INTEL DIVERSITY & AND LEARNING - STRONG PROGRESS AND MORE TO DO

Annual Report 2015 Published February 3, 2016





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LEADERSHP PERSPECTIVE

Last year, Intel set an ambitious goal to be the first high technology company to reach full representation of women and underrepresented minorities in our U.S. workforce by 2020. We committed \$300M to support this goal and accelerate diversity and inclusion—not just at Intel, but across the technology industry at large. The scope of our efforts spans the entire value chain, from spending with diverse suppliers and diversifying our venture portfolio to better serving our markets and communities through innovative programs like Hack Harassment, which aims to combat online harassment.

It's been an amazing first year.



AICHA EVANS Diversity & Inclusion Executive Champion Corporate Vice President









DANIELLE BROWN

Vice President, Human Resources and Chief Diversity & Inclusion Officer

Janiellon mm

WHAT DIVERSITY MEANS AT INTEL

Why diversity and inclusion matter

Intel is evolving, and diversity and inclusion are among the most important forces driving that evolution and reinvention. Our commitment to diversity comes from our conviction that reaching a critical mass of women and underrepresented minorities in our workforce brings ample benefits. These go far beyond the business benefits to Intel—which are many—to include the entire tech industry and our wider communities beyond.

Inclusion means ensuring that all employees are, and feel, free to bring their full selves to work, offer their true and unguarded perspectives, and find a welcoming and inviting place for those ideas. True change is made through both diversity and inclusion. Together, these concepts are transforming and defining our culture and how we all work together at Intel.

How did we do over the last year?

In 2015, we achieved strong results. We set goals and held all employees accountable to these goals through our company-wide bonus program. We publicly shared these goals and our progress to them. We published detailed workforce data and invited our peers to do the same. And we invested millions of dollars throughout the year in education pipeline programs, university partnerships, investment in diverse entrepreneurs, online anti-harassment initiatives, and spending with diverse suppliers.

We met or exceeded our overall hiring and retention goals. But we also found some challenging areas, particularly in the retention of our underrepresented minority populations[†]. We're learning from these challenges and have used our insights from this first year to set our ambitious goals for 2016.

2016 and beyond

In the year ahead we will continue to closely monitor our results, building on initiatives and programs that are succeeding, while making adjustments and launching new efforts as needed. And our Diversity and Inclusion Executive Committee will continue to provide ongoing and rigorous oversight to constantly ensure accountability and transparency.

We are inventors. We are problem-solvers. We relish the challenge of making the impossible, possible. That is what we do in engineering and manufacturing every day. And we're solving the challenges in achieving workforce representation and creating a more inclusive culture in the same way.

EXECUTIVE SUMMARY

We're incredibly proud to share Intel's Diversity and Inclusion Annual Report as well as our <u>addendum</u> detailing Intel's total U.S. workforce. While our workforce representation goals are just one part of the comprehensive, multi-year strategy we embarked on in early 2015, we firmly believe in transparency and sharing our progress on this front. It keeps us accountable and encourages others to be equally transparent.



DIVERSE HIRING ON THE UPSWING

2015 Year-in-review

Our first-year results are impressive. Not only have we exceeded our annual hiring goal, achieving 43.1% diverse hiring against a goal of 40%—up 1.8x hires over 2014.⁺ But we also met our goals for the retention of diverse employees at parity with the rest of Intel and made great strides toward our progression goals. And we continue our commitment to setting goals and transparency in reporting by publishing our goals for 2016 (see Figure A).

This year we further narrowed the gap in female representation in our workforce, ending the year with a workforce that's 24.8% women, a 5.4% increase over 2014.[†] Within the overall female population, our technical female population is now 20.1%, a 5.8% increase over last year—putting us well on the path to our representation goal for technical women of 22.7%.[†] We also conducted a compensation analysis that examined gender pay parity for U.S. employees across job types and levels,[†] and we're proud to report that we found a net result of 100% pay parity. Of course, we still have work to do. While we're gratified that our pioneering efforts have shaken up the company—and the industry at large we're focused on the progress that remains. We've made remarkable gains in hiring, fostering a more inclusive environment, parity in progression, and overall retention. Yet we strive to improve in our overall representation and retention of underrepresented minorities particularly African Americans.

We slightly improved representation of underrepresented minorities by 0.1%, to end the year at 12.4%.[†] We also made steady and meaningful progress in underrepresented minority representation at the middle, senior, and, leadership levels[†] (see Figure B) and launched many new initiatives that have laid a very strong foundation for further progress.

In total, we invested \$52.4M across the board in 2015—on all of our multi-faceted Diversity and Inclusion efforts, both inside and outside of Intel.

2016



Retention **BETTER THAN PARITY**

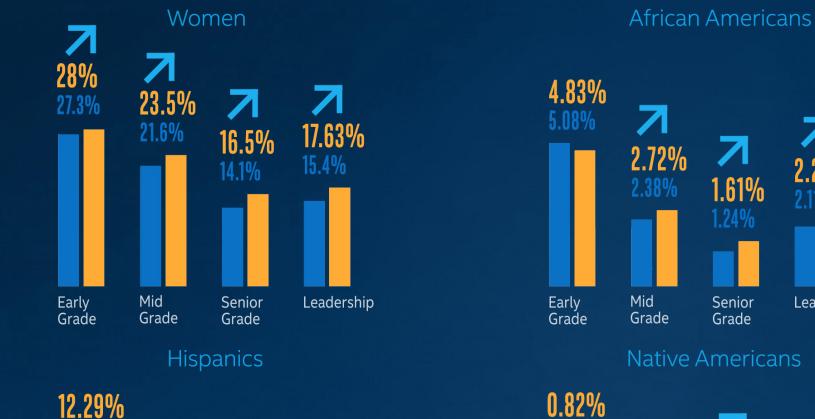
Stretch Goal FULL REPRESENTATION for non-technical populations

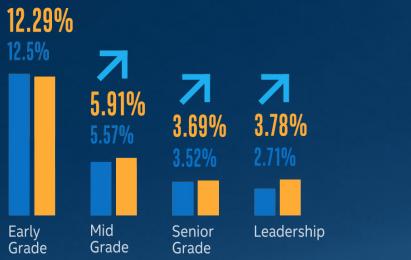
2015

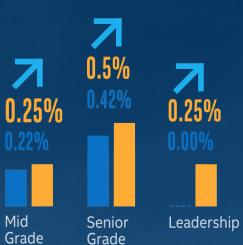
Hiring 40% DIVERSE Retention **AT PARITY**

Figure A: U.S. Workforce Goals

NTED MINORITIES ACROSS CAREER LEVELS







7

2.27%

Leadership

Mid

0.85%

Early Grade



7

GAINING MOMENTUM

Our progress on women and underrepresented minorities

Our women's inclusion and progression initiatives are yielding strong positive results, ending the year with 17.6% female representation at the leadership level, a 14.3% increase from 2014.[†] We've also added considerably to the ranks of our most senior technical women, ending the year with a total of 21 Senior Principal Engineers plus Fellows, up from 12 the year before.[†]

And while we fell short of our hiring expectations for underrepresented minority populations, we still increased our hiring in this area by 31%—to a total of 11.8% in 2015.[†] We delivered on our goal of retaining our overall underrepresented minority populations at a rate equal to or greater than that of our majority populations,[†] though we fell short for our African-American population (see Figure C for a summary of overall workforce representation). We've examined and learned from these results and have applied our insights both to improving on our results and setting our goals for 2016.

