We relentlessly push the boundaries of smart and connected technology to outdo what’s been done before. As the world leader in computing innovation, Intel makes amazing experiences possible for every person on Earth. We have embedded corporate responsibility and sustainability into our strategy, management systems, and long-term goals. We believe that this integrated approach creates value for Intel as well as our stockholders, customers, and society.
Our vision is if it is smart and connected, it is best with Intel. As a result, we offer complete and connected computing solutions, both hardware and software. We continue executing to Moore's Law by enabling new devices with higher functionality and complexity while controlling power, cost, and size.

We design and manufacture advanced integrated digital technology platforms. A platform consists of a microprocessor and chipset, and may be enhanced by additional hardware, software, and services. We sell these platforms primarily to original equipment manufacturers (OEMs), original design manufacturers (ODMs), and industrial and communications equipment manufacturers in the computing and communications industries. Our platforms are used to deliver a wide range of computing experiences in notebooks (including Ultrabook™ devices), 2 in 1 systems, desktops, servers, tablets, smartphones, and the Internet of Things (including wearables, transportation systems, and retail devices). We also develop and sell software and services primarily focused on security and technology integration. We serve customers around the world, and as of year-end 2014, we had 106,700 employees worldwide, with close to half of those employees located in the U.S.

Over time, the number of devices connected to the Internet and to one another has grown from hundreds of millions to billions. This number continues to grow and the variety of devices also continues to increase. The combination of embedding computing into devices and connecting them to the Internet, known as the Internet of Things, as well as a build-out of the cloud infrastructure supporting these devices, is driving fundamental changes in the computing industry. As a result, we are transforming our primary focus from the design and manufacture of semiconductor chips for personal computers (PCs) and servers to the delivery of more complete platform solutions consisting of hardware and software platforms and supporting services. These solutions span the compute continuum, from high-performance computing systems running trillions of operations per second to embedded applications consuming milliwatts of power. Because computing is becoming an increasingly mobile, personal, and ubiquitous experience, we innovate around energy-efficient performance, connectivity, and security.

To succeed in this changing computing environment, we have the following key objectives:

- relentless pursuit of Moore's Law to maximize and extend our manufacturing technology leadership;
- strive to ensure that Intel® technology is the best choice across the compute continuum, including PCs, data centers, ultra-mobile devices, and the Internet of Things;
- expand platforms into adjacent market segments to bring compelling new System-on-Chip (SoC) solutions and user experiences to ultra-mobile form factors including tablets and smartphones, as well as PC platforms (including Ultrabook devices, 2 in 1 systems, and all-in-ones), data center applications, and the Internet of Things;
- increase the utilization of our investments in intellectual property and research and development (R&D) across all market segments;
- be the platform of choice for any operating system;
- expand data center, security, and big data analytics;
- scale our manufacturing capabilities into foundry; and
- strive to reduce the environmental footprint of our products and operations as well as be an asset to the communities we work in.
Business Organization and Operations

Our products primarily compete based on performance, energy efficiency, integration, innovative design, features, price, quality, reliability, brand recognition, and availability. Unlike many semiconductor companies, we primarily manufacture our products in our own facilities. This in-house manufacturing capability enables us to optimize performance, shorten our time to market, and scale new products more rapidly. The combination of our network of manufacturing and assembly and test facilities with our global architecture design teams enables us to have more direct control over our processes, quality control, product cost, production timing, performance, power consumption, and manufacturing yield.

Intel is headquartered in Santa Clara, California and incorporated in the state of Delaware. We have over 300 facilities located in more than 60 countries. Our principal executive offices are located in the U.S. and a majority of our wafer fabrication activities are also located in the U.S. We completed construction of our new development fabrication facilities in Oregon during 2014 and expect that these new facilities will allow us to widen our process technology lead.

In 2014, 70% of our wafer fabrication, including microprocessors and chipsets, was conducted within the U.S. at our facilities in Arizona, New Mexico, Oregon, and Massachusetts. Our Massachusetts fabrication facility is our last manufacturing facility on 200 millimeter (mm) wafers and is expected to cease production in 2015. The remaining 30% of our wafer fabrication was conducted outside the U.S. at our facilities in Israel and China. Our fabrication facility in Ireland is currently transitioning to our 14nm process technology, with manufacturing expected to ramp in the second half of 2015.

We use third-party foundries to manufacture wafers for certain components, including communication and connectivity products. In addition, we primarily use subcontractors to manufacture board-level products and systems. We purchase certain communication and connectivity products from external vendors primarily in the Asia-Pacific region.
We have thousands of suppliers, including subcontractors, providing our various materials, equipment, and service needs. We set expectations for supplier performance and reinforce those expectations with periodic assessments and audits. We communicate those expectations to our suppliers regularly and work with them to implement improvements when necessary. For more information about our supply chain, see the Supply Chain Responsibility section of this report.

**Products**

**Platforms.** We offer platforms that incorporate various components and technologies, including a microprocessor and chipset, a stand-alone System-on-Chip (SoC), or a multichip package. A platform may be enhanced by additional hardware, software, and services. A microprocessor—the central processing unit (CPU) of a computer system—processes system data and controls other devices in the system. A chipset sends data between the microprocessor and input, display, and storage devices, such as the keyboard, mouse, monitor, hard drive or solid-state drive, and optical disc drives.

We offer and continue to develop SoC products that integrate our CPUs with other system components, such as graphics, audio, imaging, communication and connectivity, and video, onto a single chip. We offer a multichip package that integrates thechipset on one die with the CPU and graphics on another die, connected via a lower-power, on-package interface. In 2014, we introduced our 5th generation Intel® Core™ processor, code-named “Broadwell.”

