Intel’s Ethical Expectations
for Suppliers and their Employees
Agenda

• Ethical Business Principles
  – Intel’s Code of Conduct
  – Supplier Ethical Expectations
  – EICC

• Ethical Expectations and Key Policies
  – Bribes, Kickbacks and Commissions
  – Gifts and Gratuities
  – Conflicts of Interest
  – Use of Intel’s Name
  – Protecting Intel’s Assets
  – Accurate Records

• Reporting Responsibility

• Consequences of Non-Compliance

• Summary
Intel’s Code of Conduct

• Intel conducts business with uncompromising integrity and professionalism
  • Intel complies with all applicable laws & regulations
  • Intel respects competition
  • Intel supports and upholds a set of core values and principles

• Intel employees are held to our Code of Conduct which guides:
  • how we work together to develop and deliver product
  • how we define, implement and uphold Intel values
  • how we work with customers, suppliers and others

All Intel employees must abide by the Code of Conduct when conducting Intel-related business
Supplier Ethical Expectations

• All Intel suppliers and their employees are expected to comply with Intel’s ethical expectations regardless of local business practices or social customs

• Suppliers are expected to report concerns regarding ethical issues or violations of Intel’s Code of Conduct

• Intel expects that suppliers ensure that their employees understand and comport with Intel business standards
  – Train your current and new employees on Intel’s ethical expectations
  – Ensure that your employees comply with Intel’s ethical expectations

Beyond Reproach, Worldwide
Intel’s Code of Conduct

- As a key part of our corporate values, Intel continuously seeks to maintain the highest ethical standards worldwide.

- Intel’s Code of Conduct and ethical expectations may exceed the requirements of applicable laws or common practices of a region.

- All Intel employees are expected to comply with the Intel Code of Conduct regardless of local business practices or social customs.

Beyond Reproach, Worldwide
EICC Code of Conduct Elements

- Freely Chosen Employment
- Child Labor Avoidance
- Working Hours
- Wages and Benefits
- Humane Treatment
- Non-Discrimination
- Freedom of Association
- Occupational Safety
- Emergency Preparedness
- Occupational Injury & Illness
- Industrial Hygiene
- Physically Demanding Work
- Machine Safeguarding
- Dormitory & Canteen
- Permits & Reporting
- Pollution Prevention
- Hazardous Substances
- Wastewater
- Solid Waste
- Air Emissions
- Product Content
- Business Integrity
- No Improper Advantage
- Disclosure of Information
- Intellectual Property
- Fair Competition
- Protection of Identity

A management systems approach drives sustainable solutions

- Intel has been a member of the Electronic Industry Citizenship Coalition (“EICC”) since 2004. Our suppliers must comply with the EICC. For more info, please see http://supplier.intel.com/ehs/materials.htm
- Note: All Intel employees and supplier employees must follow the proper safety precautions and safeguards that apply to our job and workplace

Understand and comply with the EICC

Today’s discussion focuses on ethics
Ethical Expectations

• Intel is proud to be recognized worldwide as an ethical company

• We expect uncompromising integrity and professionalism in our business relationships
  – Helps to assure fairness in our supplier selection and management processes
  – Protects our corporate reputation and enables expanded business with our customers

Continuing our commitment to the highest standard of ethical performance is good business
Ethical Expectations
Bribes, Kickbacks, Commissions
Bribes, Kickbacks & Commissions

- Bribes or other means of obtaining undue or improper advantage or influence (e.g. kickbacks, commissions) are not to be offered or accepted
  - May not be offered or solicited either directly or through a third party

- Intel does not allow bribes to government officials
  - By our employees
  - By a third party on our behalf

- If an Intel employee asks your company for a bribe, report this immediately to Intel Management

Bribes, Kickbacks & Commissions Are **NOT** Allowed
Gifts and Gratuities
Gifts & Gratuities

- Intel values our business relationship with suppliers based on their performance
  - Future business from Intel is based on the supplier’s ability to deliver on cost, performance, and quality of the goods and services we buy

- The Intel Code of Conduct
  - Forbids our employees from soliciting gifts, entertainment or favors
  - Strictly limits our employees’ ability to accept gifts

- Intel respectfully requests that suppliers do not give gifts to our employees, even for traditional festivals or celebrations

If a gift would create an obligation (or appear to create an obligation), it is likely to be viewed as a bribe
Conflict of Interest
Conflict of Interest

- A conflict of interest occurs when an Intel employee’s personal or family interests interfere—or even appear to interfere—with the employee’s ability to make sound business decisions in the best interest of Intel.