Our efforts beyond Intel

Externally, Intel announced a series of technical talent pipeline programs and achieved key milestones in the first stage of each initiative. We set an aggressive goal to increase spending with diverse suppliers to \$1B by 2020 and exceeded our first-year goal of \$250M, to reach \$299M. We announced a new venture fund aimed at diversifying the venture landscape, investing \$19M in five new companies in the first year alone. Lastly, we unveiled an ambitious new program, called Hack Harassment, at the recent Consumer Electronics Show—partnering with Vox Media, Re/code, and Lady Gaga's Born This Way Foundation—to combat online harassment and make our online world a safer and more inclusive place.

In 2016, we'll continue the discipline of setting aggressive goals to drive change internally and externally. Our goal is to achieve 45% diverse hiring in the U.S., with a new sub-goal of 14% hiring of underrepresented minorities.[†] We'll work to improve retention of our diverse employees and maintain our focus on progression.[†] And we've added a stretch goal of reaching full representation in our nontechnical population by the end of the year. We also expect to announce several additional pipeline and university partnerships in 2016, while continuing to execute and scale the programs we announced in 2015. Finally, we'll continue to drive progress on spending with diverse suppliers and investing with diverse entrepreneurs.

In short, we've only just begun. And we're excited to drive further improvements and impact in 2016.

Looking ahead in 2016

U.S. REPRESENTATION VS. INTEL MARKET AVAILABILITY

	EOY '14	Mid Yr '15	EOY '15	Market Availability†
Female	23.5%	24.1 %	24.8 %	
Technical Female	19.0%	19.4%	20.1%	22.7%
Non-technical Female	51.8 %	50.0%	50.7%	50.7%
Underrepresented Minorities	12.3%	12.3 %	12.4 %	
Technical African American	3.3%	3.4 %	3.3%	4.5%
Technical Hispanic	8.1%	8.0%	8.1%	8.4%
Technical Native American	0.5%	0.5%	0.5%	0.6%
Non-technical African American	4.1%	4.3 %	4.4%	5.0%
Non-technical Hispanic	9.6%	9.9%	9.9 %	10.0%
Non-technical Native American	0.5%	0.5%	0.6%	0.5%

Figure C: U.S. Representation vs. Intel Market Availability

HIRING ENGINE HITTING ON ALL CYLINDERS

Intel believes that the tech industry is stronger and more innovative when we are much more diverse and inclusive—beginning with our own workforce. Our 2015 goal for external diverse hiring was 40%, and we exceeded it—ending the year at 43.1%, a 34.9% year-over-year improvement.[†]

[†]Refer to these endnotes for <u>Data Parameters and Definitions</u> referenced on this page: 1, 5, 6, 7, 9, 10, 12, 16



ACCELERATING DIVERSE HIRING

2015 Hiring year-in-review

To achieve these results, we increased the number of schools where we recruit by 60% yearover-year,[†] expanding our reach to include more schools with greater diversity. We broadened our recruiting event strategy by participating in more external conferences and by launching a series of red carpet talent events, where candidates are given the opportunity for a high-touch experience that includes on-site interviews and direct connections to Intel leaders.

Internally, we intensified our efforts to recruit candidates through our Employee Referral Program by introducing several campaigns that encouraged and incentivized employees to refer their well-qualified friends and associates for jobs at Intel. We also added enhanced incentives for referrals of women and underrepresented minorities. The reenergized program yielded more than twice the number of referrals as in the previous year.

Looking ahead in 2016

In 2016, we'll continue to scale our existing strategy and explore new ways to expand the diversity of our applicant pool and increase our external diverse hiring rate to 45%. We're also establishing a new target within this 45%[†] goal: a 14% hiring rate for underrepresented minorities.[†]

1,165 HIRES **31.9%**

2014

Figure D: U.S. Diversity Hiring Results in 2014 and 2015





2015

ROLLING OUT THE RED CARPET

When Linda Chung received an invitation to attend an Intel talent event last spring, she wasn't sure what to expect—since, at the time, she wasn't looking for a new job. But after flying in from New York and receiving an offer within an hour of her first interview, she was ecstatic. Linda, now a validation engineer at Intel, was struck by the personalization and warmth of the event. "I felt like an honored guest," she said. "I was also impressed by how many female employees were there to share their personal stories and talk about the various positions they've held in the company."

These events are shifting to a more relaxed and inspiring setting. Candidates are shown what it's like to work at Intel and are introduced to other candidates and senior leaders, creating personal connections and a positive experience. Hiring managers are connected directly with candidates, so they can learn more about the candidates' skills and experiences—far beyond what's conveyed through simple bullets on a resume.

Events like these give these new employees a running start in their careers at Intel. Linda says the people she met at the event, the company's rapid integration programs, and several Intel mentors have all helped her establish a strong network. "This set me on the path to a great career," said Linda.







FEATURE



LINDA CHUNG Validation Engineer



Enjoying a chai tea at the newly redesigned Intel cafeteria in Santa Clara

RETAINING AND PROGRESSING TOP TALENT A KEY CHALLENGE



KEEPING DIVERSE TALENT ONBOARD

Our retention focus

Our retention efforts focus on creating a more inclusive workplace where all employees feel valued and empowered to achieve their full potential within the company. In 2015 we invested significant time and resources in laying the foundation for a strong and steady improvement in diverse employee retention.[†]

Yet we still have significant work to do. In 2016 we'll put a greater emphasis on our environment and continue to build on a number of new retention initiatives we introduced in 2015.

With this new report we're also, for the first time, sharing <u>detailed exit data</u> to illustrate that we—and the industry—need to focus on much more than hiring. This data will help us understand our gaps and work towards improvements. In sharing this data, we acknowledge that we're not where we want to be, and there is more work to do. But our transparency is an important first step in driving action and accountability.

2015 Year-in-review

While we achieved our overall retention goals—both for women and underrepresented minorities as a whole—we fell short on the retention of our African-American population, whose exit rate was higher than that of the counterpart employee population.[†] We also face other challenges for specific segments of our underrepresented minority population. In 2016, we'll continue to focus on closing these gaps to improve our retention numbers.

What we learned

The challenges affecting retention of our underrepresented minority employees led

us to recognize that we need to focus more on our entry-level grades.[†] So we put specific programs into place for these employees.

We also enlisted the support of our senior leadership and minority employees to help us understand the environmental challenges, how they affect retention, and steps we can take to improve Intel's culture and our employees' experience. We've taken an action-oriented approach, including holding two CEO Summits in 2015 that brought our CEO, diverse employees, and our leadership team together for a two-day offsite to understand key issues and co-create solutions.

