sup> Based on the 2017 Value of Volunteer Time rate of \$24.14 per hour published by Independent Sector.



WWII U.S. Navy veteran Pa Bell (left), Congressman Greg Walden (center), and Mike Premi (right), 2017 Global Intel Involved Hero Award recipient.

## Global Volunteerism, Local Impact

**Global Intel Involved Hero.** In 2017, Michael Premi was the winner of the Global Intel Involved Hero Award, which shines a spotlight on extraordinary employee volunteers. Mike has focused on assisting U.S. military veterans and service families with housing, fundraising, visiting Veterans Administration hospital patients, and much more.

Finalists for the Intel Involved Hero Award receive a \$2,500 grant from the Intel Foundation for the nonprofit of their choice. The overall winner receives an additional \$7,500 grant from the Intel Foundation.



### Intel Involved Matching Seed Grants

The Intel Foundation awards grants of up to \$5,000 to underwrite employee-initiated community service projects. Projects are selected based on their originality, potential impact, and expected outcomes. Since 2010, the Intel Foundation has awarded more than \$690,000 to underwrite 165 projects through this program, enabling volunteers to implement their great ideas and change lives. The following are summaries of a few recent Matching Seed Grant projects:

**Transitional Housing.** To help break the cycle of poverty, Intel volunteers are helping to build transitional homes for 27 individuals in Jalisco, Mexico. The project grant is being used for construction materials and tools.

**Water Refill Stations.** To help educate students about sustainability, volunteers are using grant funds to purchase water bottle filling stations that will replace drinking fountains at a South Carolina middle school. The volunteers are working with the students to design a web-based application to track and monitor the school's drinking water usage and show how many bottles are removed from the waste stream when students use the refill stations.

**Teaching Lean Construction.** To advance the state of the construction industry in the community, employees are teaching students and industry professionals in Israel about lean construction methodologies. The grant is funding materials used in training simulations.

**Setting the Stage.** To support cultural and artistic events, Intel Ireland volunteers are using grant funds to renovate the stage area in a local community building.

**Mobile Makers.** To reduce stress for children during hospital stays, employees in Oregon are building a mobile maker space for children undergoing treatment at a local hospital. Grant funding is being used for educational materials, software, and maker kits that will engage young patients in creative projects and exercises using circuit boards, microcontrollers, and other Internet of Things technologies.

**Outdoor Learning for All.** To increase access to equine-assisted therapy for children and adults with disabilities, Intel volunteers in Arizona are using grant funding to provide wheelchair-accessible flooring and a ramp at a local ranch.



#### HEAR DIRECTLY

Rita Holiday, Community Engagement Manager at Intel, shares her role in empowering employees to volunteer in the community. [Watch now.](#)

# INTEL® INNOVATION GENERATION

## Redefining What it Means to be an Innovator

Technology has the potential to be a great equalizer. Despite continuous improvements in education access and quality, millions of young people still lack access to the technology and skills they need to reach their full potential.

By working with community partners, our social impact programs support youth wherever they are in their journey, helping them develop employment skills, or bringing their ideas to reality in maker spaces. Our programs provide a breadth of opportunities outside the formal school system to learn technology basics and develop skills for new and emerging industries. Through Intel® Innovation Generation programs, we collaborate across sectors, communities, and organizations to enable young people to become creators of technology.

## Our Progress

In 2017, we significantly expanded our reach through the Intel Innovation Generation initiative. Our Intel® Future Skills program, for example, has reached 14,000 underserved youth in more than 500 locations in India, Mexico, and the U.S. This program exposes youth to technology and jobs of the future by enabling them to create technology solutions for a community, government, or personal challenge. Depending on the location, this program helps participants find internships, entry-level, or co-op positions; and encourages them to further their education through vocational training, junior college, or a four-year program. We are developing an Intel Future Skills program in Germany to [empower refugees](#) with skills, training, and employment services.

Intel also supports maker workshops that encourage young people to innovate with technology. In 2017, we expanded maker support to 11 additional countries, and reached more than 50,000 participants.

We continued our work to empower women through technology through the [Intel® She Will Connect program](#). In Kenya, Nigeria, and South Africa, this initiative combines digital literacy training, an online peer network, strategic partnerships, and gender-relevant content to help young women acquire or improve digital literacy skills. In 2017, we focused on building our Facebook community to help minimally connected women learn about online safety, use technology to help their businesses, and collaborate with one another.

Through the Intel Foundation, we expanded the Intel She Will Connect program to the U.S. in 2017 to encourage middle school girls' interest in science and technology. Read more in the [Intel Foundation](#) section of this report.

GOAL

## INTEL® SHE WILL CONNECT

Through the Intel She Will Connect program, reach 5 million women in Sub-Saharan Africa by 2020.

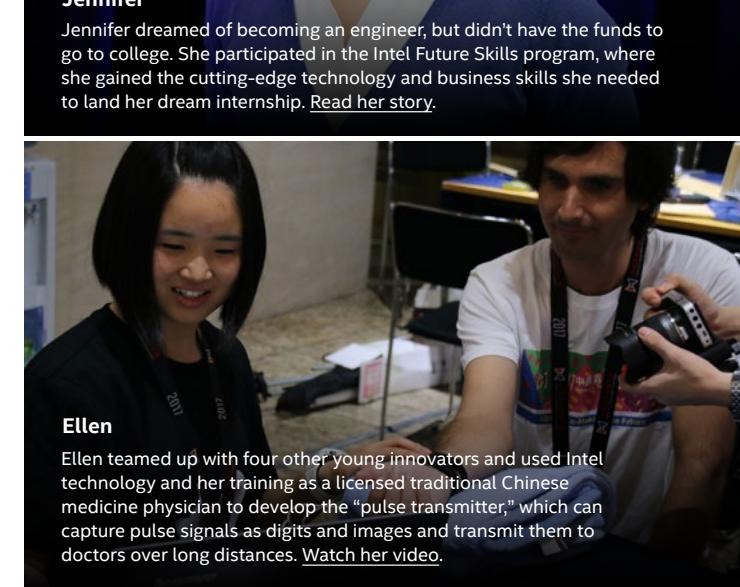
### Our Progress: On Track

As of the end of 2017, we had reached 3.3 million women. Throughout the year, we significantly expanded our Facebook community to reach minimally connected women in Africa where we do not have in-person programs. By the end of 2018, we expect to achieve our goal of reaching 5 million women.



