

OUR BUSINESS

“We expand the boundaries of technology to make the most amazing experiences possible.”

—Brian Krzanich,
Chief Executive Officer



Highlights



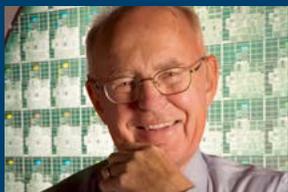
Since 2008, we have linked a portion of every employee's variable compensation—from front-line staff to our CEO—to the achievement of corporate responsibility goals.



In 2015, the Ethisphere* Institute once again named Intel to its list of the World's Most Ethical Companies.



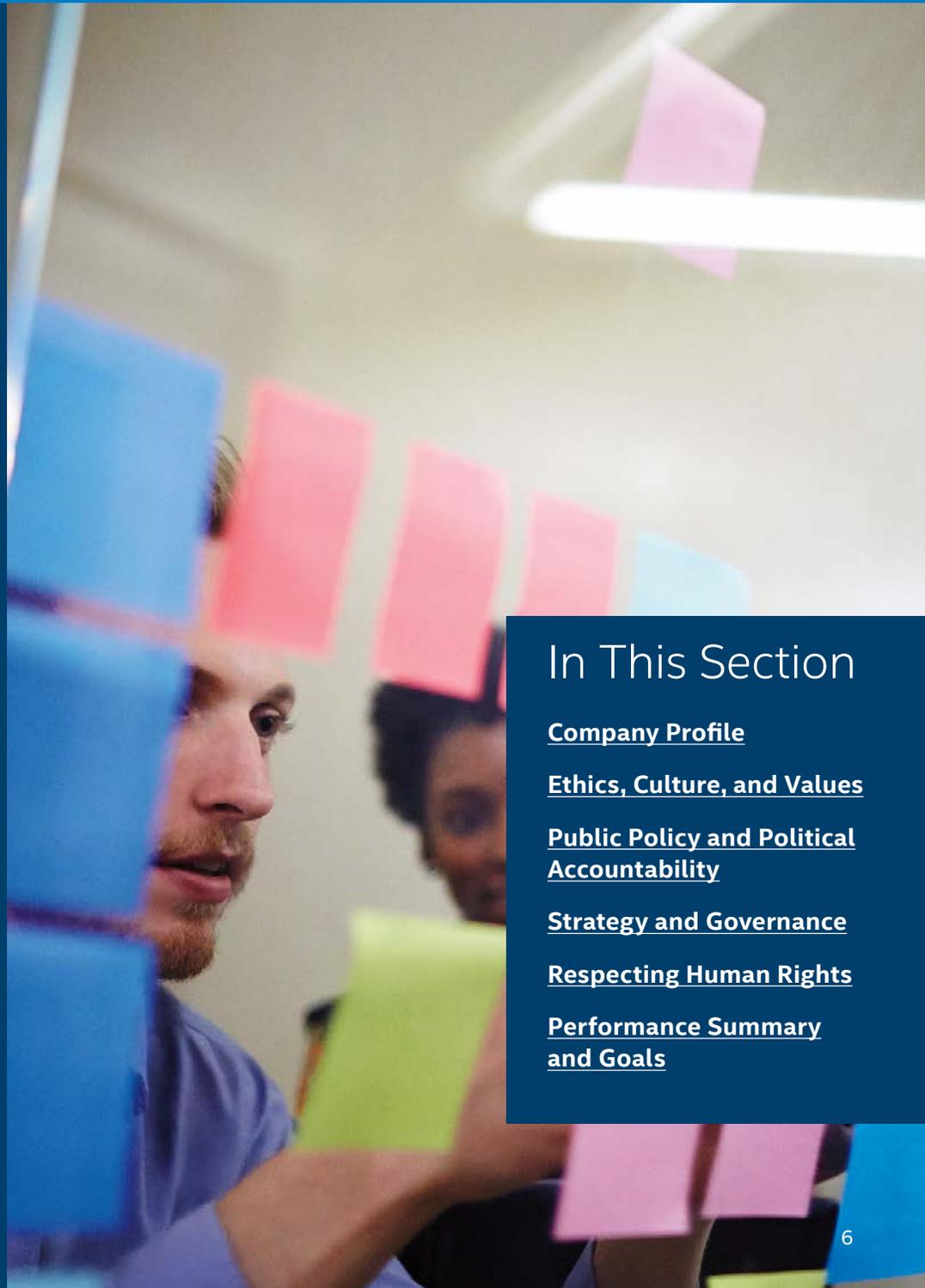
We reported full-year 2015 revenue of \$55.4 billion, including record revenue in our data center, Internet of Things, and memory businesses.



Our strategy is to offer complete and connected platform computing solutions, and to continue to drive "Moore's Law."



We primarily manufacture our products in our own facilities, which enables us to optimize performance, shorten time to market, and scale new products more rapidly.



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Company Profile

We are a leader in the design and manufacturing of 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 across the compute continuum, in notebooks (including Ultrabook™ devices), 2 in 1 systems, desktops, servers, tablets, phones, and the Internet of Things (including wearables, retail devices, and manufacturing devices). We also develop and sell software and services primarily focused on security and technology integration.

