



# INTEL CORPORATION ANTI-SLAVERY AND HUMAN TRAFFICKING STATEMENT

May 2019 reporting for fiscal year ending December 31, 2018

The California Transparency in Supply Chains Act of 2010 (SB 657) and the United Kingdom Modern Slavery Act of 2015 require businesses to provide disclosures concerning their efforts, if any, to address the issues of slavery and human trafficking in their supply chains. Similarly, the revised Federal Acquisition Regulation (FAR) 52.222-50 ("Combating Trafficking in Persons") and new FAR provision 52.222-56 ("Certification Regarding Trafficking in Persons Compliance Plan") are aimed at removing slavery and human trafficking from the U.S. Federal Government contracting supply chain.

This Slavery and Human Trafficking Statement responds to the California and U.K. Acts, and reflects Intel's efforts to combat the conduct prohibited by the FAR's anti-slavery and anti-trafficking provisions. The statement aims to provide consumers detailed information to make better, more informed choices about the products and services they buy and companies they support. Our statement covers Intel Corporation and its subsidiaries, including but not limited to, Intel Corporation (UK) Ltd. \*, for additional information about Intel and its operations, refer to the 2018 Annual Report on form 10-K.

## Our Commitment

Intel is committed to maintaining and improving systems and processes to avoid complicity in human rights violations related to our operations and supply chain. Intel recognizes that slavery and human trafficking can occur in many forms, such as forced labor, child labor, domestic and indentured servitude, sex trafficking, and workplace abuse. Throughout this statement we use the terms "slavery and human trafficking" to encompass all forms of coerced labor.

At Intel, we take steps to minimize the risk of slavery and human trafficking in our operations and supply chain. Our commitment and integrated approach to human rights includes provisions on avoiding risks such as slavery and human trafficking in these documents:

- Intel [Global Human Rights Principles](#)
- Intel [Code of Conduct](#)

- Responsible Business Alliance (RBA) [Code of Conduct](#)
- [Trafficking in Persons Federal Government Purchasing Policy](#) (specifying how we expect suppliers to comply with the U.S. Government's Federal Acquisition Regulation on [Combating Trafficking in Persons](#) and [Definition of Recruitment Fees](#))
- [UN Global Compact](#)

To reinforce our commitment, we invest significant time and resources in collaborating with others to address system-level, industry-wide improvements. This includes our work to embed the RBA Code across our supply chain and advocate for RBA Code enhancements to improve the lives of workers in our industry.

## Risk Management

Minimizing the risk of slavery and human trafficking in our operations and supply chain requires overcoming two notable challenges: gaining visibility into our multi-tier supply chain

\*Excludes Mobileye, Intel's autonomous driving subsidiary based in Israel. Intel acquired Mobileye in 2017.

and tracing multiple levels of labor agents who source workers.

To address these challenges, in 2017 we asked 17 suppliers who employ foreign and migrant workers (FMWs) to perform an in-depth analysis of their risk-management approaches. These suppliers were required to (1) align their policies to the RBA, (2) cascade those policies to their recruiting agents, (3) map the journey of their FMWs from their home countries to factories, (4) assess the risks associated with that journey, and (5) provide action plans to close any gaps in their practices vs. our expectations (see sidebar at right). The gaps varied but all suppliers updated their policies, recognized new risks, added controls, and/or engaged more closely with their recruiting agents. Many of these suppliers were then required to conduct an in-depth RBA audit on at least one of their recruiting agents and address any shortcomings.

In 2018, we required 51 of our critical suppliers to roll out our five-point plan to a minimum of three of their suppliers (e.g. Intel's Tier 2 suppliers) that employ FMWs, or to conduct a full RBA audit of the selected suppliers. As of December 2018, 75% of suppliers had met the minimum milestones we set for the year. The work resulted in changes to dozens of policies and procedures at our Tier 2 suppliers and closer engagement with recruiting agents. It also revealed violations such as requiring workers to pay fees and holding their passports. (See page 4 for more details on the audit findings and how we are working with our suppliers to address these issues.) This is a complex two-year project, and we expect to complete it by the end of 2019.

