

2018 Corporate Citizenship Report:

Performance summary



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Visit our <u>Citizenship website</u> to learn more about our citizenship strategies, programs and goals. For additional performance data required by the <u>Global Reporting Initiative</u>, see the <u>GRI index</u>. All performance data footnotes can be viewed on page 18.



CEO message

For decades, Texas Instruments has been led with an overarching belief that our products and technologies can help make the world a better place. We have operated the company with three thoughts in mind, which are at the core of our culture:

- We will act like owners who will own the company for decades to come
- We will adapt and succeed in a world that is ever changing
- 3. We will be a company that we are personally proud to be a part of and we would want as our neighbor

Constantly striving to build a stronger company leads to success for our shareholders, our employees, and the communities within which we operate, and we do this by:

Doing the right thing

Our company's core values – integrity, innovation and commitment – and Code of Conduct have been foundational to our operations, how we conduct business and, to our overall success.

The test of great companies is not whether we have issues or challenges; it's how we respond with speed, thoroughness and thoughtfulness when issues arise, and how we learn and get better as a result. Every Tler – at every level of the company – has a role in making sure we behave ethically, treat each other with respect and conduct business the right way.

Empowering our people to create technology that is solving some of the world's toughest problems

What began with a single chip – invented in 1958 by Tler Jack Kilby – is today adding intelligence to systems ranging from smart thermostats to motor drives and automobiles, making them more connected and more efficient. We work closely with our customers to solve problems using technology which is designed to address challenges in our world today – connecting rural communities and villages, supporting the technology

infrastructure for smarter cities, and integrating sensing technology to conserve scarce resources, like water and energy.

Building strong communities where we live, work and play

TI leaders are committed to building strong communities where we operate and where our employees go about their daily lives. Over the years, our commitment has focused on many different things related to our corporate social responsibility, including: corporate philanthropy, support for employee volunteering, building a secure and responsible supply chain and investing in STEM education to help build the future pipeline of engineers.

From the foundation on which we were built, to the robust, world-changing technologies we create today, our company's success is rooted in our values of integrity, innovation and commitment – which are key to our ability to build a stronger TI today and in the future.

Our collective impact and 2018 achievements include:

- \$15.8 billion in top-line revenue, up 6 percent compared with 2017
- 248.8 million gallons of water conserved and 2 billion gallons reused
- \$33 million in philanthropic giving
- Recognized as one of the World's Most Ethical Companies, a top 100 Best Corporate Citizen and named to the Dow Jones Sustainability Index

RATE

Rich Templeton, Chairman, President and CEO

About TI:

Our products and technologies

The analog and embedded semiconductors we design, manufacture and sell are essential and ubiquitous ingredients in electronic systems of all kinds – within automobiles and across a whole host of industrial systems including grid infrastructure, motors, power delivery systems, medical electronics, factory automation and more.

As each of these systems becomes smarter, safer, more connected and energy efficient, they require semiconductors, specifically analog and embedded chips like the ones we make.



About TI: Our company

We are a publicly traded global company (NASDAQ: TXN*) headquartered in Dallas, Texas with ~30,000 employees and manufacturing, design and sales operations in more than 30 countries.

Major worldwide locations¹

- TI headquarters
 Dallas, Texas
- Design sites
 Tucson, Arizona
 Santa Clara, California
 Shangai, China
 Shenzhen, China
 Bangalore, India
 Tokyo, Japan
 Manchester, New Hampshire
 Taipei, Taiwan
 Sugar Land, Texas
- Manufacturing sites
 Chengdu, China
 Freising, Germany
 Aizuwakamatsu, Japan
 Miho, Japan
 South Portland, Maine
 Melaka, Malaysia
 Kuala Lumpur, Malaysia
 Aguascalientes, Mexico
 Baguio, Philippines
 Pampanga, Philippines
 New Taipei City, Taiwan
 Richardson, Texas
 Sherman, Texas
 Greenock, United Kingdom



TI revenue





70,000+ products sold to ~100,000 customers



Tens of billions of chips produced each year

^{*} For information about our ownership structure and financial performance, please refer to our Securities and Exchange Commission (SEC) Form 10-K.



Our employees have been redefining what's possible for decades – tackling challenges and solving customer problems to deliver products that make electronics smarter and more efficient.