Our vision is if it is smart and connected, it is best with Intel. As a result, our strategy is to offer complete and connected platform computing solutions, and to continue to drive “Moore’s Law.” The boundaries of computing itself are expanding, with billions of devices connected to the Internet and to one another. Computing is becoming increasingly personal as it enhances nearly all aspects of life. To succeed in this changing environment, we have the following key objectives:

- relentlessly pursue 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 and across any operating system;

- enable smart and connected devices through continued development of industry-leading communications and connectivity technology;
- expand platforms into adjacent market segments to bring compelling new platform solutions and user experiences to form factors across the compute continuum;
- increase the utilization of our investments in intellectual property and research and development across all market segments;
- expand the data center, the Internet of Things, and next-generation memory;
- scale our manufacturing capabilities into foundry; and
- strive to increase the diversity and inclusion of our workforce, reduce the environmental footprint of our products and operations, and be an asset to the communities where we conduct business.

We aim to have the best process technology, and 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. We believe that this competitive advantage will be extended in the future as the costs to build leading-edge fabrication facilities increase, and as fewer semiconductor companies will be able to leverage platform design and manufacturing.

For more information about our business organization and operations, products, customers, competitors, research and development, and financial performance, see below, and read the [Intel 2015 Annual Report and Form 10-K](#).

Business Organization and Operations

Intel is headquartered in Santa Clara, California and incorporated in the state of Delaware. As of December 26, 2015, we had 107,300 employees worldwide, with approximately 51% of those employees located in the U.S.

We have 190 facilities located in more than 60 countries. Our principal executive offices are located in the U.S. As of December 26, 2015, 55% of our wafer fabrication was conducted within the U.S. at our facilities in Arizona, Oregon, and New Mexico. The remaining 45% of our wafer fabrication was conducted at our facilities in Ireland, Israel, and China. A list of countries with more than 50 Intel employees is included in the [Appendix](#).

We use third-party foundries to manufacture certain components, and we primarily use subcontractors to manufacture board-level products and systems. In addition, we purchase certain communications and connectivity products from external vendors primarily in the Asia-Pacific region.

Following the manufacturing process, we perform our components assembly and test at facilities in Malaysia, China, and Vietnam. To augment capacity, we use subcontractors to perform assembly and test of certain products.

In the first quarter of fiscal-year 2016, we completed the acquisition of Altera, a seller of programmable semiconductors and related products, including programmable logic devices—which incorporate FPGAs and complex programmable logic devices—and highly integrated System-on-Chip (SoC) devices. As a result of the acquisition, we expect to integrate approximately 3,000 Altera employees. The acquisition of Altera reflects our strategy to drive Moore’s Law and fuel growth in the data center and Internet of Things market segments.



Business Organization

Client Computing Group (CCG)

Platforms designed for notebooks, 2 in 1 systems, desktops, tablets, phones, wireless and wired connectivity products, and mobile communication components.

Data Center Group (DCG)

Platforms designed for the enterprise, cloud, communications infrastructure, and technical computing segments.

Internet of Things Group (IOTG)

Platforms designed for Internet of Things market segments, including retail, transportation, industrial, and buildings and home use, along with a broad range of other market segments.

Non-Volatile Memory Solutions Group (NSG)

NAND flash memory products primarily used in solid-state drives.

Intel Security Group (ISecG)

Security software products designed to deliver innovative solutions that secure computers, mobile devices, and networks around the world from the latest malware and emerging online threats.

Programmable Solutions Group (PSG)

Programmable semiconductors (primarily field-programmable gate arrays) and related products for a broad range of market segments.

All Other

New Technology Group (NTG)

New Technology Group, start-up businesses, and foundry business, and revenue, expenses, and charges not allocated to our other operating segments.

This organizational model reflects changes we made in our operating segments in April 2016. Financial results in this report and in our 2015 Form 10-K reflect our operating segments prior to these changes. For more information, read the [press release](#) or download our latest [financial filing](#).

Products

Platforms. Our platforms incorporate various components and technologies, including a microprocessor and chipset, a stand-alone System-on-Chip (SoC), or a multichip package. A microprocessor—the central processing unit (CPU) of a computer system—processes system data and controls other devices in the system. In 2015, we released our 6th generation Intel® Core™ processor, formerly code-named Skylake.

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.

Our SoC products integrate our CPUs with other components, such as graphics, audio, imaging, communication and connectivity, and video, onto a single chip. We also offer a multichip package that integrates the chipset on one die with the CPU and graphics on another die, connected via a lower-power, on-package interface. Similar to an SoC, the multichip package can provide improved performance due to higher integration coupled with the lowest power consumption, which enables smaller form factors.

We also offer features designed to improve our platform capabilities. For example, Intel® vPro™ technology can provide businesses with increased manageability, upgradeability, energy-efficient performance, and security, while lowering the total cost of ownership. Intel® RealSense™ technology enables a device to perceive depth similar to how a person does, and our True Key™ technology enables users to access devices through facial recognition and other biometric technologies.

Intel Security Products. Through our McAfee products, we deliver solutions that secure computers, mobile devices, and networks. Our security solutions follow the threat defense life cycle (protect, detect, correct) to defend consumers, small businesses, and enterprises from malware and emerging online threats.

Communication and Connectivity. Our communication and connectivity offerings for tablets, phones, and other connected devices include baseband processors, radio frequency transceivers, and power management integrated circuits. We also offer comprehensive solutions, which include modems, receivers, software, customization, and essential interoperability tests.