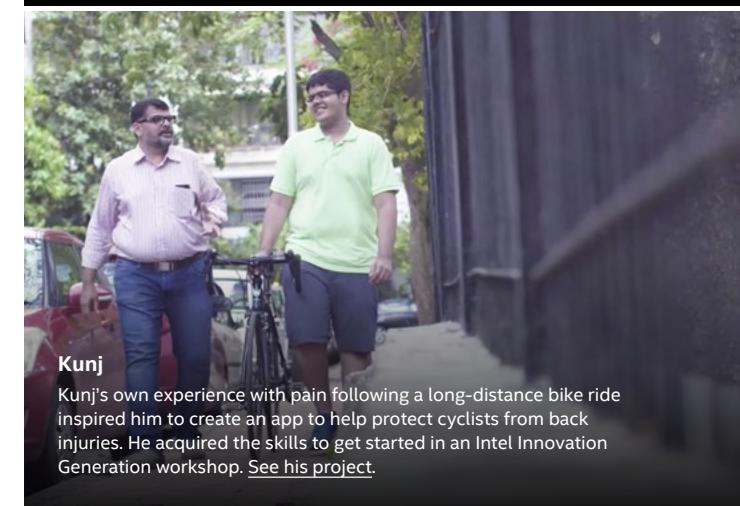
Jennifer

Jennifer dreamed of becoming an engineer, but didn't have the funds to go to college. She participated in the Intel Future Skills program, where she gained the cutting-edge technology and business skills she needed to land her dream internship. [Read her story.](#)



Ellen

Ellen teamed up with four other young innovators and used Intel technology and her training as a licensed traditional Chinese medicine physician to develop the "pulse transmitter," which can capture pulse signals as digits and images and transmit them to doctors over long distances. [Watch her video.](#)



Kunj

Kunj's own experience with pain following a long-distance bike ride inspired him to create an app to help protect cyclists from back injuries. He acquired the skills to get started in an Intel Innovation Generation workshop. [See his project.](#)

# INTEL FOUNDATION

Established in 1988, the Intel Foundation focuses on developing and strengthening communities worldwide. The Foundation supports employees' charitable giving to extend our corporate philanthropy and create pathways to opportunities for everyone.

We invest our human and financial resources in innovative programs that support underserved and disenfranchised populations. Working with non-governmental organizations (NGOs), nonprofits, and governments, the Foundation endeavors to create and deploy global solutions through disaster relief, matching gifts, and programs to empower girls and women.

The Foundation's priorities include:

**Employee Matching Programs:** We provide financial support to the organizations and nonprofits where our employees volunteer the most.

**Humanitarian Programs:** We mobilize our employees to support short- and long-term response and recovery efforts for communities affected by natural disasters.

## FOUNDATION AND CORPORATE GIVING

2017 Contributions (in millions)

	U.S.	International	Total
Corporate Cash	\$34.4	\$12.6	\$46.9
Foundation Cash	\$27.9	\$14.0	\$41.9
In-Kind Giving	\$0.70	\$0.04	\$0.74
<b>Total</b>	<b>62.9</b>	<b>\$26.6</b>	<b>\$89.6</b>

In 2017, charitable giving by Intel and the Intel Foundation totaled \$89.6 million, and over \$514 million over the past five years.

## 2017 Impact

### Rebuilding Communities

In 2017, donations for disaster relief by our employees and the Intel Foundation reached nearly \$1 million. Through a combination of funding and direct crisis support, the Intel Foundation and our employees provided relief in the aftermath of numerous catastrophic events, including hurricanes and tropical storms in Florida, Texas, Puerto Rico, and Costa Rica; earthquakes in Mexico; and wildfires in California.

### Matching Programs

The Intel Foundation matches charitable donations of our U.S. employees and retirees, up to \$10,000 annually for each donor to eligible nonprofit organizations or schools within the annual matching budget. We view our Matching Gifts Programs as an effective way to support communities and reinforce our employees' generosity. The Intel Involved Matching Grant Program extends the impact of volunteerism by donating \$10 per volunteer hour to qualified nonprofits and schools where Intel employees and retirees donate at least 20 hours of service in a year, totaling over \$21 million in 2017.

### Intel International Science and Engineering Fair

At the world's largest pre-college science competition, held in Los Angeles in 2017, over 1,700 young innovators represented the best of more than 7 million high school students who participated in science fairs around the globe. Awards at the Intel International Science and Engineering Fair ([Intel ISEF](#)), a program of Society for Science & the Public, included more than \$4 million in scholarships and prizes. We are extremely proud of Intel's 20-year partnership with Society for Science & the Public, which will continue through 2019, and the millions of amazing young scientists and technologists who have participated in Intel ISEF.



# \$80M

Total matching grants for employee volunteer service through the Intel Involved Program since 2010.

### Empowering Girls and Women

In 2017, the Intel Foundation announced a \$1 million investment to support coalitions of partners working to inspire and empower middle school girls from disenfranchised communities to become technology creators and innovators. [Read](#) about the collective impact initiative.

As part of this initiative, we also held the first Intel She Will Connect STEM camp for U.S. middle school girls in Northern Arizona, bringing together girls from across the state to engage in hands-on experiences in technology, engineering, and computer science. [Read](#) about one employee's experience on the ground at the Arizona camp.

The Intel Foundation continued its support of the Women in Science (WiSci) STEAM camp held in Malawi, where Intel Employee Service Corps volunteers shared technology skills with educators and young women to encourage their interests in technology creation and innovation.