## Verification

Intel takes steps to verify, evaluate, and address risks of slavery and human trafficking in our supply chain. As noted above, we set clear expectations for all our suppliers – those who provide direct materials as well as those who provide services and staffing suppliers at our facilities as well as offsite. These expectations are codified in Intel's Code of Conduct and the RBA Code. Intel's Code of Conduct states: "We

## Intel Expectations of Suppliers to Address the Risks of Slavery and Human Trafficking

### Fees

- No levies or placement fees or costs, even if allowed by local law
- No fees or costs charged to workers as defined by RBA
- No worker debt to obtain or keep a job
- Fees and costs charged must be repaid within 90 days

### Contracts and Resignation Terms

- Employment contracts in native language
- No detrimental changes to the contract or work conditions
- Resignation must be voluntary
- Notice period cannot exceed one month
- Resignation notice penalty cannot exceed 60% of one month's wages

### Worker Rights

- No holding worker's original identification
- Secure personal storage must be provided
- Workers must have freedom of movement

### Control Systems

- Monitor recruiters and labor agents and interview foreign and migrant workers
- Documented policies and procedures must be in place

believe human trafficking, forced, debt bonded, indentured, and slave labor are unacceptable, and we are committed to preventing these practices in our operations and supply chain. Intel's Code and policies prohibit harsh or inhumane treatment, including corporal punishment or the threat of corporal punishment [. . .]. We expect our suppliers to meet these expectations." The RBA Code, in turn, provides that, "[f]orced, bonded (including debt bondage) or indentured labor, involuntary or exploitative prison labor, slavery or trafficking of persons shall not be used."

We send out an annual letter reminding suppliers of their responsibilities under the Intel Code of Conduct and the RBA Code. The vast majority of our supplier contracts contain language where suppliers affirm their commitment to comply with these codes and the FAR. Additionally, we educate suppliers about our expectations through webinars, workshops, our [supplier website](#) and our annual expectations letter, sent to our direct suppliers.

We publicly report significant incidents associated with our supply chain in our annual [Corporate Responsibility Report](#). We have regular meetings with Intel's procurement leaders to discuss and review our suppliers' performance, including slavery and human trafficking issues.

We actively engage with outside experts such as Verité, The FAIR Hiring Initiative, ELEVATE, and other third parties with deep knowledge of slavery and human trafficking. We refer to a number of external sources, including the U.S. Department of State [Trafficking in Persons Report](#), the U.S. Department of Labor's [List of Goods Produced by Child Labor or Forced Labor](#), the U.S. Department of State's [Responsible Sourcing Tool](#), and publications from reputable organizations, to stay informed on the issue. These sources help us identify higher-risk countries in our supply chain.

Our verification process begins with an annual assessment of our major suppliers. We ask them to complete a self-assessment questionnaire that includes questions regarding slavery and human trafficking risks.

Some companies may be considered higher risk based on their geographical location, FMW population, or other factors. Those companies deemed higher risk are required to complete a more detailed survey that includes slavery and human trafficking risks.

We use the self-assessment questionnaires, supplier location, knowledge of their operations and practices, and any targeted assessment results to create the annual risk profile. Based on

these profile results, we have focused on suppliers in Malaysia, Singapore, Taiwan, and Thailand because of higher employment of foreign workers through recruiting agencies in countries of known risk.

Since 2017 we have stepped up our scrutiny of on-site services providers by auditing their sub-suppliers. We also audited additional suppliers in Taiwan, where it is common for FMWs to pay recruiting fees to obtain employment as well as ongoing service fees to agents in perpetuity. And, we worked with suppliers in China who were found charging workers fees. In 2019 we will increase our focus on Japan's Technical Intern Training Program prompted in part by the U.S. State Department Trafficking In Persons Report, which stated that this program has not been fully enforced and is allowing employers to charge candidates and workers fees.

### **Supplier Audits and Assessments**

We view audits and assessments as integral parts of our overall supplier management process. They help us identify compliance gaps, determine where immediate action is needed, and ascertain the root causes that enable development of systemic solutions and improvements.

Higher-risk suppliers undergo on-site audits and/or capability assessments in light of either the full RBA Code or a portion of the RBA Code based on the supplier's risk profile and our specific compliance concerns. These audits are performed by qualified, independent, third-party auditors or by equally qualified Intel auditors.

Audits are generally scheduled with the supplier in advance; however, we occasionally use unannounced audits. For example, in 2017, we conducted an unannounced audit in response to a worker grievance. The audit confirmed the allegation, and we worked with the supplier's management team on corrective measures and reiterated that there shall be no retaliation against workers.

We conduct audits on both direct material and services suppliers, including staffing suppliers. In

2017, we began to audit or require audits of Tier 2 suppliers. In 2018 we conducted 22 audits across 16 Tier 2 suppliers.

In 2015, we began combined assessment and capability-building engagements designed to minimize the risk of slavery and human trafficking in our supply chain. We share information about best known practices to assist suppliers in improving their conformance with our expectations. We meet with suppliers to validate their prevention practices, and we document improvement areas when we

determine the supplier is not meeting our expectations. Suppliers are then required to develop an improvement plan to close any gaps.