We also offer features designed to improve our platform capabilities. For example, Intel® vPro™ technology is a solution for manageability, security, and business user experiences in the notebook, desktop, and 2 in 1 systems market segments. We also offer Intel® Iris™ technology, which provides enhanced integrated graphics for our 4th and 5th generation Intel Core processors. In 2014, we announced Intel® RealSense™ technology, which includes software and depth cameras that enable more natural and intuitive interaction with personal computing devices.

**Communication and Connectivity.** Our communication and connectivity offerings for tablets, smartphones, and other connected devices include baseband processors, radio frequency transceivers, and power management integrated circuits. We also offer comprehensive smartphone, tablet, and Internet of Things solutions, which include multimode Long Term Evolution (LTE*) modems, Bluetooth* and Global Positioning System (GPS) receivers, software solutions, customization, and essential interoperability tests.

**McAfee, Inc.** McAfee, Inc. offers software and hardware products that provide security solutions designed to protect systems in consumer, mobile, and corporate environments from malicious virus attacks and loss of data. McAfee's products include software solutions for end-point security, network and content security, risk and compliance, and consumer and mobile security and privacy.
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Non-Volatile Memory Solutions. We offer NAND flash memory products primarily used in solid-state drives. Our NAND flash memory products are manufactured by IM Flash Technologies, LLC and Micron Technology, Inc.

Intel Custom Foundry. We offer manufacturing technologies and design services for our customers. Our foundry offerings include full custom silicon, packaging, and manufacturing test services. We also provide semi-custom services to tailor Intel architecture-based solutions with customers’ intellectual property blocks.

Research and Development
We are committed to investing in world-class technology development, particularly in the design and manufacture of integrated circuits. R&D expenditures were $11.5 billion in 2014, compared with $10.6 billion in 2013. Our R&D activities are directed toward the delivery of solutions consisting of hardware and software platforms and supporting services across a wide range of computing devices. We are focused on developing the technology innovations that we believe will deliver our next generation of products, which will in turn enable new form factors and usage models for businesses and consumers.

Our R&D model is based on a global organization that emphasizes a collaborative approach to identifying and developing new technologies, leading standards initiatives, and influencing regulatory policies to accelerate the adoption of new technologies, including joint pathfinding conducted between researchers at Intel Labs and our business groups. We centrally manage key cross-business group product initiatives to align and prioritize our R&D activities across these groups. In addition, we may augment our R&D activities by investing in companies or entering into agreements with companies that have similar R&D focus areas, as well as directly purchasing or licensing technology applicable to our R&D initiatives. To drive innovation and gain efficiencies, we intend to utilize our investments in intellectual property and R&D across our market segments.

For more information, see the Intel 2014 Annual Report and Form 10-K.

Customers
We sell our products primarily to OEMs and ODMs. ODMs provide design and manufacturing services to branded and unbranded private-label resellers. Our customers also include those who buy PC components and our other products through distributor, reseller, retail, and OEM channels throughout the world. In 2014, Hewlett-Packard Company accounted for 18% of our net revenue (17% in 2013 and 18% in 2012), Dell Inc. accounted for 16% of our net revenue (15% in 2013 and 14% in 2012), and Lenovo Group Limited accounted for 12% of our net revenue (12% in 2013 and 11% in 2012). No other customer accounted for more than 10% of our net revenue during such periods. In 2013, 83% of our revenue from unaffiliated customers came from outside the U.S.

As part of our Customer Excellence Program (CEP), a third-party market research firm administers a web-based survey to obtain and prioritize customer feedback on the quality of Intel’s products and services. In 2014, the company received a 90% “Delighted” score from customers. We have exceeded our 75% “Delighted” score goal since 2006. A portion of every employee’s pay is tied to the survey results and the satisfaction of our customers. For more information, see “Compensation and Benefits” in the Caring for Our People section of this report.

Competition
The computing industry continuously evolves with new and enhanced technologies and products from existing and new providers. Intel faces significant competition in the development and market acceptance of our products in this environment. In each market segment, we have competitors, including other companies that make and sell microprocessors, SoCs, other silicon components, and software and platforms to businesses that build and sell computing and communications devices to end users. We also face competition from OEMs that, to some degree, choose to vertically integrate their own proprietary semiconductor and software assets.

For more information about our products, customers, competitors, and operations, see the Intel 2014 Annual Report and Form 10-K.
Risk Management and Business Continuity

Risk is inherent in business. Intel’s Board of Directors and management consider “risk” for these purposes to be the possibility that an undesired event could occur that might adversely affect the achievement of our objectives.

Risks vary in many ways, including the ability of the company to anticipate and understand the risk, the types of adverse impacts that could occur if the undesired event occurs, the likelihood that an undesired event and a particular adverse impact would occur, and the ability of the company to control the risk and the potential adverse impacts. The types of risks that Intel faces include:

- Macro-economic risks such as inflation, reductions in economic growth, or recession
- Political risks such as restrictions on access to markets, confiscatory taxation, and expropriation of assets
- “Event” risks such as natural disasters
- Business-specific risks related to strategic position, operational execution, financial structure, legal and regulatory compliance, corporate governance, and environmental stewardship

Not all risks can be dealt with in the same way. Some risks may be easily perceived and controllable, while others are unknown; some risks can be avoided or mitigated by a particular behavior; and some risks are unavoidable as a practical matter. In some cases, a higher degree of risk may be acceptable because of a greater perceived potential for reward. Intel engages in numerous activities to align voluntary risk taking with company strategy, understanding that projects and processes may enhance the company’s business interests by encouraging innovation and appropriate levels of risk taking.

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 manner in which to control risk.

