



INTEL CORPORATION ANTI-SLAVERY AND HUMAN TRAFFICKING STATEMENT

January 2017 reporting for fiscal year 2016

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 is responsive 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 is intended to provide consumers the ability 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 designed to reduce the possibility of complicity in human rights violations related to our own operations, our supply chain, and our products. Intel realizes 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 these various forms of coerced labor.

As discussed in greater detail below, we take certain steps to minimize the chances that slavery and human trafficking are taking place in our supply chains or other parts of our business. To this end, we have established an integrated approach to managing human rights across our business, including risks related to slavery and human trafficking.

Our commitment to human rights, which covers topics such as slavery and human trafficking, is outlined in our own [Human Rights Principles](#) and

in the [Intel Code of Conduct](#). In addition to these policies, Intel is a member of the Electronic Industry Citizenship Coalition (EICC). We have a [commitment](#) to improve and implement the [EICC Code of Conduct](#) across our supply chain. The EICC Code contains [specific requirements](#) covering slavery and human trafficking. Intel's policy furthers these requirement by prohibiting the charging of levies to foreign workers. Intel is committed to complying with the U.S. Government's Federal Acquisition Regulation on [Combating Trafficking in Persons](#) and expects our suppliers to comply (see our [Trafficking in Persons Federal Government Purchasing Policy](#)). Moreover, Intel is a signatory to the [UN Global Compact](#), in which Principle 4 states, "Businesses should uphold the elimination of all forms of forced and compulsory labour."

We have invested significant time and resources in collaborating with others to address system level, industry-wide improvements. Intel undertakes efforts aimed at minimizing the chance that there is human trafficking or slavery of any form in our supply chain.

We recognize that there many challenges in combatting this issue. One in particular is visibility into the multi-tier supply chain. Another is tracing the multiple levels of labor agents who source workers. In 2017, we plan to work with a few key suppliers to map out the journey of their foreign workers, have the suppliers assess that journey for risks and then develop an action plan to mitigate any significant risks.

Verification

Intel takes steps to verify, evaluate and address risks of slavery and human trafficking in our supply chain. The first step in this process is to set clear expectations for all of our suppliers; those who provide direct materials as well as those who provide services (refer to side-bar). Service 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 EICC Code. Intel's Code of Conduct states: "We do not tolerate forced, debt bonded, indentured labor practices, or human trafficking. Intel does not allow harsh or inhumane treatment, including corporal punishment or the threat of corporal punishment . . . We expect our suppliers and others to meet these expectations." The EICC Code, in turn, provides that, "[f]orced, bonded (including debt bondage) or indentured labor, involuntary 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 EICC Code. For example, the vast majority of our supplier contracts contain language where suppliers affirm their commitment to comply with these codes. Additionally, we seek to educate our suppliers on our expectations through webinars, workshops, information contained on 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

Intel Expectations to address the risk of slavery and human trafficking

- Intel forbids charging foreign or migrant workers levies, placement, service or residence fees even if allowed by law.
- Workers should not be charged fees (e.g. recruiting, hiring, employment fees) or required to pay deposits or bonds as defined by [EICC Definition of Fees](#).
- Workers should not incur any debt related to obtaining or keeping their job regardless of who holds the debt.
- Fees found to have been charged to workers or current debt held must be repaid to the worker by the supplier within 90 days of discovery.
- Comprehensive employment contracts must be provided to workers. They must be written and explained to them in their native language and signed 5 days prior to their departure from home country or region.
- No changes to the contract or work conditions which are less favorable to the workers
- Worker's original identification, including passports must not be held by anyone other than the worker even if done voluntarily; worker must maintain control
- Secure personal storage must be provided to workers who reside in any housing managed or arranged by the supplier, agent, recruiter and must be accessible to the worker at any time.
- Resignation by workers must be voluntary and without threat of punishment.
- The notice period for resignation for nonexempt type workers may not be longer than one month.
- Any payment owed by a nonexempt type worker for not serving the full resignation notice period cannot be more than 60% of one month of base wages
- Workers must have freedom of movement; there cannot be any unreasonable restrictions.
- Suppliers must monitor their labor agents and interview the foreign or migrant workers to ensure conformance and address any gaps identified such as fees paid.
- Supplier policies and procedures must be in place which are equivalent to or exceed these expectations.

regular meetings with Intel executives to discuss and review our suppliers' performance related to issues such as slavery and human trafficking.

By way of brief summary, our verification process involves an annual assessment of our major suppliers. We ask many of our major suppliers to complete a self-assessment questionnaire with more than 300 questions, including questions targeted at assessing slavery and human trafficking risk. Intel uses this questionnaire to determine the risk profile of suppliers for environmental, safety, human rights (including slavery and human trafficking) and other supplier sustainability issues.