	2014	2015	2016	2017	2018
Male	19,099	18,583	18,656	18,606	18,745
Female	11,904	11,394	11,209	11,108	11,143
Regional workforce					
Asia	14,415	13,726	13,805	14,173	14,449
Male	6,219	5,962	6,133	6,469	6,733
Female	8,196	7,764	7,672	7,704	7,716
Americas	12,870	12,607	12,445	12,079	12,006
Male	9,716	9,517	9,455	9,212	9,120
Female	3,154	3,090	2,990	2,867	2,886
Europe	2,447	2,416	2,399	2,295	2,273
Male	2,012	1,989	1,968	1,875	1,853
Female	435	427	431	420	420
Japan	1,271	1,228	1,216	1,167	1,160
Male	1,152	1,115	1,100	1,050	1,039
Female	119	113	116	117	121
Training average (hours)	31.6	32.7	33.4	36.6	31.0



Becoming an engineer is a visible way to help change the world.

 Matthew, engineer in Shanghai, China

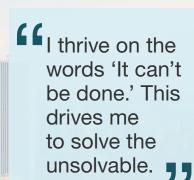
Our employees

Employee safety: We have rigorous safety processes to maintain our safety performance, which continues to be among the best in the industry.*

Goals and results	20	14	20	15	20	16	20	17	20	18
Godis and results	Goal	Result								
Safety: days away, restricted or job transfer rate (cases per 100 employees)	0.08	0.14	0.08	0.07	0.08	0.07	0.08	0.08	0.08	0.08
Safety: recordable case (employee rate)	0.20	0.24	0.20	0.16	0.20	0.15	0.20	0.16	0.20	0.15

In 2018, GRI updated its occupational ho	In 2018, GRI updated its occupational health and safety standards. See our first reporting year of data below.								
Recordable cases (employees)	.15 (48 cases)	High-consequence injuries (employees)	.007 (2 cases)						
Recordable cases (contractors)**	.36 (6 cases)	High-consequence injuries (contractors)	0						
Fatalities from work-related injuries (employees)	0	Hours worked (employees)	58,253,519						
Fatalities from work-related injuries (contractors)	0	Hours worked (contractors only)	3,335,737						
Fatalities from work-related illness (employees)	0	Recordable cases from work-related illness (employees)	4						
Fatalities from work-related illness (contractors)	0	Recordable cases from work-related illness (contractors)	1						

	2014	2015	2016	2017	2018
Percent of worldwide turnover	9.2	7.8	7.4	7.4	7.5
Percent of regional turnover					
Asia	13.7	11.3	10.0	9.4	9.2
Americas	5.6	5.0	5.3	6.0	6.3
Europe	5.7	4.9	5.6	5.5	4.2
Japan	3.4	3.3	2.3	2.5	4.0

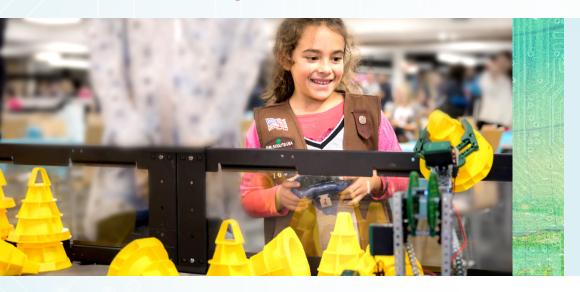


⁻ Cecelia, vice president and general manager

^{*} Based on Semiconductor Industry Association rankings

^{**} All references to contractors in this report refer to supplemental contractors.

Community involvement



Engineering the future through education

Education is critical to our future, our industry and to the communities where we operate around the globe. We believe every student is capable of changing the world and engineering their future. We are dedicated to equipping today's students to become tomorrow's innovators, and to growing the pipeline of science, technology, engineering and math (STEM)-capable students. Learn more at ti.com/education >

	2014	2015	2016	2017	2018
Philanthropic giving (total)	\$26,168,945	\$27,014,781	\$28,418,107	\$33,416,946	\$33,384,550
Education	\$17,746,536	\$19,369,197	\$18,705,977	\$22,830,257	\$20,234,617
Community investment	\$6,600,096	\$5,439,778	\$7,030,938	\$7,141,066	\$8,956,212
Arts and culture	\$1,822,313	\$2,205,806	\$2,681,191	\$3,445,623	\$4,193,721

Since 2014, we* have given \$150M primarily to STEM education

In 2018, our STEM investments in the U.S. impacted 192,000 students

Community involvement

Stepping stones to technology careers:

Our company's community involvement team in Bangalore, India can often be found volunteering as they teach and mentor students in rural villages and help install water purification systems to improve sanitation.