- Examples of potential conflict of interest situations:
  - Offering or accepting gifts
  - Using Intel information or position for personal gain (or gain by relatives or friends)
  - Hiring, supervising or evaluating friends or relatives
  - Intel employee having an ownership interest in a supplier business

- Intel employees must avoid any activity which may interfere or appear to interfere with the proper performance of their duties

Report issues so Intel can investigate and act
Conflict of Interest

- Intel Suppliers also must avoid conflicts of interest with Intel’s business. Examples of potential conflict of interest situations:
  - Friends and relatives who are employed by Intel
  - Using Intel information or position for personal gain (or gain by relatives or friends)
  - Financial interests or company ownership

- Suppliers and Intel employees must avoid even the appearance of conflict of interest and disclose potential conflicts to Intel Management

- With transparency and disclosure, we can work to ensure fair supplier selection and management

Discuss any potential conflicts of interest with your Intel contact
Protecting Intel Assets and Confidential Information
Protecting Intel Assets and Confidential Information

Suppliers must protect Intel assets including but not limited to:

- **Intel funds**
- **Trade Secrets, Confidential Information and other Intel Intellectual Property**
  - Suppliers with access to confidential information must sign a Corporate Non-Disclosure Agreement (CNDA) which provides that they not disclose Intel confidential information to a third party and vice versa
- **Equipment and buildings**
  - **Note:** Some areas of Intel facilities are “off limits” to contractors and suppliers

**Note:**

- **Any supplier employees who connect to Intel’s network must take Intel’s Info Security and Privacy classes**
  - Supplier is responsible to ensure that your employees complete the class prior to being provided access (work with Intel Sponsor to do so)

- **Intel-sponsored meetings and events**
  - **Contingent Workers (CWs) may not attend Intel-sponsored meetings and events unless specifically invited by the Intel business group and approved by the Intel CW Policy Team**
  - **CWs may attend Intel business meetings only** where needed for specific project- or task-related reasons; then must be excused

*Intel expects our suppliers to be Leaders and Role Models in protecting Intel assets and Confidential information*
Use of Intel’s Name
Use of Intel Name

• Suppliers may not:
  
  – Use Intel’s logos without a written license

  – Use Intel’s name to advertise your products, goods or services
    (rare exceptions may be granted with prior written approval by Intel Senior Management)

  – Disclose Intel as a customer or release information about relationships with Intel

    • Do not disclose Intel as a customer, neither by name nor by an indirect or descriptive reference

    • Intel Corporate Purchase Agreements, Purchase Orders and General Contractor Agreements expressly specify this obligation

Do not use Intel’s name or logos
Misrepresentation and Use of Intel’s Name

• Suppliers may not represent themselves as acting on Intel’s behalf (unless specifically authorized in writing by Intel Senior Management)

• Suppliers may not
  – Make donations, gifts, etc. on Intel’s behalf
    • Intel has our own charitable giving programs
  – Make bribe payments, kickbacks, etc. on Intel’s behalf

Intel does not permit bribes or kickbacks whether directly or through a third party
Accurate Records
Accurate Records

- Intel requires keeping accurate financial and other books and records
  - Both Intel and Suppliers must keep accurate business records during the course of their relationship
    - Contractual and Legal requirements also require retention of such records for a period of time beyond termination of the relationship
  - Intel does not permit or otherwise allow or condone falsification of documents

Immediately report to Intel Management any attempt to falsify information in Intel’s records (or the appearance of doing so)
Reporting Responsibility

Supplier Ethical Expectations

Course number
00018883
Ver. 2009
Reporting Responsibility

• Intel expects our suppliers to report issues
  – No negative reflection on any person or company for reporting in good faith a potential ethics issue
  – Intel investigates each allegation thoroughly to determine the facts and the parties involved

• Suppliers should report to Intel Management any potential ethical issues or violations of Intel’s Code of Conduct
  – By an Intel employee or supplier employees
  – Ethical issues in the procurement process
  – Any other ethical concerns