# APPENDIX

[About This Report](#)

[Third-Party Limited Assurance Statement](#)

[Non-GAAP Financial Measures](#)

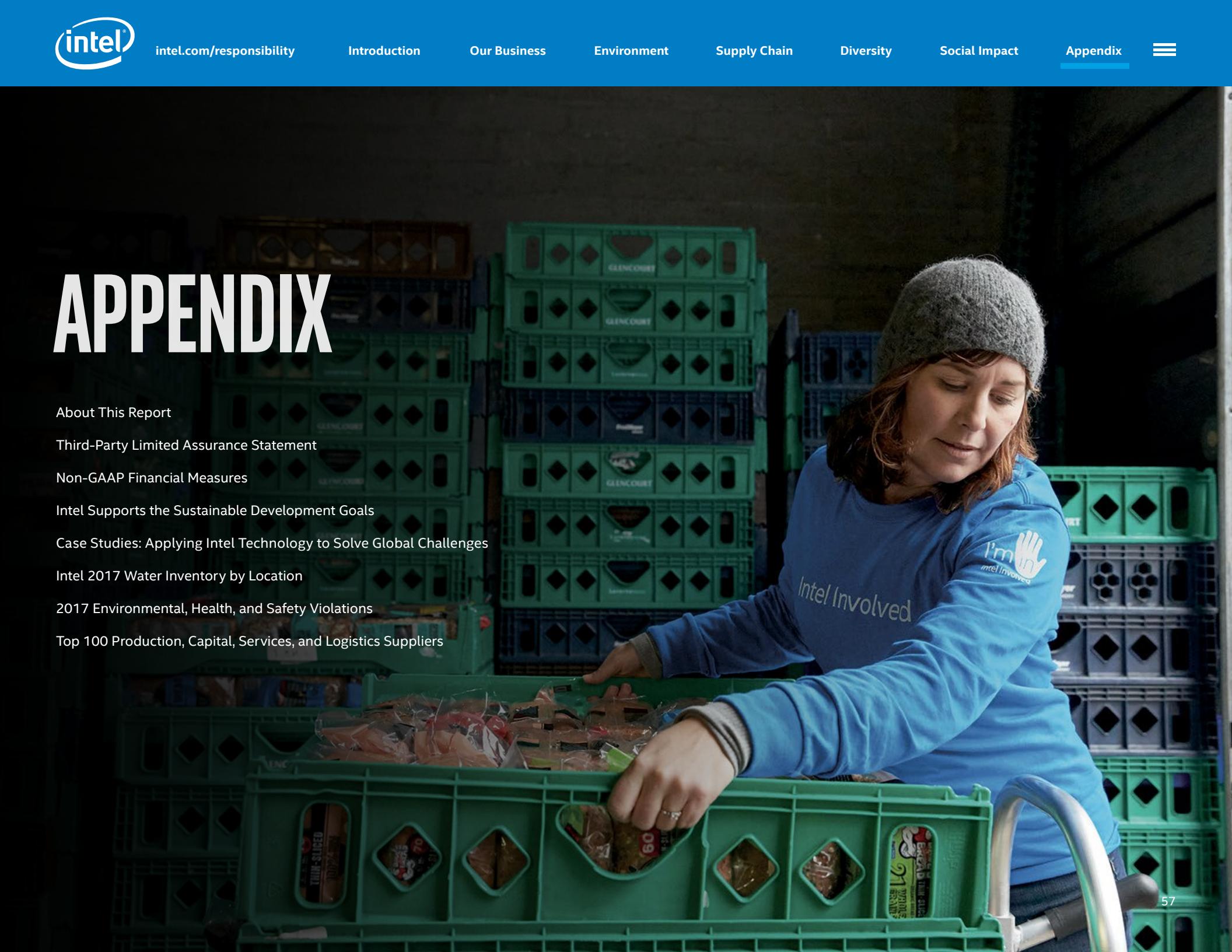
[Intel Supports the Sustainable Development Goals](#)

[Case Studies: Applying Intel Technology to Solve Global Challenges](#)

[Intel 2017 Water Inventory by Location](#)

[2017 Environmental, Health, and Safety Violations](#)

[Top 100 Production, Capital, Services, and Logistics Suppliers](#)





# ABOUT THIS REPORT

We prepared this report using the [Global Reporting Initiative\\*](#) (GRI) Standards, and self-declare the report to be prepared in accordance with the GRI Standards: Comprehensive option. A GRI Content Index is provided on our [Report Builder](#) website.

We continue to integrate sustainability information into our investor communications, and additional information about Intel's operations and financial statements is available in our [2017 Annual Report and Form 10-K](#). The [Our Business](#) section of this report covers content recommended by the [International Integrated Reporting Council](#) for inclusion in "integrated reports," and can be downloaded as a standalone document or read as an interactive part of our full 2017-2018 Corporate Responsibility Report.

For a high-level overview of Intel's corporate responsibility, supporting documents and data, past reports, and to customize a report with the sections you choose, visit our [Corporate Responsibility](#) and [Report Builder](#) websites. A printed executive summary of the report is available by request. Send questions, comments, or feedback to Suzanne Fallender, Director of Corporate Responsibility, Intel Corporation, 5000 W. Chandler Blvd., CH7-437, Chandler, AZ 85226 U.S. You can also use our web-based [feedback form](#) or the [CSR@Intel](#) blog to contact our Corporate Responsibility team.

For best viewing results on a PC or tablet, we recommend using [Adobe Acrobat\\* DC](#) or [QuickTime\\*](#). For best printing results, use letter-size paper.

## Report Scope and Profile

With the Intel 2017-2018 Corporate Responsibility Report, we aim to provide stakeholders with a balanced view of our corporate responsibility strategy and performance for Intel's worldwide operations during fiscal year 2017 (ended December 31, 2017). Our previous report was published in May 2017 and updated in July 2017.

References to "Intel" throughout this report pertain to Intel Corporation. The Intel Foundation is a separate entity. The report does not include performance information for Intel's joint ventures or firms included in the investment portfolio of Intel Capital, Intel's global investment organization, unless specified. Financial data is presented in U.S. dollars.

This year's report does not reflect any significant changes in reporting scope compared to our previous report. Principles and policies apply to all officers and employees of Intel and its subsidiaries, unless otherwise noted.