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 (IMFT) and Micron. In 2015, Intel announced 3D XPoint™ technology, a non-volatile memory that has the potential to revolutionize



devices, applications, or services that benefit from fast access to large sets of data. Jointly developed with Micron, 3D XPoint technology combines the performance, density, power, non-volatility, and cost advantages of existing NAND and conventional memories like DRAM.

Intel Custom Foundry. We offer manufacturing technologies and design services for our customers. Our foundry offerings include both full- and semi-custom silicon, packaging, and manufacturing test services.

Customers

We sell our products primarily to OEMs and ODMs. Our customers also include makers of a wide range of industrial and communications equipment, as well as those who buy PC components and our other products through distributor, reseller, retail, and OEM channels. Hewlett-Packard Company, our largest customer in 2014, separated into HP Inc. and Hewlett Packard Enterprise Company on November 1, 2015. In 2015, these entities collectively accounted for 18% of our net revenue (18% in 2014 and 17% in 2013), Dell Inc. accounted for 15% of our net revenue (16% in 2014 and 15% in 2013), and Lenovo Group Limited accounted for 13% of our net revenue (12% in 2014 and 12% in 2013). In 2015, approximately 80% of our revenue from unaffiliated customers came from outside the U.S.

Competition

The computing industry continuously evolves with new and enhanced technologies and products from existing and new providers. The marketplace can change quickly in response to the introduction of such technologies and products and other factors such as changes in customer and end-user requirements, expectations, and preferences. As technologies evolve and new market segments emerge, the boundaries between the market segments that we compete in are also subject to change.

Intel faces significant competition in the development and market acceptance of our products in this environment. We compete against other companies that make and sell platforms, other silicon components, and software to businesses that build and sell computing and communications devices 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 (e.g., businesses running large data centers). In addition, we face competition from OEMs, ODMs, and other industrial and communications equipment manufacturers that, to some degree, choose to vertically integrate their own proprietary semiconductor and software assets.

Our products primarily compete based on performance, energy efficiency, integration, innovative design, features, price, quality, reliability, brand recognition, technical support, and availability. The importance of these factors varies by the type of end system for the products. Our key competitive advantages include our market lead in transitioning to the next-generation process technology, the combination of our network of manufacturing and assembly test facilities with our global architecture and design teams, and the optimization of our products to operate on multiple operating systems in end-user products and platforms.

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 \$12.1 billion in 2015, up from \$11.5 billion in 2014. We focus our R&D efforts on advanced computing technologies, developing new microarchitectures, advancing our silicon manufacturing process technology, delivering the next generation of platforms, improving our platform initiatives, developing new solutions in emerging

technologies (including memory and the Internet of Things), and developing software solutions and tools. Our R&D efforts are intended to enable new levels of performance and address areas such as energy efficiency, system-level integration, security, scalability for multi-core architectures, system manageability, and ease of use.

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. We centrally manage key cross-business group product initiatives to align and prioritize our R&D activities across groups. In addition, we may augment our R&D activities by investing in or entering into agreements with companies that have similar R&D focus areas or by directly purchasing or licensing applicable technology.

2015 Financial Results

Intel is evolving from a PC company to one that powers the infrastructure for an increasingly smart and connected world. While 2015 started with challenges in PC market demand as well as macroeconomic and currency conditions, we finished the year strong.¹ Our financials demonstrate a strategy that's working and provide a solid foundation for growth.

Intel reported full-year revenue of \$55.4 billion, which was nearly flat versus 2014. Record revenue in the data center, Internet of Things, and memory businesses mostly offset a decline in PC demand. These businesses made up 40% of our revenue and delivered \$2.2 billion in profitable revenue growth. This was the first year that these growth areas made up the majority of our operating profit.

¹ Past performance does not guarantee future results.

The cash generation from our business remained strong, with cash from operations of \$19.0 billion in 2015. We returned \$4.6 billion to stockholders through dividends and repurchased \$3.0 billion of common stock through our common stock repurchase program. Our Board of Directors approved an eight-cent increase in the cash dividend to \$1.04 on an annual basis, beginning in the first quarter of 2016.

For additional 2015 financial highlights, see “[Performance Summary and Goals](#)” later in this section. For a more detailed discussion of our financial performance, see the [Intel 2015 Annual Report and Form 10-K](#).

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 initiatives to spur economic growth and innovation. Our 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 U.S. 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 jobs, resulting in total support of 774,600 U.S. jobs.

We periodically conduct local assessments to help us better understand our direct and indirect economic impact on communities where we operate. For example, an 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 more 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 \$11.6 billion in more than 1,440 companies in 57 countries, with close to 600 successful exits.

Ethics, Culture, and Values

Our values define who we are and how we act as employees and as a company. More than simply words, they are something we live by each day. These are our ideals, the Intel Values:

- **Quality.** We strive to achieve the highest standards of excellence; do the right things right; continuously learn, develop, and improve; and take pride in our work.
- **Risk-Taking.** We strive to foster innovation and creative thinking, embrace change and challenge the status quo, listen to all ideas and viewpoints, learn from our successes and mistakes, and encourage and reward informed risk taking.
- **Great Place to Work.** Maintaining respect and trust is a critical necessity in our very diverse global workforce and environment. We strive to be open and direct, win and have fun, recognize and reward accomplishments, manage performance fairly and firmly, and be an asset to our communities worldwide.
- **Discipline.** We strive to conduct business with uncompromising integrity and professionalism; ensure a safe, clean, and injury-free workplace; properly plan, fund, and staff projects; and pay attention to detail.
- **Customer Orientation.** It’s absolutely crucial that we listen and respond to those who depend on us: our customers, suppliers, and stakeholders. We clearly communicate mutual intentions and expectations; deliver innovative and competitive products and services; make it easy to work with us; and strive to be a vendor of choice.
- **Results Orientation.** We strive to set challenging and competitive goals, focus on output, assume responsibility, and execute flawlessly.