Audit findings or violations are ranked on a scale from minor to priority. When we identify priority issues, such as those involving potential slavery and human trafficking violations, we demand an immediate response from the supplier. When such potentially serious issues come to our attention, we work with experienced legal counsel or other experts, as appropriate, to investigate the matter. When an audit reveals

### Spotlight on Intel Supplier Audits

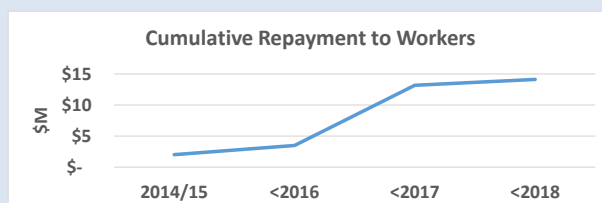
Intel reports details regarding supplier audits in our [Corporate Responsibility Report](#). In 2018, we identified 48 violations of our anti-slavery and human trafficking expectations. We closed 16 violations, 14 are on track, and 18 are overdue (which includes those awaiting verification of closure). We continue efforts to bring them into conformance. Ensuring suppliers repay workers for fees they were charged is the most challenging corrective action. We are currently working with 10 suppliers on fee repayments.

Several examples from our recent work with suppliers employing a large number of FMWs (see page 2) illustrate the extent to which we go to identify and correct violations. For example, the FMWs at one direct supplier had contracts which were not in their native language and were missing important terms. The workers had paid recruiting and other fees which totaled up to two times their monthly base pay, and they were paying ongoing fees equal to 7% or more of their monthly base pay for services of questionable value. After a number of meetings, the supplier agreed to address the issues. We collaborated on a detailed corrective action plan, tracked progress, and verified the violations were corrected, including that workers were being repaid for fees they should not have incurred.

Likewise, our work with 51 of our critical suppliers has uncovered violations among our Tier 2 suppliers. These have thus far included four situations where workers paid fees which they should not have. Our suppliers worked with the Tier 2 suppliers to ensure workers were repaid in three of those four cases: we are tracking progress on the fourth. Beyond the identification and remediation, this work reinforces the responsibility we expect our suppliers to take for monitoring their suppliers.

Our diligence continues to positively impact workers throughout the supply chain. Our suppliers have returned approximately \$14 million in fees to more than 12,600 workers since 2014 and implemented new practices to ensure fee collection does not easily recur. To date, we have improved the lives of approximately 27,700 workers through fee repayments, returned passports, amended contracts, and other improvements related to anti-slavery and human trafficking.

Violations	2014	2015	2016	2017	2018
Closed	52	23	124	38	16
On Track	-	-	-	-	14
Overdue	-	-	2	13	18
Total	52	23	126	51	48



other serious, but potentially less urgent, nonconformance issues, we work with the supplier to drive improvements in management systems and controls.

Suppliers are required to draft comprehensive corrective action plans to address all audit findings, and we work with them to document actions taken to remedy those findings. Supplier actions have included termination of fee and levy charging, paying back workers for fees collected, returning passports, translating worker contracts, and improving employment terms. When we conclude that a given supplier is not making sufficient or timely progress to address audit findings, or the supplier's actions do not result in sustainable change, we work with the supplier to develop a "get well action plan." Intel has a Supply Chain Sustainability Management Review Committee (MRC) that reviews these action plans quarterly, or more frequently as needed.

When working with a supplier on an action plan, our goal is for that supplier to successfully remedy the findings. We monitor progress until the issues are resolved. However, if satisfactory progress is not made, we are prepared to take additional action, such as not awarding new business until issues are resolved, placing the supplier on a "conditional use" status, or ending the supplier relationship. Moreover, Intel will report supplier misconduct to relevant government authorities, as appropriate or as required under applicable law.

## Certification

Intel suppliers must certify that products supplied to Intel, as well as the materials incorporated into those products, comply with Intel's purchase agreements and/or purchase order terms and conditions.

These purchase agreements and/or purchase order terms and conditions require suppliers to represent and warrant compliance with Intel's Code of Conduct, the RBA Code of Conduct, and all applicable laws, regulations, and international standards, including, without limitation, U.S. laws

and the laws in the country or countries in which they do business.

## Internal Accountability

Intel's CEO sets the tone for our ethical culture and holds managers accountable for communicating ethics and compliance expectations. Each year, our CEO communicates with employees and senior managers about the importance of ethics and legal compliance. We believe this "tone from the top," combined with our annual ethics and compliance training, regular communications throughout the year, and educational resources on our company intranet site, helps to foster an ethical and legally compliant culture.

Through Intel's Code of Conduct, we seek to promote honest and ethical conduct, deter wrongdoing, and support compliance with applicable laws and regulations. The principles embodied in the Code of Conduct reflect our policies related but not limited to slavery, human trafficking, conflicts of interest, nondiscrimination, antitrust, anti-bribery and anti-corruption, and protecting our company's assets and reputation.

The Code of Conduct directs employees to consider both short-term and long-term impacts on human rights and the community when making business decisions and to report potential issues as soon as they are identified. All employees are expected to complete training on the Code of Conduct when they join the company and annually thereafter.