Report issues so Intel can investigate and act
Reporting Responsibility

- Notify Intel Management any way you wish:
  - Phone call, e-mail, fax, letter
  - Signed or anonymous
    - Anonymous reports may limit Intel’s ability to follow up on an allegation
    - Sometimes we need clarification or more information in order to verify the allegation
  - English or Local Language
  - Multiple contact points for raising issues to Intel Management (including, independent of the site)
    - Local Intel representatives
    - Intel Internal Audit
    - Intel Security
    - Purchasing Director
    - Ethics.reporting@intel.com (monitored by Internal Audit)

See the Ethics info on supplier.intel.com website for phone numbers, email, and contacts for reporting issues
Reports Lead to Investigations

• When Intel receives a report alleging ethical wrong-doing:
  – Independent and objective Intel team investigates
  – Prompt and confidential review of the case

• If the facts support the allegation, Intel takes appropriate action:
  – Potential consequences to all parties involved (e.g. - Intel employees, suppliers, other third parties)
    • May require reporting to governmental authorities for further investigation and/or prosecution
Consequences of Wrongdoing
Consequences of Wrongdoing

• Violation of the Code of Conduct or Intel’s ethical expectations results in disciplinary action
  – Intel employees: up to and including termination of employment
  – Suppliers: up to and including termination of supplier agreements with Intel and banning future contracts with that supplier
  – Supplier employees (including contingent workers at Intel): denial of access to Intel or removal from Intel’s premises

• Intel may seek restitution and legal action (where appropriate)
Summary

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Summary

• Intel conducts business with uncompromising integrity and professionalism: *Beyond Reproach, Worldwide*

• Ethical violations are unacceptable to Intel
  – We investigate and take such action as is appropriate to the facts
  – Suppliers need to report all such issues (actual or suspected), so Intel can investigate and act

• Assist Intel in creating and maintaining the highest level of integrity in our business dealings
  – Establish an ethical business culture
  – Train your employees on Intel’s ethics requirements and expectations as established by the Intel Code of Conduct and compliance with applicable laws and regulations
  – Create an environment where employees can raise concerns without fear
  – Support and implement fair supplier selection and management processes
Thank you!

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Optional Material

Presenter may choose to include additional presentation material as appropriate

- Ethics info on supplier.intel.com
- Foreign Corrupt Practices Act (FCPA)
- PO Management
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Supplier.Intel.com

Intel Supplier Ethics Expectations

Ethics

Expectations & Training

Issue Reporting with contacts & e-mail addresses
Foreign Corrupt Practices Act (FCPA)
Foreign Corrupt Practices Act (FCPA)

- US law prohibits payment - or an offer or promise to pay – money or anything of value, directly, or through a third party to a foreign official for the purpose of influencing an official act or decision of that person in order to assist the company in obtaining or retaining business or in directing business to any person or to secure an improper advantage
  - Applies to all entities of US companies
  - Imposes heavy penalties (jail time and fines) for violations

- Has implications to suppliers when carrying out Intel business

Comply with the FCPA
PO Management

- **No PO, No Work!!**
  - Insist on receiving the PO before you start work
  - Purchasing is the only group authorized to commit Intel funds

- **PO Amount**
  - Should agree with the scope of work definition in quotation
  - When there’s a pre-agreement for staggered payments:
    - This needs to be reflected in scope of work or quotation, or
    - There should be one PO per quotation
  - Do not apply any balance of PO amount to other activities outside of the PO
  - Line item amount & description should align with contracted rate

- **Scope of Work deliverables**
  - Execute activity according to the PO agreed-on scope of work.
    - If changes happen, work with program owner to get a new PO
  - You are accountable for any third party suppliers that you manage as required for the scope of work
  - Work with purchasing rep if the scope of work is new and not within your contractual agreement
PO Management

• Ensure accurate receiving and invoicing
  – Goods must be received at Intel’s receiving dock
  – Submit any pre-agreed proof of performance together with invoices
    • Including all third party suppliers
  – Invoice according to the work that has been completed
  – Invoices must be received at Intel Accounts Payable
    • Mail the invoice to the "bill-to" address on the PO or submit electronically
    • Note: Intel has multiple "bill-to" addresses

If Intel employees pressure you to violate these PO Management principles: Report it to Intel Management