Uncompromising integrity and professionalism have been the cornerstones of Intel's business since the company's founding in 1968. In all that we do, we support and uphold our set of core values and principles.

Ethics and Compliance

Intel's CEO sets the tone for our ethical culture and holds managers accountable for communicating ethics and compliance expectations. Each year, our CEO communicates with 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—helps to create an ethical and legally compliant culture. We also conduct periodic ethics culture surveys to monitor employees' perception of manager tone and their comfort level in raising concerns.

Establishing Expectations

Intel's Code of Conduct affirms the principles that guide the behavior of our employees, officers, non-employee directors regarding their Intel-related activities, wholly owned subsidiaries, and suppliers. Through the Code, which is available in 15 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 other third parties. Our [Human Rights Principles](#) complement the Code and express our commitment to human rights and responsible labor practices. For more information, see "[Respecting Human Rights](#)" in this section.

All employees are expected to complete annual Code of Conduct training, through which they also certify adherence to the Code. A large, targeted population also completes an annual disclosure process to monitor Code compliance. Depending on their roles and geographical 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. For example, in 2015 more than 34,000 employees—about 30% of our workforce—received additional training on anti-corruption. Beyond traditional training, we also raise awareness through innovative and interactive communication campaigns. Our 2015 anti-corruption awareness

Intel's Ethics and Compliance Oversight Structure

CEO

Board of Directors, Audit Committee

Intel's CEO holds the senior management team accountable for establishing an ethical and compliant environment, and addressing ethics and compliance risks in their organizations. The Audit Committee regularly meets with the Chief Compliance Officer and reviews implementation of Intel's ethics and compliance programs.

Ethics and Compliance Oversight Committee

Our Ethics and Compliance Oversight Committee (ECOC) includes senior representatives from across the company and is chartered by and reports to the Audit Committee of the Board. The ECOC is co-chaired by the Director of Internal Audit and the Chief Compliance Officer.

Ethics and Legal Compliance Group

The Ethics and Legal Compliance Group (ELC), led by our Chief Compliance Officer, advances a culture of the highest ethical standards and ensures world-class corporate compliance programs optimized for Intel's business activities. The ELC is responsible for creating, maintaining, and optimizing Intel's anti-corruption, antitrust, global compliance, ethics, and corporate legal investigation programs. The Chief Compliance Officer reports regularly to the Audit Committee on the operation and effectiveness of Intel's ethics and compliance programs and internal investigations.

Business Champions,
Business Units

Business Champions,
Regional

Business Champions,
Site Level

Ethics and Compliance Business Champions serve as the liaisons for the Ethics and Legal Compliance group in business groups and sites across the company. They are responsible for advocating and monitoring ethics and compliance, helping drive corporate initiatives, and serving as local experts.

In addition to these groups, Intel organizations such as Finance, Audit, Human Resources, and Legal provide essential expertise and support to help management and employees execute to the company's ethics and compliance expectations.



campaign, which included an online selfie contest open to all employees and generated over 20,000 unique views, received Trace International's 2016 Anti-Bribery Compliance Award for Innovation in Training. Our Ethics and Legal Compliance Group speaker series and newsletter serves to educate our Champions on trends in areas such as conflicts of interest, privacy and security, antitrust, insider trading, product regulations and standards, anti-corruption, and export compliance.

Transparency and Accountability

We maintain a robust process for reporting misconduct, and employees are encouraged to raise ethical questions and concerns. We have multiple channels to report concerns—anononymously, if preferred, and as permitted by law, including a telephone and online reporting tool. We clearly communicate our non-retaliation policy, which protects those who, in good faith, report a concern or participate in an investigation.

The Board and senior management receive periodic reports of overall misconduct statistics, as well as details about key investigations that are in progress or completed. Our Ethics and Compliance Business Champions review quarterly investigative packages with the leaders of their respective business groups. The largest categories of verified cases in 2015 were corporate travel card misuse, expense reporting misconduct, conflict of interest, 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 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 2015, four Intel business groups and one country completed comprehensive risk assessment reviews with the ECOC. Business groups also monitor their performance (including training, management tone, risk assessment, and more) on a quarterly basis, and send results to the Ethics and Legal Compliance Group.

Recognizing Excellence

Through the Intel Ethics and Compliance Excellence Awards program, launched in 2010, we regularly recognize teams and individual employees for their contributions to ensure Intel's ethical and compliant environment. In 2015, five teams and individuals received the award. In addition, as part of our internal employee recognition program, employees regularly honor their peers for role modeling Intel values. Each quarter, thousands of employees recognize each other for demonstrating uncompromising integrity in their day-to-day work at Intel.

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. We also work to educate political candidates about the implications of public policy decisions for our business, and provide financial support to candidates who support or advance positions that are consistent with our business objectives.

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.