CHANGES IN U.S. WORKFORCE FOR WOMEN AND MINORITIES⁺

	Hires '15	Exits '15	EOY '14 Representation
Female	1748	1124	23.5 %
African American	209	201	3.44 %
Hispanic	364	360	8.34%
Native American	11	19	0.50%
Rest of Population	2805	3364	

Figure E: Changes in U.S. Workforce Representation from 2014 to 2015

[†]Refer to these endnotes for <u>Data Parameters and Definitions</u> referenced on this page: 22

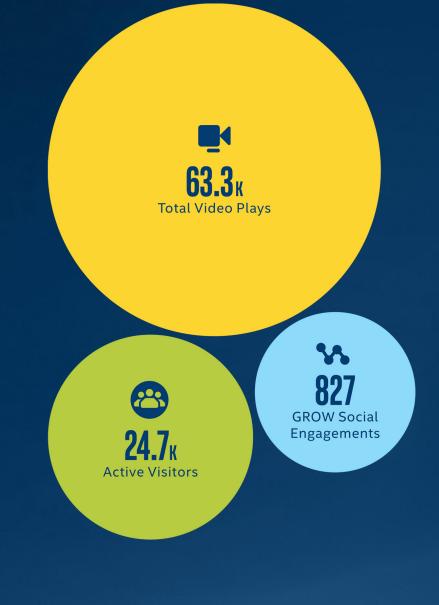
EOY '15 Representation

24.78% 3.51% 8.35% 0.50%

GROWING A MORE INCLUSIVE CULTURE---TOGETHER

To improve retention by fostering a more inclusive culture, we launched GROW—a companywide initiative that promotes personal growth and inclusion through neuroscience-based resources, tools, and habits. The program aims to make Intel a place where every employee can experience their career best.

Employees are encouraged to share their success stories of growth and inclusion through internal social channels. GROW also includes supplemental modules for managers and U.S.based diverse employees, so managers are better equipped to support their diverse employees and grow their careers.





"GROW engaged 25,000 employees in its first month, during a busy year-end and holiday season. It's early evidence of what underlies our company culture: a commitment to innovation and learning and every employee's desire to be an active part of that. We're already practicing new habits and integrating new language into our work and team interactions. It's exciting to see the early momentum in this company-wide evolution of our culture."

Figure F: Early Momentum for GROW Program

DEBORA BUBB Vice President, HR and Director, Global Leadership & Learning

INSPIRE A COMMITMENT TO GROWING AT INTEL

Being inspired at work leads to greater commitment. So in 2016, we're inspiring employees through events like these that build excitement about and commitment to Intel.

2016 Diversity & Inclusion Summit

This multi-day summit brings together Intel leaders and employees from our global Senior Women's Community, Diversity Leadership Councils, and Employee Resource Groups, to focus on development and community-building.

CEO Diversity & Inclusion Summits

Select groups of mid- and senior-level women and underrepresented minority employees will meet directly with our CEO and other senior executives to share their perspectives regarding retention challenges and drive actions to address specific issues.

Blue Carpet Events

These interactive career events for Intel employees are a way to connect and inspire them about their future with the company. They get access to business and technical leaders, hiring managers, and career resources, facilitating career progression.





KELSEY WITHEROW Product Line Manager, Internet of Things Group

"Blue Carpet reignited the fire that inspires me to move forward in my career and opened up doors and opportunities I otherwise wouldn't have been exposed to." "The CEO Summit was a real gamechanger. Brian and other senior leaders fully participated, listened, learned, and worked hand-in-hand with our underrepresented minority employees to design high impact programs to address retention challenges. It was very inspiring and another example of leading from the top in this important initiative."

SHARON BROGDON Director of Retention, Global Diversity and Inclusion

INTEL SWEATS FOR VETS

And sets a new Guinness World Record

Never before had there been an Intel event quite like the one on Veterans Day 2015—hundreds of employees at major U.S. sites suddenly dropping to their hands en-masse, to do pushups. The goal? To break the existing Guinness World Records mark of 734 people grunting and sweating out pushups all at one time, all in one place. And we succeeded—with a total of 1286 employees sweating for vets at our site in Hillsboro, Oregon.

This event was a novel way to honor the men and women who have served the U.S. in uniform, and a great step in connecting our veteran population. Record or not, Intel gave \$100K to a pair of veterans' non-profit groups as part of the national #GiveThem20 program to salute and support vets.

Veterans of the U.S. armed forces at Intel number more than 3500 and are a diverse group of employees whose real-world experiences and skills make them an ideal fit for our culture of discipline, results orientation, and pride in our work. Intel's Veterans Initiative aims to increase our veteran population as part of our Diversity and Inclusion program.



FEATURE

Two Intel employees proudly display the Guinness Book of World Records certificate



FREELANCE NATION

Where talent and work connect like never before

Freelance Nation is an innovative work-style program designed to retain high-performing employees who may want a more flexible work style, as well as to help groups connect with underutilized talent to meet business needs. Freelancers build a portfolio of project engagements through processes typically used in top consulting firms, where each person engages with a particular client to address a strategic or operational challenge by delivering a business or technology solution.

While Freelance Nation plans to stay small and agile to carefully balance supply and demand, it's become an incredibly popular option for those looking to dial up the flexibility in their professional and personal lives. Many see it as a long-term way of working, not just a temporary employment status.



"As a mother, I can honestly say some of the work environment situations in a traditional job may not be wellsuited for a new mother. In my case, Freelance Nation was home for what I needed. I've been able to really evolve as an employee with Intel's evolving needs."

FEATURE

MARIA MIHALKO Freelance Nation Project Manager & Visual Storyteller

BUILD AND FOSTER CONNECTIONS AND COMMUNITY

Connecting employees through various forums, groups, training, and events has been a longstanding hallmark of Intel's workplace culture. Our 28 Employee Resource Groups connect over 18,000 employees globally based on common interests. Our Leadership Councils, comprised of over 240 Intel leaders, help guide and mentor members of the Resource Groups. Together, these groups make contributions that enhance life at Intel and benefit our local communities.

In 2016, we'll invest in more opportunities for employees to come together and connect, including:



Diversity WarmLine Coaching and assistance to solve problems and remove barriers in real time



New Councils For Native Americans, Pacific Islanders, LGBTQ, and Veterans

I N

Lean in Circles Scale women's Lean In Circles to underrepresented minority employees

Launched Inclusive Leaders Initiative Provide platform for senior majority leaders to role model diversity and inclusion



Expanding Formal Sponsorship Program Senior leaders sponsoring high-potential underrepresented minority employees

Figure G: 2016 Programs at a Glance

RAINBOW INTEL FLAGS FLOWN DURING PRIDE MONTH

Intel is an organization that strongly values diversity and strives to make our workplace inclusive for all. IGLOBE is our Intel LGBTQ employee resource group. The group, which was started in 1995, was the first chartered employee resource group in the company. One of the primary goals of IGLOBE is to increase the visibility of and improve the workplace climate for LGBTQ employees.

In preparation for Pride Month 2015, IGLOBE designed a custom flag combining the Intel logo with the traditional LGBTQ rainbow flag. The Intel-rainbow flags—which were flown throughout the month of June at sites in California, Oregon, and Arizona—represented inclusion for all employees at Intel and demonstrated the company's support for our LGBTQ employees and the larger LGBTQ community.

