



2019 INTEL CORPORATION STATEMENT ON COMBATING MODERN SLAVERY

May 2020 reporting for fiscal year ending December 28, 2019

Intel¹ is committed to ensuring modern slavery and human trafficking play no part in our business or supply chain. As part of this commitment, we continually strive to achieve the highest level of ethical, environmental, and employee-related standards within our own businesses and supply chains, making sure that employees, partners, suppliers, and others are working together to eradicate modern slavery and human trafficking.

The California Transparency in Supply Chains Act of 2010 (SB 657), the U.K. Modern Slavery Act 2015, and the Australian Modern Slavery Act 2018 (the "Acts") require certain companies to state their efforts and action taken during the financial year to ensure modern slavery and human trafficking are not taking place in their operations and 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") focus on eradicating modern slavery and human trafficking from the U.S. Federal Government contracting supply chain.

This 2019 Intel Corporation Modern Slavery and Human Trafficking Statement (the "Statement") is made pursuant to the requirements of the 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 the companies they support.

Throughout this Statement we reference "modern slavery," which includes forced labor, debt bonded labor, indentured labor, involuntary labor, including prison labor, slavery, human trafficking, and child labor.

¹ References to "Intel", "we", "us" "our" as used in this Statement refers collectively to Intel Corporation and its subsidiaries, including Intel Corporation (UK) Limited, Image Processing Techniques Limited, Intel Australia Pty, Limited, and McAfee Australia Pty, Limited. Excludes Mobileye, Intel's autonomous driving subsidiary based in Israel. Intel acquired Mobileye in 2017.

Our Business and Supply Chain

Intel is a world leader in the design and manufacturing of essential technologies that power the cloud and an increasingly smart, connected world. We design and build technologies that serve as the basis for consumer products, commercial systems, and infrastructure equipment. We offer computing, networking, data storage, and communications solutions to a broad set of customers spanning multiple industries.

Our global supply chain includes more than 10,000 Tier 1² Suppliers in 89 countries that provide intellectual property, direct materials for our production processes, tools and machines for our factories, and logistics and packaging services, as well as software, office materials, and travel services. We also rely on other companies to manufacture, assemble and test some of our components and products. Intel's efforts in combating modern slavery require strong engagement and collaboration with our global suppliers. It is critical that we partner closely with them to understand and evaluate their supply chain procedures and empower them to establish programs and policies that mitigate the risk of modern slavery.

For additional information about Intel and its operations, refer to the [2019 Annual Report on form 10-K](#).

Our Commitment and Policies Addressing the Prevention of Modern Slavery

Since our founding, uncompromising integrity and professionalism have been the cornerstone of Intel's business. Today Intel is not only committed to the highest standards of ethical conduct, human rights, and social and environmental responsibility, but is also committed to maintaining and improving any system or process that helps protect workers and prevent human rights violations.

² Tier 1 suppliers are companies from which Intel makes direct purchases. Suppliers include vendors who provide a.) direct parts, materials or capital, b.) services and c.) staffing

Intel's policies and integrated approach to preventing modern slavery draw upon internationally recognized labor and human rights standards such as the UN Universal Declaration of Human Rights, the ILO International Labor Standards, the OECD Guidelines for Multinational Enterprises, and OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. These standards establish our baseline expectations as well as communicate our values and commitment to ethics and uncompromising integrity. Intel's policies include:

- [Intel Global Human Rights Principles](#): Human rights are the fundamental rights, freedoms, and standards of treatment to which all people are entitled. Intel's Human Rights Principles, adopted in 2009, formalize our commitment to respecting human rights and embody common principles laid out in multiple frameworks, including the United Nations Guiding Principles for Business and Human Rights.
- [Intel Code of Conduct](#): Our Code of Conduct is a vital part of our company culture that provides employees and suppliers with a clear understanding of our core values and principles. Most importantly, it outlines high standards for ethical conduct by which Intel employees and suppliers must conduct business.
- Responsible Business Alliance (RBA) [Code of Conduct](#) (the "RBA Code"): The RBA Code is a set of social, environmental and ethical industry standards that is an integral element of our Supplier Policy. Intel fully supports the vision and goals of the RBA within our global operations and we require our suppliers (and their supply chain) to comply with the RBA Code. We embed the RBA Code across our supply chain and advocate for RBA Code enhancements to improve the lives of workers.