Read full story >



	2014	2015	2016	2017	2018
Employee and retiree giving (total)	\$5,758,757	\$6,094,170	\$6,608,784	\$5,384,276	\$9,786,844 ²
Education	\$1,686,295	\$1,775,659	\$1,951,841	\$2,111,049	\$1,834,716
Community investment	\$3,576,349	\$3,825,705	\$4,124,752	\$2,653,604 ³	\$6,851,128
Arts and culture	\$496,113	\$492,806	\$532,191	\$619,623	\$1,101,000
Volunteer time (total hours)	93,328	130,363	158,754	173,439	234,619 ⁴
Volunteer time (value)	\$2,153,077	\$3,071,352	\$3,832,321	\$4,282,209	\$5,966,361

Our 2018 employee volunteer hours 234,619







Value of volunteer hours* \$5,966,361

\$9.8M

Given by employees and retirees

^{*} The value is based on Independent Sector, which estimates the value of each volunteer hour in 2018 at \$25.43.



Water recycling in our fabs

In 2018, our Richardson wafer fab (RFAB) expanded its reverse osmosis recovery system, which makes fresh water from brine reject water. While the brine water would typically go to waste, RFAB was able to recover a clean water stream, reducing the need to bring in additional fresh water. The project saves ~26M gallons of water per year and its success is being replicated at other TI factories to support our manufacturing process.

We are committed to engineering a better tomorrow by doing our part to protect the environment and reduce the impacts of our operations.

Goale and reculte	20	14	20	15	20	16	20	17	20	18
Goals and results	Goal	Result	Goal	Result	Goal	Result	Goal	Result	Goal	Result
Water use ⁵ (% reduction)			4	12	4	12	4	5	4	5
Utility expenses: energy and water (\$ millions saved)	\$9	\$9.7	\$9.5	\$11.1	\$10	\$10.1	\$9	\$9.2	\$9.0	\$7.8

	2014	2015	2016	2017	2018
Energy use (total MMBtu*)	10,206,821	10,070,708	10,017,419	10,116,022	10,357,182
Indirect energy use (total)	8,699,182	8,620,386	8,588,300	8,691,304	8,875,461
Electricity	8,653,277	8,567,814	8,534,080	8,635,917	8,823,520
District heating	45,905	52,572	54,220	55,387	51,941
Direct energy use (total)	1,507,639	1,450,322	1,429,119	1,424,718	1,481,721
Natural gas	1,308,551	1,259,187	1,245,657	1,244,765	1,298,268
Fuel oil (No. 6)	77,403	73,179	72,243	19,221 ⁶	12,795
Diesel	40,928	50,201	46,842	40,000	44,655
Propane	77,574	65,166	61,790	118,064 ⁶	123,407
Gasoline	3,183	2,589	2,586	2,667	2,596
Energy per chip (2005=1) ⁷	0.47	0.46	0.45	0.38	0.35

^{*} Million million British thermal units

	2014	2015	2016	2017	2018
Renewable energy use (total MMBtu) ⁸	1,607,912			704,712	1,312,492
Percent of renewable electrical energy used ⁸	18.6			8.2	14.9
Energy conservation					
Number of projects	223	213	270	286	367
Savings (millions)	\$9.0	\$7.2	\$6.8	\$6.9	\$8.3
Savings (MMBtu)	344,778	283,234	321,177	285,556	254,121
Air emissions (U.S. only)					
Tons of nitrogen oxide (NOx) emissions	82.8	89.6	87.7	94.52	81.04 ⁹
Tons of VOC* emissions	101.8	105.8	95.87	96.64	105.12
Waste generated (total metric tons)	32,599	33,437	32,124	36,716	37,187
Hazardous waste	22,179	21,357	20,679	24,42110	25,305
Disposed	2,419	2,673	2,687	2,593	3,000
Recycled	19,760	18,684	17,992	21,82810	22,305
Nonhazardous waste	10,420	12,080	11,445	12,295	11,882
Disposed	959	2,306	2,687	1,09210	854
Recycled	9,461	9,774	9,075	11,20310	11,028
Waste generated per chip (2005=1) ⁷	0.49	0.51	0.49	0.46	0.31



Our Dallas headquarters is connected to the local public transportation system, allowing employees the opportunity to commute, thus reducing our environmental impact.