In addition to its efforts throughout Pride Month, IGLOBE recently launched an initiative focused on growing the community of straight allies—currently totaling 175 members—who wish to contribute to the group's efforts.

Pride Month



FEATURE



Intel shows its pride and support during



Intel CEO Brian Krzanich shows off his pride in the company's diversity

MENTORING MATTERS IN MALAYSIA

In 2014 Intel Malaysia began a strong push to increase diversity and inclusion through a variety of targeted programs. And while we still have a long way to go, we're very proud that we've been able to make great strides in our underrepresented minority hiring for 2015.

We've also implemented a number of initiatives to improve retention and inclusion. One example is a sponsorship program that matches up minority employees with senior leaders who served as mentors and role models to help these employees navigate their careers at Intel.

A shift in employee outlook

The country's successful Touchpoint program partners newly hired minority employees with minority senior leaders to

support and advise these new employees on business acumen, career progression, and navigating Intel. This has been extremely helpful in integrating new employees and helping them experience an inclusive and welcoming environment as they begin their careers with Intel.

As a result of these and other complementary programs that have aimed to create a more inclusive environment for underrepresented minorities, we've recorded a measurable shift in the outlook of our minority employees, who've reported feeling a much greater sense of inclusion at their workplace and within the company overall.



FEATURE

Employees celebrate at Intel Women's Conference 2015

CUSTOMIZED BENEFITS AND FAIR PAY



A CHANGING WORKFORCE HAS Changing needs

We continue to develop customized benefits that meet employees' needs for every stage of their life and career.

Helping employees live their best lives

We quadrupled our fertility benefits and tripled our support for adoption. This expansion of benefits elevates Intel's programs to best-in-class among peer companies.

Our maternity leave program was enhanced by offering paid bonding leave of up to eight weeks following a child's birth, adoption, or foster placement. This program is open to men and women alike, and the early feedback from employees has been outstanding.

Our original sabbatical program offers all full-time employees eight weeks of paid vacation every seven years, in addition to their regular annual vacation time. In response to employee feedback, we introduced an alternative option which allows employees to enjoy four weeks of additional paid vacation every four years, giving them greater flexibility to coordinate time off with their families.



"At Intel, we want our innovative and flexible benefits to create an environment where you can achieve your career best and enjoy a great life outside of work. We want you to feel supported in all phases of life."

OGDEN REID Vice President, Human Resources

GENDER PAY PARITY AT 100%

Intel has long been committed to paying our employees fairly and equitably at all levels of the organization. We conduct an annual, comprehensive audit of pay in the U.S. to analyze our employees' pay by gender and ethnicity.[†]

In 2015 we conducted a further compensation analysis examining gender pay parity for U.S. employees across job types and levels, which showed a net result of 100% pay parity.[†] We're incredibly proud of this result. In 2016, we're intensifying our existing efforts with enhanced audits, to comply with recent changes in the laws of California and other states regarding pay equity, and we will expand the parity analyses disclosed in this report to include U.S. ethnicities.



ADVANCEMENT OF WOMEN AT ALL LEVELS

This past year, Intel made great strides in our efforts to better support and advance the careers of women throughout the company. Here are a few focus areas that highlight some of our efforts to date.



COMPREHENSIVE COMMUNITY APPROACH

For our most senior-level women, we have the Intel Network of Executive Women community, comprised of 77 women VPs and Fellows—a 35% increase in membership over the year.[†] This group of women leaders launched a number of new programs and initiatives to help advance the careers of women at Intel around the world.

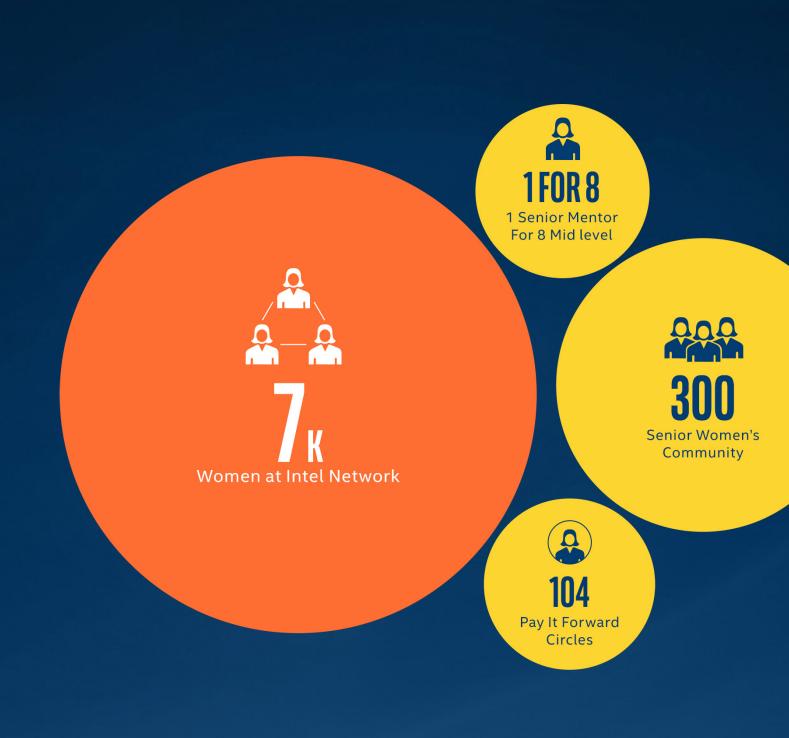


Figure H: Senior Women's Community, by the Numbers

INTEGRATING AND PROGRESSING FEMALE TALENT

Integration focus for women

As we hired over 1700 women in the U.S. this year[†]—and with the integration of acquired organizations, onboarded even more—we needed a way to quickly and successfully integrate this new talent. So we launched a new integration program called Rapid Orientation for Accelerated Results (ROAR). The ROAR program is a fourday immersion event held quarterly for recently hired mid-level women throughout the company. The event was designed to foster inclusion and provide training on corporate strategy, the importance of diversity to our business, and product group overviews. It also includes executive keynotes, networking opportunities, and learning workshops. In 2015, we held eight events with more than 300 attendees from 48 different Intel sites. These successful programs have increased retention and raised awareness among managers of the value of diversity in our company. In 2016, we'll scale the ROAR program further, to include newly hired underrepresented minority employees as well.

Proven progression and development focus

We're also intensely focused on the progression and advancement of women at Intel. To that end, we launched the global Accelerated Women's Leadership Program for women in our mid-level ranks who are on the cusp of senior and director levels. This program provides women the tools they need to excel, including leadership assessments, career strategy development, and opportunities to meet with VPs and other Intel executives. Over 200 women have completed the program, and among these participants, we're seeing double the promotion rate of women from middle to senior levels.

"In two words, I would describe ROAR as fast immersion. I learned more during the four days of ROAR than I did in my first four months at Intel. I gained a series of connections and different perspectives across the company through commonalities. We were all technical and all women. It was inspiring to meet fellow travelers and gain exposure to amazing seniorlevel women at Intel. A lot of my future opportunities at Intel will come from this."