- [Trafficking in Persons Federal Government Purchasing Policy](#): This policy requires suppliers to comply with the U.S. Government's Federal Acquisition Regulation on [Combating Trafficking in Persons](#).
- Intel's Responsible Minerals program, [mineral sourcing policy](#), and due diligence practices address minerals originating from Conflict-Affected and High-Risk Areas (CAHRAs³) and are aligned to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance).

We hold our employees and suppliers to high standards. Any policy violation by an Intel employee may result in disciplinary action, including termination of employment. Any policy violation by a supplier may disqualify the supplier from consideration for future business up to and including termination of the supplier's relationship with Intel. When required by law, Intel will file a report of violative activity to relevant government authorities.

Intel has established formal grievance and remedy processes that enable anyone, including employees, employees of Intel's suppliers and other external stakeholders, to report ethics, human rights, compliance or safety concerns through our third-party-operated [Intel Ethics and Compliance Reporting Portal](#). We will promptly investigate allegations and pursue action to mitigate any adverse impacts. Intel does not tolerate retaliation against anyone who in good faith reports possible violations of the law, Intel's Code of Conduct or other policies or procedures, questions on-going or proposed conduct, or participates in an internal investigation.

³ CAHRAs, as defined by OECD, are identified by the presence of armed conflict, widespread violence, or other risks of harm to people. Armed conflict may take a variety of forms, such as a conflict of international or non-international character, which may involve two or more states, or may

Intel Expectations of Suppliers to Address the Risks of Modern Slavery

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

Risk Assessment and Due Diligence

Intel takes steps to evaluate, verify and address modern slavery risks in our supply chain with the intention of protecting people and eliminating these risks. We start by setting clear expectations for suppliers². These expectations are codified in Intel's Code of Conduct, Intel's policies and the RBA Code ("Intel Policies").

Risk assessment and due diligence begin during the supplier selection process. Suppliers who want to do business with Intel are expected to complete a Corporate Social Responsibility

consist of wars of liberation, or insurgencies, civil wars, etc. High-risk areas may include areas of political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure, and widespread violence. Such areas are often characterized by widespread human rights abuses and violations of national or international law.

("CSR") survey that includes questions which help us identify potential modern slavery risks. If selected, a contract is put in place that requires suppliers to strictly comply with Intel Policies. Additionally, we send out an annual letter to suppliers reminding them of their legal obligations to comply with Intel Policies.

We conduct an annual assessment of critical suppliers⁴ using a comprehensive self-assessment questionnaire that includes questions related to recruitment, onboarding, and staffing. We analyze questionnaire responses for the presence of Foreign and Migrant Workers (FMWs) and other vulnerable worker groups, as well as evaluate their practices and controls. When combined with location and sector information, we determine which suppliers are higher risk. We will then either ask them to complete an additional questionnaire, audit them, or take additional corrective action.

We regularly meet with Intel's procurement leaders to discuss and review supplier performance, including any modern slavery issues that may have been identified.

In addition to our own policies and procedures, we also engage outside experts such as Humanity United, The FAIR Hiring Initiative, Verité, the Global Business Initiative on Human Rights and other third parties with deep knowledge of modern slavery. We refer to a number of external sources, including the U.S. Department of State [Trafficking in Persons Report \(TIP Report\)](#), 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. These sources help us identify higher-risk countries and sectors in our supply chain.

⁴ Critical suppliers represent a subset of Tier 1 or direct suppliers that we have significant business relationship and spends. Of Intel's more than 10,000 Tier 1 suppliers, we categorize approximately 400 as critical suppliers that we engage through our capability building programs and represent more than 75% of our spends.

We combine insights from these reports with our own questionnaire responses, audit results, and input from experts in this area to continuously refine and strengthen our overall risk management and verification processes.

Using this framework, in 2019 we increased our focus in three areas: Japan, South Korea and the construction sector. Prompted in part by a TIP Report on worker protections in Japan's Technical Intern Training Program (TITP), we came to understand that home country recruiters and agents were legally allowed to charge fees to FMWs. Similarly, we learned South Korea has a comparable program where job seekers pay fees. In both cases we've taken steps to ensure these practices are not used by Intel suppliers. Additionally, we've also increased awareness and oversight on the construction sector which has been identified by KnowTheChain⁵ as the "second highest-risk sector for forced labor."

