

A man in a red polo shirt and a woman in a black and white dress are looking at a robotic device in a lab. The man is on the left, looking towards the woman on the right. They are both looking down at a piece of equipment on a table. The background shows a modern office or lab with large windows and various pieces of equipment.

2017 CORPORATE CITIZENSHIP REPORT

Performance summary

Engineering a better tomorrow



Rich Templeton
Chairman,
president and CEO

CEO Letter

At TI, giving back and supporting our communities is part of our legacy; it is embedded in our culture and has been for more than 85 years. Our longstanding devotion to ethics and core values – and to being a good citizen of the world and in the communities where we operate – is foundational to who we are and where we are going as a company. Our strong foundation of core values is one of several things we believe sets our company apart, today and in the future. Other key differentiators include:

- **Our people.** From the engineers designing and testing products in our labs to the technicians and operators fabricating semiconductors on factory floors, TIers are problem solvers who are driven to help our customers succeed.
- **Our business model.** We are focused on the right products – analog and embedded – and the right markets – industrial and automotive. We are focused on investing in 300mm analog manufacturing, which produces more chips per wafer, increases production volume and reduces cost. We believe our products and markets are the best in the semiconductor industry and will be for years to come. The advantages they provide to TI and to our employees, customers and shareholders are steady, substantial and sustainable.
- **Our commitment.** We remain committed to operating ethically and sustainably, investing in our communities, and doing our part to protect the environment and reduce our environmental footprint in the communities where we operate.

The combination of these unique attributes is reflected in our 2017 performance. Last year, we:

- Generated \$14.96 billion in revenue, up \$1.59 billion or 12 percent vs. 2016. We also generated, and returned to our shareholders, \$4.7 billion in free cash flow in 2017.
- Grew philanthropic and employee charitable giving to \$38.7 million, with nearly \$25 million invested in education.
- Increased employee volunteerism by 9.2 percent to 173,439 hours.
- Invested in energy conservation projects that saved \$6.9 million in energy costs and kept 285,556 million British thermal units (MMBtu) of emissions out of the atmosphere.
- Recycled 33,031 metric tons of materials, an increase of 22 percent over the previous year.

As we continue our path in 2018, we remain focused on innovating and delivering products that solve our customers' problems. Along the way, we will continue to safeguard the environment, improve our communities, and operate ethically and responsibly to build a stronger TI.

A handwritten signature in black ink, appearing to read 'Rich Templeton', written over a white background.

Rich Templeton
Chairman,
president and CEO



Welcome to the 2017 Texas Instruments (TI) Corporate Citizenship Report

Our core values of integrity, innovation and commitment serve as the foundation for all we do. Part of that commitment is our promise to engineer a better tomorrow by safeguarding the environment and making our communities stronger.

We believe in holding ourselves accountable for our social, environmental and governance performance around the world, which is why we measure and learn from our performance each year.

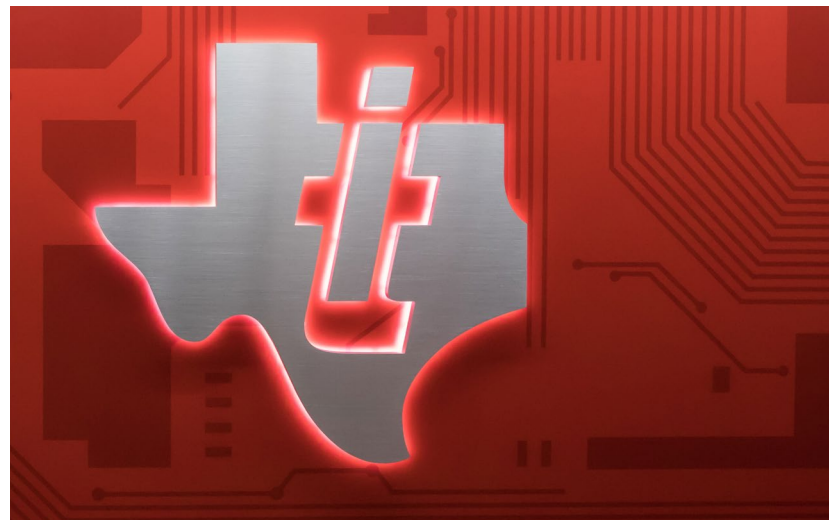
We examine progress being made on such markers as labor, human rights, ethics, environmental and manufacturing responsibility, governance, supply chain management, business practices and community investments so that we can identify and address opportunities for improvement.

In this report, you will find data on indices that are most important to TI and our stakeholders. To learn more about our management programs and strategies, we invite you to visit our [Citizenship website](#) and library of [topic briefs](#).

Company profile

We are a publicly traded global semiconductor company (NASDAQ: TXN) that designs and manufactures semiconductors – key components in electronics and other technologies – which we sell to electronics designers and manufacturers all over the world.

Headquartered in Dallas, Texas, we have manufacturing, design and sales operations in more than 30 countries.



Learn more about our ownership structure and legal proceedings in our Securities and Exchange Commission (SEC) Form 10-K.

Company profile

Major worldwide locations¹

Click to view locations



¹ TI has manufacturing, design and sales operations in more than 30 countries worldwide. For the purposes of this report, we define major locations (significant operations) as 1. all manufacturing facilities and 2. design and sales offices 50,000 square feet or larger and/or with employee populations greater than 100 as of Dec. 31, 2017.



Tlars work in our anechoic chamber, which is designed to completely absorb reflections of electromagnetic waves.



About this report

Our 2017 Corporate Citizenship Report provides a summary of our company's environmental, social and governance performance in calendar year 2017. Additional information about corporate citizenship at TI can be found on our [Citizenship website](#) and in our Global Reporting Initiative (GRI) index. GRI is an international organization that helps businesses, governments and other organizations understand and communicate their impacts on critical sustainability issues. We developed our Citizenship Report and website content in accordance with GRI Standards.

As part of our citizenship reporting process, we assess inputs from multiple internal and external stakeholders to better understand key topics of interest. This helps our leadership team respond to stakeholder concerns and informs our report development. We conducted our most recent [assessment](#) in 2017.

The scope of this report is based on our worldwide subsidiaries unless stated otherwise. Environmental data comes from all manufacturing sites and leased and owned nonmanufacturing sites that are 50,000 square feet or larger. These sites account for more than 99 percent of our environmental footprint worldwide. Throughout this report and our Citizenship website, we use terms such as "TI," "the company," "we," "our" and "us" interchangeably to refer to TI operations. We present all currency in U.S. dollars.