We annually evaluate our political spending for alignment and effectiveness. 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 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 support. In such cases, we base our decision on the issues that will have the greatest benefit for our stockholders and key stakeholders. Should we identify significant incongruencies between a candidate's record and our own policies, we will disclose this information as part of our political accountability disclosure process.



Corporate contributions, IPAC contributions, and trade association membership dues payment reports are available on our [Report Builder](#) website. Below is a summary of our political accountability practices:

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.

Direct Contributions. Intel makes relatively few direct political contributions using corporate funds. 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 website. In 2015, our corporate contributions to state and local candidates, campaigns, and ballot propositions totaled \$29,000.

Trade Association Dues. Our memberships in industry and trade associations help us work collaboratively with other companies and groups to address key public policy issues. Although the positions of these organizations do not always completely align with Intel's, we believe that the overall benefit of our memberships in these organizations outweighs our differences.

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 2015, our reported lobbying expenditures totaled \$4.6 million, compared to \$3.8 million in 2014.

Intel Political Action Committee (IPAC). IPAC accepts voluntary contributions from Intel employee members and uses those funds to contribute to political candidates' campaigns. No corporate funds are contributed to IPAC other than for administrative expenses. 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 public policies. The sum of political contributions from IPAC to candidates in 2015 was \$781,784.

In recognition of our political accountability practices, Intel received a top five ranking among 500 U.S. companies evaluated in the 2015 CPA-Zicklin Index of Corporate Political Accountability and Disclosure.

Key Public Policy Issues

Global Trade

More than half of our manufacturing, research, and development take place in the U.S., yet more than 75% of our revenue is generated overseas. Our business depends on robust trade agreements and effective global engagement.

Intellectual Property

Innovation, and the intellectual property (IP) that underlies it, are central to our business. We believe that a balanced, fair approach to IP systems—including patents, copyrights, and trade secrets—is the best way to incentivize innovation.

Cloud

The cloud is a key enabler of economic growth and social change worldwide. We believe that to move toward effective and safe cloud computing, individual organizations and the IT industry as a whole must focus on efficiency, simplification, and security in the cloud.

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 promotes trust in Intel products and technology and help governments, businesses, and individuals better secure their networks, IP, and data.

Environment and Energy

As an environmentally responsible manufacturer of energy-efficient products, Intel works with governments worldwide to help shape progressive energy policy. We believe that government policies should recognize and encourage a bigger role for the ICT industry in devising climate change mitigation and adaptation solutions.

For more information, visit our [Public Policy](#) website and our [Public Policy](#) blog.

Strategy and Governance

Frameworks such as the [United Nations Sustainable Development Goals](#) and the concept of shared value 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.

Corporate 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. A full description of the Board's responsibilities is available in our [2016 Proxy Statement](#).

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](#) website and in our [2016 Proxy Statement](#).

Intel's Corporate Responsibility Oversight Structure



Since 2003, we have formalized responsibility for oversight of corporate responsibility issues (including environmental sustainability) with our CEO and the Board of Directors Corporate Governance and Nominating Committee; the committee receives briefings from our Corporate Responsibility Office twice a year, in addition to updates on specific corporate responsibility issues as needed.

Various Management and Review Committees (MRCs) have oversight of specific policies and management processes related to different corporate responsibility issues.

Management teams within our Corporate Affairs, Legal, Human Resources, Supply Chain, Environmental Health and Safety, Product Development, and other organizations conduct due diligence and implement policies and procedures for specific corporate responsibility issues.

We have integrated oversight and management for corporate responsibility issues at multiple levels of the company and across different countries where we operate.

Integrated Value Framework

Risk Management	Operations	Brand	Revenue
License to Operate and Governance <ul style="list-style-type: none"> Regulatory risk (i.e., environmental) Community engagement Supply chain 	Cost Savings and Continuous Improvements <ul style="list-style-type: none"> Operational efficiency Management quality Employee engagement 	Reputation and Goodwill <ul style="list-style-type: none"> Differentiation Trusted partner Goodwill 	Growth and Innovation <ul style="list-style-type: none"> Market expansion Product innovation New customer needs

Integrating 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.



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, read our [2016 Proxy Statement](#).

Risk Management and Business Continuity

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. 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

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.

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 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 address any disruption, regardless of cause. This structure, and individual business continuity and site-specific plans are regularly tested across all aspects of the company.

Intel's mergers and acquisitions process incorporates a screen that assesses environmental, governance, "conflict minerals¹," and a number of other factors that could impact the company's acquisitions. Intel Capital, our global investment and mergers and acquisitions organization, has integrated additional criteria into its due diligence process to identify potential environmental, governance, and social risks in new investments.

¹ "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.



Entering, Operating, and Exiting a Community

We engage 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 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 we decide to close a facility, we work to minimize the impact on our employees and to properly dispose of the affected assets and operations.

Stakeholder Engagement

Our business success is dependent on our ability to build strong relationships with all stakeholders, including employees, customers, 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 maintain formal management systems to engage with, listen to, and learn from our stakeholders. When appropriate and relevant to our business, we incorporate their feedback into our thinking and planning.

For more than 10 years, we have 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 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.

Our interactive [Explore Intel](#) website provides real-time disclosure and information for communities surrounding our campuses in Arizona, China, Costa Rica, Ireland, Israel, Malaysia, 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 and community relations managers.