The Board implements its risk oversight responsibilities by having management provide periodic briefing and informational sessions on the significant voluntary and involuntary risks that the company faces and how the company is seeking to control risk if and when appropriate. In some cases, as with risks of new technology and risks related to product acceptance, risk oversight is addressed as part of the full Board’s engagement with the CEO and management. In other cases, a Board committee is responsible for oversight of specific risk topics and reports to the full Board.

Intel Crisis Management (ICM) handles our end-to-end response to crises and major business disruption events. ICM sets the standards and provides oversight for the emergency management and business continuity programs across Intel. Every mission and business critical function at Intel is required to embed business continuity into their core business practices. Through ICM, which is sponsored by the CEO, Intel maintains an “all hazards” response structure designed to respond to and address any disruption regardless of cause. This structure, along with individual business continuity and site-specific plans, are regularly tested across all aspects of the company.

As a global corporation with locations and suppliers all over the world, Intel must be prepared to respond to a wide range of disasters and keep the business running. Our programs are designed to provide quick response and help ensure the safety of our personnel, safeguard our facilities, and begin the return to “normal operations.” In the event of a business disruption, our plans are designed to enable us to quickly recover critical business functions, such as handling customer orders, overseeing production and deliveries, and managing our supply chain.

Intel’s mergers and acquisitions process incorporates a screen that assesses environmental, governance, “conflict minerals”, and a number of other factors that could impact the company’s acquisitions. Intel Capital, our global investment organization and Intel’s mergers and acquisitions team, have integrated additional criteria into our due diligence process to identify potential environmental, governance, and social risks in new investments and acquisitions.

*“Conflict minerals,” as defined by the U.S. Securities and Exchange Commission (SEC), is a broad term that means tin, tantalum, tungsten, and gold, regardless of whether these minerals finance conflict in the Democratic Republic of the Congo (DRC) or adjoining countries.
Strategy and Governance

Corporate responsibility is part of our integrated management approach. We have taken steps to embed corporate responsibility into our corporate strategy, corporate objectives, governance and compensation systems, and value chain.

We believe that our focus on corporate responsibility creates value for Intel and our stakeholders. It helps us manage our business more effectively and identify ways to apply our technology and expertise to benefit the environment and society, which in turn helps us mitigate risks, reduce costs, protect brand value, and identify market opportunities. We believe that we can apply our technology and experience to help improve energy efficiency, address critical environmental challenges such as climate change, and improve education access and quality worldwide. Designing products with improved energy-efficient performance helps us meet customer needs and identify market expansion opportunities; improving energy efficiency in our operations helps us reduce our emissions and energy costs; and investing in training, diversity, benefits programs, and education helps us to attract and retain a talented workforce.

Our business success has always depended on our ability to build strong relationships with all stakeholders, including employees, customers, stakeholders, suppliers, governments, and communities. We work to develop a strong culture of trust through open and direct communication, and are committed to operating with transparency. We regularly engage with external organizations to gather feedback that helps improve our performance and increase the economic and social impact of our programs and initiatives over time.

Frameworks such as the United Nations Millennium Development Goals have helped inform our corporate responsibility strategy and approach. Intel is a member of the United Nations Global Compact, and our Human Rights Principles reference external standards such as those of the International Labour Organization and the Guiding Principles on Business and Human Rights endorsed by the UN Human Rights Council.

Governance and Management Approach

Intel's Board of Directors oversees, counsels, and directs management in the long-term interests of the company and our stockholders. Matters in which the Board is actively engaged include business strategy, risk oversight, succession planning, and corporate responsibility and environmental stewardship. Since 2003, the Board's Corporate Governance and Nominating Committee has had formal responsibility for reviewing and reporting to the Board on corporate responsibility and sustainability issues at Intel. A number of directors have expertise in key corporate responsibility areas, including corporate governance, education, and environmental sustainability. Director biographies are available on our Biographies web site and in our 2015 Proxy Statement.
We use a distributed model for managing corporate responsibility across our company, as we believe that embedding responsibility within specific business groups is the most effective management approach. Many Intel business groups have established teams dedicated to corporate responsibility issues, and we have also 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 feedback into decision processes.

As part of our commitment to governance best practices, Intel pays for performance. We provide a majority of executive compensation through arrangements in which the amounts ultimately received vary to reflect Intel’s performance. Our executive compensation programs evolve and are adjusted over time to support Intel’s business goals and to promote both near- and long-term profitable growth of the company. In addition, since 2008, we have linked a portion of every executive’s compensation to corporate responsibility factors, just as we do for all other employees. For more information on our governance systems and compensation approach, see the Caring for Our People and Caring for the Planet sections of this report, as well as our 2015 Proxy Statement.

Creating and Measuring Shared Value

In recent years, investors have become increasingly interested in the connection between corporate responsibility performance and business value creation. As such, Intel is a supporting member of the Shared Value Initiative, created by the nonprofit consulting firm FSG and Harvard Business School professor Michael Porter to bring together leaders from companies, civil society, and governments to build a strong and engaged global community and further develop the concept of “shared value.” Shared value is a framework that helps companies leverage the full range of their internal assets to address social and environmental impacts and identify opportunities, with the end goal of creating more value and increasing a firm’s competitiveness.

The concept of shared value is consistent with how Intel has defined corporate responsibility for many years: a management approach that helps us better manage risks and identify opportunities in order to create business value for the company and for society. Intel has been recognized in a number of forums and publications as a leader in this area, and we helped develop a white paper on shared value measurements that provides companies with a step-by-step process and a pragmatic approach to measurement and implementation of the shared value concept.

In 2014, we continued to advance the concept of shared value, communicate best-practice examples, and identify opportunities to leverage the concept and measurement approaches for Intel initiatives. In early 2014, FSG highlighted Intel in a research paper, “The New Role of Business in Global Education,” and Intel published two shared value case studies on the Intel Education Service Corps and our Code for Good programs. We are also applying the shared value framework to our Intel® She Will Connect program.
Ethics and Compliance

The Intel Code of Conduct guides the behavior of our employees, officers, non-employee directors, wholly owned subsidiaries, and suppliers, and is a cornerstone of our culture.