Significant reporting changes

We have no significant reporting changes in 2017 other than transitioning from using GRI's G4 reporting guidelines to the GRI Standards. We continue to report our disclosures at the Core level.



Assurance

In 2017, we maintained our established development processes to ensure the accuracy and auditability of the information presented here. We do not currently seek independent assurance of citizenship-related information, and are focused on addressing issues of greatest importance to TI and our stakeholders.

Corporate governance

See our [Governance website](#) to learn more about our leaders and company policies.

Board of directors	2017
Total board size	13
Board system	Unitary
Independent directors	85%
Male	69%
Female	31%
Age: 30-50 years	8%
Age: >50+ years	92%
Ethnic minority	15%
Board age limit	70

- Has a “say on pay” (includes nonbinding) provision been adopted?
- Bylaws/statutes include blank-check preferred authorization?
- Appoint outside executive compensation adviser(s)?
- Auditor been ratified in a recent annual shareholder meeting?²

Yes

- Have a classified/staggered board system?
- Dual/multiple share classes with different voting rights? (excludes preferred, nonvoting shares for executives/directors/employees)
- Dual/multiple share classes with different voting rights? (includes preferred, but excludes nonvoting shares for executives/directors/employees)
- Signatory of the United Nations Principles for Responsible Investment?
- Executive compensation linked to environmental, social and governance goals?
- Board compensation linked to environmental, social and governance goals?

No

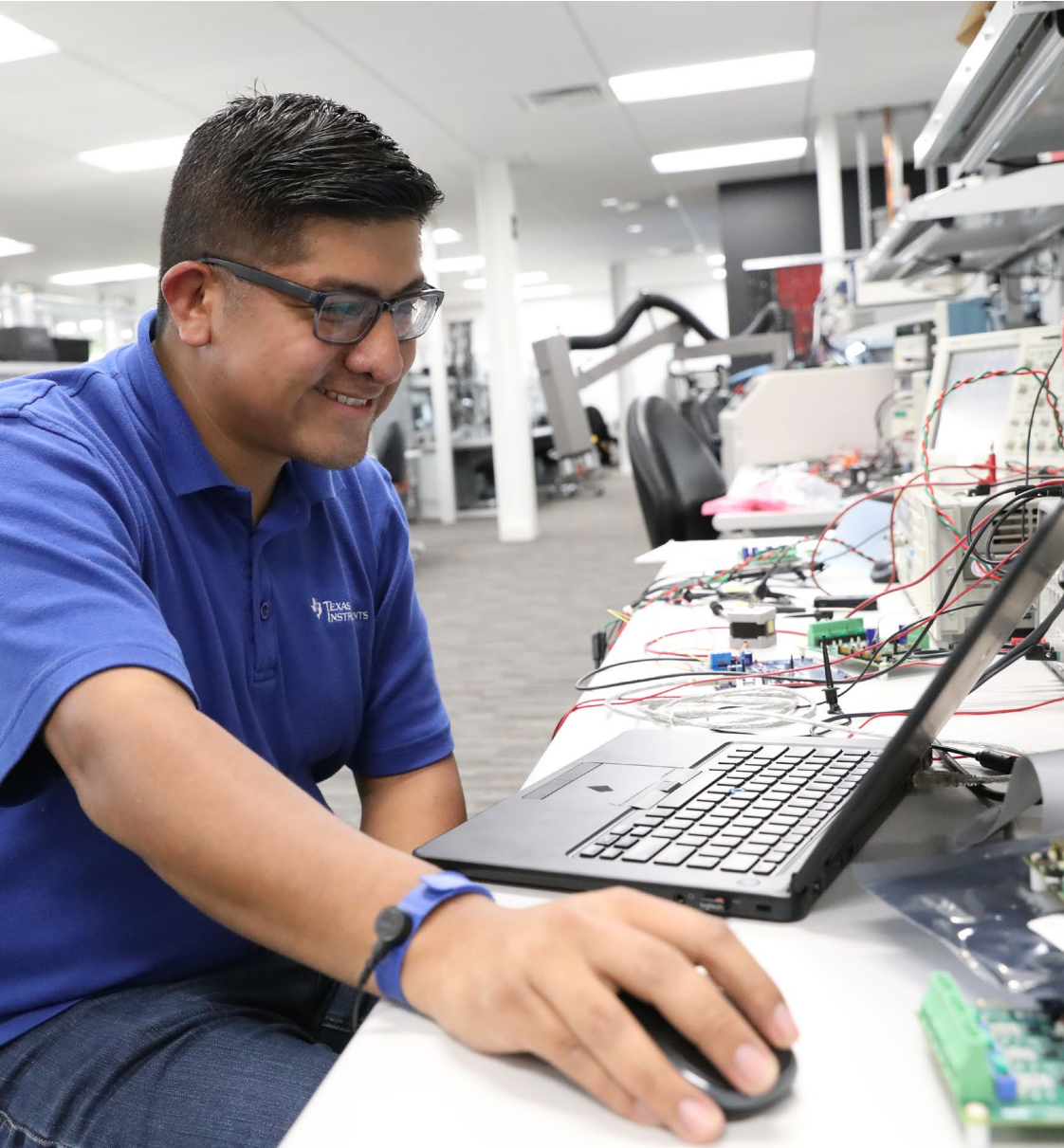
See [TI’s proxy statement](#) to learn more about:

- Number of board meetings annually
- Audit committee meetings
- Board member attendance (%)
- Board duration (years)
- Total CEO compensation
- Average compensation of members on board of directors fixed portion (%)
- Variable/performance based (%)
- Option-based compensation
- Fees paid to executive compensation consultants
- Number of years of current auditor’s employment

- Number of board nominees with required proxy statement disclosures of legal proceedings: [None](#)
- Taxes paid to governments: [SEC Form 10-K](#)
- Is there a board committee specifically to address sustainability/environmental, safety and health and corporate social responsibility issues? [The Governance and Stockholder Relations Committee](#)

² Response was incorrectly reported in 2016. It should be “yes.”

Goals



Annual and multi-year goals

TI sets both annual and multi-year goals to inspire performance improvements and achieve cost savings. This performance summary offers an overview of these goals and our progress against each. The corresponding sections of this report and performance data provide additional detail on annual results. Gray cells indicate that data is not available and/or applicable.



TI supports 2020 greenhouse gas goals

We set two multi-year goals in 2015 to further reduce greenhouse gas (GHG) emissions by 2020.