Key performance indicators cover our global manufacturing operations, including our wafer manufacturing and assembly and test facilities. Unless stated otherwise, 2017 data is considered final based on information received by May 1, 2018.

We report our key environmental performance indicators in both absolute terms and on a normalized, or "per unit" basis. Our normalized production index (NPI) is derived from our worldwide wafer production data. The NPI is indexed to a baseline year of 2010. One important limitation of the NPI is that it does not take into account the number of additional manufacturing steps used in newer process technologies.

## Approach to Report Assurance

The information in this Corporate Responsibility Report is subject to internal reviews and, for selected content, external reviews. On a regular basis, we validate the management systems and processes used to collect the data. We have maintained a multi-site ISO 14001 certification for our manufacturing locations since 2001, which requires independent third-party audits at many of our sites each year. Five of our sites meet the ISO 50001 Energy Management System standard. Intel Ireland is also accredited to the IS 393 Energy Management Standard certification. Our operations in Ireland are covered by the European Union Emissions Trading Scheme. Since 2010, Intel has maintained certification for OHSAS 18001, the internationally recognized standard for occupational safety and health management systems.

For a number of years, we have obtained third-party verification for our greenhouse gas (GHG) emissions. Based on stakeholder input and trends in assurance and external verification measures, from 2012 to 2017 we engaged Ernst & Young LLP to conduct an independent review of selected indicators contained in our Corporate Responsibility Report in accordance with AT 101, Statements on Standards for Attestation Engagements, of the American Institute of Certified Public Accountants (AICPA).

For the 2017-2018 Corporate Responsibility Report, we engaged Jacobs, a global provider of technical, professional, and scientific services, to review our GHG emissions, water withdrawals, and selected supply chain responsibility data. The Jacobs report is included in this Appendix.

This 2017-2018 Corporate Responsibility Report contains forward-looking statements, and actual results could differ materially. Risk factors that could cause actual results to differ are set forth in the "Risk Factors" section and throughout our [2017 Annual Report and Form 10K](#). These risk factors are subject to update by our future filings and submissions with the U.S. Securities and Exchange Commission and earnings releases. This report contains non-GAAP financial measures relating to our performance. You can find the reconciliation of these measures to the most directly comparable GAAP financial measure in the [Appendix](#) and further explanation of these adjustments in the "Non-GAAP Financial Measures" section of our [2017 Form 10-K](#).



# THIRD-PARTY LIMITED ASSURANCE STATEMENT

For a PDF copy of this statement, access the [Report Builder](#) website.



2020 SW 4th Avenue  
Suite 300  
Portland, OR 97201  
503-235-5000

May 2018

Dear Intel Corporation Board of Directors,

Intel Corporation (Intel) retained Jacobs Engineering Group (Jacobs; formerly CH2M) to conduct a third-party limited assurance verification review of selected calendar year 2017 global quantitative indicators used in Intel's 2017 Corporate Sustainability Report. Jacobs is a global provider of technical, professional, and scientific services, including engineering, architecture, construction, operations and maintenance. To ensure verifier independence, Jacobs and Intel completed an internal screening process to confirm that Jacobs remains independent in all matters relating to this verification and is not put in the position of auditing its own work.

## Approach

Our activities primarily were based on third-party standards for indicators reviewed, as delineated by the Global Reporting Initiative, World Resources Institute, World Business Council for Sustainable Development, Greenhouse Gas Protocol, Responsible Business Alliance Code of Conduct requirements, U.S. Occupational Safety and Health Administration and U.S. Bureau of Labor standards, as well as Intel internal standards and criteria. A list of the quantitative indicators and criteria included in this verification are outlined in the attachment to this letter.

We conducted interviews with report preparers and data providers to discuss data collection, reporting methodologies and boundaries, controls, and reviews. We also reviewed the indicator calculations and performed testing over a selected sample of sites to assess Intel's stated processes and accuracy. We have provided Intel with a summary of our findings and recommendations to facilitate greater clarity in future corporate responsibility reporting.

## Verification Opinion

Based on the method employed and the results of our verification activities, Jacobs has found no evidence of material errors, omissions, or misstatements in Intel's calendar year 2017 global inventory within the boundaries described above. Jacobs also has found that Intel's accounting and calculation methodologies, processes, and systems conform to the criteria associated with each quantitative indicator outlined above. This independent statement should not be relied upon to detect all errors, omissions, or misstatements that may exist.