Through the Code of Conduct, which we review annually, we seek to promote honest and ethical conduct, deter wrongdoing, and support compliance with applicable laws and regulations. The principles embodied in the Code reflect our policies related but not limited to conflicts of interest, nondiscrimination, antitrust, anti-bribery and anti-corruption, privacy, health and safety, and protecting our company’s assets and reputation. The Code directs employees to consider both short- and long-term impacts on the environment and the community when they are making business decisions, and to report potential issues as soon as they arise.

All employees are expected to complete training on the Code of Conduct when they join the company and annually thereafter. The Code is available in 15 languages, and training sessions incorporate real case scenarios. Employees are encouraged to raise ethical questions and concerns, and have multiple channels to do so—annonymously, if they prefer, and as permitted by law. They assert adherence to the Code through an annual disclosure process for targeted populations across the company.

Depending on their roles and geographical locations, certain employees are assigned more in-depth ethics and compliance training courses, such as those covering anti-corruption, import-export compliance, insider trading, and antitrust. For example, in 2014 approximately 30,000 employees—about 30% of our workforce—received additional training on our anti-corruption policies and procedures. As part of our anti-corruption program, we conduct risk-based due diligence screening on selected suppliers and distributors. We also communicate our ethical expectations, including compliance with our Code of Conduct, to our suppliers and other third parties.

Intel has published a set of Human Rights Principles to complement the Code of Conduct and express our commitment to human rights and responsible labor practices. The Code of Code also references and covers our Human Rights Principles. For more information, see the Respecting Human Rights section of this report.
Intel owns over 40,000 patents worldwide. Innovation, and the objective is to achieve balanced protection and enforcement for intellectual property—including patents, copyrights, and trade secrets—globally.

In 2015, as we expand into new markets and businesses, we will continue to assess risk and execute our programs globally for current and new employees to help ensure that we act with uncompromised integrity worldwide.

Public Policy and Political Accountability

Intel works with governments, organizations, and industries around the world to advocate policies that encourage new ideas, promote fair commerce, and protect resources.

The following is a brief summary of a few of our key areas of interest and engagement in the public policy arena. For more information, visit our Public Policy web site and our Public Policy blog.

Tax and Trade. We support tax policies that enhance the ability of innovative companies to compete in the global marketplace and, in turn, produce economic prosperity. Intel engages in a highly capital-intensive business, and the location of our facilities can be substantially affected by the tax and economic development policies of potential host countries. Modernization of customs and trade procedures is important to major global supply chain participants. Intel depends on the ability to move products across international borders quickly, cost effectively, and with minimal burdens.

Intellectual Property. Intel owns over 40,000 patents worldwide. Innovation, and the intellectual property (IP) that underlines it, are central to our business. Intel believes that a balanced, fair approach to IP systems is the best way to incentivize innovation. Intel’s objective is to achieve balanced protection and enforcement for intellectual property—including patents, copyrights, and trade secrets—globally.
Privacy and Security. Intel recognizes that innovation, growth, and the continued success of its business and the high-tech industry depend upon individuals’ trust in their use of technology and in the responsible, protected collection and processing of their data. Intel supports cybersecurity and privacy legislation and regulation that will promote trust in Intel products and technology and help governments, businesses, and individuals better secure their networks, intellectual property, and data. We have advocated against regulatory approaches to critical infrastructure or supply chains that could impact product design and development and set bad precedents globally.

Environment and Energy. As an environmentally responsible manufacturer of energy-efficient products, Intel works with governments worldwide to help shape progressive energy policy. Technology has made a significant impact on driving environmental efficiencies throughout the world. Intel believes that government policies should recognize and encourage a bigger role for the ICT industry in devising climate change mitigation and adaptation solutions.

Workforce. We want to create the best, most productive workplace environment that we can for our employees, so that our organizations can be as efficient, productive, and competitive as possible. To ensure that the U.S. has access to the highly skilled talent needed to remain competitive, we advocate for immigration reforms to enable businesses to recruit, hire, and retain highly skilled foreign nationals in job fields that have a shortage of qualified U.S. workers. We support initiatives that enhance the science, technology, engineering, and math skills of students and workers worldwide. We also believe in treating our employees equally, regardless of sexual orientation. In early 2014, along with 47 other organizations, we filed an amicus brief with the 10th Circuit Court of Appeals on the impact of bans on marriage equality. In 2015, we also signed onto an industry letter that asks state legislatures to add sexual orientation and gender identity as protected classes to their civil rights laws.

Political Accountability
The Intel Political Accountability Guidelines outline our approach to making political contributions, including details about accountability at the senior management and Board of Directors levels. In early 2013, as a result of stakeholder dialogue, we also updated the Intel Political Accountability Guidelines to clarify certain aspects of our review processes and disclosure, including our processes to review the conformance of our political contributions with our corporate policies.

Intel Political Accountability Practices at a Glance
Guidelines and Oversight. Intel Political Accountability Guidelines (which include information on executive management and Board oversight processes) are publicly disclosed on our Corporate Governance and Ethics web site.

Direct Contributions. We disclose our direct corporate contributions and IPAC contributions twice a year. Historical archived political contribution reports are also publicly disclosed on our Report Builder web site.

Trade Association Dues. Trade association membership dues and payments to other tax-exempt organizations such as 501(c)(4) organizations are disclosed 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 2014, our reported lobbying expenditures totaled $3.8 million, compared to $4.4 million in 2013.