- Reduce energy intensity³ at U.S. manufacturing sites by **50%** (from a 2010 baseline) to meet the U.S. Department of Energy's Better Buildings, Better Plants program goal. By the end of 2017, we had already reduced energy intensity by 41 percent.
- Reduce scope 1 and scope 2 GHG emissions by **15%** (from a 2015 baseline), which we are working to achieve. In 2017, we had increased emissions by nearly 0.4 percent.

³ Primary energy consumed per pattern produced by our U.S. manufacturing facilities, normalized for 80 percent loadings and compared to a 2010 baseline. Primary energy is energy content found in natural sources that has not been subject to any conversion or transformation process. Adjusted for start-up and closure of facilities.

Performance data

Employee safety | We create aggressive safety processes and goals to maintain our safety performance, which continues to be among the best in the industry (based on Semiconductor Industry Association rankings).

Description	2013		2014		2015		2016		2017	
	Goal	Result	Goal	Result	Goal	Result	Goal	Result	Goal	Result
Safety: days away, restricted or job transfer case (rate)	0.08	0.08	0.08	0.14	0.08	0.07	0.08	0.07	0.08	0.08
Safety: recordable case (rate)	0.20	0.22	0.20	0.24	0.20	0.16	0.20	0.15	0.20	0.16

Environment | We aim to use resources as efficiently as possible in our operations globally.

Description	2013		2014		2015		2016		2017	
	Goal	Result	Goal	Result	Goal	Result	Goal	Result	Goal	Result
Water use ⁴ (% reduction)					4	12	4	12	4	5
Utility expenses: energy and water (\$ millions saved)	\$8	\$10.2	\$9	\$9.7	\$9.5	\$11.1	\$10	\$10.1	\$9	9.2

Supply chain | We engage with suppliers to achieve a responsible, diverse and competitive supply chain while strengthening the communities where we operate.

Description	2013		2014		2015		2016		2017	
	Goal	Result	Goal	Result	Goal	Result	Goal	Result	Goal	Result
Minority-/women-owned business supplier spend (% of total U.S. supply-chain spend)	5.5%	6.8%	6.0%	7.1%	6.5%	7.9%	6.5%	8.6%	6.3%	6.4%
Suppliers using conflict-free smelters for TI integrated circuit products ⁴ (%)					100%	100%	100%	100%	100%	100%
Targeted suppliers completing environmental and social responsibility assessments ⁴ (%)					100%	99%	100%	100%	100%	100%
Suppliers rated as low risk for all facilities on environmental and social responsibility assessments ⁴ (%)					Baseline	69%	80%	86%	85%	88%

Community | Employees around the world contribute their time and expertise to make their local communities stronger.

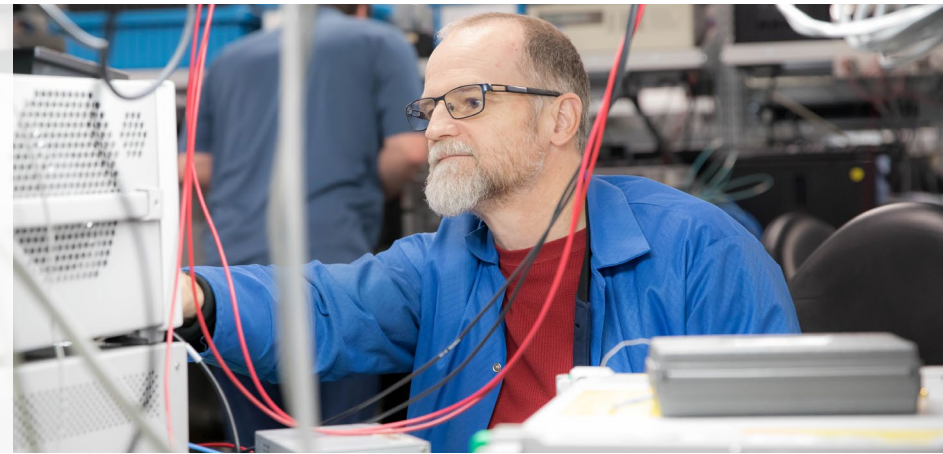
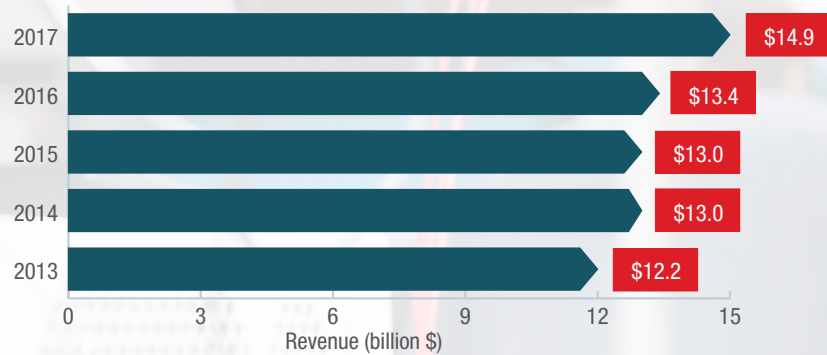
Description	2013		2014		2015		2016		2017	
	Goal	Result	Goal	Result	Goal	Result	Goal	Result	Goal	Result
Volunteer hours ⁵ (% increase)	25%	33%	25%	53%	30%	40%		22%		9%

⁴ Goal not established prior to 2015.

⁵ TI stopped setting global volunteerism goals collectively as each region's community involvement team sets specific goals and objectives for local community involvement each year.

Performance data

Revenue history



Revenue by region

Type	Unit	2013	2014	2015	2016	2017
TI revenue	\$ billions	\$12.2	\$13.0	\$13.0	\$13.4	\$14.9
Asia	% revenue	60	61	61	60	59
Americas	% revenue	14	12	12	13	13
Europe	% revenue	16	18	17	18	19
Japan	% revenue	9	8	9	8	7
Rest of world	% revenue	1	1	1	2	2

We encourage you to visit respective sections of our [Citizenship website](#) to learn more about our citizenship strategies, programs and goals. For additional performance data required by the Global Reporting Initiative, see the GRI index.

Public policy contributions

Type	Unit	2013	2014	2015	2016	2017
Corporate contributions (U.S. only)	\$	\$10,000	\$15,500	\$12,500	\$7,500	\$0 ⁶
Political action committee contributions (U.S. only)	\$	\$114,300	\$79,475	\$99,000	\$104,475	\$113,000

⁶ TI did not make any corporate contributions to local ballot initiatives in 2017.

Performance data

Employees

Our employees have been redefining what's possible for decades – tackling challenges and solving problems to deliver products customers need.