We regularly engage with outside experts such as BSR, Verité, The FAIR Hiring Initiative, Impactt and Elevate as well as other stakeholders concerned with the issue. 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](#) site as well as publications from reputable organizations to inform ourselves on the issue and in particular, identify the higher risk countries where we have a more significant portion of our supply chain. In 2016, Intel contributed comments to trade associations responding to the US Government request for feedback on the definition of recruitment fees in the Federal Acquisition Regulation 52.222-50 Combating Trafficking in Persons.

In addition to the self-assessment questionnaire, we utilize a more detailed survey that covers slavery and human trafficking risks targeted at those companies that we consider higher risk based on the risk present in their location, foreign worker population, or other risk-based factors.

Intel then creates an annual risk profile of our major suppliers based on their supplier location, self-assessment questionnaires, our knowledge of their operations and practices, and, where applicable, results of targeted surveys.

Intel provides targeted training for suppliers where the company concludes there may be an elevated risk of slavery and human trafficking. For example, in 2016, Intel organized co-hosted workshops with Dell, Google, HPE, Marvell and NVidia in Singapore, Taiwan and Malaysia. Seventy-five suppliers who use foreign workers attended the workshops. These workshops included a preliminary survey to establish a baseline and then covered elements of slavery and human trafficking, including awareness and empathy building, expectation setting, best practice sharing, and action plan development. The goal is to review the action plans in 2017.

Supplier Audits

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

Suppliers that we identify as higher risk will undergo an audit and/or capability assessment. 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 EICC Code or a targeted portion of the EICC Code based on a supplier's risk profile and our specific compliance concerns. Audits are scheduled with the supplier in advance and have been conducted on both direct material and services suppliers; including manpower suppliers. We currently do not conduct unannounced audits, but are exploring their use.

In 2015, Intel began combined assessment and capability building engagements designed to minimize the risk of slavery and human trafficking in our supply chain. This process focuses on building and improving the capability of suppliers to avoid slavery and human trafficking issues. Intel shares information about best known practices to assist suppliers in improving conformance to the EICC Code. Intel meets with suppliers to validate their

slavery and human trafficking prevention practices, and Intel documents areas in which Intel determines that the supplier is not meeting expectations of the EICC Code. Suppliers are required to develop an improvement plan to close any gaps with respect to compliance. Intel monitors the supplier status against its improvement plan until we determine that compliance is met. To date, we have conducted 20 capability building engagements under this approach and discovered 92 violations of our anti-slavery and human trafficking statement. Currently 65 are closed, 2 are on track for closure and 25 are overdue. The overdue cases are being managed to bring them into compliance.

Audit findings or violations are ranked on a scale from minor to priority issues. When we identify priority issues, such as those involving potential slavery and human trafficking violations, we demand an urgent, if not immediate response from the supplier. When such potentially serious issues come to our attention we, as appropriate, work with experienced legal counsel or other experts 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. Supplier actions have included ceasing of fee and levy charging, paying back workers for fees, 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 Management Review Committee that reviews the action plans on a quarterly basis, or more frequently if needed.

Our goal when working with a supplier on an action plan is for that supplier to successfully

address our 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 a supplier misconduct to relevant government authorities as appropriate or as required under applicable law.

By way of example, during an Intel audit at a supplier, the audit team became concerned about how the supplier managed its foreign worker population. A subsequent third party audit, validated the concerns. Specifically, the supplier's practices did not meet our anti-slavery and human trafficking compliance expectations. Excessive fees, passport holding, substandard living conditions and differences between job promised and job assigned were examples of compliance gaps. We engaged senior management of the supplier and with close oversight and facility visits, the supplier resolved issues promptly and implemented controls for the future. Fee charging of foreign workers was stopped and the supplier provided payment to the foreign workers to address excessive fees charged by the labor agents. New worker contracts were issued. The labor agents returned the passports and the supplier provided secure storage at its facility. Foreign workers also moved into modern living quarters. A third party closure audit verified the supplier had addressed all egregious violations and was managing those remaining minor items.

We report details regarding our supplier audits in our annual [Corporate Responsibility Report](#) which is typically published in May of each year and posted on our website. In 2016 between the capability building engagements and audits we identified 144 violations of our anti-slavery and human trafficking statement. Currently, 84 have been closed, 24 are on track and 36 are overdue and being managed to bring them into compliance.

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 EICC Code of Conduct, and all applicable laws and 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 regarding 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 the Code of Conduct (which contains specific language on slavery and human trafficking), 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 fifteen 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—anonously, if they prefer, and as permitted by law.

Intel requires its employees and suppliers to comply with Intel's Code of Conduct, which also forbids human trafficking and references Intel's Human Rights Principles. An employee's violation of the Code of Conduct may result in discipline, up to and 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, and 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.

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 Intel's Code of Conduct. Individuals can report concern 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.

Outreach

In 2016 we presented at a total of six webinars and external conferences to share our work and lessons learned. These forums involved procurement and sustainability professionals looking to share best practices for combatting slavery and human trafficking in supply chains.

Signed,



Intel Corporation Director