

Intel Corp.

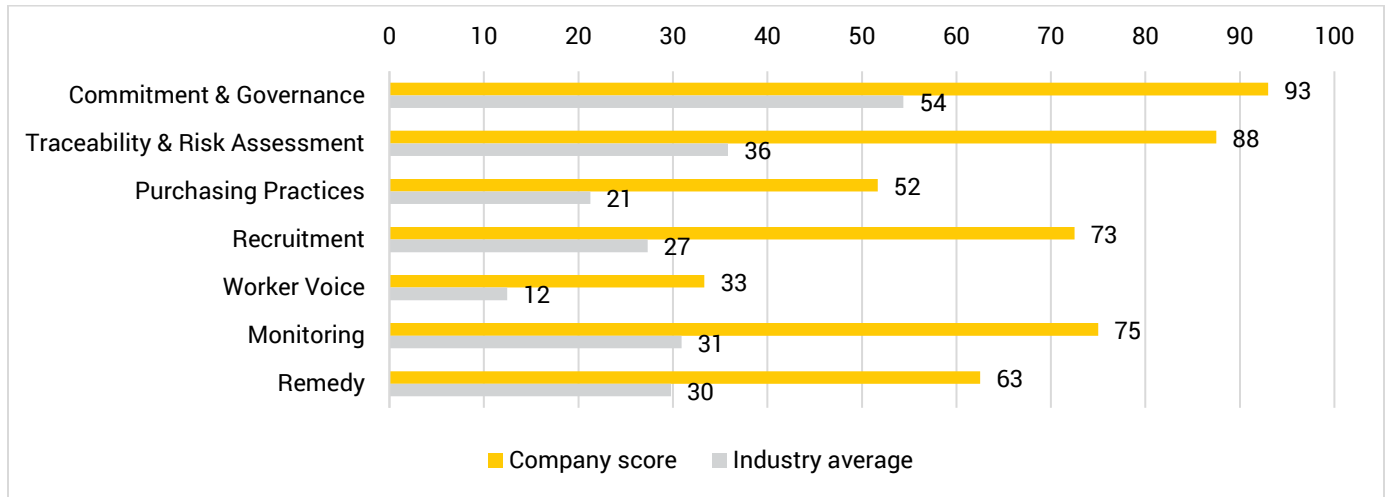
TICKER
NAS:INTC**MARKET CAPITALIZATION**
US\$225 billion**HEADQUARTERS**
United States**DISCLOSURES**UK Modern Slavery Act: YesCalifornia Transparency in Supply Chains Act: Yes**TARGETS**

Yes

OVERALL RANKING**4 out of 49**[\(2018 Rank: 1 out of 40\)](#)**OVERALL SCORE****68 out of 100****SUMMARY**

Intel Corp. (Intel), the world's largest semiconductor company,¹ ranks 4th out of 49 companies, disclosing significantly more information on its forced labor policies and practices than its peers across all themes. Since 2018, the company has improved by disclosing outcomes of its supplier selection process and evidence that its suppliers communicate grievance mechanisms and forced labor policies to their workers. The company has the second-highest score on the themes of Commitment and Governance and Traceability and Risk Assessment. Notably, Intel is the only company disclosing the steps it takes to ensure recruitment fees are reimbursed to workers in both the second and third tier of its supply chains. Since 2018, the company's rank decreased from 1st to 4th, as it did not improve on areas such as freedom of association and purchasing practices. KnowTheChain identified one allegation of forced labor in the company's supply chains. The company notes that it was unable to establish whether the supplier is part of its supply chains, and asked the Responsible Business Alliance to investigate. It does not disclose engagement with affected stakeholders nor remedy outcomes for workers in its supply chains. Additional steps the company could take to address forced labor risks in its supply chains include disclosing policies and practices on the themes of Worker Voice, Purchasing Practices, and Remedy.

Research conducted through October 2019 or through January 2020, where companies provided additional disclosure or links. For more information, see the full dataset [here](#). For information on a company's positive and negative human rights impact, see the Business & Human Rights Resource Centre [website](#).

THEME-LEVEL SCORES

KEY DATA POINTS
SUPPLIER LIST

Yes

NO-FEE POLICY

Yes (Employer Pays Principle)

AVERAGE SUPPLIER SCORE

33/100

REMEDY FOR SUPPLY CHAINS WORKERS

Yes

HIGH-RISK SOURCING COUNTRIES

 China, Malaysia²
LEADING PRACTICES

Cascading Standards: Intel discloses that it sends an annual letter to its suppliers, reminding them to hold their suppliers accountable to its policies, which cover forced labor. It states that it reinforces this expectation during annual training webinars. The company also discloses that it “co-hosted face-to-face workshops in Asia in which suppliers created supply chain action plans for implementation.” Intel states that it asked 50 first-tier suppliers to work with at least three of their own suppliers to assess and address forced labor risks. It reports that this resulted in improvements in policies and procedures at its lower-tier suppliers as well as stronger engagement with labor agencies. Intel notes that it provided materials and webinars on forced labor risks to around 135 second-tier suppliers.