Minimizing the risk of modern slavery in our operations and supply chain requires overcoming two notable challenges: gaining visibility into our multi-tier supply chain and tracing multiple levels of labor agents who source FMWs. To help us understand and address those challenges, we've continued our multi-year innovative project for supplier accountability. This program requires approximately 50 critical suppliers to roll out our modern slavery risk prevention plan to at least three Tier 2⁶ suppliers that employ FMWs. As an alternative, critical suppliers could instead conduct a full RBA audit of the three selected suppliers; reaching about 135 Tier 2 suppliers. Our work has resulted in numerous positive changes made by Tier 2 suppliers to their staffing and recruiting policies and closer engagement and expectation setting with their

⁵ <https://knowthechain.org/knowthechain-calls-on-investors-to-address-forced-labor-risks-in-the-construction-sector/>

⁶ Tier 2 suppliers are companies from which Intel's Tier 1 suppliers make direct purchases

recruiting agents. We expect completion of this project by the end of 2020.

In addition to these results, we have also engaged more than 25 Tier 2 and Tier 3⁷ construction subcontractors (see Spotlight on Intel Supplier Audits section).

Audits and Assessment of Effectiveness

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

Audits are generally announced; however, we occasionally conduct unannounced audits when necessary. At higher risk supplier facilities, we manage audits on a periodic basis. To look deeper into our supply chain, we also audit higher risk Tier 2 suppliers or require our suppliers to audit them.

We hold ourselves accountable to meet or exceed the same standards that we set for our suppliers and have the RBA conduct Validated Assessment Program (VAP) audits of our

finished goods factories. In 2020, we plan to have an RBA VAP audit of our facility in Chengdu, China.

Since 2017, we have assessed facilities representing at least 750,000 workers. Higher-risk suppliers undergo on-site audits and/or capability assessments that may use the full RBA Code or a portion of it depending on supplier's risk profile and specific compliance concerns. These audits are performed by qualified, independent, third-party auditors or similarly qualified Intel auditors.

Audits include worker interviews and document reviews. Auditors meet and speak directly to workers before and during audits to detect any non-conformance by suppliers, as well as afterwards to ensure documents and monies were returned, contracts were corrected, and living conditions improved. As part of an audit, our Intel forced labor lead auditors provide their business card to the workers they interview. The auditors inform the workers that they can contact Intel safely and directly. Each year 1-2 workers contact us outside of the audit over email. In these cases, we follow up and check on the status of the workers.

Spotlight on Supplier Audits and Impact

In 2019 we created a special contract addendum to address the risks of forced labor in construction subcontracting where foreign and migrant workers are present. It was piloted with a large general contractor to cascade to their numerous sub-contractors who we then audited. Through on-site audits we verified that the general contractor did waterfall these additional contractual expectations to their sub-contractors. After the successful pilot, Intel led onsite audits of 25 Tier 2 and Tier 3 suppliers that included interviews with the foreign workers as well as visits to living accommodations when they were provided. Our audits resulted in numerous findings all of which have since been addressed.

Our diligence continues to positively impact workers throughout the supply chain, having returned approximately \$15 million in fees to more than 13,100 workers since 2014. Since that time, new rigorous practices and policies also help ensure fee collection does not easily recur. To date, we have improved the lives of approximately 38,000 workers through fee repayments, returned passports, amended contracts, and other improvements related to anti-slavery and human trafficking.

⁷ Tier 3 suppliers are companies from which Intel's Tier 2 suppliers make direct purchases

If a supplier provides housing to workers, we consider them higher risk and are more likely to audit them.

In 2019, over 150 on-site RBA VAP and Intel led audits were conducted using the current RBA VAP Operations Manual to verify compliance to the RBA Code. This represented approximately 35% of our critical suppliers.

Suppliers are required to draft comprehensive corrective action plans (CAPs) to address audit findings, and we work closely with them to document actions taken to remedy those findings. We then monitor their progress until the issues are resolved. If suppliers do not make enough progress to close audit findings or their actions do not result in sustainable changes, suppliers are then placed on a “get well action plan.” If the “get well action plan” is not successful, we take additional actions, which can include ending the supplier relationship. Intel's Supply Chain Sustainability Management Review Committee (MRC) reviews supplier CAPs quarterly, or more frequently, as needed.

We require an RBA Closure Audit and/or an in-person visit to confirm CAP closure including fee repayment.

Responsible Minerals

Through our annual supply chain conflict minerals survey process, which includes the Mobileye supply chain, our suppliers have identified 227 smelting and refining facilities that may process the 3TG contained in products provided to us. 226 of these smelters and refiners in our extended supply chain participate in an independent third-party assurance program.

