

REPORT REVIEW Intel Green Bond Report

Annual Green Bond Report Intel

1 July 2024

VERIFICATION PARAMETERS

Type(s) of reporting	<ul style="list-style-type: none">Green Bond Allocation and Impact Report
Relevant standard(s)	<ul style="list-style-type: none">Harmonized Framework for Impact Reporting (HFIR) updated June 2023, as administrated by International Capital Market Association (ICMA)Intel's Annual Green Bond Report (as of July 1, 2024)Intel's Green Financing Framework (as of July 28, 2022)
Scope of verification	<ul style="list-style-type: none">Bond identification: ISIN US458140CA64/ Bond maturity Aug. 5, 2032 (bond issuance amount USD 1.25 billion)
Lifecycle	<ul style="list-style-type: none">Post-issuance verification
Validity	<ul style="list-style-type: none">As long as no changes are undertaken by the Issuer to its Green Bond Report as of July 1, 2024

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SCOPE OF WORK

Intel (“the Issuer” or “the company”) commissioned ISS-Corporate to provide a report review¹ on its Annual Green Bond Report by assessing:

1. The alignment of the Intel’s Green Bond Report with the commitments set forth in its Green Financing Framework (as of July 28, 2022).²
2. Intel’s Annual Green Bond Report, benchmarked against the Harmonized Framework for Impact Reporting (HFIR) updated June 2022, as administrated by the International Capital Market Association (ICMA).
3. The disclosure of proceeds allocation and soundness of reporting indicators — whether the impact metrics align with best market practices and are relevant to the green bond issued.

¹ A limited or reasonable assurance is not provided on the information presented in Intel’s Annual Green Bond Report. A review of the use of proceeds allocation and impact reporting is solely conducted against the core principles and recommendations of ICMA’s Standards (i.e., the Green Bond Principles) where applicable, and the criteria outlined in the underlying Framework. The assessment is solely based on the information provided in the allocation and impact reporting. Intel is responsible for the preparation of the report, including the application of methods and internal control procedures designed to ensure that the subject matter information is free from material misstatement.

² The Framework was assessed as aligned with the Green Bond Principles as of Aug. 1, 2022.

ASSESSMENT SUMMARY

REVIEW SECTION	SUMMARY	EVALUATION
<p>Part 1.</p> <p>Alignment with the Issuer’s commitments set forth in the Framework</p>	<p>Intel’s Annual Green Bond Report meets the Issuer’s commitments set forth in the Green Financing Framework. The proceeds have been used to (re)finance Energy Efficiency, Circular Economy and Waste Management, Pollution Prevention and Control, Renewable Energy, and Water Stewardship, in accordance with the eligibility criteria defined in the Framework.</p>	<p>Aligned</p>
<p>Part 2</p> <p>Alignment with the Harmonized Framework for Impact Reporting</p>	<p>Intel’s Annual Green Bond Report is aligned with the HFIR. The Issuer follows core principles and, where applicable, key recommendations.</p> <p>Intel reported on the allocation of green bond proceeds and associated impact indicators within one year of issuance. Allocated proceeds are reported at the project category level. Intel illustrates environmental impact and reports the allocation of proceeds in U.S. dollars.</p>	<p>Aligned</p>
<p>Part 3</p> <p>Disclosure of proceeds allocation and soundness of reporting indicators</p>	<p>The allocation of the bond’s proceeds has been disclosed, with a detailed breakdown across different eligible project categories as proposed in the Framework.³</p> <p>Intel’s Green Bond Report has adopted an appropriate methodology to report the impact generated by providing comprehensive disclosure on data sourcing, calculation methodologies and granularity, reflecting best market practices.</p>	<p>Positive</p>

³ The assessment is based on the information provided in the Issuer’s report. The Issuer is responsible for the preparation of the report, including the application of methods and procedures designed to ensure that the subject matter information is free from material misstatement.

REPORT REVIEW ASSESSMENT

PART I: ALIGNMENT WITH COMMITMENTS SET FORTH IN THE GREEN FINANCING FRAMEWORK⁴

The following table evaluates the Annual Green Bond Report against the commitments set forth in Intel’s Framework, which are based on the core requirements of the Green Bond Principles and best market practices.