Independent Political Expenditures. Intel has a policy of not making independent political expenditures or funding electioneering communications, as those terms are defined by applicable law.

Corporate contributions, IPAC contributions, and trade association membership dues payments reports are available on our Report Builder web site.
Intel works to educate political candidates about the implications of public policy decisions for our business, and provides financial support to candidates who support or advance positions that are consistent with our business objectives. Intel makes relatively few direct political contributions using corporate funds. In 2014, our corporate contributions to state and local candidates, campaigns, and ballot propositions totaled $65,000.

The Intel Political Action Committee (IPAC) accepts voluntary contributions from its members and uses those funds to contribute to political candidates’ campaigns. No corporate funds are contributed to IPAC other than for administrative expenses, and employee participation in IPAC is voluntary. Donations are divided evenly between the two major political parties, and are part of Intel’s efforts to enable employees to support candidates who understand our business concerns and will be open-minded to our views regarding our public policies. IPAC supports candidates who have an understanding of issues that are important to Intel, have demonstrated leadership, have a leadership role, or have Intel employees or facilities in their voting districts. In some instances, candidates that IPAC supports may vote against us on one issue and be our most active proponents on other issues; however, IPAC does not correlate contributions to any specific official government action. Our Vice President of Global Public Policy reviews the congruency of our political contributions with our corporate policies on an annual basis. The sum of political contributions from IPAC to candidates in 2014 was $491,000.

Our memberships in industry and trade associations help us work collaboratively with other companies and groups to address key public policy issues. Intel is a member of these trade associations; however, the positions of these organizations do not always completely align with Intel’s.

We annually evaluate our political spending for alignment and effectiveness, although we recognize that it is impractical and unrealistic to expect that we or our stockholders and stakeholders will agree with every issue that a politician or trade association may have supported.

To address potential misalignment issues, we have put systems in place (including executive and Board-level review), increased disclosure about our trade association dues and areas of potential misalignment, and posted our positions on key public policy issues to ensure that they are available to all stakeholders.

We believe that the overall benefit of our memberships in these organizations outweighs our differences, although we continue to evaluate our memberships during the planning process each year. We have also taken proactive steps to educate associations on our positions and provide background information on key issues. For example, we signed a multi-stakeholder agreement to clearly articulate our position on “conflict minerals.”

In recognition of our political accountability practices, Intel tied for fourth-place rank among 300 companies evaluated in the 2014 CPA-Zicklin Index of Corporate Political Accountability and Disclosure.
Stakeholder Engagement

We derive significant value from our diverse stakeholders and maintain formal management systems to engage with, listen to, and learn from them. When appropriate and relevant to our business, we incorporate their feedback into our thinking and planning.

We prioritize our stakeholders and their concerns by looking at both the relevance of a stakeholder’s relationship to our business and the importance of the issue being raised. By evaluating our community programs based on local input, and adapting our reporting methodology and the content of this report, we are better able to meet the needs of our stakeholders.

We work with stakeholders to consider the impact of our operations on local communities at all phases: entering, operating, and exiting. When entering a community, we work with third parties to conduct needs assessment studies to prioritize our community engagement activities. During our operating phase, we work to build relationships with local stakeholders through informal meetings, community advisory panels (CAPs), working groups, and community perception surveys (CPSs). CAP members provide constructive input on a broad range of issues, such as education, environmental impact, health and safety, and emergency response and management. CPSs (usually administered by third parties) give us insight over time into a local community’s expectations of our company and an external view of our performance. Before making the decision to exit a community, we evaluate potential alternatives, and when closing a facility is necessary, we work to minimize the impact on our employees and to properly dispose of the affected assets and operations.

In addition to face-to-face meetings, a number of web and social media channels provide us with valuable, ongoing feedback 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. Through this account, we receive and respond to hundreds of messages each year on a wide variety of topics. In addition, members of our corporate responsibility team and leaders across Intel discuss their views and opinions, and receive and respond to comments on our external CSR@Intel blog, Facebook page, and Twitter account.

To leverage the power of technology for our stakeholder engagement efforts, our interactive Explore Intel web site provides real-time disclosure and information for communities surrounding our campuses in Arizona, China, Costa Rica, Ireland, Israel, New Mexico, Oregon, and Vietnam. Featuring a mix of videos from our senior leaders and environmental managers, site photos, real-time environmental data for manufacturing facilities, and contact information, the site makes it easy for community members to engage with our environmental managers and community relations managers.

For more than 10 years, we have also met with leading environmental, social, and governance research firms and socially responsible investors to review our Corporate Responsibility reports, gain a better understanding of emerging issues, help set priorities, and gather feedback on our performance. In 2014, representatives of more than 20 firms attended our annual outreach tour in three cities. Key discussion topics included transparency, corporate governance and board diversity, climate change and renewable energy, and privacy and security.

Using a variety of methods to engage with our stakeholders and obtain feedback on our performance helps us analyze and prioritize corporate responsibility issues as part of our corporate responsibility materiality assessment process. This information also informs the direct actions that we take to improve our performance at local and global levels. An overview of our key stakeholder engagement activities is provided on the next two pages.
## Stakeholder Engagement Activities

### EMPLOYEES

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<tr>
<th>Tools and Processes</th>
<th>Benefits and Results</th>
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<tbody>
<tr>
<td>Open-door policy designed to give employees access to management at all levels.</td>
<td>Multiple processes support direct communication up and down the organization. OHS and other survey results allow us to track our performance in key areas and identify gaps on a regular cadence. For more information, see the Caring for Our People section of this report.</td>
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<tr>
<td>Employee surveys, including our Organizational Health Survey (OHS).</td>
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<td>Circuit News, our intranet web site, which includes direct feedback tools; and &quot;Inside Blue,&quot; our internal employee social media platform.</td>
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<td>Quarterly Business Update Meetings for all employees, and Executive Open Forums and webcasts that include Q&amp;A sessions.</td>
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### CUSTOMERS