- REBECCA WEEKLY ROAR participant

HARNESSING REGIONAL DIVERSITY IN EUROPE TO DRIVE INTEL'S GROWTH

Intel's EMEA (Europe, Middle East, and Africa) Region covers an extremely diverse area consisting of over 37 countries. So diversity—of cultures, languages, practices, religions, and perspectives—is everyday life for us in this region.

Nonetheless, representation of women at the company has been a region-wide challenge. To tackle this challenge head-on, business leaders from across the region came together in 2015 to focus and collaborate on creative measures to increase female representation at all levels.

Replicating success overseas

Intel's EMEA leadership established the Diversity and Inclusion Board, with six VPs volunteering to take the lead on behalf of their peers to drive aligned regional programs to accelerate female representation. In April 2015, all 35 EMEA leaders established the plan to expand the pipeline of women entering the industry, boost female hiring and progression, and improve retention.

The region's diversity and inclusion plans include a wide range of initiatives under four themes: Attract & Hire, Develop & Retain, Family Friendly Workplace, and Connected Community. The most successful programs, such as the Family Friendly program started in Germany, are then replicated across the region. This collaborative approach also enables leaders to co-create and share innovative solutions to pipeline challenges like recruiting women from top universities.

FEATURE

INDIA BUILDS PROGRAMS TO PROGRESS AND RETAIN WOMEN EMPLOYEES

Intel India launched their Protégé Sponsorship Program with the aim of creating development opportunities for selected senior-level women across business units. Intel's global leaders were leveraged to help develop and prepare women leaders from India for bigger roles within the company. The ultimate goal of this specialized leadership training is to strengthen and expand the pipeline for women VPs in India. In 2014, six out of the eight protégés who graduated the program ascended into roles with greater responsibility or larger scope. Six additional protégés entered the program in 2015.

India's innovative Home to Office initiative was also expanded in 2015. The program seeks to accelerate gender diversity and inclusion by facilitating the return of professional women to Intel after they've taken a break from their careers. By the end of 2015, the program had led to the hiring of 12 new employ-ees—more than double the number of employees hired through the program the previous year.

FEATURE

WOMEN TAKE THE LEAD IN COSTA RICA

Our diversity efforts in Costa Rica focus on four key elements: Pipeline, Sourcing & Hiring, Engagement & Retention, and Progression.

In response to this challenge, the site General Manager launched a number of new initiatives. By partnering closely with local universities to coach and prepare women for careers in technology, Intel Costa Rica is increasing the pipeline of qualified women entering the industry—and the number of new hires sourced from these universities. Site leaders and staff—including hiring managers—have also been educated on the importance of diversity and inclusion and best practices, like encouraging greater diversity on interview panels. **Building a better work environment** Another new initiative provides training to well-qualified technical women candidates, to help them give their best performance in interviews—and ultimately, if hired, contribute their vital talents to Intel.

To address engagement, retention, and progression, Costa Rica increased representation of women on the Site Committee Board, which now includes six women among its 11 members. In addition to its many other responsibilities, the Site Committee is focused on ensuring greater development opportunities for senior women throughout the site—and on building a more innovative, inclusive, and diverse-thinking environment.





INCREASE IN WOMEN AT SENIOR LEVELS

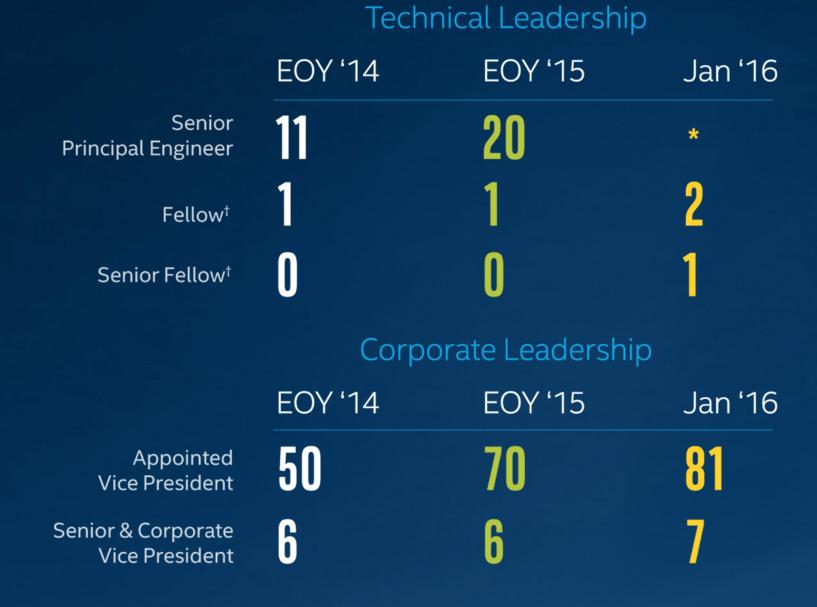


Figure I: Increase in Women at Senior Levels Globally * To be updated in Mid-Year Report after April annual promotion cycle.

[†]Refer to these endnotes for <u>Data Parameters and Definitions</u> referenced on this page: 6, 9, 10, 12, 21

DIVERSITY AND INCLUSION CHAMPION'S PERSPECTIVE

Time to address a mighty challenge Last year, I was delighted to join the Diversity and Inclusion Executive Committee, responsible for driving Intel's ambitious vision for diversity and inclusion in the tech industry. I passionately believe that diversity and inclusion are driving forces for our future growth. We must grow our new and emerging businesses while keeping our core businesses healthy and prosperous. It's a mighty challenge, and to deliver, we need individuals and teams with different backgrounds and experiences, new perspectives, and diverse ways of thinking and problem-solving. I truly believe diversity of thought, experiences, and styles will drive more creative and innovative solutions to the complex challenges ahead.

An invitation to solve problems

I'm particularly proud of the results we've delivered to date in the hiring and progression of our technical talent. We have more women at senior levels and in our technical pipeline than ever before—we nearly doubled our female Senior Principal Engineers in 2015! That makes me excited for our future and the amazing innovations to come. It also sets an example for women at all levels: that they can and should shoot for the stars, and we are here to help them get there. Hiring is only one piece of the puzzle, and it's critical that we create and enable an environment to help our employees thrive. As we evolve our culture on a foundation of inclusiveness, we invite our employees to invest their energy in solving tough problems and innovating for the world.

It's a journey, and—while there's still a ways to go—I'm proud to work for a company that's taking such bold action to drive improvements, both inside and out. Brilliance knows no color, religion, or gender—brilliance is brilliance, and we invite brilliance to the table every day around the world.



AICHA EVANS

Diversity & Inclusion Executive Champion Corporate Vice President

RICH PIPELINE OF FUTURE TALENT

Through transformative education initiatives, financial assistance, and internship opportunities that offer experience and technical skills, Intel is paving the way for more women and underrepresented minorities to enter and succeed in tech careers like engineering and computer science. In 2015 alone, Intel made investments in eight programs and partnerships that help advance this goal.