Jacobs Engineering Group,

Jameson Morrell  
Director - Sustainable Performance Practice  
Lead Verifier

Doug Huxley  
Director - Carbon Management Practice  
Senior Reviewer

JACOBS ENGINEERING GROUP

## ATTACHMENT. Quantitative Indicators Reviewed

Indicator	Standards	Value	Units	Page
Scope 1 GHG emissions	Global Reporting Initiative (GRI) 305-1 (reporting requirements a, b, e, f, and g); the World Resources Institute/World Business Council for Sustainable Development's document <i>The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard</i> (GHG Protocol); the 2006 Intergovernmental Panel on Climate Change <i>Guidelines for National Greenhouse Gas Inventories</i> , the U.S. Environmental Protection Agency's requirements for GHG reporting found in 40 Code of Federal Regulations 98, and internal criteria defined by Intel management.	1.5 million	million metric tons of carbon dioxide equivalent per year (MtCO <sub>2</sub> e/yr)	28
Scope 2 GHG emissions	GRI 305-2 (reporting requirements a, b, c, e, f, and g); the GHG Protocol; internal criteria defined by Intel management.	2.7 M (location based) 1.0M (market based)	MtCO <sub>2</sub> e/yr	28
Scope 3 GHG emissions: business travel	GRI 305-3 (reporting requirements d, f, and g); the GHG Protocol; internal criteria defined by Intel management.	0.1 M	MtCO <sub>2</sub> e/yr	28
Scope 3 GHG emissions: product energy usage	GRI 305-3 (reporting requirement d); GHG emissions associated with the energy used in a year by Intel processors in basis; servers and desktop and notebook computers sold in the 2017 calendar year; lifetime emissions associated with these processors. Estimate is calculated using the U.S. Energy Star typical energy consumption model for computing products, and the GHG Protocol.	2.7 M (annual) 9.9 M (over lifetime of the products sold)	MtCO <sub>2</sub> e/yr	28
Energy use (electricity and fuel used at manufacturing locations in stationary sources)	GRI 302-1 (reporting requirements a, b, c, e, f, and g); the GHG Protocol; the Climate Registry's <i>General Reporting Protocol for the Voluntary Reporting Program</i> (Version 2.1); and internal criteria defined by Intel management.	5.9 (electricity); 1.4 (natural gas) and liquefied natural gas; 0.01 (diesel); 7.3 (total)	Billion kilowatt-hours (kW-hr)	27
Water withdrawals for operations use	GRI 303-1 (reporting requirement b) and internal criteria defined by Intel management.	11.8 (total); 11.1 (without reclaimed water)	Billion gallons per year	31
Suppliers undergoing third-party Validate Audit Program audits and targeted onsite audits conducted by a qualified Intel auditor for human rights	Responsible Business Alliance Code of Conduct requirements for 116 third-party audits and internal criteria defined by Intel management.		Audits conducted	39
Days away case rate	U.S. Occupational Safety and Health Administration (OSHA) and U.S. Bureau of Labor methodologies.	0.19	Number of cases per annual workhours for 100 people	18
Recordable rate	U.S. OSHA and U.S. Bureau of Labor methodologies.	0.67	Number of cases per annual workhours for 100 people	18
First aid to recordable ratio for cumulative trauma disorder <sup>a</sup>	Internal criteria defined by Intel management.	1.9:1	Not applicable	18

<sup>a</sup>The term cumulative trauma disorder is used interchangeably with the term musculoskeletal disorder (MSD).

JACOBS ENGINEERING GROUP



# NON-GAAP FINANCIAL MEASURES

Following are the reconciliations of our most comparable GAAP measures to our non-GAAP measures presented:

(IN MILLIONS)	Dec. 30, 2017	Dec. 31, 2016	Dec. 26, 2015
<b>Operating Income</b>	\$17,936	\$12,874	\$14,002
Deferred revenue write-down, net of cost of sales	–	64	–
Inventory valuation	55	387	–
Amortization of acquisition-related intangibles	1,089	1,231	608
Restructuring and other charges	384	1,886	354
Other acquisition-related charges	113	100	–
<b>Non-GAAP Operating Income</b>	<b>\$19,577</b>	<b>\$16,542</b>	<b>\$14,964</b>

(IN MILLIONS)	Dec. 30, 2017	Dec. 31, 2016	Dec. 26, 2015
<b>Earnings per Share – Diluted</b>	<b>\$1.99</b>	<b>\$2.12</b>	<b>\$2.33</b>
Deferred revenue write-down, net of cost of sales	–	0.01	–
Inventory valuation	0.01	0.08	–
Amortization of acquisition-related intangibles	0.22	0.25	0.13
Restructuring and other charges	0.08	0.39	0.07
Other acquisition-related charges	0.02	0.02	–
(Gains)/Losses from divestiture	(0.08)	–	–
Tax reform changes	1.13	–	–
Income tax effect	0.09	(0.15)	(0.04)
<b>Non-GAAP Earnings per Share – Diluted</b>	<b>\$3.46</b>	<b>\$2.72</b>	<b>\$2.49</b>

# INTEL SUPPORTS THE SUSTAINABLE DEVELOPMENT GOALS

SUSTAINABLE  
DEVELOPMENT  
GOALS

The [United Nations Sustainable Development Goals \(SDGs\)](#) are aimed at stimulating action in areas of critical importance for humanity and the planet. We believe that the achievement of the SDGs will be critical to creating a life of dignity and opportunity for all, and we believe technology will play a key role in achieving the SDGs. We support many of these goals through our corporate responsibility and sustainability strategies. In particular, we use the goals below to inform the ongoing development of our strategies, initiatives, and long-term goals. We also believe that information communications technology (ICT) can play an enabling role in the implementation of all of the SDGs. Intel, Nethope, and the UN Foundation developed an [SDG ICT Playbook](#) that outlines technology trends, opportunities, and innovative case studies that global leaders can reference as they develop their strategies and actions to address the SDGs.

## Environmental Responsibility



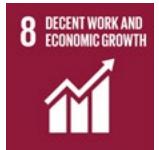
**SDG 6:** Ensure access to water and sanitation for all

**SDG 12:** Ensure sustainable consumption and production patterns

**SDG 13:** Take urgent action to combat climate change and its impacts

We have made significant investments and set aggressive goals to reduce the environmental footprint of our global manufacturing operations, including goals and policies on climate change and water conservation. We continue to work toward our 2020 sustainability goals, and to invest in conservation projects, alternative energy, and product energy efficiency. We collaborate with governments, leading companies, and nonprofits on innovative environmental projects, and proactively invest in our technology "handprint" to empower others to use Intel technology to reduce their environmental footprints and support sustainable consumption and production. In 2017, we also set an additional goal in support of SDG 6 to restore 100% of our global water use by 2025 through our funding of collaborative projects to support local watersheds.

## Supply Chain Responsibility



**SDG 8:** Promote inclusive and sustainable economic growth, employment, and decent work for all

**SDG 12:** Ensure sustainable consumption and production patterns

With our purchasing power and policies, we help our suppliers contribute to the achievement of these two goals in particular. Our efforts are designed to protect vulnerable workers throughout the global supply chain, and include setting clear supplier expectations and investing in assessments, audits, and capability-building programs. We collectively address issues through our leadership in the Responsible Business Alliance, including industry initiatives on key issues such as advancing responsible minerals sourcing, addressing human rights risks such as forced and bonded labor, and improving transparency on the environmental impacts in the global electronics supply chain.

## Diversity and Inclusion



**SDG 5:** Achieve gender equality and empower women and girls

**SDG 10:** Reduce inequality within and among countries

In 2015, we set a bold hiring and retention goal to achieve full representation of women and underrepresented minorities in Intel's U.S. workforce by 2020. We committed \$300 million to support this goal and accelerate diversity and inclusion both at Intel and across the technology industry. Through our efforts we achieved an 84% reduction in our U.S. employee diversity gap from 2014 to present and are on track to achieve full representation of women and underrepresented minorities in the U.S. by the end of 2018. We also set a goal to increase our annual spending with certified diverse-owned suppliers to \$1 billion by 2020.