Recruitment: Intel reports that it is working with its suppliers to prevent worker-paid recruitment fees and repay such fees where they occur, noting the number of workers and the amounts reimbursed to them since 2014. Notably, the company discloses that fees have been reimbursed to workers in the second and third tiers of its supply chains. Intel is one of only two companies to indicate what the recruitment fees mean for workers by showing how these fees compare to monthly wages. It states that

since 2017, it has required some of its suppliers' recruitment agencies to undergo an audit that focuses specifically on migrant and forced labor. It discloses the findings of several such audits.

Worker Engagement: Intel has adopted the code of the Responsible Business Alliance, which prohibits forced labor, and requires that its suppliers communicate the code to their workers. It also discloses evidence of implementation—namely, non-compliances identified at suppliers, which subsequently had been corrected. For example, Intel reports that suppliers posted updated policies and trained workers, and that in one case, an evaluation of the effectiveness of worker training was conducted.

NOTABLE FINDINGS

Commitment & Governance: Intel reports that its corporate responsibility office manages its human rights program and that its supply chain sustainability team holds responsibility for forced labor risks. The company discloses that it worked with peer companies and the consultancy Elevate to provide responsible recruitment training to over 150 suppliers and their recruiting agents in Malaysia, Singapore, and Thailand. It also discloses the percentage of suppliers trained on how to address forced labor risks. Intel further communicates engaging with representatives from several European governments, European policy makers, and Malaysian government officials on the topic of forced labor.

Traceability & Risk Assessment: The company discloses the list of its top 100 suppliers, the names and countries of suppliers from which it sources gold, tungsten, tantalum, and tin, as well as some information on its supply chain workforce. Intel further discloses its process for assessing forced labor risks in its supply chains and details about the risks identified in different tiers of its supply chains.

Corrective Action Plans: Intel reports that its supply chain sustainability review committee reviews suppliers' corrective action plans quarterly. It states that where suppliers fail to implement corrective actions sufficiently—or where their actions do not result in sustainable change—it works with the suppliers to ensure their practices improve. It further states that if progress is not made, it will consider withholding any new business from the supplier until issues are resolved, using the supplier conditionally, or ending the relationship. Intel discloses examples of improvement. Notably, the company communicates that it has spoken to workers in Malaysia, Singapore, and Taiwan before, during, and after audits to ensure the non-compliances have been corrected and living conditions have improved.

OPPORTUNITIES FOR IMPROVEMENT

Purchasing Practices: The company is encouraged to adopt responsible purchasing practices (such as improving planning and forecasting) and to provide procurement incentives (such as price premiums or increased orders) to suppliers to encourage or reward good labor practices. Further, the company is encouraged to disclose several quantitative data points demonstrating that it has implemented responsible purchasing practices that address the risk of forced labor. Further, the company is encouraged to integrate all [ILO core labor standards](#) into its supplier contracts and requiring suppliers to do the same.

Worker Voice: While Intel discloses that it “shared suggestions with officials in Malaysia and Vietnam on procedures to protect employees’ freedom of association rights,” it is encouraged to disclose additional details on how it supports collective worker empowerment in its supply chains. Specifically, the company is encouraged to work with local or global trade unions to support freedom of association in its supply chains. Where there are regulatory constraints on freedom of association, the company may consider ensuring workplace environments in which workers in its supply chains are able to pursue alternative forms of organizing. Further, the company is encouraged to disclose examples covering different supply chain contexts of how it improved freedom of association and/or collective bargaining for its suppliers’ workers, such as migrant workers.

Remedy: While the company discloses that allegations regarding its supply chains are reviewed by its Supply Chain Sustainability Director, Corporate CSR Director, and members of its legal, and public relations staff (a team that typically meets monthly), the company is encouraged to engage directly with stakeholders affected in specific allegations and disclose remedy outcomes provided to workers in cases of specific allegations so as to demonstrate to its stakeholders that it has an effective remedy process in place.

ENGAGED WITH KNOWTHECHAIN

Yes ([Provided Additional Disclosure](#)).

¹ The company ranks first in the semiconductor industry of the Fortune Global 500. Fortune, “[Global 500 2019](#).” Accessed 3 April 2020.

² The US Department of Labor lists China and Malaysia as countries where electronics may be produced using forced labor. US Department of Labor (20 September 2018), “[List of Goods Produced by Child Labor or Forced Labor](#).”