



INTEL CORPORATION ANTI-SLAVERY AND HUMAN TRAFFICKING STATEMENT

May 2018 reporting for fiscal year 2017

The California Transparency in Supply Chains Act of 2010 (SB 657) and the United Kingdom Modern Slavery Act of 2015 require certain 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 Transparency in Supply Chains Act and the United Kingdom Modern Slavery Act, and reflects Intel’s efforts to combat the conduct at the heart of 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.

Summary

Intel is committed to maintaining and improving systems and processes to avoid complicity in human rights violations related to our operations, supply chain, and products. 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. Therefore, throughout this disclosure 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 supply chain and our operations. Our commitment and integrated approach to human rights, which includes salient risks such as slavery and human trafficking, is affirmed through several documents:

- Intel [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](#))
- [UN Global Compact](#)

To deepen 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.

We recognize there are many challenges to combatting this issue, but we remain committed to minimizing the risk of slavery and human trafficking in our supply chain. Visibility into the multi-tier supply chain and tracing multiple levels of labor agents who source workers are two notable challenges. To gain additional perspective on our supply chain, in 2017 we had

a subset of suppliers who employ foreign and migrant workers (FMWs) perform an in-depth analysis of their risk-management approaches. Following our five-point plan, 17 suppliers mapped the journey of their workers from their home countries to factories and provided action plans to close any gaps to our expectations. The identified gaps varied, but all suppliers recognized the risks and updated policies, added controls, and/or engaged more closely with their recruiting agents. The suppliers are now required to conduct a specialized audit on at least one of their recruiting agents. In 2018, 50 of our most critical suppliers will roll out our five-point plan with a minimum of three of their suppliers that employ FMWs. We will oversee closure of any gaps in conformance with our policy.

Verification

Intel takes steps to verify, evaluate, and address risks of slavery and human trafficking in our supply chain. First, we set clear expectations for all our suppliers – those who provide direct materials as well as those who provide services (see sidebar). Services suppliers include staff augmentation providers and others providing services both off-site and on-site at our facilities. These expectations are codified in Intel's Code of Conduct and the RBA Code. Intel's Code of Conduct states: "We 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 notify our 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 provide supplier

Intel Expectations of Suppliers to Address the Risk of Slavery and Human Trafficking

1. No levies or placement fees, even if allowed by law
2. No fees charged to workers as defined by RBA
3. No worker debt to obtain or keep a job
4. Fees charged must be repaid within 90 days
5. Employment contracts in native language
6. No detrimental changes to the contract or work conditions
7. No holding worker's original identification
8. Secure personal storage must be provided
9. Resignation must be voluntary
10. Notice period cannot exceed one month
11. Resignation notice penalty cannot exceed 60% of one month's wages
12. Workers must have freedom of movement
13. Requirement to monitor their labor agents and interview FMWs
14. Policies and procedures must be in place

education regarding our expectations, including 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, Impactt, Issara Institute, ELEVATE, and other third-party experts 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, in particular, help us identify higher-risk countries where we have a significant portion of our supply chain.

Our verification process begins with an annual assessment of many of our major suppliers. We ask them to complete a self-assessment questionnaire that includes questions regarding slavery and human trafficking risk. We use this questionnaire to determine the risk profile of suppliers for environmental, safety, human rights, and other supplier sustainability issues.

Some companies may be considered higher risk based on the risk present in 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, due to higher employment of foreign workers through recruiting agencies in countries of known risk. In 2017, we increased our focus and depth of audits for 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 and continue to pay ongoing service fees to agents in perpetuity. In 2018, we are expanding our focus on suppliers in China because we became aware of fee-charging practices.

Supplier Audits

We view assessments and audits 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 audits and/or capability assessments. The audits are performed utilizing one of two methods: (1) an on-site audit performed by qualified, independent, third-party auditors or (2) an on-site audit performed by qualified Intel auditors. These audits are performed against either the full RBA Code or a targeted portion of the RBA Code based on a supplier's risk profile and our specific compliance concerns. Audits are generally scheduled with the supplier in advance; however, we use unannounced audits as necessary. 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 sub-suppliers and completed eight audits, focusing on services suppliers in Malaysia and Vietnam.