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<th>Tools and Processes</th>
<th>Benefits and Results</th>
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<tr>
<td>Customer Excellence Program (CEP), a structured program that uses a web-based survey administered by a third-party market research firm to obtain and prioritize customer feedback about the quality of Intel's products and services.</td>
<td>Objective customer feedback enables us to identify areas for improvement, and a portion of employees' annual variable compensation is tied to CEP results. In 2014, employees received an additional day of pay based on the customer satisfaction levels under the CEP. For more information, refer to the Intel Quality System Handbook.</td>
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<tr>
<td>Consumer Support web site.</td>
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<tr>
<td>External blogs, such as Technology@Intel, with discussions of interest to customers; and other social media channels, including Twitter and Facebook.</td>
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### SUPPLIERS

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<th>Tools and Processes</th>
<th>Benefits and Results</th>
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<tr>
<td>Intel's Supplier Site.</td>
<td>Setting consistent expectations for our suppliers reduces risk and improves efficiency across our supply chain. Based on stakeholder feedback and benchmarking research, we have provided additional detail in the Supply Chain Responsibility section of this report.</td>
</tr>
<tr>
<td>Supplier capacity-building activities, including educational resources, webinars, and a Supplier Sustainability Leadership Summit.</td>
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<tr>
<td>Participation in industry working groups, including the Electronic Industry Citizenship Coalition (EICC).</td>
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</tr>
</tbody>
</table>

### GOVERNMENTS AND POLICYMAKERS

<table>
<thead>
<tr>
<th>Tools and Processes</th>
<th>Benefits and Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active engagement in policy and legislative efforts worldwide through individual discussions and exchanges with joint industry and government committees.</td>
<td>Our efforts in policy development foster credible, trustworthy relationships; strengthen regard for Intel as a valued corporate citizen; and create a supportive public policy environment. For more information, see “Public Policy and Political Accountability” in this section.</td>
</tr>
<tr>
<td>Intel Global Public Policy and Intel Corporate Affairs staff engagement with policymakers.</td>
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<tr>
<td>Policy@Intel web site and blog.</td>
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</table>
## Stakeholder Engagement Activities

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Tools and Processes</th>
<th>Benefits and Results</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>COMMUNITIES</strong></td>
<td>Community advisory panels and working groups, two-way forums where community members and Intel representatives collaborate to address community issues and concerns. Community perception surveys and needs assessments conducted as needed.</td>
<td>Maintaining an open dialogue with our communities has allowed us to build positive and constructive relationships at the local level. For more information on our community engagement activities, see the <em>Inspiring the Next Generation</em> section of this report.</td>
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<tr>
<td></td>
<td>Intel Community and Explore Intel web sites, which include feedback mechanisms.</td>
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<td></td>
<td>Placement of Intel employees on local nonprofit boards and commissions, and employee volunteer activities in local schools and nonprofits.</td>
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<tr>
<td></td>
<td>Extensive working relationships with educators and educational institutions worldwide, and third-party evaluations of our education programs.</td>
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<tr>
<td><strong>INVESTORS</strong></td>
<td>Regular face-to-face meetings with social responsibility-oriented fund managers and analysts.</td>
<td>Feedback and benchmark data drive improved performance and help us identify emerging issues and concerns.</td>
</tr>
<tr>
<td></td>
<td>Timely interaction with investors and research firms through e-mail exchanges, conference calls, regular meetings with management, visits, Investor Day, and detailed investor surveys.</td>
<td></td>
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<tr>
<td></td>
<td>Online stockholder forum featuring investor surveys on a range of issues and information about corporate responsibility.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Intel Corporate Responsibility e-mail account, Intel Investor Relations e-mail account, and CSR@Intel blog.</td>
<td></td>
</tr>
<tr>
<td><strong>NON-GOVERNMENTAL ORGANIZATIONS (NGOs)</strong></td>
<td>Issues meetings, formal dialogues, joint projects, and multi-sector efforts.</td>
<td>Intel’s interactions with NGOs promote mutual understanding on environmental issues, regional education priorities, technology options and solutions for developing countries, supply chain management issues, and other topics. Details on our collaborations with NGOs in our main corporate responsibility focus areas are covered in other sections of this report.</td>
</tr>
</tbody>
</table>
Corporate Responsibility Materiality Analysis

We incorporate feedback from our stakeholders to inform our analysis of key corporate responsibility issues and their impact on our business.

Corporate Responsibility Materiality Analysis

IDENTIFY
Identify issues from a wide range of stakeholders and sources.

- Primary Sources
  - Employee blogs and forums
  - Customer concerns
  - Corporate Responsibility web site e-mails and CSR@Intel blog
  - Social media channels
  - Results of community advisory panels and community perception surveys
  - Meetings/feedback sessions with investors
  - Proxy resolution negotiations
  - Ethics and Compliance Oversight Committee
  - Strategic chemical review process
  - Community relations
  - Corporate responsibility/sustainability conferences
  - Market research on reputation issues
  - Meetings with government officials
  - Review of external standards
  - Participation in industry working groups
  - Scan of industry trends

Issues
- Climate change
- Water conservation
- Air emissions/quality
- Education
- Employee relations
- Fair compensation
- Stock price performance
- Energy efficiency
- Labor unions
- Materials restrictions
- Employee health
- Privacy and data security
- Political contributions
- Taxes/incentives
- Diversity
- E-waste
- EHS/human rights in the supply chain
- Conflict minerals
- Product-related human rights concerns
- Sexual orientation and gender equity

PRIORITIZE
Use a consistent set of filters to determine the significance of each issue and develop a list of the most material issues.