ICMA HFIR	OPINION	ALIGNMENT WITH COMMITMENT
<p>1. Use of Proceeds</p>	<p>Intel confirms to follow the Use of Proceeds description provided by its Green Financing Framework. The report is in line with the initial commitments set in the Green Financing Framework: alignment with the project categories defined by the principles, defined and transparent criteria for eligible projects, description of the expected environmental and/or social benefits of the project categories, lookback period, and exclusion of harmful projects.</p> <p>The Issuer’s green categories align with the project categories and are in accordance with the eligibility criteria set in the Intel’s Green Financing Framework. The net proceeds will be exclusively allocated to finance and refinance Energy Efficiency, Circular Economy and Waste Management, Pollution Prevention and Control, Renewable Energy, and Water Stewardship. Environmental benefits at the category level are described and quantified in terms of avoidance of GHG emissions, energy savings, gallons of water saved, tons of waste diverted from landfill, and tons of waste reduction.</p> <p>Intel defined a lookback period and an exclusion list in line with best market practice.</p>	<p style="text-align: center;">✓</p>

⁴ Intel’s Green Financing Framework was assessed as aligned with the GBP (as of June 2021) as of Aug. 1, 2022.

<p>2. Process for Project Evaluation and Selection</p>	<p>Intel confirms to follow the Process for Project Evaluation and Selection description provided by its Green Financing Framework. The report is in line with the initial commitments set in the Intel's Green Financing Framework: documented process to determine whether projects fit within defined categories, process to identify and manage potential ESG risks associated with the project and information on responsibilities and accountability.</p> <p>The projects selected are defined and structured in a congruous manner. The Issuer ensures compliance with the eligibility criteria. ESG risks associated with the project categories are identified and managed appropriately.</p> <p>Intel provided transparency and clearly defined responsibilities and internal and external expertise in its evaluation and selection process in line with best market practice. Representatives from Intel's treasury, corporate sustainability, supply chain, corporate responsibility and legal teams evaluate and select eligible projects and annually assess their performance in compliance with this Framework. The RA committee, comprised of representatives from Intel's corporate sustainability, treasury and finance teams, is responsible for the assessment and selection of eligible projects annually to ensure alignment with this Framework. In addition, all projects allocated funding from the issuance proceeds follow an internal process that includes final review and approval by Intel's chief sustainability officer. The project review includes project details including sustainability objectives, alignment with the Green Bond Framework, and evaluation of potential social and environmental risks.</p>	<p style="text-align: center;">✓</p>
<p>3. Management of Proceeds</p>	<p>Intel confirms to follow the Process for Management of Proceeds description provided by its Green Financing Framework. The report is in line with the initial commitments set in the Green Financing Framework: the proceeds collected must equal the amount allocated to the eligible projects, the</p>	<p style="text-align: center;">✓</p>

	<p>proceeds must be tracked appropriately and attested in a formal internal process, and the Issuer specifies the types of temporary placements for unallocated proceeds.</p> <p>The amount allocated to eligible projects represents approximately 51% (USD 639 million) of the proceeds collected, with no exceptions. Intel tracks the amount of net proceeds from the sale of any green bond allocated to eligible projects. Pending allocation, an amount equal to the net proceeds from the sale of any green bond are held in accordance with Intel's internal investment policy, temporarily invested in cash, cash equivalents, and/or high-quality marketable debt investments.</p>	
<p>4. Reporting</p>	<p>Intel's Annual Green Bond Report is consistent with the reporting description provided by its Green Financing Framework. The report is in line with the initial commitments set in the Green Financing Framework: To publish an allocation and impact report annually, until full allocation of the net proceeds from the sale of any green bonds, and on a timely basis in case of material developments.</p> <p>The "Allocation Reporting" and "Impact Reporting" sections of the Green Bond Report comply with the pre-issuance commitment expressed in the Framework. The report is intended to be publicly available.</p> <p><i>Further analysis of this section is available in Part III of this report.</i></p>	<p>✓</p>
<p>5. Verification</p>	<p>ISS-Corporate has provided a second-party opinion (SPO) on Intel's Green Financing Framework.</p>	

PART II: ASSESSMENT AGAINST THE ICMA HARMONIZED FRAMEWORK FOR IMPACT REPORTING

Reporting is a core component of the Green Bond Principles and transparency is of particular value in communicating the expected and/or achieved impact of projects in the form of annual reporting. Green bond issuers are required to report on both the use of green bond proceeds and the environmental impacts at least annually until full allocation or maturity of the bond. The HFIR has been chosen as benchmark for this analysis as it represents the most widely adopted standard.