HOW WE ENSURE A BRIGHTER FUTURE

Code Talkers to Code Writers Initiative Intel is partnering with the Science Foundation Arizona and the Navajo Nation to implement a comprehensive education transformation at three Arizona high schools. These schools will offer an enhanced computer science curriculum with a professional development program for teachers and support programs for students. In addition, students will receive tutoring and mentoring from Intel employees who are members of the Intel Native American Network—several of whom attended these Navajo Nation high schools. Intel has committed \$750K over three years to this project.

Scholarships for Latino students

Through the Hispanic Foundation of Silicon Valley's Latinos in Technology Scholarship Initiative, Intel pledged \$3.75M over the next five years to support a total of 125 scholarships for Latino college students who have chosen a science, technology, engineering, or math major. In addition, Intel will also offer each student who earns a scholarship an internship for two summers and a full-time job upon successful completion of their degree.

Georgia Tech

Intel launched a partnership with Georgia Tech to support approximately 1100 underrepresented minorities over the next five years. This year, 15 Intel Scholars received scholarship support, and another 80 students enrolled in our peerto-peer tutoring program. We hosted a pre-finals survival camp to give these students an opportunity to meet Intel employees and learn more about Intel and the tech industry overall. Intel is investing \$5M over the next five years in this partnership.



"We know that if a subject interests a student, education happens. It's our job to make technology interesting. We believe an engaging curriculum and exposure to Intel role models and mentors can make a huge difference."

BARBARA MCALLISTER Intel Executive Director, Strategy and External Alliances

OAKLAND UNIFIED SCHOOL DISTRICT (OUSD)

In early 2015, Intel and OUSD announced a partnership to strengthen the computer science and engineering pathway curriculum at two of OUSD's high schools. Through this partnership, Intel and OUSD are committed to enhancing the education of 2300 students over five years and graduating 600 students through these pathway programs. So far, the OUSD-Intel partnership has redesigned the curriculum and raised awareness of the opportunities it offers among students, teachers, and parents. This summer, students will be invited to attend a special summer immersion program in Oakland, attend the summer institute at Georgia Tech, or participate in an internship. Intel has committed \$5M over the next five years to this project.



RICHARD TAYLOR Intel Senior Vice President and Director for Global Human Resources

"Our hope is that pipeline programs like these can be models for other technology companies. I like to let each student know that, if they graduate from college with a degree in one of these technical fields, there's a job waiting for them at Intel."



stage of life

Proud OUSD graduates are ready for their next

OAKLAND'S NEXT-GENERATION ENGINEERS

Josue Diaz Jr. knows just how challenging studying to be an engineer can be. After taking engineering courses for two years at a Los Angeles university, he was academically disgualified because of his low grades. "I didn't have the right guidance in high school, didn't know about financial aid or how to get tutoring, didn't have any role models or mentors," said Diaz. After much personal reflection, he changed his major to Education. Now the assistant principal at Oakland Tech High School, Diaz is making sure his students get the opportunity, preparation, and support they need to succeed as engineers and computer scientists in the technology field.

Over the next five years, through a new partnership between Intel and the Oakland Unified School District (OUSD), several hundred primarily African-American and Latino high school students will be inspired, guided, and supported to become college- and career-ready in STEM-related fields. "Our students have had exposure to a computer science and engineering curriculum for years," said Diaz. "But not at the level Intel is providing." Diaz says the Intel-OUSD partnership is just the type of collaboration schools such as his strive for. In addition to completely revamping the curriculum and replacing technology in the classrooms, the partnership is introducing students to Intel mentors who will provide coaching and examples of real life experiences.

"There are a lot of students at our schools who have great potential and can do wonderful things," said Diaz. "But it's difficult to picture yourself in the technology industry when you don't see people like yourself in the field," he said, citing the few people of color from his community he sees riding the commuter shuttles destined for Silicon Valley. "So when young, talented students like ours are introduced to technology through interactive learning opportunities and role models like Intel, there's no limit to how far they can go."







Josue Diaz poses with Golden State Warriors' championship trophy in Oakland

FEATURE

JOSUE DIAZ JR. Assistant Principal Oakland Technical High School

DIVERSIFYING SUPPLY CHAIN CREATES INNOVATION

We believe that working with a diverse supply chain brings innovation and greater value to our business. This year we made significant progress in diversifying our supply chain, exceeding our 2015 goal of \$250M by spending a total of \$299M with diverse suppliers—double the \$150M we spent in 2014. And we're on track to meet our publicly stated commitment to spend \$1B annually with diverse-owned businesses by 2020.



SUPPLIER DIVERSITY MEANS FRESH IDEAS

2015 Year-in-review

Throughout 2015 we focused on building the foundation and infrastructure we need to assemble a stronger and more diverse supplier base. We switched data providers and modified our purchasing tools to improve our ability to identify diverse suppliers, and we deployed a centralized reporting tool to give our supply chain employees access to real-time spending data. We participated in supplier diversity roadshows and presented in several employee forums, to increase awareness of our commitment to supplier diversity and to educate employees on how they can help us achieve our goals.

Externally we cast a wider net and reached over 1000 new and diverse entrepreneurs who aspire to be Intel suppliers. We delivered over a dozen workshops to women-owned businesses across the globe, coaching them on how to do business with large companies like Intel. We increased our focus on social media and published several articles and blogs showcasing the diverse businesses within our current supply chain.

Looking ahead in 2016

For 2016, we've set an aggressive goal of \$400M in diverse supplier spending.



Figure J: Increased Spending with Diverse Suppliers



FRANK SANDERS Vice President, Technology Manufacturing Group

"Through building and maintaining a diverse and inclusive supply chain, we're able to maximize our competitiveness and hear new ideas that enable innovation, so we can continue to deliver world-class products and services. We hope to drive economic empowerment among diverse entrepreneurs, creating value across the entire industry."

DRIVING TRANSFORMATIONAL CHANGE IN THE SUPPLY CHAIN

Pro-Fab first made its mark on the semiconductor industry 22 years ago, making equipment for clean room components. But as chip fabrication became more automated, much of the company's core business lost momentum. Some competitors folded, and the ones that remained were left to compete over a smaller pool of work.

After 2007, when owner and president Gail Armstrong took the helm, the company shifted its focus to providing other products and services, including fabrication, CNC machining, welding, electro-polishing, and powder-coating for high-tech companies, including Intel. Pro-Fab survived—and grew—by continually and rapidly evolving its products to meet ever-shifting customer demands. Influential leadership, smart spending, strong decision-making, and an eye for efficiency has ensured Pro-Fab continues to thrive. And to continue attracting and retaining top talent, the company also focused on building and maintaining a rewarding and stimulating work environment for its employees.

In addition to Pro-Fab's ability to stay a step ahead of the industry, Armstrong takes particular pride in her company's commitment to diversity. "Being a diverse-owned-and-operated business is very important to us, both as a competitive advantage and as an expression of our values," says Armstrong. "Our success serves as an example to young girls, like my own three daughters, that the business world is no longer an exclusively male or male-dominated domain. And it also serves as a powerful recruiting tool. We make it clear that brilliant, talented women who might be overlooked elsewhere are wanted and welcomed here—right alongside the rest of our amazing employees."