^{*} Volatile organic compound

Trash becomes treasure:

TI employees in the Philippines contributed more than 2,000 1.5-liter plastic bottles, each jam-packed with nonbiodegradable pieces of plastic waste that formed solid, heavy eco-bricks. The bricks were then put to good use at a nearby school as they were cemented into place to pave pathways and build stairs into a park.

Read full story >



	2014	2015	2016	2017	2018
Wastewater discharge (total gallons)	4,572,654,000	4,400,263,282	4,115,455,000	4,084,036,490	4,132,501,053
Municipal sewer	4,279,403,000	4,083,740,601	3,840,424,000	3,855,023,921	3,850,309,002
Surface	293,251,000	316,522,681	275,031,000	229,012,569	282,192,051
Water conservation					
Number of projects	46	127	123	76 ¹¹	76
Savings (millions)	\$1.3	\$3.9	\$3.3	\$1.711	\$1.8
Savings (gallons)	258,228,000	601,671,000	577,016,000	211,972,00011	248,811,000
Water sources (total gallons)	6,981,417,000	6,836,749,000	6,746,024,000*	6,656,992,554	6,811,986,923 ¹²
Municipal	4,693,117,000	4,493,402,000	4,274,950,000	4,206,813,333	4,360,401,708
Well ¹³	317,844,000	320,275,000	356,271,000	395,204,295	400,703,951
Rain	25,811,000	37,278,000	22,490,000	23,000,000	35,000,00012
Reused	1,944,645,000	1,985,794,000	2,092,313,000	2,031,974,927	2,015,881,264
Water consumption (total gallons)**	6,955,605,000	6,799,472,000	6,746,024,000	6,633,992,554	6,776,986,923
Water used per chip (2005=1) ⁷	0.59	0.56	0.53	0.44	0.42

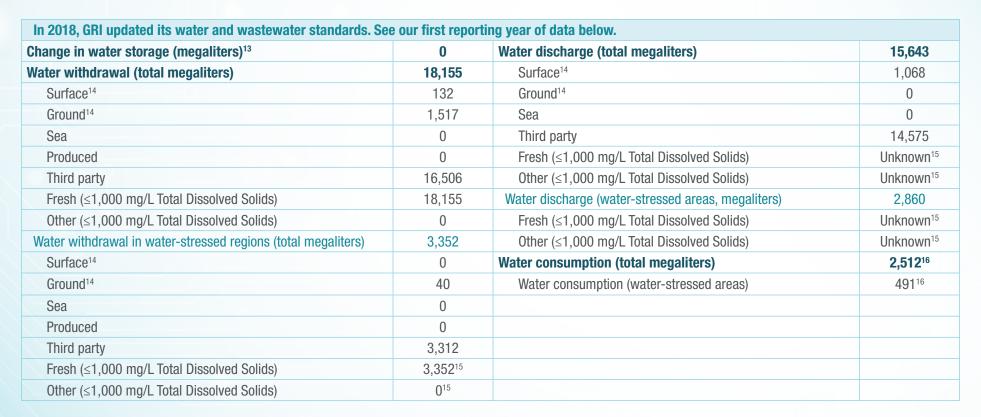
^{*} Data was incorrectly reported in 2016

^{**} Municipal plus well plus reused



Innovation to address key challenges starts with people, their curiosity to ask questions and a determination to never give up.

- Keith, vice president



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 intensity¹⁷ compared to 2010 levels at U.S. manufacturing sites as part of the U.S. Department of Energy's Better Buildings, Better Plants program. We met our original 25 percent reduction goal in 2013 and by the end of 2018, we had already reduced energy intensity by 41 percent towards our 50 percent stretch goal.
- Reduce scope 1 and scope 2 GHG emissions by 15 percent (from a 2015 baseline), which we are working to achieve. By the end of 2018, we had reduced emissions nearly 6 percent.