Employees

Type	Unit	2013	2014	2015	2016	2017
Workforce (worldwide)	People	32,000	31,003	29,977	29,865	29,714
Male (worldwide)	People		19,099	18,583	18,656	18,606
Female (worldwide)	People		11,904	11,394	11,209	11,108
Asia (total)	People	15,000	14,415	13,726	13,805	14,173
Asia (male)	People		6,219	5,962	6,133	6,469
Asia (female)	People		8,196	7,764	7,672	7,704
Americas (total)	People	13,000	12,870	12,607	12,445	12,079
Americas (male)	People		9,716	9,517	9,455	9,212
Americas (female)	People		3,154	3,090	2,990	2,867
Europe (total)	People	2,000	2,447	2,416	2,399	2,295
Europe (male)	People		2,012	1,989	1,968	1,875
Europe (female)	People		435	427	431	420

Performance data

Employees (continued)

Type	Unit	2013	2014	2015	2016	2017
Japan (total)	People	2,000	1,271	1,228	1,216	1,167
Japan (male)	People		1,152	1,115	1,100	1,050
Japan (female)	People		119	113	116	117
Turnover (worldwide)	%	9.1	9.2	7.8	7.4	7.4
Asia	%	14.1	13.7	11.3	10.0	9.4
Americas	%	5.5	5.6	5.0	5.3	6.0
Europe	%	4.7	5.7	4.9	5.6	5.5
Japan	%	2.6	3.4	3.3	2.3	2.5
Training average	Hours	32.4	31.6	32.7	33.4	36.6
Safety: days away, restricted or job transfer cases	Cases per 100 employees	0.08	0.14	0.07	0.07	0.08
Safety: recordable cases	Cases per 100 employees	0.22	0.24	0.16	0.15	0.16

Performance data

Environment

We are committed to doing our part to protect the environment and reduce our environmental footprint in the communities where we operate.



Environment

Type	Unit	2013	2014	2015	2016	2017
Energy use (total)	MMBtu ⁷	10,660,415	10,206,821	10,070,708	10,017,419	10,116,022
Indirect energy use (total)	MMBtu	9,099,031	8,699,182	8,620,386	8,588,300	8,691,304
Electricity	MMBtu	8,742,480	8,653,277	8,567,814	8,534,080	8,635,917
District heating	MMBtu	51,972	45,905	52,572	54,220	55,387
Direct energy use (total)	MMBtu	1,561,384	1,507,639	1,450,322	1,429,119	1,424,718
Natural gas	MMBtu	1,326,695	1,308,551	1,259,187	1,245,657	1,244,765
Fuel oil (No. 6)	MMBtu	102,428	77,403	73,179	72,243	19,221 ⁸
Diesel	MMBtu	27,629	40,928	50,201	46,842	40,000
Propane	MMBtu	101,022	77,574	65,166	61,790	118,064 ⁸
Gasoline	MMBtu	3,611	3,183	2,589	2,586	2,667
Renewable energy use ⁹	% of total electrical energy use	20.8	18.6			8.2
Renewable energy use (total) ⁹	MMBtu	1,880,742	1,607,912			704,712
Energy conservation projects	Number	112	223	213	270	286
Energy conservation financial savings	\$ millions	\$10.2	\$9.0	\$7.2	\$6.8	\$6.9
Energy conservation savings	MMBtu	199,483	344,778	283,234	321,177	285,556

Performance data

Environment (continued)						
Type	Unit	2013	2014	2015	2016	2017
Energy per chip (representative product)	2005 = 1	0.53	0.47	0.46	0.45	0.38
Nitrogen oxide (NOx) emissions (U.S. only)	Tons	76.5	82.8	89.6	87.7	94.52
Volatile organic compound (VOC) emissions (U.S. only)	Tons	103.5	101.8	105.8	95.87	96.64
Greenhouse gas (GHG) emissions (total)	MTCO2e ¹⁰	2,326,888	2,399,183	2,408,435	2,396,162	2,418,409
Direct (scope 1) emissions (total)	MTCO2e	938,159	1,065,259	1,085,622	1,076,947	1,161,654 ¹¹
Carbon dioxide (CO ₂)	MTCO2e	77,578	74,127	75,848	74,862	73,680
Methane (CH ₄)	MTCO2e	1,193	1,164	1,203	1,192	1,192
Nitrous oxide (N ₂ O)	MTCO2e	19,120	21,687	21,274	20,808	20,939
Hydrofluorocarbons (HFCs)	MTCO2e	19,204	41,413	41,646	36,367	42,060
Perfluorocarbons (PFCs)	MTCO2e	701,219	783,961	810,687	819,753	870,984
Sulfur hexafluoride (SF ₆)	MTCO2e	43,890	53,184	45,147	52,464	59,802
Nitrogen trifluoride (NF ₃)	MTCO2e	75,955	89,723	89,817	71,501	92,999
Indirect (scope 2) emissions (total)	MTCO2e	1,388,729	1,333,924	1,322,813	1,319,215	1,256,755
CO ₂	MTCO2e	1,388,709	1,333,904	1,322,794	1,319,196	1,256,736
N ₂ O	MTCO2e	8	8	8	8	8
CH ₄	MTCO2e	12	12	11	11	11
GHG emissions per chip	2005 = 1	0.55	0.52	0.52	0.51	0.43
Waste generated (total)	Metric tons	32,345	32,599	33,437	32,124	36,716
Hazardous (total)	Metric tons	18,754	22,179	21,357	20,679	24,421 ¹²
Disposed	Metric tons	1,509	2,419	2,673	2,687	2,593
Recycled	Metric tons	17,245	19,760	18,684	17,992	21,828 ¹²
Nonhazardous (total)	Metric tons	13,591	10,420	12,080	11,445	12,295
Disposed	Metric tons	998	959	2,306	2,687	1,092 ¹²
Recycled	Metric tons	12,593	9,461	9,774	9,075	11,203 ¹²
Waste generated per chip	2005 = 1	0.40	0.49	0.51	0.49	0.46

Performance data

Environment (continued)