FEATURE



GAIL ARMSTRONG Owner and President Pro-Fab

DRIVING DIVERSITY IN THE TECH VENTURE LANDSCAPE



THE INTEL CAPITAL DIVERSITY FUND

The Intel Capital Diversity Fund, announced on June 9, 2015, identifies and invests in women- and minority-led technology companies. The fund is focused on investing \$125M over five years in a broad spectrum of innovative companies with founders/CEOs—or at least three members of the senior management team—who are women and/or underrepresented minorities. This fund, which is the largest of its kind by a significant margin, further underscores Intel's broad commitment to diversity and inclusion in all aspects of its business.

Our 2015 investments

To date, nearly \$19M has been invested in five firms: Brit + Co., CareCloud, Mark One, Venafi and, most recently, LISNR, which was announced at the Intel Capital Global Summit in November. LISNR, co-founded and led by an African-American CEO, has created and is commercializing a new communication protocol called SmartTones, which sends data over high-frequency, inaudible audio waves. Full descriptions of each of our Diversity Fund portfolio companies can be found on the Intel Capital website.

Response to the fund throughout the entrepreneurial community has been enormous. Our team of investors has met with more than 200 promising startups since June, and we expect to announce as many as half a dozen new investments in 2016.



LISTENING FOR UNTAPPED OPPORTUNITIES

When Rodney Williams got the call from the Intel Capital Diversity Fund last spring, he had just begun to hear from a wave of funds looking to invest in his promising startup, LISNR. Ultimately, the CEO and his team decided to partner with a group of investors led by Intel Capital. They felt that Intel was in the best position to understand and support the longterm possibilities of the company's technologies, including SmartTones, a new communication protocol that sends data and connects devices using inaudible sound waves.

New business connections

While other investors were interested in the technology's ability to generate immediate revenue with narrow applications, the Diversity Fund backed LISNR's plans to invest the time and effort necessary to develop a robust platform with a broad range of applications. "The Fund's investment allowed us to focus on things like improving the speed and efficiency of our technology and attracting top leadership and talent to the company," said Williams.

The Diversity Fund also introduced Williams and LISNR, through events like the Intel Capital Global Summit, to new business connections and opportunities that the Cincinnati-based company might have otherwise missed out on. "One of the advantages of the Diversity Fund is that it looks for talent and opportunities beyond the usual locations and networks," said Williams. "And if that means worthy startups in different parts of the country that were previously overlooked are now getting noticed, then that's a great thing for everyone."

FEATURE



RODNEY WILLIAMS CEO and Co-Founder LISNR

LEVELING THE (VIRTUAL) PLAYING FIELD

Throughout 2015, we continued our efforts to expand inclusion in gaming. In Q4 we sponsored Indiecade and GaymerX to support the work of independent and diverse game developers. In December we announced a nationwide game design contest with Drexel University, with a focus on engaging middle school girls in game design. We announced the second annual Intel Challenge, a tournament for the world's top women's gaming teams, to be held during the Intel Extreme Masters in Katowice, Poland.

Early on in our diversity work, we recognized online harassment as a major issue, impacting all sorts of people and especially rampant in gaming.



SOLUTION-ORIENTED CHANGE

One of the first groups we sponsored was the Cybersmile Foundation, and with our help they've greatly expanded their resources available for online harassment counseling. At the recent Intel Extreme Masters event in San Jose, California, Intel CEO Brian Krzanich faced off with Dallas Mavericks owner Mark Cuban in a League of Legends charity match that netted \$38K for Cybersmile.

Building on these commitments, Intel announced at CES 2016 an industry-wide campaign focused on ending online harassment. Launched by Intel, Vox Media, Re/code and Lady Gaga's Born This Way Foundation, Hack Harassment encourages industry-wide collaboration. Vox Media and Re/code are leaders in how the world receives media and editorial content about our smart and connected world. Born This Way Foundation is a leader in supporting the wellness of young people and empowering them to create a kinder and braver world. Together with Intel, this coalition forms a strong basis on which the rest of the technology industry and those who care about reducing online harassment can come together.



"Online harassment violates an individual's basic right to feel safe and respected. Our young people are spending more time online than ever before, making it more important than ever before to face this problem head on. Working together, we can find smart solutions and make meaningful change, ensuring that every young person can make their voice heard without fear of harassment."

CYNTHIA GERMANOTTA

Co-Founder and President Born This Way Foundation

HACK HARASSMENT

Hack Harassment's immediate goal is to host a series of industry hackathons in 2016. These hackathons will be online and in-person design sessions, bringing together participants from the technology industry, the media industry, non-profit organizations, academia, influencers and thought leaders, and members of online communities. The hackathons will be participatory in design, outcome-driven, and community-led. The goals go beyond raising awareness—to increase accountability, advance technology solutions, and bring about positive change.

Re/code, Vox Media, Born This Way Foundation, and Intel plan to share findings, recommendations and progress from Hack Harassment at Re/code's annual Code Conference, taking place May 31-June 2, 2016.

"The Internet is a digital environment, but it is made up of very real people and, unfortunately, sometimes very real threats," said Kara Swisher, Re/code Executive Editor and Co-Founder. "It will take a solution-oriented approach with a variety of stakeholders to make the impact that's needed to stop the kind of online harassment that too many suffer on a daily basis."



"We want to lend our support to raise awareness and accountability of online harassment. As a company that's built on the notion of open expression online, we want to do our part to protect individuals and communities who seek to communicate without fear of harassment. We invite all media companies to join us in this effort."

JIM BANKOFF Vox Media Chairman and CEO

harassment

ONLINE HARASSMENT BY THE NUMBERS

INTERNET USERS 40% 73% Have personally Have witnessed others experienced online being harassed online

TECH PROFESSIONALS



Tech Professionals Source: Intel & Vox Media Technology Industry Survey of Online Harassment, 2015

and emotional impact

OVER 80%

Believe the tech industry needs to do more to combat online harassment

Figure K: Online Harassment by the Numbers Internet Users Source: Pew Research Center, October 2014, "Online Harassment"

THE PATH FORWARD



TRANSFORMING OUR INDUSTRY TOGETHER

Data-based approach

Intel's culture is based on a foundation of data-driven results and robust problem-solving. Our approach to improving diversity and inclusion, both at Intel and within the tech industry at large, is no different. We're making bold strides with an aggressive set of goals each year. We drive accountability from the top, with strong and active executive oversight throughout the process. And we're learning as we go: what's working, what missed the mark—and then we're rapidly adjusting and taking action.

We share our progress with the sincere desire that others will join in the data-based approach to diversifying our workforce and driving innovation in our markets. We are strongest when we work together and leverage our shared learnings for the betterment of our industry. We change the world every day with what we design and deliver to the market. Isn't it time we put that same ingenuity and energy into transforming our industry, so more innovators, makers, creators, engineers, and more find their career destiny in high tech?

Workforce representation goals for 2016

Our workforce representation goals for 2016 are simultaneously simple and extremely challenging. Our programmatic goals continue to push the envelope in reach and impact. But where we'll find the most transformation, for our company—and, we believe, for the industry at large—is by reinventing our culture. Our ability to retain our great talent is at the core of the innovation pipeline, and we can do much better here, especially for our diverse employees. Retention, inclusion, and cultural transformation are the focus areas for us in 2016.