The Code of Conduct is available in 14 languages, and employee training sessions incorporate real case scenarios. Employees are encouraged to raise ethical questions and concerns, and have multiple channels to do so anonymously, if they prefer, and as permitted by law.

Intel employees are required to comply with the Code of Conduct. Employee violations of the Code of Conduct may result in discipline, including termination and/or report of the



misconduct to the relevant government authorities.

Intel's Ethics & Compliance Oversight Committee (ECOC), which is chartered by and reports to the Audit Committee of the Board of Directors, is responsible for maintaining Intel's Code of Conduct. The ECOC includes senior representatives from across the company and is co-chaired by Intel's Chief Compliance Officer and Director of Internal Audit. Each year, Intel's ECOC invites various Intel organizations to assess and report on ethics and compliance in their respective businesses or sites, and reviews risk topics spanning business groups.

Intel maintains a robust process for reporting slavery and human trafficking, including online channels; our Code of Conduct also contains a non-retaliation policy. Processes for informing senior management about allegations of slavery and human trafficking include periodic internal reports of slavery and human trafficking statistics within the supply chain, as well as details about key investigations that are in progress or completed.

The Intel Board of Directors is briefed at least twice a year on our corporate responsibility performance, and it reviews and approves this annual Anti-Slavery and Human Trafficking Statement. We encourage anyone (including employees, contractors, suppliers, distributors, and customers) to report in good faith any issues or concerns about potential ethics, human rights, legal, or regulatory violations, including any improper or unethical business practices such as fraud or bribery. Intel investigates concerns raised and strives to resolve each consistent with the law and our Code of Conduct. Individuals can report concerns to Intel by email, telephone, or letter, in English or their local language. More information on reporting an ethics and legal concern is available [here](#).

## Training

Intel provides company employees and management personnel with direct responsibility for supply chain management and U.S. Federal contracts with training on slavery

and human trafficking, particularly with respect to mitigating risks within our product supply chain.

Since 2014, Intel has provided annual targeted training and workshops for suppliers operating in geographical regions where we conclude there is an elevated risk of slavery and human trafficking. Each year we also deliver a webinar on our expectations of combatting slavery and human trafficking risks. We record the webinar, which is then available on-demand for our suppliers anywhere in the world. In May 2018, we worked with HP Inc., Seagate, and Western Digital to provide training to over 150 suppliers and their recruiting agents in Malaysia, Singapore, and Thailand. ELEVATE led the workshop.

Also in 2018 we integrated our expectations of combatting slavery and human trafficking risks into our internal procurement team training.

## Outreach

We shared our challenges, successes, and lessons learned at six external conferences or training sessions in 2018. Participants in these events included procurement and sustainability professionals and other stakeholders who are often looking to better understand and share best practices for combatting slavery and human trafficking in supply chains.

During 2018 we also met with government representatives of the U.S., U.K, and the Netherlands to share our work, challenges, and perspectives on how government can engage and support these efforts.

## Leadership

We believe that collaboration is key to addressing this complex issue. Intel co-founded the multi-industry, multi-stakeholder Responsible Labor Initiative (RLI), which works to protect and promote the rights of vulnerable workers. Intel is a member of the RLI Steering Committee and the RLI Working Group.

The RLI has established a number of programs and tools, including the following:

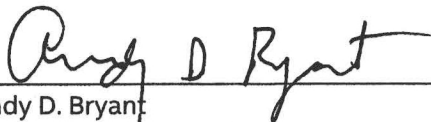
- The Responsible Workplace Program (RWP) focuses on improving workers' awareness of their rights and the work environment.
- The Responsible Recruitment Program (RRP) provides a path for recruiters to demonstrate conformance with the RBA standards.
- The Supplemental Validated Audit Program (SVAP) is an audit specifically focused on foreign and migrant labor.

Intel has one supplier actively participating in the RWP and multiple recruiters from suppliers in the RRP. Since 2017 we have required select suppliers or their recruiters to undergo an SVAP and share the results with us. More recently, administering the SVAP to several of our Tier 2 suppliers has revealed fee payments and other violations discussed earlier in this report.

In June 2018, Humanity United's KnowTheChain office rated Intel's program #1 among 40 in their Information and Communications Technology Benchmark. In October 2018, Intel was awarded the inaugural RBA Compass Award in the Leadership category.

Intel is committed to action on this issue and we continue to improve our prevention and detection methods so that our workforce is educated, our suppliers are monitored, and our policies, tools and practices enable us to proactively identify and address risks. We consider the results outlined in this report to be reasonable evidence that our efforts are appropriate and in line with best practices.

Signed:



Andy D. Bryant  
Chairman of the Board  
Intel Corporation

Date: May 15, 2019