

# Intel 2007 Corporate Responsibility Report Independent Assurance Statement

April 2008

*J. Thomas Anderson, Laura Clise, Nancy Mahtta, Katherine Yue  
Thunderbird School of Global Management*

## **Introduction**

As part of its commitment to sustainability reporting, Intel engaged a team from Thunderbird School of Management to provide independent assurance of their 2007 Corporate Responsibility Report. Our approach to assurance provision utilized the AA1000 Assurance Standard as a guide for assessing the materiality, completeness, and responsiveness of the information presented in the report. In addition, we examined the report's alignment with the GRI G3 Sustainability Reporting Guidelines and GRI Reporting Framework.

## **Methodology of Assurance Activities**

The review process primarily focused on interviews with key members of Intel's global management and select members of Intel's regional program management. Assurance activities included:

- Interviews with management of Intel Corporation and Intel Foundation to understand processes for planning, program execution, and monitoring
- Interviews with select management to understand methods that Intel uses to solicit feedback from internal and external stakeholders
- Reliance on relevant external audit reports and internal testimony supporting Corporate Responsibility programs
- A site visit
- Verification of select references to additional information as mentioned in the report

## **Limitations of Review**

Our scope of work did not involve verification of the robustness of the data provided, but rather focused on an assessment of the processes in place for collecting information and engaging with relevant stakeholders. We did not conduct physical inspections of factories or sites, with the exception of a visit to Intel's Ocotillo site and tour of the exterior of three fabrication facilities. As a result, our verification is rooted in our interactions with Intel employees. The level of assurance is limited, as defined by our methodology and limitations of the review.

## **Findings**

### *Materiality*

The information included in the report is a good representation of the material issues concerning Intel's sustainable performance and that the report enables stakeholders to make informed judgments, decisions, and actions.

### *Completeness*

Intel has the capability to measure, monitor, and manage issues of sustainability. Intel has provided sufficient detail for a complete and accurate assessment of the issues material to stakeholders. In addition, the report provides links to additional information on the Internet.

### *Responsiveness*

Intel has adequate systemic processes in place that engage the relevant stakeholders and that the report demonstrates that Intel has sufficiently responded to stakeholder concerns.

## **Recommendations**

- Include program goals and tracking against their achievements across all programs.
- Further leverage the use of anecdotal sidebars as illustrations of Intel's impact by clearly tying in Intel's involvement, scope, and the effectiveness of efforts in the community.
- Further support workplace program highlights with data on the total budget and utilization per program along with country-specific information.
- Include additional information regarding green purchasing activities in detail or through document links to provide a more complete account of this material issue.

## **Conclusion**

Serving as the independent assurance body for Intel's 2007 Corporate Responsibility Report, we conclude that the report provides an accurate account of Intel's activities and performance regarding the sustainability issues most material to its stakeholders. The report also reflects satisfactory reporting against the GRI core indicators.

*Additional details regarding our observations and recommendations of each section of the report can be found in the addendum to this assurance statement.*

## **About Us**

J. Thomas Anderson, Laura Clise, Nancy Mahtta, and Katherine Yue are MBA students at Thunderbird School of Global Management. We conducted this assessment under the supervision of Greg Unruh, Ph.D., Director of the Lincoln Center for Ethics in Global Management. We served as an impartial,

independent, assurance body and were not paid for our services. Please contact us at [gregory.unruh@thunderbird.edu](mailto:gregory.unruh@thunderbird.edu) with any questions or comments.

## Addendum

We evaluated each of the sections of Intel's 2007 Corporate Responsibility Report. Our approach to assurance provision utilized the AA1000 Assurance Standard as a guide for assessing the materiality, completeness, and responsiveness of the information presented in the report. In addition, we examined the report's alignment with the GRI G3 Sustainability Reporting Guidelines and GRI Reporting Framework. Our detailed findings are provided below.

### Management Strategy and Analysis

#### *Materiality*

- Customer demand has driven Intel's focus on the development of energy-efficient technologies.
- The measurement of the net impact on the communities in which Intel operates shapes overall interaction with local communities.
- The link between employee variable compensation and Intel's environmental performance reflects the strategic importance of environmental stewardship to the company.