## Social Impact



**SDG 4:** Ensure inclusive and quality education for all and promote lifelong learning

**SDG 5:** Achieve gender equality and empower women and girls

**SDG 10:** Reduce inequality within and among countries

Intel has a long history of investing in education to empower people and improve their lives through technology. These investments include programs and partnerships that expand access to technology skills and experiences that prepare youth for the jobs of tomorrow and ensure that the next generation of innovators is diverse in terms of geography, economic status, ethnicity, and gender. The Intel Foundation supports innovative initiatives that empower underserved and disenfranchised populations, including programs to encourage girls to pursue their interests in technology and STEM subjects. Intel and the Intel Foundation also empower our employees to support local communities through matching gift and volunteer programs.

# CASE STUDIES: APPLYING INTEL TECHNOLOGY TO SOLVE GLOBAL CHALLENGES

Intel® technology and investments empower individuals, companies, and governments to improve lives around the world. We are at the forefront of new technologies—such as artificial intelligence, virtual reality, autonomous things, and 5G wireless broadband—that are increasingly being used to solve major societal challenges.

## Artificial Intelligence Reshaping Society

Intel's portfolio of artificial intelligence (AI) technologies helps organizations tackle highly complex data challenges and turn that data into action. Adopters of AI are uncovering significant breakthroughs based on information deep within data, and are helping solve highly complex problems. Examples include:

- Researchers at the University of California, San Diego built an artificially intelligent camera designed for autonomous [monitoring systems for tracking endangered species](#). As a result, species such as the vaquita porpoise—the most critically endangered marine mammal in the world—may gain better protection in ocean systems threatened by over-fishing, acidification, warming temperatures, and habitat destruction.
- Intel has collaborated with Oregon Health & Science University (OHSU) in Portland, Oregon to use high-performance computing cloud solutions to [accelerate genomic sequencing](#). The collaboration is changing how cancer is understood and treated. Doctors at OHSU perform genomic sequencing to discover the unique attributes of a person's cancer, which enables treatment to be tailored for each patient's needs by taking into account individual genomic mutations, health history, lifestyle, and more.
- Intel-powered AI is also helping doctors better [diagnose heart conditions](#). Distinguishing between pericarditis and cardiomyopathy is challenging, even

for the most experienced heart doctors, because patients' presenting symptoms are similar, and tools like echocardiograms can reveal only so much. In a recent experiment, researchers using Intel AI technology could distinguish the two diseases a significantly higher percentage of the time.

## Virtual Reality Moves Beyond Fun and Games

Intel is at the forefront of virtual reality (VR), providing an ecosystem of capabilities and partnerships that are merging our physical and digital worlds. VR not only provides unique gaming and entertainment experiences, but is also finding creative applications in other fields. For example, Intel is helping with pilots of VR technology at a number of top research hospitals, where [doctors and patients use VR technology](#) by Surgical Theater to prepare for brain surgery. The technology creates 360-degree models of a patient's brain from CT and MRI scans. The models help surgeons train for surgery and enable patients and their family members to better visualize how their doctors plan to treat tumors or other conditions.

## Autonomous Vehicles: Powerful Business Tools

Intel is a leader in creating the technology foundation that the automotive industry needs for the self-driving future of vehicles. In addition, Intel technology powers unmanned autonomous vehicles (UAVs), or drones, that are increasingly being used as powerful business tools. These digital eyes in the sky collect visual data that computers can transform into valuable insights, and are finding their way into applications such as these:

- Aircraft maker [Airbus is pioneering the use of drones](#) for airplane safety inspections. Special software and an [Intel® Falcon™ drone](#) can identify damage to an

aircraft in a fraction of the time it would take for human inspectors hoisted on cherry pickers.

- In California's Silicon Valley, the [Menlo Park Fire District](#) is developing protocols that are turning drones into essential tools for first responders. Information captured and transmitted by a drone hovering over an inferno can help commanders track people, plan tactics, and adapt to changing situations.
- In Svalbard, Norway, a [conservationist teamed up with Intel](#) to use drones as a non-invasive way to track and document polar bears through vast swaths of snowy tundra. Tracking the bears' behavior, breeding, feeding, and migration habits helps scientists understand the effects of climate change on the Arctic and across our planet.

## 5G Wireless: Delivering Broadband for the World

Intel is collaborating to accelerate the adoption of next-generation 5G wireless technology, which will provide higher speeds, greater capacity, and support for billions of connected devices and things. As 5G becomes available in 2020, Intel and others are studying the [social and economic changes](#)—for example, remote education and better access to government services—that may become possible by bringing broadband connectivity to the more than half of the people in the world who still live without it.

Automated driving will result in fewer accidents, greater mobility, and more efficient traffic flow, as well as improved productivity for passengers. The [Intel® GO™ Automotive 5G Platform](#) is designed to provide fast connectivity between vehicles and mobile networks, and will turn commute time into productive time by enabling passengers in self-driving vehicles to enjoy in-vehicle videoconferencing, virtual reality, and more.



# INTEL 2017 WATER INVENTORY BY LOCATION

The following table details our water use, discharge, and on-site conservation, as well as water sources for Intel sites around the world. Our water withdrawals totaled 11.1 billion gallons in 2017. Approximately 77% of the water used at our sites was sent back to municipal treatment operations, where it is treated so that it can be used for other purposes. For additional information, see the [Environmental Sustainability](#) section of this report.