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 in the [Appendix](#) of this report.

1. IDENTIFY

Identify issues from a wide range of stakeholders and sources.

Primary Sources

- Employee blogs and forums
- Customer concerns
- Corporate Responsibility website 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

2. PRIORITIZE

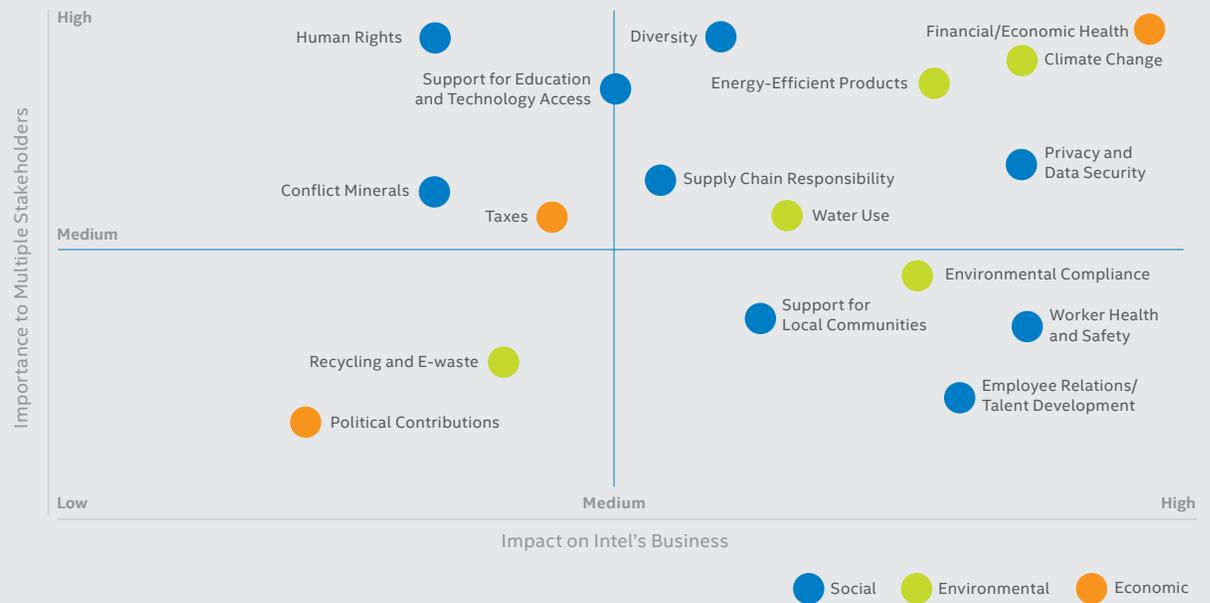
Use a consistent set of filters to determine the significance of each issue and develop a list of the most material issues.

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.

Corporate Responsibility Materiality Matrix



3. REVIEW

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

Internal Review

- Board of Directors and Management Review Committee (MRC) reviews
- Corporate strategic discussions
- Business group MRC/planning

External Review

- Outreach to socially responsible investors
- Corporate Responsibility Report review

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 website

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's business:

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 Diversity and Inclusion. 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, and 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. 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. 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.

Social Impact and Empowerment. Intel's success depends on people having access to quality education and technology. 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 to spur economic development—we have expanded our engagement efforts and partnerships in this area.

Human Rights and Supply Chain Responsibility. In our industry and others, companies are taking more active roles in pushing for improvements in policies and processes for managing human rights issues. For example, Intel has led the industry on the "conflict minerals" issue and has worked extensively since 2008 to put in place processes and systems to develop ethical sourcing of tin, tantalum, tungsten, and gold for Intel and to prevent profits from the sale of those minerals from funding conflict in the Democratic Republic of the Congo (DRC) and adjoining countries. We are also assessing emerging stakeholder concerns surrounding the use of technology products by governments in ways that raise censorship and human rights issues.

Respecting Human Rights

Intel is committed to maintaining and improving systems and processes to avoid complicity in human rights violations related to our own operations, our supply chain, and our products. We also support the advancement of human rights through our global efforts to help bridge the digital divide, expand education access, and promote social innovation.

We have established an integrated approach to managing human rights across our business. We use the [Guiding Principles on Business and Human Rights](#), along with our membership in organizations such as the [United Nations Global Compact](#) and the [Electronic Industry Citizenship Coalition](#) (EICC), as reference points for our approach to managing human rights issues. Our commitment is outlined in our own [Human Rights Principles](#) and in the [Intel Code of Conduct](#). These policies address diversity and nondiscrimination, workplace safety, child labor, forced labor and human trafficking, working hours and minimum wages, freedom of association and collective bargaining, and data privacy. Additional policies guide our actions in specific areas, such as supply chain, environmental health and safety, and privacy. For more information about these policies, visit our [Governance and Ethics](#) website.

Based on an analysis of Intel's business, the nature of our products and services, a review of leading human rights frameworks, and input from stakeholders, we view our main potential human rights risks and opportunities to be in the following areas, in order of relative impact: our own direct manufacturing operations, our supply chain, and potential customer misuse of our products that could result in restrictions on freedom of expression or other human rights violations.

