SPARC - Prevention of Forced or Bonded Labor

According to the International Labor Organization, Forced & Bonded Labor impacts 16 Million People in the private sector alone. According to the ILO Forced Labour Convention, 1930 (No. 29), forced or compulsory labour is: "all work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily." The ILO goes on to note: Forced labour can be understood as work that is performed involuntarily and under the menace of any penalty. It refers to situations in which persons are coerced to work through the use of violence or intimidation, or by more subtle means such as manipulated debt, retention of identity papers or threats of denunciation to immigration authorities.

A very common issue in the IT supply chain which can lead to the risk of forced labor is the charging for fees to foreign and migrant workers (FMWs) to get and keep their jobs. Since in many cases the facility where the work is done is not paying the recruiter or manpower provider for recruitment and hiring costs, statutory/legal fees, transport costs for FMWs; these agents earn income directly from workers

Our work is focused on the contributing factors to Forced Labor and Bonded Labor (FL/BL) many of which match those prohibited by the U.S. Government for any importer of goods to the use and any supplier or contractor to the U.S. Government.

Prohibited Contributing Factors may Include but are not limited to: Fee charging, debt, forces savings, contract substitution, passport holding, deposits required to return passports for travel, substandard living conditions, inhumane treatment, restrictions on movement / resignation.

Possible Drivers/Actors: Factory labor shortage and/or lack of opportunity at home, outsource hiring of FMWs, unscrupulous recruiting/manpower agents, local practices, and in some cases, laws that may allow such bad practices.

Intel has a strong focus on combatting risks of Forced Labor & Bonded Labor (FL/BL) in its supply chain. This is in accordance with both the Intel and RBA Codes of Conduct as well as growing legal expectations around the world. Intel requirements for its suppliers, sub-suppliers, agents and sub-agents, which conforms to the RBA Code section A1 Freely Chosen Employment:

1. Intel prohibits charging foreign or migrant workers levies, placement, service or residence fees, even if allowed by law.
2. Workers are not be charged fees (e.g. recruiting, hiring, employment fees) or required to pay deposits or bonds as defined by RBA Definition of Fees.
3. Workers are not incurring any debt related to obtaining or keeping their job regardless of who holds the debt.
4. Fees found to have been charged to workers or current debt held related to the job in any way must be repaid to the worker by the supplier within 90 days of discovery.
5. 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.
6. No changes to the contract or work conditions which are less favorable to the workers.
7. Worker's original identification, including passports must not be held by anyone other than the worker, even if done voluntarily; worker must maintain control of their own original documents.
8. 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 all times.
9. Resignation by workers must be voluntary and without threat of punishment.
10. The notice period for resignation for nonexempt type workers may not be longer than one month.
11. Any payment owed by a nonexempt type worker for not serving the full resignation notice period must not exceed 60% of one month of base wages.
12. Workers must have freedom of movement; there cannot be any unreasonable restrictions.
13. Suppliers must monitor their labor agents and interview the foreign or migrant workers to ensure conformance to the above 12 items and address any gaps identified such as fees paid.

14. Supplier policies and procedures must be in place which are equivalent to or exceed these expectations.

We engage with our suppliers to verify that they too are ensuring there is no risk of FL/BL in their operations or supply chain. Success in combatting FL/BL requires a commitment to ethical recruiting, detailed policies, deep engagement with and monitoring of recruiters and manpower providers, interviewing of workers to understand their recruiting journey (especially foreign or migrant workers) and remedy of any issues identified.

Over time we have developed a process which has helped many of our suppliers assess and address FL/BL risks.

Impacted suppliers

Suppliers requested by Intel to participate in SPARC FL/BL work will be contacted directly. This includes suppliers with remaining required actions from previous years. Intel encourages its suppliers to follow this process in their own operations and request their own suppliers to follow this process as part of an Innovation Project.

Requirements

Steps for suppliers to follow to assess and strengthen their own operations and/or the operations of select suppliers in their supply chain.

Step 1: Have your HR Staffing/Controls and/or Procurement view the recorded FL/BL webinar to learn about the required SPARC FL/BL deliverables at 2017 Supplier Requirements for Combating Forced & Bonded Labor for Category 1 Suppliers.

Step 2: Submit a plan for how you will meet the required 5 deliverables, which help address and map out your risks associated with recruiting and hiring foreign or migrant workers.

Step 3: Following the Intel Anti-Slavery Statement, ensure a comprehensive 14-point policy prohibiting FL/BL in any form is in place. Formally set expectations with all recruiters, agents and manpower providers --including any sub-agents in home and destination country-- to follow the same 14-point policy.

Step 4: Map and risk assess the entire journey of the FMWs, from point in time that the facility identifies that they need workers, the recruiting of workers in their home country or province, to hiring, applying for passports and visas, travel to the country where your facility is located, noting in detail all recruiters, agents and manpower providers and steps involved.

Step 5: Create a Corrective Action Plan and audit plan to address all risks identified. An audit should test conformance to the 14-point policy; meaning workers are not paying fees, they sign comprehensive and fair contracts before leaving home, they have possession of their passports, their accommodations meet standards, etc.