#### *Completeness*

- Environmental stewardship includes energy and water use, climate change impact, and waste recycling.
- The toolkit for stakeholder engagement provides guidelines for engaging with the local community at each of Intel's sites around the world.
- Formal management systems and processes cover the range of sustainability and corporate responsibility topics, and facilitate the identification, prioritization, and review of key issues.

#### *Responsiveness*

- Polling research demonstrates the importance of responsible business operations to stakeholders.
- Regular meetings with socially responsible investors, government representatives, regulators, and community leaders help to define emerging issues regarding sustainability.
- Internet platforms provide an easy way for stakeholders to communicate feedback, which is then integrated into Intel's programs and activities.

#### *Recommendations*

- In accordance with the GRI guidelines, provide a more explicit summary of key economic, environmental, and social performance challenges, along with an overview of key risks and opportunities.

## **Workplace**

### *Materiality*

- Intel has a defined focus on workforce diversity worldwide, with more than 20 chartered employee affinity groups at multiple Intel sites. Intel also strives to retain and provide opportunities to women and underrepresented minorities at senior-level jobs.
- Intel provides many opportunities for employee career development, equipping them with a variety of training, professional development, and mentoring opportunities. Managers worldwide have access to a dashboard web tool to support career development on an ongoing basis.
- University and tuition assistance programs are highly beneficial programs covering eligible employees.
- Employee recognition programs are a part of company culture, with support and encouragement from senior management.

### *Completeness*

- The report provides comprehensive information on headcount, growth, and turnover.
- Code of conduct training is provided annually and included with new employee orientation. Additional training is provided according to employee roles and responsibilities. Intel's Code of Conduct is consistent with widely regarded codes such as the U.N. Global Compact, ILO Convention, and the U.N. Human Rights Norms.
- Intel's diversity strategy is backed by adequate data and summary of workforce demographics, along with additional web site links published in the report for additional details.
- Information on compensation, benefits, variable-pay programs, and special leave programs are published in the report, in line with the company's transparent information-sharing culture.
- Health and safety goals for the year 2007, along with information on actual goal achievement, limitations, and future directions, are communicated.

### *Responsiveness*

- Leadership programs have been introduced at Intel offices across the world to address country-specific opportunities and personal development for high-potential employees.
- High emphasis on employee feedback for training and development and other professional development programs is sought, and continuous changes are made to programs across Intel sites.
- EmbodyHealth, a personalized portal for self-health management was launched by Intel's provider of online medical information in response to employee feedback.

### *Recommendations*

- High-level figures have been published for Intel's Tuition Reimbursement program; additional data on program utilization by employee demographics would provide a more robust picture.

- Employee recognition programs could be further supported with data on the total budget and their utilization per reward category. The report currently outlines the reward philosophy and various awards that are given out, but does not mention the monetary aspect for any of them.
- Provide country-specific information, past year's goals, and overall achievements for workplace programs.

## **Environment**

### *Materiality*

- Intel's impact on global climate change, including greenhouse gas emissions and energy consumption in both operational activities and product design.
- Intel has taken specific actions to reduce and recycle chemical waste.
- Intel engages with the local communities where its fabrications are located to address the environmental impact of its operations.

### *Completeness*

- Intel quantifies key performance indicators, including energy use, water use, greenhouse gas emissions, solid waste use/disposal, and chemical waste use/disposal.
- In 2007, performance indicators were expanded to include the last five years of environmental performance data.
- Report highlights Intel's 2007 progress in its goal to reduce greenhouse gas emissions by 30% per unit of production from 2004 to 2010.
- Intel includes energy reduction goals and reports 2007 energy consumption figures in both absolute terms and energy consumption normalized to production.
- Intel's 2007 performance in water consumption in both absolute terms and normalized to production.