Intel's Approach to Managing Human Rights

Establishing Policy	Assessing Impact	Due Diligence	Reporting Progress
The Intel Code of Conduct and annual Code training materials reference human rights, and our Philosophy on Protecting Personal Information supplements our Online Privacy Notice	We conduct annual reviews and audits of our own facilities, policies, and practices	Our Board of Directors and senior management provide oversight	Our annual Corporate Responsibility Report provides updates on our performance, and our CSR and Public Policy blogs periodically cover human rights issues
We set expectations for our suppliers to comply with the EICC Code of Conduct and to maintain progressive employment practices	Our robust risk-based assessment and audit process for suppliers covers human rights issues	Our capacity-building initiatives address systemic human rights challenges in the electronics supply chain	We regularly engage with socially responsible investors, NGOs, and other stakeholders around human rights issues
Our Privacy by Design and Secure Development Life-cycle processes are designed to ensure integration of security and privacy into our products and services	The Intel Privacy and Product Security Group oversees compliance activities for our information assets, products, and services	We work to increase digital inclusion and education access, and educate consumers on privacy and security	Our Privacy Advisory Board of external privacy experts provides guidance to our Privacy and Product Security Group

Our overall approach to managing human rights issues is informed by the United Nations' Guiding Principles on Business and Human Rights.

Our Operations

Our goal is to cultivate a safe, diverse, and respectful work environment where employees can thrive and innovate. Because we manufacture the majority of our products in our own factories, we have more control over the enforcement of our Code of Conduct and human rights expectations than we would have if we outsourced more of our production.

We view our direct operations risk as low, due to policies and management processes that we have in place, and the fact that a majority of Intel's wafer manufacturing occurs in the U.S. We do have operations in countries cited by human rights organizations as countries of concern, but we apply the same high expectations and human rights standards for all of our employees regardless of where we operate.

Our "open door" policy enables employees to bring any concerns directly to all levels of management, and we conduct regular company-wide Organizational Health Surveys to assess the satisfaction level of our employees. Employees and external stakeholders may also report concerns through [other channels](#), such as a third-party-operated hotline and community advisory panels.

Our Supply Chain Sustainability organization partners with our local site managers to ensure that we hold ourselves accountable to the same expectations we have for our suppliers. In 2014, we completed the EICC Self-Assessment Questionnaire (which covers environmental, social, and governance issues, including human rights) for our own manufacturing facilities to test and demonstrate the value of the EICC audit process. A [summary report](#) of findings is available on our [supplier website](#).

In 2015, we engaged a third party to conduct an EICC audit of our Penang, Malaysia assembly and test facility, following a proactive audit of our [Vietnam facility](#) in 2014. Our Penang facility had no audit findings in the areas of health and safety or ethics. One minor environmental and two minor labor findings were identified, all of which we expect to close by mid-2016. Visit our [Supplier website](#) to read the Penang summary report. In 2016, we plan to complete an audit of our Chengdu, China facility.

Influencing the Electronics Supply Chain

We view Intel's human rights-related supply chain risk as lower than that of companies in our industry that outsource a significant portion of their production. Still, we have invested significant time and resources in collaborating with others to influence system-level, industry-wide improvements on issues such as working hours and conflict minerals. For more information, see the [Supply Chain Responsibility](#) section of this report.

Product-Related Human Rights Issues

As the products and services we offer continue to become more diverse, we continue to track and evaluate concerns about how technology products may be misused to limit the freedom of expression and human rights of individuals. We periodically review our policies and assessment processes to analyze these risks.

We have also long been committed to respecting privacy and security issues related to the development and use of our products, from software, to network equipment and consumer electronics devices. For more information, see "[Privacy and Cybersecurity](#)" in the Product Stewardship section of this report.

Performance Summary and Goals

Progress Toward Goals

Discussions of our performance to goals and future goals are integrated into each relevant section of this report. The following table provides a high-level summary of our company-wide goals in key corporate responsibility areas. A summary of our goals for 2016 and beyond is included on page 22.

Report Section	Goal	2015 Progress
Product Stewardship	We have goals to increase the energy efficiency of our products, and to implement a green chemistry screening and selection process for new chemicals and gases by 2020.	We are making good progress toward increasing the energy efficiency of our server products, but have not made as much progress toward increasing the energy efficiency of our notebook computer products. We are continuing to develop our green chemistry screening processes.
Our People	Our goal is to drive key improvements in diversity and hiring of technical underrepresented minorities and women, in order to reach full representation of those groups at Intel in the U.S. by 2020.	We achieved strong results in 2015, meeting or exceeding our overall hiring goals for the year. We also found some challenging areas, particularly in the retention of our underrepresented minority populations.
Environmental Sustainability	In 2012, we set 2020 environmental goals to drive reductions in greenhouse gas emissions, energy, water, waste, and green buildings. In 2015, we added two new goals around increasing the use of alternative energy to meet our power needs.	We continue to make incremental progress toward achieving our 2020 environmental goals. Energy use and water withdrawals were relatively flat as compared to the previous year, and non-hazardous waste generation was down. While our hazardous waste generation has continued to rise due to the increased complexity of our manufacturing processes and product design, we sent just 2% of it to landfill.
Supply Chain Responsibility	We have goals to complete or review on-site audits for each of our top 75 suppliers, establish an 85% "green" Intel ground transportation fleet, and validate that our broader product base is conflict-free by the end of 2016. We also have a goal to increase our annual spending with certified diverse-owned suppliers to \$1 billion by 2020.	We are on track to achieve our auditing, green transportation, and conflict-free goals by the end of 2016. We also made significant progress toward achieving our diverse supplier goal, spending \$299 million with certified diverse-owned suppliers in 2015.
Social Impact	Our goal is to reduce the Internet gender gap by 50% in Sub-Saharan Africa by 2020 through the Intel® She Will Connect program.	In 2015, we launched the program in Sub-Saharan Africa, where the Internet gender gap is the greatest. So far, we have reached more than 80,000 women through face-to-face trainings in Nigeria and Kenya, and an additional 15,000 women through online education. In January 2016, we launched "My Digital Journey," a first-of-its kind online learning platform that innovates around the delivery of digital literacy training and skills. We expect the platform to help us scale and reach our ambitious 2020 goal.