The table below evaluates Intel’s Annual Green Bond Report against the HFIR.

CORE PRINCIPLES		
ICMA HFIR	GREEN BOND REPORT	ASSESSMENT
Reporting on an annual basis	<p>This is the second Green Bond Report published by Intel since the issuance of its Bond in 2022. In 2023, Intel reported that 34% of the proceeds have been allocated. The report is available on Intel’s website.⁵</p> <p>In this year’s Green Bond Report, Intel discloses that 51% of the proceeds have been allocated. USD 606 million remains to be allocated. The report will be available on Intel’s website.</p>	✓
Illustrating the environmental impacts or outcomes	<p>The assessment and measurement of the impacts generated by Intel’s green bond covered the following areas:</p> <ul style="list-style-type: none"> ▪ Metric tons of GHG avoided (in CO₂e) ▪ Energy savings (in kWh) ▪ Gallons of water saved ▪ Tons of waste diverted from landfills ▪ Tons of waste reduced 	✓
ESG Risk Management	<p>The Issuer provides information on its internal processes by which perceived social and environmental risks associated with the relevant project/project categories are identified and managed.</p>	✓

⁵ Intel’s 2023 Annual Green Bond Report: <https://csrreportbuilder.intel.com/PDFfiles/2023-Intel-Annual-Green-Bond-Report.pdf>.

Allocation of proceeds - Transparency on the currency	All green bond-related cash flows are reported in one currency, U.S. dollars, when allocating the green bond proceeds and reporting on the projects.	✓
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RECOMMENDATIONS

ICMA HFIR	GREEN BOND REPORT	ASSESSMENT
Define and disclose period and process for Project Evaluation and Selection	<p>51% of proceeds have been allocated to green assets. No removal of the projects in the portfolio is planned, but new projects are expected to be added in the future, until full allocation of the proceeds.</p> <p>The Issuer followed a transparent process for selection and evaluation of eligible green projects. Projects financed and/or refinanced through the green bond issued under the Green Financing Framework were evaluated and selected based on compliance with the eligibility criteria as laid out in the Framework.</p>	✓
Disclose total amount of proceeds allocated to eligible disbursements	A total of USD 1.245 billion has been raised through Issuer’s Green Bond. As of Dec. 30, 2023, 51% of the proceeds (USD 639 million) have been allocated to green assets.	✓
Formal internal process for the allocation of proceeds and to report on the allocation of proceeds	The Issuer followed a transparent process for the allocation of proceeds as committed in the Green Bond Framework.	✓
Report at project or portfolio level	The Annual Green Bond Report includes the total amount of proceeds allocated per eligible project category at the portfolio level.	✓
Describe the approach to impact reporting	The Issuer reports impact on a cumulative basis for projects having similar impact (energy conservation, GHG reduction and water stewardship).	✓

<p>Report the estimated lifetime results and/or project economic life (in years)</p>	<p>The Issuer does not report on an estimated lifetime or economic life.</p>	<p>-</p>
<p>Ex-post verification of specific projects</p>	<p>The Issuer does not sample ex-post verification of specific projects.</p>	<p>-</p>
<p>Report on at least a limited number of sector specific core indicators</p>	<p>The Issuer reported the below list of sector core indicators:</p> <ul style="list-style-type: none"> ▪ GHG emissions avoided (in CO₂e) ▪ The reported energy savings (in kWh) ▪ Tons of waste diverted from landfill ▪ Absolute tons of waste reduction <p>Intel also reported the gallons of water saved, which is not a core indicator.</p>	<p>✓</p>
<p>If there is no single commonly used standard, Issuers may follow and disclose their own calculation methodologies</p>	<p>For the indicators where there is no single commonly used standard, Intel has elected reasonable and easy-to-quantify measurement units and methodologies, which are transparently disclosed in the Green Bond Report. Intel uses Water Management Application models to quantify water savings. Waste diversion and reduction are tracked through manifests, bills of lading and weight receipts.</p> <p>Data used as input for the calculation of the indicators, such as location-based and market-based GHG emissions, energy savings from global energy conservation projects and global and site-specific water savings, are assured annually by a third-party assurer.</p>	<p>✓</p>
<p>Disclosure on the conversion approach (if applicable)</p>	<p>Not applicable because none of the reported units need to be converted.</p>	<p>-</p>
<p>Projects with partial eligibility</p>	<p>The project's operational expenditures are fully eligible.</p>	<p>-</p>