Type	Unit	2013	2014	2015	2016	2017
Water sources (total)	Gallons	7,070,268,247	6,981,417,000	6,836,749,000	6,723,534,000	6,656,992,554 ¹³
Municipal	Gallons	4,551,775,260	4,693,117,000	4,493,402,000	4,274,950,000	4,206,813,333
Well	Gallons	456,733,390	317,844,000	320,275,000	356,271,000	395,204,295
Rain	Gallons	16,673,000	25,811,000	37,278,000	22,490,000	23,000,000 ¹³
Reused	Gallons	2,045,086,597	1,944,645,000	1,985,794,000	2,092,313,000	2,031,974,927
Water use (total)	Gallons	7,053,595,247	6,955,605,000	6,799,472,000	6,723,534,000	6,633,992,554
Withdrawn	Gallons	5,008,508,650	5,010,960,000	4,813,678,000	4,631,221,000	4,602,017,627
Reused	Gallons	2,045,086,597	1,944,645,000	1,985,794,000	2,092,313,000	2,031,974,927
Water conservation projects	Number	19	46	127	123	76 ¹⁴
Water conservation financial savings	\$	\$994,000	\$1,305,000	\$3,880,000	\$3,300,000	\$1,700,000 ¹⁴
Water conservation savings	Gallons	248,000,000	258,228,000	601,671,000	577,016,000	211,972,000 ¹⁴
Water used per chip	2005 = 1	0.64	0.59	0.56	0.53	0.44
Wastewater discharge (total)	Gallons	5,689,055,551	4,572,654,000	4,400,263,282	4,115,455,000	4,084,036,490
Municipal sewer	Gallons	4,783,417,551	4,279,403,000	4,083,740,601	3,840,424,000	3,855,023,921
Surface	Gallons	905,638,000	293,251,000	316,522,681	275,031,000	229,012,569

⁷ Million million British thermal units (MMBtu).

⁸ Some TI sites switched over its boilers from fuel oil to propane.

⁹ Reporting years 2013 and 2014 represented incidental renewable energy. TI stopped reporting incidental renewable energy in 2015 as there was no global standard for determining this quantity. The 2017 data represents the direct purchase of renewable energy from a supplier.

¹⁰ Metric tons of carbon dioxide equivalent.

¹¹ Due to rounding, the total reported here does not equal the sum of the individual gases reported.

¹² Some sites increased their material disposal due to higher production. Other sites increased their recycling rates.

¹³ Does not include once-through cooling water pumped from wells at TI's Freising, Germany site. Rain water collected is used for irrigation and not reported as part of water use totals.

¹⁴ TI has invested in numerous water conservation projects over the past decade. As a result, we have fewer opportunities to implement new projects that result in significant reductions.

Performance data

Community

We are committed to the causes that matter in our communities, and encourage our employees to give back to the communities where we live and work.



Community

Type	Unit	2013	2014	2015	2016	2017
Philanthropic giving (total)	\$	\$27,911,294	\$26,168,945	\$27,014,781	\$28,418,107	\$33,416,946
Education	\$	\$18,232,169	\$17,746,536	\$19,369,197	\$18,705,977	\$22,830,257
Community investment	\$	\$5,674,211	\$6,600,096	\$5,439,778	\$7,030,938	\$7,141,066
Arts and culture	\$	\$4,004,914	\$1,822,313	\$2,205,806	\$2,681,191	\$3,445,623
Employee giving (total)	\$	\$5,652,317	\$5,758,757	\$6,094,170	\$6,608,784	\$5,384,276
Education	\$	\$1,503,444	\$1,686,295	\$1,775,659	\$1,951,841	\$2,111,049
Community investment	\$	\$3,700,659	\$3,576,349	\$3,825,705	\$4,124,752	\$2,653,604 ¹⁵
Arts and culture	\$	\$448,214	\$496,113	\$492,806	\$532,191	\$619,623
Volunteer time	Hours	61,086	93,328	130,363	158,754	173,439
Volunteer time value	\$	\$1,377,496	\$2,153,077	\$3,071,352	\$3,832,321	\$4,282,209

¹⁵ Community investment employee giving was down in 2017 because we moved our United Way campaign from fall 2017 to spring 2018. This data reflects ongoing employee payroll contributions of more than \$2.1 million.



We are engineering a better tomorrow

Learn more about our citizenship philosophy, practices and programs at our [Citizenship website](#). We welcome your feedback.



citizenshipfeedback@list.ti.com



[texasinstruments](#)



[@AroundTI](#)



[txinstruments](#)



GRI INDEX

Global Reporting
Initiative Standards

Standards content index

TI subscribes to the Global Reporting Initiative's (GRI) Sustainability Reporting Standards (GRI Standards). This table is an index of general and specific standard disclosures based on GRI guidance. The index provides a simple and standardized way to share information that is both relevant and important to TI and its stakeholders.



Indicator	Description	Location
102-1	Name of the organization	Texas Instruments Incorporated (NASDAQ: TXN)
102-2	Activities, brands, products and services	For more information, see our SEC Form 10-K, Part I, pages 2-4 .
102-3	Location of headquarters	Our headquarters is located at 12500 TI Boulevard, Dallas, Texas 75243.
102-4	Location of operations	Go here to view our major locations.
102-5	Ownership and legal form	For more information, see our SEC Form 10-K, Part I .
102-6	Markets served	For more information, see our SEC Form 10-K, Part I, pages 5-7 .
102-7	Scale of the organization	On Dec. 31, 2017, TI had 29,714 employees and manufacturing, design and sales operations in more than 30 countries. We sold tens of thousands of products and generated \$14.96 billion in revenue. (SEC Form 10-K, Part I, Item 1, pages 2, 9; Item 2, page 14)
102-8	Information on employees and other workers	Please see Employees to learn more about our team.
102-9	Supply chain	Go here to learn more about our Supply chain management .
102-10	Significant changes to the organization and its supply chain	TI announced in January 2017 a reorganization of the product lines inside our two business segments, Analog and Embedded Processing, to align by product categories that our customers think about. Analog is comprised of three major products: Power, Signal Chain, and High Volume Analog and Logic (HVAL). Embedded Processing is comprised of two product lines: Connected MCU and Processors. TI made no significant changes to its size, ownership or supply chain during the year. In 2017, revenue grew 12 percent. For more information, see our SEC Form 10-K .

