

TI Corporate Citizenship  
Topic Brief



Conflict minerals

# Conflict minerals

## Why it matters

Tantalum, tin, tungsten and gold (3TG) are used in various technologies and electronics, from computers to phones, due to their electrical and non-corrosive properties. These minerals are often referred to as “conflict minerals” because profits from the sale of minerals mined from certain smelters within the Democratic Republic of the Congo (DRC) and adjoining countries have fueled war and human rights violations in the region for many years.



We believe that the purchase of minerals from illicit mines is an important concern globally. We are committed to ensuring that our products do not contain minerals derived from sources that finance or benefit armed groups in the DRC or adjoining countries.

## Our approach

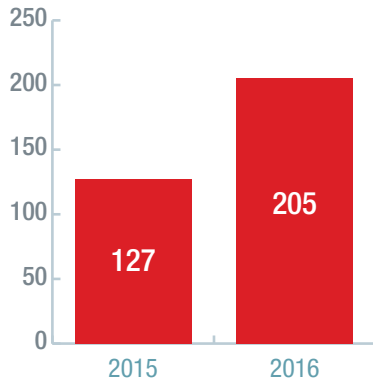
We are committed to ensuring our products do not contain minerals derived from sources that finance or benefit armed groups. We work diligently with our supply chain, including subcontracted manufacturers, to identify and eliminate non-compliant sources. For example:

- Before we were required to disclose our due diligence to the U.S. Securities and Exchange Commission (SEC), we joined the Responsible Minerals Initiative. Members of the Responsible Business Alliance (formerly the Electronics Industry Citizenship Coalition) and Global e-Sustainability Initiative created the program to help advance effective policies that address conflict minerals concerns while considering the complexities of the global supply chain. We helped to create and test tools that track the sourcing of minerals, conducted smelter outreach and contributed to its Initial Audit Fund.
- We developed a conflict minerals policy, and put management systems and due-diligence procedures in place. These conform with the Organisation for Economic Co-operation and Development’s Due Diligence Guidance for Responsible Supply Chain from Conflict-Affected and High-Risk Areas, which requires the establishment of policies, structures and procedures, risk management and communications mechanisms.
- We require suppliers to report to us the smelters from which minerals are sourced. We then analyze that information and validate it against the list of facilities that have received a “conflict-free” designation from the Responsible Minerals Assurance Process, as well as other sources. We initially gathered this information from our top-tier suppliers, but in cases where information was not available, we assessed second-tier suppliers.

The U.S. Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act, which required that companies disclose steps they are taking to determine if the smelters they work with are supporting these conflicts. These reports must be independently audited and filed annually with the SEC.

### Progress being made

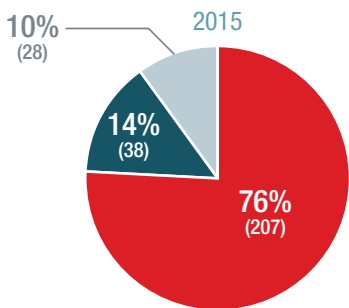
We continuously gather smelter information from our first-tier and second-tier suppliers. To our knowledge, none of the smelters evaluated to date are financing or benefiting armed groups.



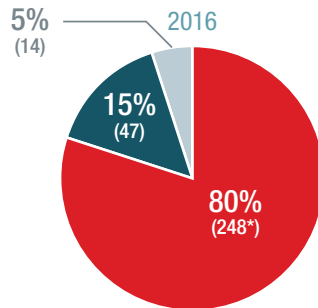
Number of integrated circuit smelters potentially in our supply chain that are 100% conflict-free

“Integrated circuits” refer to finished semiconductor products that contain chips manufactured by or for TI, and packaging subcomponents such as mold compounds, bond wires and lead frames. They account for about 90 percent of our revenue. It excludes DLP® products, semiconductor modules and all other products.

### Status of all smelters



Total: 273 smelters potentially in the supply chain



Total: 309 smelters potentially in the supply chain

\*The conflict minerals identified by our suppliers as potentially in our supply chain for our integrated circuits in 2016 were sourced from these smelters.

- **Conflict-free** – Smelters for which we determined, based on an independent third-party audit, the conflict minerals potentially supplied were conflict-free.
- **Committed to audit** – Smelters for which we determined the origin of the minerals potentially supplied to us was undeterminable. These smelters have committed to participate in a third-party audit of their conflict status.
- **Undeterminable** – Smelters for which we determined the potentially supplied to us was undeterminable. These smelters have not committed to participate in a third-party audit of their conflict status.

### 2017 goals

We intend to maintain the conflict-free status of our integrated circuit smelters and will continue closing information gaps on our remaining smelters. We will do this by:

- Redistributing our conflict minerals policy to first- and second-tier suppliers, and reinforcing their full and prompt response to our information requests
- Requiring suppliers to notify us if any person or entity in their supply chain is directly or indirectly financing or benefiting armed groups in the conflict regions
- Encouraging suppliers to direct all smelters in their supply chains to participate in the Responsible Minerals Assurance Process or a similar third-party audit program
- Contacting smelters directly to determine if their operating status changed or if they refused to participate in an audit