<p>When the expected impacts of different project components may not be reported separately, Issuers may use (and disclose) the attribution approach</p>	<p>The impact of Intel's projects is reported separately per category and subcategory on an aggregated basis.</p>	<p style="text-align: center;">✓</p>
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OPINION

Intel's Green Bond Report follows the HFIR's core principles and some key recommendations. The Issuer provides transparency on the level of expected reporting and the frequency, scope and duration, aligned with best practices. Proceeds have been exclusively allocated to green projects, in line with the eligibility criteria. The Issuer discloses transparently allocated proceeds and proceeds to be allocated as of Dec. 30, 2023. The Issuer reports on the total impact generated by the green projects for the period Jan. 1, 2021, to Dec. 30, 2023.

PART III: DISCLOSURE OF PROCEEDS ALLOCATION AND SOUNDNESS OF THE IMPACT REPORTING INDICATORS

Use of Proceeds Allocation

Use of Proceeds allocation reporting is key to putting the impacts into perspective with the number of investments allocated to the respective Use of Proceeds categories.

This is the second year of allocation reporting and the proceeds allocated represent 51% (USD 639 million) of the total amount of proceeds (USD 1.25 billion) to the eligible projects.

The Issuer also transparently disclosed the amount of unallocated proceeds and the temporary investments. Proceeds that have not been allocated have been temporarily used for cash investments, cash equivalents and/or high-quality marketable debt investments, and other instruments allowed by Intel's investment policy.

Proceeds allocated to eligible projects/assets

The proceeds allocation is broken down at the project category level, by type of project. The Issuer has provided details about the type of projects included in the portfolio.

The allocation report section of the Annual Green Bond Report of Intel aligns with best market practices by providing information on:

- The total amount of proceeds (in million/ billion USD)
- Breakdown of the allocated amount per project category
- Description of eligible projects

Impact Reporting Indicators





The table below presents an independent assessment of the Issuer’s report and disclosure on the output, outcome and/or impact of projects/assets using impact indicators.

ELEMENT	ASSESSMENT
<p>Relevance</p>	<p>The impact indicator chosen by the Issuer for this bond is the following:</p> <ul style="list-style-type: none"> ▪ Metrics tons of GHG emissions avoided (in CO₂e) ▪ Energy savings (in kWh) ▪ Gallons of water saved ▪ Tons of waste diverted from landfill ▪ Tons of waste reduction <p>These indicators are quantitative and material to the Use of Proceeds categories financed through this bond and in line with the Suggested Impact Reporting metrics for Renewable Energy Projects of the HFIR. This aligns with best market practices.</p>
<p>Data sourcing and methodologies of quantitative assessment</p>	<p>For its impact indicator(s), Intel uses internationally recognized standards calculated based on internal measurements and project tracking, calculations or estimations using publishing emission factors such as IAE CO₂ and U.S. EPA emission factors, internal monitoring tools such as site water models, and project tracking, such as energy conservation project design, and implementation. This is in line with the calculation methodologies defined for each impact indicator by the HFIR.</p> <p>The methodologies used by the Issuer are as follows:</p> <p>a) Metric: 28 million tCO₂e of GHG emissions avoided</p> <ul style="list-style-type: none"> ▪ Intel uses process-specific information and IPCC emission factor/global warming potentials to quantify the amount of GHG emissions reduced through pollution prevention and control equipment. ▪ Intel uses consumption of electricity and EPA eGRID and IEA emission factors to quantify the amount of GHG emissions reduced through the purchase of renewable energy. ▪ Intel uses U.S. EPA emissions factors to calculate GHG emissions avoided by implementation of energy conservation projects.