Standards content index

Indicator	Description	Location
102-11	Precautionary principle or approach	We consider precautionary principles in many aspects of our operations. For example, our aggressive chemical and material screening process assures that we do not use materials whose hazards are understood and controlled.
102-12	External initiatives	See our Voluntary standards to learn more about our external initiatives.
102-13	Membership of associations	TI belongs to many <u>associations</u> with which it works on various policy objectives. We are more active in some than others, and do not work on all issues with every association and may not align on all positions. We also collaborate with other outside groups and coalitions to advance policies that drive growth, promote competitiveness and support TI's shareholders, customers, employees and the communities in which we operate.
102-14	Statement from senior decision-maker	Read about our commitment in our Executive statement.
102-16	Values, principles, standards and norms of behavior	TI's first ethics guide was published in 1961 and has been the foundation to our strong ethical standards for doing business. In 2015, we updated our <u>Code of Conduct</u> , which reinforces the core values of integrity, innovation and commitment that govern how we operate. All employees are required to complete training on this code and to certify compliance.
102-18	Governance structure	Go here for <u>Governance</u> at TI.
102-40	List of stakeholder groups	Our stakeholders include, but may not be limited to, employees, customers, shareholders, communities where we have operations, academia, public officials, trade associations, regulatory agencies, nongovernmental organizations, analysts, investors, suppliers, contractors, TI retirees and potential employees.
102-41	Collective bargaining agreements	Employees at any of our global operations have always had the freedom to associate and/or right to collective bargaining as provided by local statutes; therefore, we don't track the percentage of employees engaged in these agreements.
102-42	Identifying and selecting stakeholders	We engage with stakeholders who directly influence or have interest in our operations. See <u>Stakeholder engagement</u> .
102-43	Approach to stakeholder engagement	In 2017, we completed a formal stakeholder assessment to identify and better understand environmental, social and governance topics that are most important to TI and its stakeholders. The assessment included global peer benchmarking and surveying of managers/employees, suppliers, customers, community leaders, investors and trade associations. See <u>Stakeholder engagement</u> .
102-44	Key topics and concerns raised	Through engagement with stakeholders in 2017, we have identified several areas of interest: supplier management; suppliers' or TI's labor, human rights and environment practices; conflict minerals; ethics and compliance; water and energy use; air quality/emissions; climate change; information protection/privacy; product innovation; diversity/inclusion; business and supply continuity; and severe weather events.

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Indicator	Description	Location
102-45	Entities included in consolidated financial statements	TI has two reportable segments: Analog and Embedded Processing. TI reports the results of its remaining business activities in Other. (SEC Form 10-K , Part I, Item 1, page 2-4). This report covers citizenship topics for all entities included in our financial statements.
102-46	Defining report content and topic boundaries	To determine the focus of this report, we formally assess stakeholders biannually and consult with our Citizenship Steering Team. See Stakeholder engagement to learn more about our approach.
102-47	List of material topics	Read our Stakeholder engagement for our list of material topics.
102-48	Restatements of information	Any restatements of information are included in the footnotes beneath the specific performance data tables.
102-49	Changes in reporting	TI transitioned from GRI's G4 guidelines to the GRI Standards. We made no other changes in reporting.
102-50	Reporting period	The reporting period covers calendar year 2017.
102-51	Date of most recent report	Our 2016 report was released in May 2017.
102-52	Reporting cycle	We release an annual citizenship report.
102-53	Contact point for questions regarding the report	For questions about citizenship at TI or this report, contact citizenshipfeedback@list.ti.com .
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.
102-55	GRI content index	See our GRI Index to learn more about how we align with the GRI Standards.
102-56	External assurance	We currently do not seek independent assurance of report data.

Economic performance

Indicator	Description	Location
103-1 to 103-3	Disclosure of management approach	Learn more about our management approach at About TI and Who We Are . See our SEC Form 10-K for details on our performance.
201-1	Direct economic value generated and distributed	Our Annual Report provides information about our financial performance. For our philanthropic contributions, see Community .
201-2	Financial implications and other risks and opportunities due to climate change	TI has no intention of quantifying the potential implications of climate change as a broad risk. We evaluate site-related risks (severe weather, droughts, etc.) and implement necessary controls to reduce operational and environment impacts.

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Economic performance (continued)

Indicator	Description	Location
201-3	Defined benefit plan obligations and other retirement plans	We have various employee retirement plans, including defined contribution, defined benefit and retiree health care benefit plans. Contributions to these plans meet or exceed all minimum funding requirements. SEC Form 10-K , Item 10, page 48: Post Retirement Benefit Plans.
201-4	Financial assistance received from government	TI received tax-benefit incentives from federal, state and local governments around the world. These incentives are commonly available to manufacturing companies with investments in equipment and facilities, employment and R&D. See SEC Form 10-K Part II, Item 8, Note 6, pages 42-44 and tax policy for additional details.

Market presence

Indicator	Description	Location
103-1 to 103-3	Disclosure of management approach	See Our employees to learn more about our management approach.
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	TI does not maintain a standard entry wage for every country; however, we have verified that we are paying employees above local minimum wage in every country in which we operate. We compensate each employee based on legitimate work-related factors regardless of gender, race, ethnicity or other protected characteristics.
202-2	Proportion of senior management hired from the local community	TI's strategy is to hire the best and brightest individuals to work at our company, and 99 percent of our employees in senior positions are from the communities where we operate.

Procurement practices

Indicator	Description	Location
103-1 to 103-3	Disclosure of management approach	See Supply chain management to learn more about our management approach.
204-2*	Proportion of spending on U.S. minority and women-owned enterprises.	Our proportion of spend is 6.4%.

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Anti-corruption

Indicator	Description	Location
103-1 to 103-3	Disclosure of management approach	For information about our anti-corruption policies, please see Ethics at TI and our Code of Conduct.
205-1	Operations assessed for risks related to corruption	We assess 100 percent of our worldwide manufacturing operations for risks related to corruption.
205-2	Communication and training about anti-corruption policies and procedures	TI provided Ethics and Compliance Awareness training that included lessons on anti-corruption to all employees and 99.9 percent completed the classes. We also refreshed our anti-bribery and falsification of records policy during the year. We train third-parties and vendors using a myriad of tools on anti-corruption. Additionally, we provide awareness to our own employees and contractors on this topic in regular internal news articles.
205-3	Confirmed incidents of corruption and actions taken	If allegations of corruption are brought to our attention, we work to investigate and resolve them appropriately and disclose material, substantiated incidents as appropriate.

Anti-competitive behavior

Indicator	Description	Location
103-1 to 103-3	Disclosure of management approach	See Ethics to learn more about our management approach.
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	For material legal proceedings involving TI, SEC Form 10-K , page 15.

Materials

Indicator	Description	Location
103-1 to 103-3	Disclosure of management approach	See Materials management to learn more about our management approach.
301-2	Recycled input materials used	The majority of the purchase materials required to manufacture our products are chemicals. Although most chemicals used in semiconductor processing must be ultra-pure, we collect and reuse oxide slurry at some of our sites. Where feasible, we also collect waste acids from our processes for reuse in abatement equipment. During construction projects, we give preference to materials containing recycled products, although we do not currently track the total amount of recycled material purchased for these projects.