(MILLIONS OF GALLONS)		Water Usage			Water Discharged	Water Conserved	Water Consumption	Primary Water Source
		Purchased Reclaim Water	Rainwater	Fresh Water Withdrawals (Purchased and Well)				
China	Chengdu, China	0	0.1	146	110	3	36	Fuhe River
	Dalian, China	0	0	991	851	179	140	Biliu and Yingna Rivers
	Shanghai – Zizhu	0	0.3	21	19	2	2	Huangpu River, Changjiang and Shanghai Aquifers
Costa Rica	San Jose	0	0.2	48	25	0.3	23	Colima Superior Aquifer
India	Bangalore – SRR	0	0	32	3	0.5	28	
	Bangalore – BGA	2	0	4	0	18	5	
	Bangalore – ECO	0	0	3	3	0	0	Kabini River
	Bangalore – EMB	0	0	4	4	0	0	
Ireland	Leixlip	0	0	1,542	1,342	553	201	River Liffey
Israel	Haifa	0	0	37	15	3	22	
	Jerusalem	0	0	31	16	0.3	16	Lake Kinneret, Coast Aquifer, Mountain Aquifer (Yarkon-Tinimim), and local desalination plant
	Petah-Tikva	0	0	0.4	0.4	0	0.1	
	Qiryat Gat	0	0	685	577	177	108	
Malaysia	Kulim	0	2	175	25	87	152	
	Penang	0	4	221	11	50	215	Muda River
Mexico	Guadalajara	0	0	14	6	3	9	Lake Chapala
Poland	Gdansk	0	0	4	4	0	0.2	Saur Neptun Gdansk – Groundwater Osowa water station
Russia	Nizhny Novgorod (TGV)	0	0	2	2	0	0	Volga River
United Kingdom	Swindon	0	0	2	2	0	0	Thames River and Thames Valley Aquifer



## Intel 2017 Water Inventory by Location, continued

(MILLIONS OF GALLONS)		Water Usage			Water Discharged	Water Conserved	Water Consumption	Primary Water Source
		Purchased Reclaim Water	Rainwater	Fresh Water Withdrawals (Purchased and Well)				
United States	Aloha, OR	0	0	245	181	0	64	Tualatin River
	Austin, TX	0	5	21	12	0	14	Colorado River; Lake Austin
	Bowers – Santa Clara, CA	0	0	49	27	9	22	Tuolumne River
	Chandler, AZ	0	0	391	300	120	91	Salt and Verde Rivers, local aquifer
	Folsom, CA	0	0	103	31	0	72	American River
	Hawthorn Farm, OR	0	0	21	14	0.3	8	Tualatin River
	Hudson, MA	0	0	13	5	0.3	7	Gates Pond Reservoir
	Jones Farm, OR	0	0	142	142	0.3	0.3	Tualatin River
	Ocotillo, AZ	669	0	2,993	2,687	817	976	Salt and Verde Rivers, local aquifer
	Mission – Santa Clara, CA	6	6	70	35	8	41	Tuolumne River
	Rio Rancho, NM	0	0	681	633	341	48	Santa Fe Aquifer
	Ronler Acres, OR	0	0	2,321	1,964	1,113	357	Tualatin River
	San Jose Innovation, CA	0	0	16	12	0	4	Tuolumne River
Vietnam	Ho Chi Minh City	0	0	82	27	18	56	Dong Nai River
<b>Total</b>		<b>677</b>	<b>12</b>	<b>11,110</b>	<b>9,085</b>	<b>3,503</b>	<b>2,718</b>	

To prepare our global water inventory, we follow established internal procedures for collecting, reviewing, and reporting water data. Internal data collection and reporting practices are outlined within corporate standards and guidance documents developed by Intel. After a corporate-wide inventory is prepared, it is reviewed internally and our water withdrawals are assured by Jacobs (see the "[Third Party Limited Assurance Statement](#)").



# 2017 ENVIRONMENTAL, HEALTH, AND SAFETY VIOLATIONS

In 2017, officials made 178 visits (including audits and inspections) to Intel sites across the globe, including 72 health and safety agency inspections, 26 fire protection agency inspections, and 80 environmental agency inspections. Intel received three environmental Notices of Violation (NOVs), two fire protection-related NOVs, and six health and safety-related NOVs in 2017. Details on NOVs and our subsequent corrective actions are provided in the table below.

Location	Violation	Fine	Intel's Corrective Action
Ontario, Canada	Inspection noted lack of a joint health and safety committee, proper labor signage, written occupational health and safety policy and basic awareness training, workplace harassment and workplace violence policies, and verification of implementation of the above policies.	\$0	All issues were corrected and notice of corrections was sent to the Ministry of Labor.
Chandler, AZ	Non-code compliant boiler was missing required emergency shut-off buttons and cited for having inappropriately sized pressure relief valve and inappropriate range on pressure gauge.	\$0	All issues were corrected and the boiler was reinspected by the agency. Reviewed contracts to ensure clear roles and responsibilities for the permitting processes among owner, designer, and contractor. Implemented new checklist for all new systems and developed a new construction project assessment.
Folsom, CA	Failure to report an employee hospitalization.	\$5,000	Updated applicable occupational health notification procedures and security notification procedures to include site EHS and site management for personal medical cases that meet Cal/OSHA reporting requirements.
San Diego, CA	Hazardous waste training records not available at time of inspection.	\$0	Provided all training records within 30 days of the inspection.
Dalian, China	Emergency exit route obstructed due to improper storage of chemical drums.		Drums were immediately moved to the proper location, additional signage added to the area to prevent re-occurrence, training materials updated, and all affected employees re-trained.
Mesa, AZ	Backup batteries for two exit lights were not functioning properly and room signage was missing.	\$0	Replaced failed backup batteries and installed signage. Updated new construction design standards to include photo luminescent emergency exit lights that do not require backup batteries as the preferred option and increased frequency of self-inspections.
Hillsboro, OR	An OSHA complaint letter from a lab employee noted material in front of electrical panels, heavy objects overhead on server racks, pallets in the hallway/walkway, and overhead equipment not bolted down properly.	\$0	All of the issues have been addressed and daily visual checks added. Re-educated employees and management to document and report safety concerns.
Rio Rancho, NM	High fluoride discharge.	\$75	Reprogrammed tool controller, re-routed overflow drain line to fluoride waste treatment system, and re-routed scrubber fan housing drain lines to fluoride waste treatment system.
Manila, Philippines	Absence of a designated trained part-time safety officer.	\$0	Submitted certificates of basic occupational safety and health course completion for designated officers.
Fort Collins, CO	Above-ground storage tank installation and registration forms submitted retroactively.	\$3,000	Retroactive registration and inspection fees paid and tank inspection conducted by local authorities.
Aloha, OR	Locking hasp attached to a door needed to be removed, and four fire doors didn't close fully and latch correctly.	\$0	Locking hasp was removed the same day and an issue with one door due to air pressure was resolved. Three other doors that were misaligned due to new flooring installation were repaired.