- Key Criteria
  - Business continuity
  - Impact to brand/reputation
  - Applicability to multiple regions
  - Alignment with Intel’s business strategies
  - Impact on the community
  - Ability to attract and retain talent
  - Regulatory impacts

This materiality matrix illustrates the topics that we believe are of greatest interest to our stakeholders, who want to make informed decisions about Intel’s environmental, social, and economic performance.

REVIEW
Embed the process in internal decision-making and external review.

Internal Review
- Board of Directors and Management
- Review Committee (MRC) reviews
- Market research on reputation issues
- Meetings with government officials
- Review of external standards
- Participation in industry working groups
- Scan of industry trends

External Review
- Outreach to socially responsible investors
- Corporate Responsibility Report review
- Sustainability participation and benchmarking

Decisions
- Set new performance goals
- Initiate new projects or develop new policy
- Communicate with stakeholders
- Include in Corporate Responsibility Report, site/local reports, Corporate Responsibility web site

We have used the Sustainability Materiality Framework developed by the research firm Accountability to define corporate responsibility materiality, both for this report and for our strategy development. (Note that “materiality” in this context does not refer to financial materiality.)
Key Corporate Responsibility Challenges and Opportunities

Energy-Efficient Products and Climate Change. As impacts to climate and energy have become major focus areas for businesses and governments, we have taken steps to reduce absolute emissions from our operations and to address the climate change impact of our products. We have set goals to lower our normalized and absolute emissions and increase the energy-efficient performance of our products. Worldwide efforts to reduce emissions and address climate change also present potential market opportunities for Intel technologies, including those for smart grids, transportation, and sensing.

Workforce Talent and Diversity. Our ability to attract and retain top talent is key to our business success. We invest in cultivating a safe, respectful, and ethical work environment that enables employees to thrive both on the job and in their communities. We have set a goal to achieve full representation of women and under-represented minorities at Intel in the U.S. by 2020. We are investing in internal initiatives and targeted external programs aimed at building the talent pipeline in engineering and technical disciplines.

Privacy and Data Security. We recognize that 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, from software to network equipment and consumer electronics devices. We also support the fundamental human rights of privacy and freedom of expression, and have policies, management oversight, accountability structures, and product design processes that address these issues.

Water Use. Sustainable water management is a key focus at Intel, and we have invested significant resources in innovative conservation efforts. However, we face challenges in reducing our water use as our manufacturing processes become more complex. In recent years, we have expanded disclosure on our water use and conservation efforts, and continue to engage with external organizations to understand emerging best practices.

Education Transformation and the Digital Divide. Intel’s success depends on young people having access to quality education and technology. As a leading technology company, we believe that we can help governments around the world achieve their economic development and educational goals by effectively integrating technology into their programs and strategies. Recognizing the lack of access to technology and education that still exists for many girls and women around the world—and the importance of enabling that access to spur economic development—we have expanded our engagement efforts and partnerships in this area.

Human Rights, Labor Standards, and Supply Chain Responsibility. In our industry and others, companies are taking a more active role in pushing for improvements in policies and processes for managing human rights issues, including human rights in the supply chain. Intel, for example, has taken a leadership role in helping to ensure that “conflict minerals”—those mined and sold under the control of armed groups who exploit low-paid mine workers—are eliminated from supply chains. We regularly review our policies, processes, and potential risk areas related to human rights. We are also assessing emerging stakeholder concerns surrounding the use of technology products by governments in ways that raise censorship and human rights concerns.
Financial Results and Economic Impact

For 2014, Intel reported record revenue of $55.9 billion, up 6% from 2013. Net income rose 22% to $11.7 billion, and earnings per share were $2.31. Our operating income of $15.3 billion was up 25% over 2013. We achieved record annual unit shipments for PCs, servers, tablets, phones, and the Internet of Things.

2014 Financial Results

Our strategy for growth is playing out well. We are driving our core businesses in personal computing and the enterprise, building on those assets to move into new areas such as the Internet of Things and wearables, strengthening Intel's position in mobile, and continuing our relentless pursuit of Moore's Law. The diversity and scale of Intel products today put us in a unique position to compete across the breadth of devices that compute and connect.

In 2014, we started growing again across a broad range of products and markets by introducing many new product technologies across all of our businesses. We began shipping the world's first processor on 14nm process technology. We introduced the Intel® Core™ M processor family, designed to enable superior compute and graphics performance and long battery life in razor-thin, fanless mobile devices. In the wireless business, we qualified our first SoC application processor and baseband 3G solution, code-named "SoFIA."

In PC clients, revenue of $34.7 billion was up 4% over 2013. Operating income of $14.6 billion was up 25%. In Chromebooks, Intel now leads in market segment share. In the mobile area, we exceeded our goal to ship 40 million units for tablets during 2014, and became one of the largest silicon providers for tablets. In 2015 we look to improve mobile profitability by further reducing costs through efficiencies and products such as our SoFIA SoC targeted for the mobile market segment. In data center products, revenue was $14.4 billion, up 18% over 2013, and operating income increased 31% as we capitalized on the growth of cloud computing and big data. We introduced next-generation Intel® Xeon® processors that enhance performance, efficiency, and security for compute, storage, and network workloads in cloud environments.

We have made investments and established positions in emerging growth sectors such as the Internet of Things and wearables before these segments become mainstream. Our Internet of Things revenue grew 19% in 2014, to more than $2 billion. We announced our Basis Peak™ fitness and sleep tracker and Intel® Curie™ module, a button-sized computer designed for wearables, and have established a growing portfolio of wearable technology collaborations with several world-class fashion and fitness brands.