Step 6: Provide final evidence of the 5 required deliverables that you are meeting RBA minimum expectations for your FMW program.

Requirements for *existing* suppliers in the SPARC FL/BL program

Step 1: Complete any open requirements carried over from the previous year per specific agreed upon schedule.

Step 2: Provide a complete review of evidence in a meeting with Intel.

Resources

- Intel Anti-Slavery and Human Trafficking Statement
- RBA/EICC Code of Conduct
- RBA/EICC Definition of Fees
- Intel Code of Conduct
- UK Modern Slavery Act 2015: UK MSA
- UK MSA Practical Guide published Oct'15
- California Transparency in Supply Chains Act 2010: CA SB657
- CA Resource Guide published Jul'15
- US Federal Acquisition Regulation Combatting HT 2015: (USG FAR)
- Responsible Sourcing Tool (built by Verité to support US FAR)

Technical Intern Training Program (TITP) Survey - *for Japanese Suppliers Only*

Intel requires all Japanese suppliers to complete a brief survey on whether you have workers in the Technical Intern Training Program (TITP) at your site.

Impacted suppliers

Suppliers requested by Intel to participate will be contacted directly. If Intel has not contacted you, and your company has operations in Japan that provide products and/or services to Intel, we encourage you to complete the TITP survey and send to intel.supply.chain.sustainability@intel.com.

Requirements

Step 1: Fill out the TITP survey in excel

Step 2: Find your company's policy regarding workers in the TITP program.

Step 3: Email the completed survey and a copy of your company's TITP policy to intel.supply.chain.sustainability@intel.com

If you do not have a TITP program policy, one should be created which follows the which conforms to the RBA Code section A1 Freely Chosen Employment. Intel is expecting that these 14 points are included:

1. Prohibit charging foreign or migrant workers levies, placement, service or residence fees, even if allowed by law.
2. Workers are not be charged fees (e.g. recruiting, hiring, employment fees) or required to pay deposits or bonds as defined by RBA Definition of Fees.
3. Workers are not incurring any debt related to obtaining or keeping their job regardless of who holds the debt.
4. Fees found to have been charged to workers or current debt held related to the job in any way must be repaid to the worker by the supplier within 90 days of discovery.
5. 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.
6. No changes to the contract or work conditions which are less favorable to the workers.
7. Worker's original identification, including passports must not be held by anyone other than the worker, even if done voluntarily; worker must maintain control of their own original documents.
8. 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 all times.
9. Resignation by workers must be voluntary and without threat of punishment.

10. The notice period for resignation for nonexempt type workers may not be longer than one month.
11. Any payment owed by a nonexempt type worker for not serving the full resignation notice period must not exceed 60% of one month of base wages.
12. Workers must have freedom of movement; there cannot be any unreasonable restrictions.
13. Suppliers must monitor their labor agents and interview the foreign or migrant workers to ensure conformance to the above 12 items and address any gaps identified such as fees paid.
14. Supplier policies and procedures must be in place which are equivalent to or exceed these expectations.

Repayment of Worker Paid Fees

RBA Code of Conduct section A1 Freely Chosen Employment states that…" Workers shall not be required to pay employers' or agents' recruitment fees or other related fees for their employment. If any such fees are found to have been paid by workers, such fees shall be repaid to the worker."

Further, the RBA Validated Assessment Program (VAP) Operations Manual notes that
"Where the worker is found to have paid fees, the worker is reimbursed as soon as practicable but no later than 90 days after commencement of employment. Documentation of payments should be provided but may not always be required for repayment."

Impacted suppliers

- Suppliers who have had an assessment and/or audit which verified that workers paid recruiting fees or costs.
- Suppliers who have self-identified that workers have paid fees are encouraged to disclose that to Intel and begin the process to repay.

Requirements

Step 1: Supplier to calculate the total fees and costs which have been paid by workers. Use the RBA Definition of Fees as a guide. Interview workers, recruiters, agents, and manpower providers.

Step 2: Supplier to share the results of the total fees and costs with Intel along with your timeline to repay the workers; keeping in mind RBA expects repayment in 90 days. Intel will review and provide a response. Intel will also note what evidence and/or audit verification which will be required after repayment.

Step 3: Supplier, recruiters, agents, and/or manpower providers provide repayment to workers per the timeline agreed with Intel.

Step 4: Conduct and provide audit and/or evidence as agreed.

Resources

- RBA Definition of Fees
- In early 2020, the RBA is planning on publishing a guide to reimbursement. It will likely be posted on the Responsible Labor Initiative webpage (http://www.responsiblebusiness.org/initiatives/rli/) or Focus Area page on Forced Labor (http://www.responsiblebusiness.org/focus-areas/trafficked-and-forced-labor/).
- Intel can provide templates for calculating fees and costs paid by workers.
- Intel may be able to provide feedback on the typical fees and costs workers note they have incurred as receipts and other documentation is almost nonexistent.