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 disclosure concerning their efforts, if any, to address the issues of slavery and human trafficking in their supply chains. The disclosures are 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 to avoid 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 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 during the fiscal year to ensure that slavery and human trafficking are not 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 forced labor, slavery, child labor, sex trafficking, workplace abuse 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 an active 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 is committed to complying with the changes to the U.S. Government’s Federal Acquisition Regulation with regards to **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**, Principle 4 states, “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 ensuring there is no human trafficking or slavery of any form in our supply chain.

**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 our suppliers. 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 regularly notify our suppliers of their obligation to comply with the Intel Code of Conduct and the EICC Code. For example, the vast majority of our supplier contracts contain language requiring suppliers 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 all of 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 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. Each year, our major suppliers complete a self-assessment questionnaire with more than 300 questions, including questions targeted at 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.

In addition to this 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 their location, foreign worker population, or other risk-based factors.

**Supplier Audits**

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

Intel creates an annual risk profile of each of our major suppliers based on their supplier self-assessment questionnaires, our knowledge of their operations and practices, and, where applicable, the results of targeted surveys. 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. We typically do not conduct unannounced audits.

In 2015, Intel began using a combined capability building and assessment process to minimize the risk of slavery and human trafficking in our supply chain. This process focusses 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 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 compliance is met.

Audit findings or non-conformances 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 outside 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 and ensure closure. Intel has a Management Review Committee that reviews a supplier’s gap closure plans and closure evidence on a quarterly basis, or more frequently if needed. 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.”

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 may report supplier misconduct to relevant government authorities.

We report details regarding our supplier audits in our annual Corporate Responsibility Report. In 2014, we conducted 123 on-site supplier audits, 27 of which were “EICC VAP” type audits, and 96 were Intel lead audits. More than half of the 27 independent audits conducted in 2014 were in China and Taiwan, followed by greater Asia and the Americas.

Certification
Intel suppliers must certify that products supplied to Intel 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 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 create 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—anonymously, if they prefer, and as permitted by law.

Intel requires its employees and contingent workers to comply with Intel’s Code of Conduct, which 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 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 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 e-mail, telephone, or letter; in English or their local language. More information on reporting an ethics and legal concern is available here.

**Training**

Intel provides key supply chain management personnel with training on slavery and human trafficking, particularly with respect to mitigating risks within our product supply chain. Intel provides targeted training for suppliers where there may be elevated risk of slavery and human trafficking. For example, in Malaysia we co-hosted seven workshops between 2014 and 2015 for suppliers and labor agents who hire and manage foreign workers. These workshops covered elements of slavery and human trafficking, included awareness building, expectation setting, best practice sharing, self-assessments by the attendees and development of action plans.