In 2015, we began combined assessment and capability-building engagements designed to minimize the risk of slavery and human trafficking in our supply chain. This process focused on building and improving the capability of suppliers to prevent slavery and human trafficking issues. We share information about best known practices to assist suppliers in improving conformance to our expectations. We meet with suppliers to validate their prevention practices for slavery and human trafficking; we document improvement areas when we determine the supplier is not meeting our expectations. Suppliers are required to develop an improvement plan to close any gaps. Intel monitors the supplier status against its improvement plan until we determine that compliance is met.

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 other serious, but potentially less urgent, nonconformance issues are identified through an audit, we work with the supplier to drive improvements in their management systems and controls.

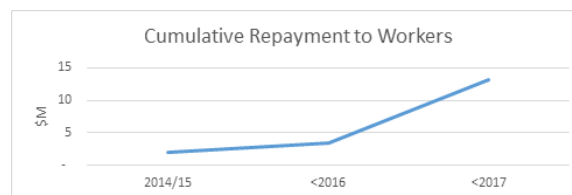
Suppliers are required to draft comprehensive corrective action plans to address all audit findings, and we work with them to document actions taken to remedy those findings. Supplier actions have included termination of fee and levy charging, paying back workers for fees collected, returning passports, 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 engage and monitor the progress of the supplier until the issues are satisfactorily 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.

In late 2015, through a capability-building engagement, we discovered FMWs at a particular supplier were paying fees to obtain and keep their jobs. The supplier's actions to correct the issue were not timely enough. As a result, we developed an action plan, reviewed it through our MRC, and ensured the supplier never lost sight of the importance of this issue by including it as a topic in all critical meetings

and a featured topic in every business review since early 2016. In late 2016, the supplier agreed to repay the workers. In 2017, the FMWs who were impacted received, on average, returned fees amounting to 2.5 months of base pay.

Our diligence continues to positively impact workers throughout our supply chain. Our suppliers have returned approximately \$13.2 million in fees to more than 11,500 workers since 2014 and implemented new practices to ensure fee collection does not reoccur. To date, we have improved the lives of approximately 26,500 workers through fee repayments, returned passports, amended contracts, and other improvements related to anti-slavery and human trafficking.



We report details regarding our supplier audits in our annual [Corporate Responsibility Report](#), which is typically published annually in May on our website. In 2017, we identified 50 violations of our anti-slavery and human trafficking expectations. We closed 24 violations, 20 are on track, and 6 are overdue; we are managing to bring them into compliance.

Violations	2013	2014	2015	2016	2017
Closed	25	51	22	116	24
On Track	-	-	-	2	20
Overdue	-	1	1	8	6
Total	25	52	23	126	50

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, holding 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 reporting 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 annually on our corporate responsibility work, 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 select 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 optional annual targeted training and workshops for suppliers operating in geographical regions where we conclude there is an elevated risk of slavery and human trafficking. In March 2017, we delivered a webinar on our expectations of combatting slavery and human trafficking risks. We recorded the webinar, which is available on-demand for our suppliers anywhere in the world. In October and November 2017, we worked with HP Inc., Seagate, and Western Digital to provide training to 55 shared suppliers in Thailand who use or hire FMWs. Two reputable NGOs led the workshop.

Outreach

In 2017, we shared our challenges, successes, and lessons learned at five external conferences. These forums included procurement and sustainability professionals looking to share best practices for combatting slavery and human trafficking in supply chains.

Leadership

We believe that collaboration is key to addressing this broad and long-standing issue. Intel co-founded the multi-industry, multi-stakeholder Responsible Labor Initiative (RLI), which works to protect and promote the rights of vulnerable workers. The RLI is establishing a Responsible Agent Program, and Intel co-sponsored the initial trainings of labor agents this past November.

The Thomson Reuters Foundation recognized [Intel's efforts](#) with its 2017 Stop Slavery Award. This award recognizes companies that have taken concrete steps to eradicate forced labor from their supply chains.

*Thomson
Reuters
Foundation's
Stop Slavery
Award*



Signed:

A handwritten signature in black ink that reads "Andy D. Bryant". The signature is written over a horizontal line.

Andy D. Bryant
Chairman of the Board
Intel Corporation