Certification

Intel suppliers must agree to comply with all applicable laws, regulations, and international standards, and conform to our Code of Conduct and Policies, including the RBA Code of Conduct when they enter into purchasing agreements or equivalent terms and conditions with Intel. This creates legally enforceable obligations, including

in cases where the law is silent or allows practices that violate Intel policies or the RBA Code. Moreover, we remind suppliers of their obligation to the RBA Code in our annual supplier letter.

Internal Accountability

Each year, our CEO communicates with employees and senior managers about the importance of ethics and legal compliance. Our CEO also regularly reminds employees and managers that nothing is worth doing if it's not done with integrity. This “tone from the top,” reiterated by our senior leadership team, is further cascaded throughout the company with the following activities: an annual ethics and compliance training, regular ethics & compliance communications, periodic company-wide ethics culture surveys, awareness trainings, annual ethics and compliance summits, and educational resources on our company intranet site. Together, these activities help to create and maintain 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 in such areas as slavery, human trafficking, conflicts of interest, nondiscrimination, antitrust, anti-bribery, and anti-corruption, and serve to protect our company's assets and reputation.

The Code of Conduct directs employees to consider both short-term and long-term impacts on human rights 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, 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 across the company.

The Intel Board of Directors' Corporate Governance and Nominating (CGN) Committee has primary responsibility for oversight of corporate responsibility issues at Intel. Management provides formal updates to the CGN Committee at least twice each year and at least annually to the full Board on the company's corporate responsibility performance and disclosure, including human rights issues. The annual Intel Modern Slavery and Human Trafficking Statement is reviewed and approved by the CGN Committee and the full board.

Training

Intel provides employees 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.

We educate suppliers about our expectations through webinars, workshops, our [supplier website](#) and our annual expectations letter, sent to our direct suppliers. Intel provides 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 our expectations of combating slavery and human trafficking risks in a webinar. We record the webinar, which is then available on-demand for our suppliers anywhere in the world. As part of our multi-year work with 50 critical suppliers we created resource materials and held a series of webinars to educate them and the Tier 2 suppliers on the risks of modern slavery. In June and July 2019, we worked with HP Enterprise, HP Inc., Seagate, and Western Digital to provide in-person training to over 200 suppliers and their recruiting agents in Malaysia, Singapore, Taiwan, and Thailand. 60 of these were Intel suppliers, representing approximately 20% of our critical suppliers. Environmental Resources Management (ERM) led the workshops. Since we began annual training and webinars in 2014, we estimate that we have trained over 50% of our critical suppliers.

Outreach

We continue to make every effort to educate other companies and professionals about our work in this area to foster collective learning, growth, and progress. In 2019, we shared insights into Intel's journey to combat modern slavery with various media outlets, journal articles, podcasts, webinar panels, external conferences, and training sessions. We've also met with governments and have attended offered trainings to stay fresh on issues.

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. In 2019 Intel served as 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.
- The Labor Migration Corridor Database (LMCD) which helps to benchmark findings of fee charging with data from past manufacturing and electronics sector audits around the world.

Since 2017, we have required select suppliers or their recruiters to undergo an SVAP and share the results with us. Our work as an early advocate of this tool allowed the RLI to gain needed feedback and make improvements. Administering the SVAP to several of our Tier 1 and Tier 2 suppliers has again helped to highlight areas of concern. In 2019, Intel had one supplier actively participating in the RWP and multiple recruiters from suppliers in the RRP.

In partnership with RLI and RLI members, Intel helped create the Practical Guide to Implementing No Fees Policy, a comprehensive report that provide guidelines and examples of best practices to achieve fee repayment.

To reinforce our commitment, we invest significant time and resources in collaborating with others to address system-level, industry-wide improvements.

Public Reporting

Each year, Intel transparently reports the progress we have made in our efforts to prevent and eradicate modern slavery and protect human rights, including this statement, as well as Intel's CSR Report and Conflict Minerals Report. These documents can be found [here](#).

Next Steps

Our efforts to combat modern slavery are ongoing, evolving, and continually improving. We made progress in 2019 and intend to continue our momentum in 2020.

Approval and Signature

In accordance with the U.K. Modern Slavery Act 2015, and the Australian Modern Slavery Act 2018, this statement was approved by the directors of Intel Corporation, and signed on the board's behalf by:



Omar Ishrak
Chairman of the Board
Intel Corporation

May 14, 2020
Date: _____