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Materials (continued)

Indicator	Description	Location
301-3	Reclaimed products and their packaging materials	Currently, we are unable to determine the percentage of products reclaimed by customers or end users. TI Education Technology participates in various recycle programs. Although TI cannot control how customers handle the semiconductors they place in their products, nor their product's end-of-life issues, we provide detailed information about the substances used in our components so that customers can make informed decisions about end-of-life disposal.

Energy

Indicator	Description	Location
103-1 to 103-3	Disclosure of management approach	See Energy use to learn more about our management approach.
302-1	Energy consumption within the organization	See data on our Energy consumption. TI does not sell any energy outside of our company.
302-3	Energy intensity	Our energy intensity ratio is 0.38. We use energy consumed within TI as the numerator and the number of chips produced within TI as the denominator. This ratio is then reported as a normalized value where 2005 = 1.
302-4	Reduction of energy consumption	Energy conservation savings are based on electric, natural gas and heating savings projects. The basis for calculation is the estimated annualized reduction for each project and the total is reported as the sum of all the annualized savings estimates.
302-5	Reductions in energy requirements of products and services	The energy required to operate a chip for a year can be as little as 0.15 watt-hours. TI also works to reduce energy use in our products and is often able to achieve a reduction of 7 percent over prior designs when implementing a new design that performs an equivalent function.

Water

Indicator	Description	Location
103-1 to 103-3	Disclosure of management approach	See Water and wastewater to learn more about our management approach.
303-1	Water withdrawal by source	Learn more on our Water sources page.
303-2	Water sources significantly affected by withdrawal of water	We are not aware of any negative impacts on water sources from our operations.
303-3	Water recycled and reused	Learn more on our Water reused page.
304-1	Biodiversity	Learn more about our Biodiversity approach.

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Emissions

Indicator	Description	Location
103-1 to 103-3	Disclosure of management approach	See Air emissions and Climate change to learn more about our management approach.
305-1	Direct (Scope 1) GHG emissions	See Direct (scope 1) emissions (total). Gases included in the calculation are CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ and NF ₃ . TI has no biogenic emissions. We adopted GHG reduction goals targeting 2020 based on a 2015 baseline. We have not made any significant changes in emissions that triggered recalculations of base year emissions. Our source of the emission factors and the global warming potential (GWP) rates used is U.S. Environmental Protection Agency's GHG MRR Final Rule. All calculations for scope 1 emissions follow either U.S. EPA MRR or IPCC Tier 2.
305-2	Energy indirect (Scope 2) GHG emissions	See Indirect (scope 2) emissions (total). We adopted GHG reduction goals targeting 2020 based on a 2015 baseline. We have not made any significant changes in emissions that triggered recalculations of base year emissions. Our source of the emission factors and the global warming potential (GWP) rates used is U.S. Environmental Protection Agency's GHG MRR Final Rule. All calculations for scope 2 emissions follow either US EPA MRR or IPCC Tier 2.
305-4	GHG emissions intensity	See GHG emissions per chip. The ratio was calculated using both scope 1 and scope 2 emissions, which include CO ₂ , CH ₄ , N ₂ O, PFCs, SF ₆ and NF ₃ , as the numerator and using the number of chips produced within TI as the denominator. This ratio is then reported as a normalized value where 2005 is 1.
305-5	Reduction of GHG emissions	TI has reduced scope 1 and 2 emissions by 40,728 MTCO ₂ e since 2015, the base year set for our calculation. Gases used in the calculation are CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ and NF ₃ . Calculation tools used are either U.S. EPA MRR or IPCC Tier 2.
305-6	Emissions of ozone-depleting substances (ODS)	The only ODS used at TI are in closed loop refrigeration units, and these units are being phased out as they reach their end of life. TI does not produce or export CFC-11 (trichlorofluoromethane).
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	See more on NOx in our performance data. TI does not collect worldwide data on SOx, POPs, HAPs or PM.

Effluents and waste

Indicator	Description	Location
103-1 to 103-3	Disclosure of management approach	See Water and wastewater to learn more about our management approach.
306-1	Water discharge by quality and destination	More information is available on our Wastewater discharge data.
306-2	Waste by type and disposal method	Learn more about our Waste types.

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Effluents and waste (continued)

Indicator	Description	Location
306-3	Significant spills	No significant spills occurred in 2017.
306-4	Transport of hazardous waste	In 2017, TI did not ship any hazardous waste across international borders.

Environmental compliance

Indicator	Description	Location
103-1 to 103-3	Disclosure of management approach	See Environment, safety and health to learn more about our management approach.
307-1	Non-compliance with environmental laws and regulations	TI received no significant fines or sanctions (greater than \$25,000) in 2017.

Supplier environmental assessment

Indicator	Description	Location
103-1 to 103-3	Disclosure of management approach	See Supply chain management to learn more about our management approach.
308-2	Negative environmental impacts in the supply chain and actions taken	TI works with thousands of suppliers worldwide and communicates our expectations for responsible environmental performance. We assess strategic and high-risk suppliers against these and other criteria set by the Responsible Business Alliance's Code of Conduct – as well as our own policies and standards. In 2017, we evaluated more than 300 supplier sites and our findings revealed no significant negative environmental impacts or issues of concern. As a result, no relationships were terminated.

Employment

Indicator	Description	Location
103-1 to 103-3	Disclosure of management approach	See Our employees to learn more about our management approach.
401-1	New employee hires and employee turnover by age, region and gender	TI hired 2,635 employees (excluding interns) in 2017. Go here for details on employee turnover. Hiring rates by gender and age are considered confidential information.
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	At TI, both full-time U.S.-based employees and employees who work an alternative work schedule (20 to 39 hours per week) are eligible for all benefits, including medical, prescription, dental, vision, employee assistance and income protection. Temporary or part-time employees on alternative work schedules less than 20 hours per week are not eligible for benefits.

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Employment (continued)

Indicator	Description	Location
401-3	Parental leave	We offer paid maternity, paternity and adoption leave. We do not track return-to-work and retention rates after parental leave.
401-4*	Employee tenure at company by average years of service	Less than 10 years: 49.4% 10-20 years: 25.5% More than 20 years: 25.1%

Labor/management relations

Indicator	Description	Location
103-1 to 103-3	Disclosure of management approach	See Our employees to learn more about our management approach.
402-1	Minimum notice periods regarding operational changes	In the U.S., TI provides a minimum of one week's notice regarding shift changes and provides at least 60 days' notice (or pay in lieu of notice) for reductions in force. Outside the U.S., TI adheres to local labor laws.