	2014	2015	2016	2017	2018
GHG* emissions (total MTCO2e**)	2,399,183	2,408,435	2,396,162	2,418,409	2,268,368
Direct (scope 1) emissions	1,065,259	1,085,622	1,076,947	1,161,654 ¹⁸	1,157,549
Carbon dioxide (CO ₂)	74,127	75,848	74,862	73,680	76,723
Methane (CH ₄)	1,164	1,203	1,192	1,192	1,244
Nitrous oxide (N ₂ 0)	21,687	21,274	20,808	20,939	24,509
Hydrofluorocarbons (HFCs)	41,413	41,646	36,367	42,060	39,976
Perfluorocarbons (PFCs)	783,961	810,687	819,753	870,984	855,646
Sulfur hexafluoride (SF ₆)	53,184	45,147	52,464	59,802	65,911
Nitrogen trifluoride (NF ₃)	89,723	89,817	71,501	92,999	93,539
Indirect (scope 2) emissions	1,333,924	1,322,813	1,319,215	1,256,755	1,110,819
Carbon dioxide (CO ₂)	1,333,904	1,322,794	1,319,196	1,256,736	1,105,495
Nitrous oxide (N ₂ 0)	8	8	8	8	3,87919
Methane (CH ₄)	12	11	11	11	1,445 ¹⁹
GHG emissions per chip (2005=1) ⁷	0.52	0.52	0.51	0.43	0.37

^{*}Greenhouse gas

^{**} Metric tons of carbon dioxide equivalent

Governance

Learn more about how TI directs environmental, social and governance activities on our governance website. There, you will find additional detail about:

- Our <u>leaders</u>
- Governance documents
- Board committee responsibilities

In our 2018 SEC Form 10-K, you will find:

- Financial statements (Part II, pages 24-29)
- Taxes paid to governments (Part II, Item 8, Note 5, pages 40-42)

In our most recent proxy statement, you can read about:

- Voting procedures, quorum and attendance (page 3)
- Tenure of board members (page 5)
- Annual meeting attendance (page 10)
- Director independence (page 10)
- Board evaluation processes (page 14)
- Director and executive compensation (pages 15-30) and pay ratio (page 44)
- Compensation committee report (page 31)
- Audit committee report (page 44)
- Proposal to ratify appointment of independent registered public accounting firm (page 45)
- The engagement of and fees paid to executive compensation consultants (page 13)

Board of directors	2018 year end			
Number of board members	12			
Board system	Unitary			
Percent of independent directors	92%			
Male members	67%			
Female members	33%			
Members aged 30-60 years	50%			
Members aged 60+ years	50%			
Percent of ethnic minority members	17%			
Board age limit	70			



Supply chain

Across the globe, approximately 11,000 suppliers of all types and sizes deliver materials or services that help our company innovate and grow. We engage with suppliers to achieve a responsible, diverse and competitive supply chain while strengthening the communities where we operate.

Goals and results	2014		2015		2016		2017		2018	
	Goal	Result	Goal	Result	Goal	Result	Goal	Result	Goal	Result
Minority-/women-owned business supplier spend (% of total U.S. supply-chain spend)	6.0%	7.1%	6.5%	7.9%	6.5%	8.6%	6.3%	6.4%	8.7%	9.2%
Suppliers using conflict-free smelters for TI integrated circuit products ⁵ (%)			100%	100%	100%	100%	100%	100%	100%	100%
Targeted suppliers completing environmental and social responsibility assessments ⁵ (%)			100%	99%	100%	100%	100%	100%	100%	100%
Suppliers rated as low risk for all facilities on environmental and social responsibility assessments ⁵ (%)			Baseline	69%	80%	86%	85%	88%	85%	87%

Public policy contributions

We work with local, state and federal governments in the U.S. to advocate for policies that promote our growth, innovation and competitiveness.