	<p>b) Metric: 486 million kWh in energy savings</p> <ul style="list-style-type: none"> Intel uses the tracking of energy conserved from projects to quantify the amount of kilowatt hours saved through energy efficiency. (Note: Energy conservation from global energy conservation projects is assured annually by a third-party assurer, APEX. See Intel’s Limited Assurance Letter on Page 102 of the CSR Report). <p>c) Metric: 11 billion gallons of water saved</p> <ul style="list-style-type: none"> Intel uses site water conservation tracking and Water Management Application to quantify the amount of water saved through water stewardship efforts. (Note: Global and site-specific water conservation is assured annually by a third-party assurer, APEX. See Intel’s Limited Assurance Letter on Page 102 of the CSR Report). <p>d) Metric: 74,000 tons of waste diverted from landfills</p> <ul style="list-style-type: none"> Intel uses tracked waste recycled and reused with documentation such as manifests, waste contractor reports, bills of lading and invoices to quantify the amount of waste diverted from landfill through circular economy and waste management strategies. <p>e) Metric: 21,000 tons of waste reduction</p> <ul style="list-style-type: none"> Intel uses waste manifests to determine the amount of waste disposed of off-site. This was used to quantify the amount of waste reduced through circular economy and waste management strategies.
<p>Baseline selection</p>	<p>The impact indicators selected by the Issuer are calculated on an absolute basis without a benchmark/baseline.</p>
<p>Scale and granularity</p>	<p>The impact data is presented at the Use of Proceeds category level for the indicator(s).</p>

High-level mapping of the impact indicators with the U.N. Sustainable Development Goals

Based on the project categories financed and refinanced by the bonds as disclosed in the Issuer’s Green Bond Report, the impact indicator(s) adopted by Intel for its green bond can be mapped to the following SDGs, according to ISS ESG SDG Solutions (SDGA), a proprietary methodology designed to assess the impact of an Issuer’s product or services on the U.N. SDGs

IMPACT INDICATORS	SUSTAINABLE DEVELOPMENT GOALS
<ul style="list-style-type: none"> ▪ Metrics tons of GHG avoided (in CO₂e) ▪ Energy savings (in kWh) 	 
<ul style="list-style-type: none"> ▪ Gallons of water saved 	
<ul style="list-style-type: none"> ▪ Tons of waste diverted from landfill ▪ Tons of waste reduced 	

OPINION

The allocation of the bond’s proceeds has been disclosed, with a detailed breakdown across different eligible project categories as proposed in the Framework. The Green Bond Report has adopted an appropriate methodology to report the impact generated by providing comprehensive disclosure on data sourcing, calculation methodologies and granularity, reflecting best market practices. In addition, the impact indicators used align with best market practices using ICMA’s recommended metrics from the HFIR.

DISCLAIMER

1. Validity of the External Review ("External Review"): Valid as long as no changes are undertaken by the Issuer to its Annual Green Bond Report as of July 1, 2024.
2. ISS Corporate Solutions, Inc. ("ISS-Corporate"), a wholly owned subsidiary of Institutional Shareholder Services Inc. ("ISS"), sells, prepares, and issues External Reviews, on the basis of ISS-Corporate's proprietary methodology. In doing so, ISS-Corporate adheres to standardized procedures designed to ensure consistent quality.
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ANNEX 1: Methodology

Review of the post-issuance Reports

The ISS-Corporate Report Review provides an assessment of labeled transaction reporting against international standards using ISS-Corporate's proprietary [methodology](#).

High-level mapping to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method based on ICMA's Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals, the extent the Issuer's reporting and project categories contribute to related SDGs is identified.

ANNEX 2: Quality management processes

ISSUER'S RESPONSIBILITY

The Issuer's responsibility was to provide information and documentation on:

- Annual Green Bond Report
- Green Financing Framework
- Proceeds allocation
- Reporting impact indicators
- Methodologies and assumptions for data gathering and calculation
- ESG risk management

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, of which ISS-Corporate is part, has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI-approved verifiers.

This independent report review has been conducted by following ICMA Guidelines for Green, Social, Sustainability and Sustainability-Linked Bond External Reviews, and its methodology, considering, when relevant, the ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

The engagement with Intel took place between June and July 2024.

ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this Report Review

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk and manage the needs of a diverse shareholder base by delivering best-in-class data, tools and advisory services.

ISS-Corporate assesses the alignment of the Issuer's report with external principles (e.g., the Green/Social Bond Principles and Sustainability Bond Guidelines); analyzes the alignment of the Issuer's report against the commitments in the respective Framework; and analyzes the disclosure of proceeds allocation, data source, and calculation methodologies of the reporting indicators against best market practices. Following these guidelines, we draw up an independent report review so investors are as well-informed as possible about the proceeds allocation and the impact of the sustainable finance instrument(s).

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For information on report review services, contact: SPOsales@isscorporatesolutions.com

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