Occupational health and safety

Indicator	Description	Location
103-1 to 103-3	Disclosure of management approach	See Employee health and safety to learn more about our management approach.
403-1	Workers representation in formal joint management–worker health and safety committees	TI has formal environmental, safety and health (ESH) committees at all manufacturing sites. These committees are comprised of manufacturing managers, ESH specialists and employee representatives.
403-2	Types and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities	We track employee absenteeism due to occupational injuries and illnesses based on number of days lost. In 2017, our absentee rate was 2.26. We had no work-related fatalities. Go here to see our safety rates.
403-3	Workers with high incidence or high risk of diseases related to their occupation	TI does not have workers who are involved in occupational activities with high incidence or high risk of specific diseases. We have very strong industrial hygiene programs that ensure that all chemical exposure in the workplace is minimized and does not adversely affect worker health.

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Training and education

Indicator	Description	Location
103-1 to 103-3	Disclosure of management approach	See Development to learn more about our management approach.
404-1	Average hours of training per year per employee	Employees globally received, on average, 36.6 hours of training.
404-2	Programs for upgrading employee skills and transition assistance programs	Employees take part in a variety of development opportunities over the course of their career.
404-3	Percentage of employees receiving regular performance and career development reviews	We've seen greater success in employee engagement, goal-setting and alignment with the company priorities by instead encouraging better conversations between supervisors and employees and by providing access to online resources to guide these conversations. We regularly assess employees' understanding of their own goals and manager expectations. Employees and their managers may agree to more frequent reviews. TI supports employees owning their development plans and therefore does not track the number of employees receiving performance reviews.

Diversity and equal opportunity

Indicator	Description	Location
103-1 to 103-3	Disclosure on management approach	See inclusion , and Pay and benefits to learn more about our management approach.
405-1	Diversity of governance bodies and employees	View our Corporate governance, and Employee diversity data.
405-2	Ratio of basic salary and remuneration of women to men	We are confident that we pay our employees equitably. TI has long been committed to competitive and equitable compensation regardless of gender, race, or ethnicity or other protected characteristics. We have designed checks and balances into our compensation system, including an in-depth annual analysis, to ensure that we achieve it. We conducted a separate compensation analysis examining gender pay parity (including base, bonus and equity), which takes into account job type and job level. The analysis confirmed that within the U.S., we've achieved 100 percent gender pay parity. In fact, within our three most populous countries, including the U.S. (making up approximately 70 percent of our employee population), the same analysis also shows that women are paid as much as men. Additional information on TI's pay equity goals and policies can be found in Pay and benefits .

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Nondiscrimination

Indicator	Description	Location
103-1 to 103-3	Disclosure of management approach	See Diversity and inclusion to learn more about our management approach.
406-1	Incidents of discrimination and corrective actions taken	Although we compile discrimination allegations for internal review and action, we do not currently report this information since we consider it confidential. We work to successfully resolve any inquiries related to discrimination.

Security practices

Indicator	Description	Location
103-1 to 103-3	Disclosure of management approach	See Ethics to learn more about our management approach.
410-1	Security personnel trained in human rights policies or procedures	Our Worldwide Protective Services organization has a standard protocol for maintaining a safe and respectful working environment globally. This includes delivering targeted training that includes ethics, compliance and human rights components to 100 percent of our security personnel.

Human rights assessment

Indicator	Description	Location
103-1 to 103-3	Disclosure of management approach	See Human rights to learn more about our management approach.
412-1	Operations that have been subject to human rights reviews or impact assessments	TI successfully audited two operations for human rights as part of its Responsible Business Alliance (RBA, formerly known as EICC) validated audit process. We assessed 100 percent of our worldwide manufacturing sites using the RBA's self-assessment tools.
412-2	Employee training on human rights policies or procedures	All employees receive training and guidance on TI's values and ethics, specifically as it relates to integrity and respect in the workplace. In 2017, Code of Conduct awareness training, which addresses human rights, was required for all employees globally.

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Local communities

Indicator	Description	Location
103-1 to 103-3	Disclosure of management approach	See Enriching our communities to learn more about our management approach.
413-1	Operations with local community engagement, impact assessments and development programs	We conduct environmental impact assessments at all sites and have found no negative impacts on water, air or biodiversity to date. At each of our sites, we engage with community leaders to identify local needs so that we may support them through corporate, foundation and employee giving as well as by providing volunteers (see Giving and Volunteerism to learn more about our community investments). TI does not conduct formal community impact assessments because our sites are located in existing industrial areas that do not negatively impact vulnerable populations. We provide many channels for our neighbors to contact TI with questions or concerns (see Stakeholder engagement).
413-2	Operations with significant actual and potential negative impacts on local communities	TI announced in 2016 that it was taking steps to begin the closure of the GFAB manufacturing facility in Greenock, Scotland, to transfer work to more cost-effective plants in Germany and the U.S. This process has been extended through mid-2019. If we are unable to find an appropriate buyer, about 300 TI jobs will be affected through elimination or transfers.

Supplier social assessment

Indicator	Description	Location
103-1 to 103-3	Disclosure of management approach	See Supply chain management to learn more about our management approach.
414-1	Percentage of new suppliers that were screened using social criteria.	If deemed critical to TI, we formally screen new suppliers using social and environmental criteria. New suppliers comprise a very small portion of our overall spend; therefore, there is no formal tracking process.
414-2	Negative social impacts in the supply chain and actions taken	TI works with thousands of suppliers worldwide and communicates our expectations for responsible social performance. We assess strategic and high-risk suppliers against these and other criteria set by the Responsible Business Alliance's Code of Conduct – as well as our own policies and standards. In 2017, we evaluated more than 300 supplier sites and our findings revealed no significant negative social impacts or issues of concern. As a result, no relationships were terminated.

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Public policy

Indicator	Description	Location
103-1 to 103-3	Disclosure of management approach	See Public policy to learn more about our management approach.
415-1	Political contributions	TI's political activities and contributions report reflects U.S. activity only. We do not make political contributions in any country outside the United States.

Marketing and labeling

Indicator	Description	Location
103-1 to 103-3	Disclosure of management approach	See Responsible manufacturing to learn more about our management approach.
417-1	Requirements for product and service information and labeling	Learn more about these requirements on our Responsible packaging and labeling page.

Socioeconomic compliance

Indicator	Description	Location
103-1 to 103-3	Disclosure of management approach	See Ethics learn more about our management approach.
419-1	Non-compliance with laws and regulations in the social and economic area	TI received no material fines and no material non-monetary sanctions.

* Developed by TI.