### *Responsiveness*

- Climate Savers Computing Initiative builds awareness and engages industry, consumers, government, and conversation groups in an effort to reduce IT-related CO<sub>2</sub> emissions by 50% by 2010.
- All new factories are equipped with wastewater collection systems.
- In India, Intel implemented a sewage treatment plant and a rain-water harvesting unit.
- Report exhibits all corrective actions taken by Intel concerning 2007 EHS violations.

### *Recommendations*

- Clearer reporting of previous year's goals, whether or not they were achieved, and present goals along with Intel's progress in achieving them.

## **Education**

### *Materiality*

- Intel is actively involved in multilateral stakeholder collaboration to further the use of Internet Communication Technology (ICT) to achieve the U.N. Millennium Development Goals.
- Intel works with a variety of intergovernmental and nonprofit organizations to identify and develop technological solutions that foster public-private partnership and advance the use of ICT in education.
- Intel employees engage in education-related volunteer activities.
- Intel provides links to further information on various programs.

### *Completeness*

- Includes overall program numbers since inception as well as figures for the most recent year.
- Sidebars illustrate the impact of Intel education programs in a variety of local contexts.

### *Responsiveness*

- 2007 Intel Computer Clubhouse Network Annual Conference served as a forum for the exchange of ideas and facilitated stakeholder feedback.
- Intel engages education experts in independent evaluation.

### *Recommendations*

- Provide more complete information that includes the impact of various activities.
- Include information regarding past and future goals.
- Help stakeholders understand progress/trends regarding various programs.
- Include program objectives to provide context.

## **Community**

### *Materiality*

- Programs are highly adapted on the local level. The report illustrates examples and key regional successes, including the region with the highest participation.

### *Completeness*

- Report summarizes the mission, strategic benefits, and program objectives.
- The report quantifies the number of participants of the programs and grants offered.

### *Responsiveness*

- In their most active regions, Intel works closely with local governments and country ministries to design their programs.
- In 2007, Intel brought all community programs under Corporate Affairs. Because Corporate Affairs also has the responsibility to support operations in planning public affair engagements, corporate responsibility teams are automatically at the table for project planning.
- The managers of the Intel Involved programs report directly to regional management but have a dotted reporting relationship to an overall global Program Manager.
- Intel enhanced its Volunteer Matching Grant program in 2007 to incorporate all nonprofit organizations where an employee volunteers more than 20 hours. This program is not rolled out across all of the Intel regions. Where it is offered, this allows for the scope of Intel's support to broaden in the community and further support the needs that their employees see in the community.

### *Recommendations*

- State Intel's goal for the year and trend over time for employee involvement percentage and Intel's giving total.
- Explain regional participation levels. It was difficult to decipher Intel's participation and involvement around the world, as some regions were less involved with their community while other regions had over 50% employee involvement.
- Consistently incorporate the nature of Intel's involvement, scope, and effectiveness of their ongoing and new programs in the sidebars, which illustrate the extent of Intel's local involvement and responsiveness to local needs.

## **Supply Chain Management**

### *Materiality*

- The Intel Supplier Corporate Responsibility Management Review Committee provides strategic direction regarding supply chain activities, working to establish industry standards and continually assessing the corporate responsibility of Intel's supply chain.
- Supplier Days facilitate the education of suppliers regarding conduct, ethics, and sustainability expectations, as well as the importance of identifying diversity suppliers.
- Intel audits its facilities to assess compliance with the standards set for its own suppliers.
- Intel is working through the EICC to establish a cohesive industry-standard approach to measuring and assessing supply chain sustainability.

### *Completeness*

- Intel is involved with the EICC both as a member and leader, working to actively pilot models for industry sustainable supply chain standards.

### *Responsiveness*

- Intel demonstrated its commitment to ethical practices and responded to concerns about alleged corruption and stealing.
- In country Supplier Days, materials are translated into the local national language.
- Intel works with suppliers as well as supplier diversity agencies to identify additional diversity suppliers.

### *Recommendations*

- Include additional information regarding green purchasing activities, in detail or through document links, to provide a more complete account of this material issue.
- Lay out previous year's goals, whether or not they were achieved, and the coming year's goals to make key information accessible.