The cash generation from our business remained strong, with cash from operations of $20.4 billion in 2014. We returned $4.4 billion to stockholders through dividends and repurchased $10.8 billion of common stock through our common stock repurchase program. Our Board of Directors authorized an increase of $20 billion to the common stock repurchase program. Effective in Q1 2015, our annual dividend rate increased to $0.96 per share.

For additional 2014 financial highlights, see "Recognitions, Performance Summary, and Goals" later in this section. For a more detailed discussion of our financial performance, see our 2014 Annual Report and Form 10-K.
Economic Impact

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

In 2013, we engaged PricewaterhouseCoopers to conduct an analysis of the direct, indirect, and induced effects of our operations and selected subsidiaries in the United States over a five-year period. The study, "Intel’s Economic Impacts on the U.S. Economy, 2008–2012," found that total impact on the U.S. gross domestic product (GDP) from 2008–2012 was $408 billion. The study also found that while Intel had 53,200 full- and part-time employees in the U.S. in 2012, each Intel job supported 13 additional U.S. jobs, resulting in total support of 774,600 U.S. jobs.

An IHS Global Insight study commissioned by Intel in 2008 measured direct, indirect, and induced effects of Intel’s own operations, as well as productivity gains that stem from the use of Intel microprocessors. The study found that between 2001 and 2007, Intel contributed $758 billion to the U.S. GDP and $247 billion to the European Union GDP.

Periodically conducting local assessments helps us better understand Intel’s direct and indirect economic impact on the communities where we operate. We have commissioned economic impact studies of our operations in Arizona, New Mexico, and Oregon, which have quantified the significant economic impact our sites generate. For example, the Oregon study, conducted in 2011, found that "total economic impacts attributed to Intel’s operations, capital spending, contributions, and taxes amounted to almost $14.6 billion in economic activity, including $4.3 billion in personal income taxes and 59,990 jobs in Washington County, Oregon."

Assessments have also demonstrated Intel’s economic impact on non-U.S. communities. For example, a 2012 economic impact study showed that Intel Israel directly employed approximately 8,500 employees and interns, and indirect employment exceeded 17,000 additional jobs. In addition, Intel Israel’s direct and indirect reciprocal procurement in 2012 totaled $737 million.

Communities around the world also derive significant economic benefits from Intel’s global investment and mergers and acquisitions organization, Intel Capital. One of the largest venture capital organizations in the world, Intel Capital seeks out and invests in promising technology companies. Since 1991, Intel Capital has invested over $11.4 billion in more than 1,400 companies in 57 countries.
Recognitions, Performance Summary, and Goals

Awards and Recognitions

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 2014.

<table>
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<tr>
<th>2014 Selected Awards and Recognitions</th>
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<tr>
<td><strong>Overall Corporate Responsibility</strong></td>
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<tr>
<td>Dow Jones Sustainability Indices. Listed on North America and World indices (16th year)</td>
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<tr>
<td>FTSE Group. Listed on the FTSE4Good Index (14th year) (global)</td>
</tr>
<tr>
<td>Fortune magazine. World’s Most Admired Companies (1st in our industry)</td>
</tr>
<tr>
<td>Corporate Responsibility magazine. 100 Best Corporate Citizens (15th year) (U.S.)</td>
</tr>
<tr>
<td>STOXX Limited. STOXX® Global ESG Leaders indices (3rd year) (global)</td>
</tr>
<tr>
<td>Ethisphere® Institute. 2014 World’s Most Ethical Companies</td>
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<tr>
<td>Corporate Secretary magazine. Best CSR Disclosure, Corporate Governance Awards (U.S.)</td>
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<tr>
<td>Thomson Reuters. Global Leadership in Corporate Responsibility</td>
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<tr>
<th><strong>Business/Workplace/Citizenship</strong></th>
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<tbody>
<tr>
<td>Forbes. Most Reputable Companies in the Americas (U.S.)</td>
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<tr>
<td>Barron’s. World’s Most Respected Companies</td>
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<tr>
<td>Fortune magazine. 100 Best Companies to Work For 2014 (U.S.)</td>
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<tr>
<td>Aon Hewitt. Global Aon Hewitt Top Companies for Leaders (global)</td>
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<tr>
<td>Working Mother magazine. 100 Best Companies for Working Mothers (U.S.)</td>
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<tr>
<td>Diversity MBA magazine. Top 50 Out-Front Companies for Diversity Leadership (U.S.)</td>
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<tr>
<td>Human Rights Campaign. Corporate Equality Index (12th year) (U.S.)</td>
</tr>
<tr>
<td>AMR Research. Top 25 Supply Chains (8th overall) (global)</td>
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<tr>
<td>National Conference on Citizenship. Included in Civic 50 Ranking (U.S.)</td>
</tr>
<tr>
<td>Forbes Korea. 2014 CSR Grand Award (4th year)</td>
</tr>
<tr>
<td>GPTW Institute in partnership with The Economic Times. India’s Best Companies to Work For (2014)</td>
</tr>
<tr>
<td>Korea Ministry of Science, ICT and Future Planning. Korea Prime Minister’s Commendation, STEM Education</td>
</tr>
<tr>
<td>Center for Political Accountability. 4th in CPA-Zicklin Index (U.S.)</td>
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<tr>
<td>Pax Ellevate. The Pax Global Women’s Leadership Index</td>
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<tr>
<th><strong>Environment</strong></th>
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<tbody>
<tr>
<td>Interbrand. Best Global Green Brands 2014</td>
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<tr>
<td>U.S. EPA. Sustained Excellence in Green Power award</td>
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<tr>
<td>Newsweek. 2014 Top 500 Green Companies in America</td>
</tr>
<tr>
<td>Vietnam Ministry of Natural Resources &amp; Environment. Vietnam Environment Award</td>
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</table>