Additional information about our progress toward our goals is available in "Performance Summary and Goals" in each section of the report.

Key Performance Indicators

	2015	2014	2013	2012	2011
Financial Results and Economic Impact					
Net revenue (dollars in billions)	\$55.4	\$55.9	\$52.7	\$53.3	\$54.0
Net income (dollars in billions)	\$11.4	\$11.7	\$9.6	\$11.0	\$12.9
Provision for taxes (dollars in billions)	\$2.8	\$4.1	\$3.0	\$3.9	\$4.8
Research and development spending (dollars in billions)	\$12.1	\$11.5	\$10.6	\$10.1	\$8.4
Capital investments (dollars in billions)	\$7.3	\$10.1	\$10.7	\$11.0	\$10.8
Customer survey "Delighted" Score	87%	90%	91%	92%	93%
Environmental Sustainability					
Greenhouse gas emissions (million metric tonnes of CO ₂ equivalent) ¹	1.55	2.08	1.69	1.85	2.01
Energy use (billion kWh - includes electricity, gas, and diesel)	6.4	5.9	5.6	5.5	5.3
Total water withdrawn (billions of gallons)	9.0	8.4	8.7	9.0	8.3
Hazardous waste generated (thousand tons)/% to landfill	61.6/2%	49.4/0%	41.3/1%	35.5/2%	25.1/3%
Non-hazardous waste generated (thousand tons)/% recycled	80.8/82%	94.7/86.4%	120.7/89.4%	150.6 ² /88%	81.1/85%
Our People					
Employees at year end (thousands)	107.3	106.7	107.6	104.7	100.1
Women in global workforce	25%	25%	26%	26%	26%
Women on our Board at year end	18%	18%	20%	20%	27%
Investments in training (dollars in millions)	\$278	\$265	\$300	\$299	\$299
Safety – recordable rate ³ /days away case rate ³	0.58/0.11	0.69/0.12	0.69/0.13	0.62/0.12	0.66/0.12
Organizational Health Survey scores – "Proud to work for Intel" ⁴	–	84%	–	88%	87%
Supply Chain Responsibility					
Supplier audits (third-party and Intel-led audits) ⁵	121	129	133	101	49
Social Impact					
Employee volunteerism rate	41%	39%	43%	47%	50%
Worldwide charitable giving (dollars in millions) ⁶	\$90.3	\$102.3	\$109.5	\$105.5	\$92.9
Charitable giving as a percentage of pre-tax net income	0.6%	0.6%	0.9%	0.7%	0.5%

¹ Including purchases of Renewable Energy Certificates.

² An estimated 42% of this total was due to construction waste related to the building of two new fabrication facilities.

³ Rate based on 100 employees working full time for one year.

⁴ We did not conduct an Organizational Health Survey in 2013 or 2015.

⁵ Reflects a reconciliation of past data and 2015 results.

⁶ Includes total giving (cash and in-kind) from Intel Corporation and the Intel Foundation.



Goals for 2016 and Beyond

Report Section	Goal
Product Stewardship	<ul style="list-style-type: none"> • Increase the energy efficiency of notebook computers and data center products 25x by 2020 from 2010 levels.¹ • Implement an enhanced green chemistry screening and selection process for 100% of new chemicals and gases by 2020.
Our People	<ul style="list-style-type: none"> • Achieve full representation² of women and underrepresented minorities at Intel in the United States by 2020.
Environmental Sustainability	<ul style="list-style-type: none"> • Reduce direct greenhouse gas (GHG) emissions by 10% on a per unit basis by 2020 from 2010 levels. • Grow the installation and use of on-site alternative energy to three times our 2015 levels by 2020. • Continue 100% green power in our U.S. operations and increase alternative energy use for our international operations from 2015 to 2020. • Reduce water use on a per unit basis below 2010 level by 2020. • Achieve cumulative energy savings of 4 billion kWh from 2012 to 2020. • Achieve zero hazardous waste to landfill by 2020. • Achieve 90% non-hazardous waste recycle rate by 2020. • Design all new buildings to a minimum LEED* Gold certification between 2015 and 2020.
Supply Chain Responsibility	<ul style="list-style-type: none"> • Complete or review an on-site audit for each of our Top 75 suppliers by the end of 2016. • Establish an 85% "green" Intel ground transportation fleet by 2016. • Validate our broader product base as conflict-free in 2016.³ • Increase our annual spending with certified diverse-owned suppliers to \$1 billion by 2020.
Social Impact	<ul style="list-style-type: none"> • Through the Intel She Will Connect program, reach 5 million women in Sub-Saharan Africa by 2020.

¹ 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.

² 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.

³ "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.