Inspired by the positive impacts of the deep-dive women's studies conducted in 2005 and 2014, we'll launch a similar exploration of the internal and external drivers of progression and retention for our underrepresented minority populations in the U.S. We'll report the results of this study internally to our executive management and the Diversity and Inclusion Executive Committee to drive alignment and action. And as you have come to expect, we'll share what we learn with the industry in our 2016 Mid-Year Report.

APPENDIX

DATA PARAMETERS AND DEFINITIONS

- 1. Year-over-year increase in percentages are calculated using the following formula: (% in 2015 - % in 2014) / % in 2014
 - Example, 2014 Technical Female Representation = 19.0% of employees and 2015 Women Representation =20.1% of employees. Year-over-year increase= (20.1% - 19.0%) / 19.0% = 5.8% year-over-year increase
 - Our raw data set, with most of the raw figures we used to make the calculations in this report, are included in the report Addendum
- 2. Full representation (or full workforce representation) is the point at which Intel's workforce in the United States matches the supply of skilled talent available (market availability) for current roles at Intel
- 3. Market availability measures how many skilled people exist in the external U.S. labor market as well as in Intel's own internal market
 - This is a different measure from demographic representation. For example, while women are approximately

50% of the population (demographic representation), U.S. women make up 22.7% in aggregate of the external labor force that is consistent with the technical jobs Intel is trying to fill, making Intel's market availability 22.7% for technical women. More specifically, in our Technical Senior/Leadership levels our Market availability is 17.2%

- Market availability for various positions and grades fluctuates and is calculated based on data from multiple sources, including university graduation data from the National Center for Education Statistics, the U.S. Census Bureau, internal company data, and other sources. All of this data is then aggregated into career-level groupings/ job categories for this report and other internal reporting purposes
- 4. Numbers may not add to 100% due to rounding, or uncategorized employees
- Employees listed as "unknown" chose to 5. not self-identify their race on the date that representation data was pulled. Intel complies with federal regulations and uses

- 6. noted
- 7. definitions
- 8.
- 9.

post-employment records to identify the gender, race and ethnicity of individuals who do not self-identify. These updates are done on a monthly basis

Data is U.S. workforce only, unless otherwise

Ethnicity categories use EEO-1 Ethnicity

Parity is the quality or state of being equal or equivalent

Data does not include subsidiaries

10. Data labeled "Current" or "December 2015" is from December 26, 2015 (last day of Intel fiscal year), unless noted otherwise

11. Data labeled "Mid-Year Report" is from July 9, 2015, unless otherwise noted

12. Data labeled "2014" or "EOY '14" is from December 27, 2014

13. Definition of "Technical" is based on Intel internal job codes and reflects technical job requirements

14. Early Grade = salary grades 2 to 6 and equivalent grades and Non-Exempt grades;

DATA PARAMETERS AND DEFINITIONS

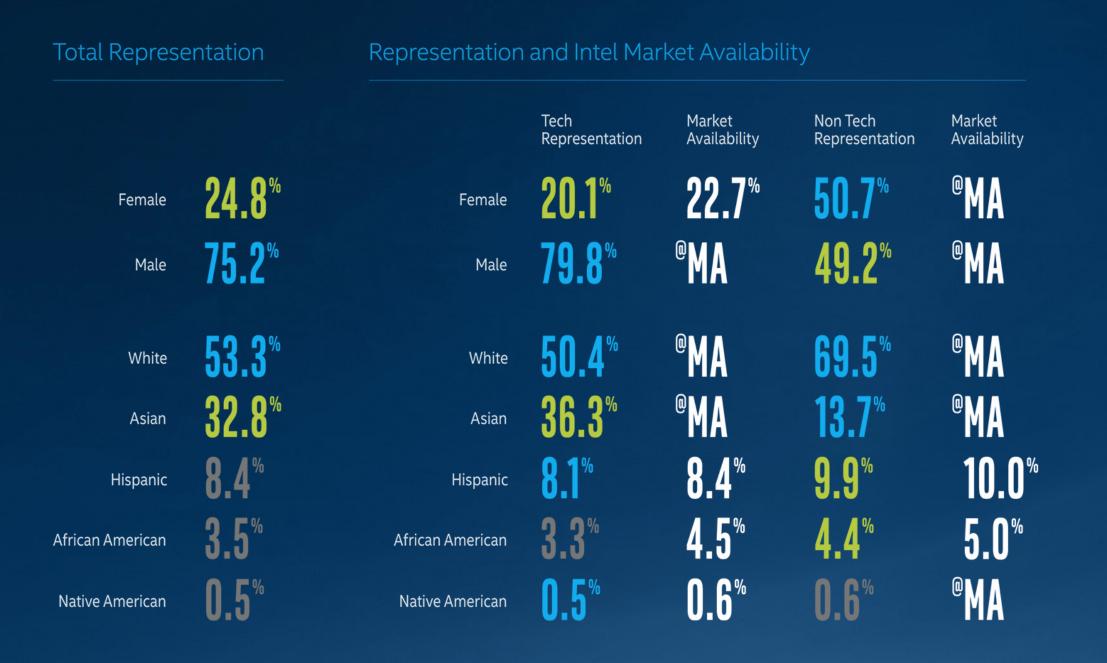
Mid = salary grades 7 to 9 and equivalent grades; Senior = salary grades 10 and 11 and equivalent grades; Leadership = salary grades 12+ and equivalent grades, Vice President and above, and Intel Fellows and Senior Fellows

- 15. Underrepresented Minority = African American, Hispanic, and Native American
- 16. Total Diverse Population = All Females
 + Underrepresented Minority Males
 (this prevents double counting of
 Underrepresented Minority Females)
- 17. Total Diverse Counterpart Population = Non-Underrepresented Minority Males
- 18. Mid-Year Report Specific Data Parameters:
 - Exit Data is from June 30, 2015
 - Representation and Exit data include McAfee employees; however, Hiring data does not include McAfee
- Data is generally rounded to one decimal if greater than 10% and two decimals if less than 10%
- 20. Research and statistics on gender pay gap

in the technology industry and in the U.S. overall can be found at:

- <u>http://www.aauw.org/research/the-</u> <u>simple-truth-about-the-gender-pay-gap/</u>
- 21. Intel Senior Fellows and Fellows are the highest level of technical contributors who've exhibited long-term technology leadership and innovation that impact Intel and/or the industry.
- 22. Note that, in the Report & Addendum, for some categories, Hires minus Exits will not necessarily equal the total change in Headcount. This is because we integrated a large subsidiary, McAfee, with over 3000 employees in the U.S. Reporting 3000 acquired employees in our Hiring numbers would have presented an inaccurate picture of our hiring. Therefore, just as we did for the Mid-Year Diversity Report, we did not report the acquired McAfee employees in the "Hires" category, and instead reported them in the Representation or General Population category.

U.S. WORKFORCE REPRESENTATION AS OF DECEMBER, 2015



Legend

- Increase in representation of 0.2% or greater since Dec. 2014
- Increase in representation of 0.1% or no increase in representation since Dec.
 - Decrease in representation since Dec. 2014
 - Numbers may not add to 100% due to rounding