Our definition of an NOV includes any written notice from an agency stating Intel is not in compliance with a regulation or other legal requirement, including administrative items.



# TOP 100 PRODUCTION, CAPITAL, SERVICES, AND LOGISTICS SUPPLIERS

Achronix Semiconductor Inc.	Dainippon Screen MGF Co., Ltd.	JLL <sup>4,6</sup>	Quanta Computer Inc.
Advanced Semiconductor Engineering, Inc. (ASE)	DB Schenker	JSR Corporation <sup>2</sup>	Rinchem Company Inc.
Advantest America Inc.	Delta Design	JX Nippon Mining and Metals Corporation	Samsung Electro-Mechanics <sup>2</sup>
AEM Holdings Ltd.	Dentsu McGarry Bowen, LLC	Kelly Services <sup>7</sup>	Samsung Semiconductor, Inc.
Air Liquide <sup>1</sup>	DHL Global Forwarding	King Yuan Electronics Co., Ltd.	Securitas Security Services USA Inc.
Air Products and Chemicals, Inc.	EBARA Corporation	Kintetsu World Express	Shin Etsu Chemical Co., Ltd. <sup>2</sup>
Amkor Technology, Inc.	Elitegroup Computer Systems Co., Ltd.	KLA-Tencor <sup>2</sup>	Shinko Electric Industries Co. Ltd.
Apollo Mechanical Contractors	Entegris, Inc.	KMG Electronics Chemicals	Siemens Industry, Inc.
Applied Materials Inc. <sup>2</sup>	ESCATEC SDN. BHD.	Lam Research Corporation <sup>2,6</sup>	Siliconware Precision Industries Co., Ltd.
Aricent Technologies Mauritius Ltd.	Essai Inc.	Linde	Siltronic AG <sup>2</sup>
Arm Limited	Fabrinet	M+W Group GmbH	SK Hynix Inc.
Asahi Glass Company, Limited (AGC)	Flextronics International Ltd.	Micron Technology, Inc.	Skanska USA Bldg
ASM International N.V. <sup>2</sup>	FormFactor, Inc. <sup>1</sup>	Microsoft	SUMCO Corporation <sup>4</sup>
ASML	FUJIFILM Electronic Materials <sup>2</sup>	Mitac Holdings Corporation	Sundt Construction, Inc.
AT&S Austria Technologie & Systemtechnik Aktiengesellschaft	GLOBALFOUNDRIES	Mitsubishi Gas Chemical Company Inc. <sup>4</sup>	Supermicro
Atlas Copco Compressors, LLC	Harder Mechanical Contractors	Moses Lake Industries	Synopsys Inc.
Avantor Performance Materials International, Inc.	Hensel Phelps	Murata Machinery, Ltd. <sup>4</sup>	Texas Instruments Incorporated
Azurewave Technologies	Hitachi High-Technologies Corporation <sup>2</sup>	MWH Constructors, Inc.	The Dow Chemical Company
Broadcom Inc.	Hitachi Kokusai Electric Inc. <sup>4,5</sup>	NetApp	Tokyo Electron Limited <sup>2</sup>
Burson-Marsteller/WPP Network <sup>3</sup>	Honeywell Electronics MTLS	Nikon Corporation <sup>8</sup>	Tokyo Ohka Kogyo Co., Ltd. <sup>2</sup>
Cadence Design Systems, Inc.	IBIDEN Co., Ltd.	Nuflare Technology, Inc.	TSMC
Carl Zeiss SMT GmbH <sup>2</sup>	Infineon Technologies, Inc.	OMD	Unimicron Technology Corp.
Charter Mechanical Contractors, Inc.	Infosys Limited	Pegatron Corporation	United Microelectronics Corp.
Corbins Electric, LLC	J.B. Henderson Const. Co. Inc.	Powertech Technology Inc. <sup>1</sup>	Versum Materials
Daifuku Co., Ltd.	JE Dunn Construction	Praxair Electronics	VWR <sup>4</sup>

<sup>1</sup> Suppliers that received 2017 Supplier Achievement Awards for extraordinary results in availability.

<sup>2</sup> Suppliers that received 2017 Preferred Quality Supplier awards.

<sup>3</sup> Coordination among 18 companies of the WPP Group collectively represent one of our top suppliers: North of Nine/Burson-Marsteller, Ogilvy PR, Millward Brown, OgilvyOne, Grey, H+K Strategies, J. Walter Thompson, TNS, Ogilvy & Mather, Kantar Retail, MRB India, Mirum, Wunderman, Rockfsh, Cohn & Wolfe, Kantar Media, and Geometry.

<sup>4</sup> Suppliers that received 2017 Supplier Continuous Quality Improvement awards.

<sup>5</sup> Supplier additionally recognized for Distinguished Performance in Safety in 2017.

<sup>6</sup> Suppliers additionally recognized for Distinguished Performance in Supplier Diversity in 2017.

<sup>7</sup> Supplier that received a 2017 Supplier Achievement Award for extraordinary results in supplier diversity.

<sup>8</sup> Supplier that received a 2017 Supplier Achievement Award for extraordinary results in technology.



Intel invents at the boundaries of technology to make amazing experiences possible for business and society, and for every person on Earth. Harnessing the capability of the cloud, the ubiquity of the Internet of Things, the latest advances in memory and programmable solutions, and the promise of always-on 5G connectivity, Intel is disrupting industries and solving global challenges. Leading on policy, diversity, inclusion, education, and sustainability, we create value for our stockholders, customers, and society.

This Report was prepared using the Global Reporting Initiative\* (GRI) Standards.

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