	2014	2015	2016	2017	2018
Political expenditures (U.S. only)					
Corporate contributions	\$15,500	\$12,500	\$7,500	\$0 ²⁰	\$7,500
Political action committee contributions	\$79,475	\$99,000	\$104,475	\$113,000	\$101,950



Corporate citizenship at TI

Review performance

We hold ourselves accountable for environmental, social and governance performance around the world. Each year, we examine our performance in areas such as labor, human rights, ethics, environmental and manufacturing responsibility, governance, supply chain management, business practices and community investments so that we can identify and implement improvements.

Assess stakeholder inputs

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 conduct an assessment every two years; we conducted our most recent assessment in 2017, the next evaluation will be in the latter half of 2019. We will communicate results in our 2019 Corporate Citizenship Report.

Annual performance report

This Corporate Citizenship Report provides a summary of our company's environmental, social and governance performance in calendar year 2018. In it you will find data on indices that are most important to TI and our stakeholders. Additional information about how we govern, manage and measure corporate citizenship and sustainability at TI can be found on our <u>Citizenship website</u>, our <u>library of topic briefs</u> and in our Global Reporting Initiative (GRI) index.



About this report: The scope of this report is based on our worldwide subsidiaries unless stated otherwise. Environmental data are from all manufacturing sites and leased and owned nonmanufacturing or larger, and are under TI's financial control. These sites account for more than 99 percent of our environmental footprint worldwide.

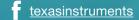
Throughout this report and our Citizenship website, we use terms such as "TI," "the company," "we," "our" and "us" interchangeably to refer to TI, unless otherwise indicated.

GRI is an international organization that helps businesses, governments and other organizations understand and communicate their impacts on critical sustainability issues. We develop our Citizenship Report and website content in accordance with GRI Standards.

We are engineering a better tomorrow

Learn more about our citizenship philosophy, practices and programs on our Citizenship website.







@txinstruments



txinstruments



<u>texas-instruments</u>

Footnotes

- ¹ For the purpose 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
- ² Employee giving increased in 2018 because TI expanded its matching gift program to include all nonprofits.
- ³ 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.
- ⁴ Employees volunteered more hours in 2018 due to extensive engagement and encouragement to serve in local communities, as well as stronger alignment with opportunities within our diversity networks.
- ⁵ Goal not established prior to 2015. For water use, TI's sites set annual reduction goals based on planned projects they identify. Collectively, these site goals have resulted in a combined overall reduction goal of approximately 4 percent in recent years.
- ⁶ Some TI sites switched over its boilers from fuel oil to propane.
- ⁷ The ratio was calculated using total energy/GHG/water/waste use 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.
- ⁸ There is no global standard for calculating renewable energy included in power purchased from mixed-generation suppliers or the grid in the geographic regions in which we operate. We stopped attempting to estimate the renewable energy portion of purchased mixed-generation power after 2014 and will not report this incidental renewable energy use until a consistent standard is developed or until we receive more accurate information from suppliers. The data reported in 2017 and 2018 are for the portion of the energy supplied by a supplier that is using 100 percent renewable sources.
- ⁹ TI decided in 2018 to no longer include N₂O in our NOx calculations because N₂O is accounted for in the greenhouse gas emissions data.

- ¹⁰ Some sites increased their material disposal due to higher production; other sites increased their recycling rates.
- ¹¹ 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.
- ¹² Does not include once-through cooling water pumped from wells at TI's Freising, Germany site. Collected rain water is used for irrigation and not reported as part of water use totals.
- 13 There is a small amount of water storage (relative to overall usage) in facilities systems, but the year-over-year change is not significant.
- ¹⁴ This does not include once-through cooling water, which is pumped from on-site wells at our Freising, Germany site and used only for heat rejection. This water is returned to the original aquifer. Collected rain water is used for irrigation and not reported as part of our water use totals, except for a small quantity that is included and reported at our Richardson fabrication site in Texas.
- ¹⁵ TI does not monitor total dissolved solids continuously at all sites.
- ¹⁶ Calculated as water withdrawn water discharged.
- ¹⁷ 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.
- ¹⁸ Due to rounding, the total reported here does not equal the sum of the individual gases reported.
- 19 The increase is due to updated emission factors and the inclusion of CH $_{\rm A}$ and N $_{\rm 2}$ O data from TI's international sites.
- ²⁰ TI did not make any corporate contributions to local ballot initiatives in 2017.