

## Anti-Human Trafficking Statement

May 2019

The California Transparency in Supply Chains Act of 2010 and the United Kingdom (UK) Modern Slavery Act 2015 require covered companies to disclose their efforts, if any, to eradicate slavery and human trafficking from their supply chains and businesses.

Texas Instruments (TI) believes that all employees should be treated with respect and dignity. We are committed to complying with the applicable laws of the countries in which we operate. We also pledge to uphold human rights, ethical practices and a safe environment at all our operations, regardless of location, and engage with suppliers to ensure they are committed to the same principles. Our [business practices statement](#) and [TI Code of Conduct](#) demonstrate TI's longstanding commitment to operating responsibly and ethically.

### **1. Standards and Expectations**

As a member of the Responsible Business Alliance ([RBA](#)), an industry coalition dedicated to corporate social responsibility in global supply chains, TI uses the RBA Code of Conduct ([RBA Code](#)) as a tool to align and adopt best practices on social, environmental and ethical responsibility – and we expect our suppliers to do the same. The RBA Code provides a set of industry standards that reference international expectations for human and labor rights, including the Universal Declaration of Human Rights, ILO International Labor Standards and OECD Guidelines for Multinational Enterprises.

The labor section of the RBA Code addresses core indicators of modern slavery standards such as Freely Chosen Employment and Child Labor Avoidance. The RBA reviews its code every three years to ensure its responsiveness to international norms and issues that members face in their supply chains.

The [TI Supplier Code of Conduct](#) (TI Supplier Code) is based on the RBA Code, and is foundational to our policies to protect human rights in our supply chain and outlines our expectations of our suppliers. It states that suppliers must have the necessary management system in place to ensure workers' rights, safety and health are protected throughout the supply chain.

In addition to the TI Supplier Code, we outline our expectations in other policies and documents that are listed below:

1. Supplier Environmental and Social Responsibility [Policy](#), which outlines our standards for labor, work conditions and health, safety and environmental protection
2. Conflict Minerals [Policy](#), which describes our expectations for disclosing information about minerals and metals in our supply chain
3. TI's business practices [statement](#), which outlines our unwavering pledge to uphold human rights, ethical practices and a safe environment
4. TI's ethical [expectations](#) and values
5. TI's [Code](#) of Conduct

The majority of our supplier contracts require compliance to the TI Supplier Code and other policies. We communicate our expectations to suppliers through our purchase order terms and conditions, [supplier website](#), business reviews, annual ethics letter and in-person or online training.

Beyond the standards and policies that outline TI's expectations, we actively engage with stakeholders such as the RBA, Responsible Labor Initiative (RLI) and Responsible Minerals Initiative (RMI) to continuously improve our processes to help mitigate human rights risks in the supply chain.

## **2. Verification**

We evaluate and address risks of human trafficking and slavery through conformance to the [TI Code of Conduct](#) and the [TI Supplier Code](#). We evaluate conformance by performing both internal and third-party audits and risk assessments. These include RBA's standardized self-assessment questionnaire (SAQ) and validated audit process (VAP) tools, as well as internally developed assessments and audits. These tools help identify risk factors related to labor, health and safety, environment, ethics and management systems.

- a. **Risk Assessments:** We assess our supply base annually against the policies and codes that reflect our standards and expectations. We prioritize suppliers to be assessed based on an annual risk analysis that considers suppliers' spend, criticality, products and services as well as geographic location. We identify high-risk geographies using multiple sources, including the U.S. Department of State Trafficking in Person Report, the U.S. Department of Labor's List of Goods Produced by Child Labor or Forced Labor, the Corruption Perception Index and Foreign Migrant Worker indices.

We examine the risks and management systems of priority direct material and services suppliers using the RBA SAQ or internally developed assessments that inquire into demographics and existing policies at a facility level against sections of the RBA Code. The assessments help identify ethical, environmental and social risks, including human rights and forced labor. In 2018, TI validated SAQ responses for specific labor risk factors by analyzing suppliers' responses to assessments, engaging in supplier discussions and reviewing their policies. We also validate internally developed assessments with audits focused on labor risks. In 2018, TI required about 400 supplier assessments and 100% were completed.

- b. **Audits:** Annually, targeted TI facilities and high-risk suppliers are audited. The VAP carried out on TI facilities and suppliers' facilities are completed by independent, third-party auditors specially trained in social and environmental auditing and the VAP audit protocol. This helps to set consistent industry-wide expectations. The VAP assesses performance against the RBA Code, which evaluates labor, health and safety, environment, ethics and management systems. TI personnel also conduct their own audits to measure compliance with labor-related sections of the RBA Code. This entails on-site inspections, document reviews, and worker and management interviews. A corrective action plan is developed for resulting non-conformances, which are tracked until closure.

- c. Labor Agents:** TI recognizes that our labor agents and onsite service providers in high-risk countries, such as cafeteria personnel, landscaping personnel and direct production labor, are considered more vulnerable to forced labor risks. This can be especially true in countries with high foreign migrant worker populations. Annually, we assess and audit all of our labor agents and targeted onsite service providers in high-risk countries, such as Malaysia and Taiwan. These audits include interviews with management and randomly selected workers, review of documents such as contracts and pay slips, and dormitory visits. Annually, we require these labor agents and onsite service providers to train their workers on the TI Supplier Code with emphasis on workers' rights and forced labor.
- d. Corrective Actions:** Concerns identified through our risk assessment and audit processes are escalated to our purchasing managers and suppliers to verify issues and develop corrective actions that address the gaps. Where necessary, TI provides suppliers with training to help build their capability in areas requiring improvement. TI monitors suppliers' progress toward identified improvement plans to ensure corrective actions are implemented. Suppliers who do not comply with our standards, laws or regulations must implement corrective actions within a specified time or risk termination of the relationship.

Out of the about 400 assessments conducted, about 90% met our expectations for the validated risk factors. Corrective actions were taken for the remaining 10%, which identified potential contributing risk factors such as those related to hiring activity, working hours and wages and benefits. The types of corrective actions taken included delivering additional training, updating policies, and improving work schedule management.

- e. Monitoring:** For critical suppliers, their performance on the above-described risk assessments are included in a biannual supplier performance measurement program called CETRAQ. The CETRAQ program enables us to identify risk in the areas of Cost, Environment and Social Responsibility, Technology, Assurance of supply and Quality, which are reviewed together by TI and the suppliers' management team. We are also able to assess suppliers' compliance to our quality, labor, ethics and human rights standards as well as their risk management performance. This program drives continuous improvement because it facilitates regular discussions with suppliers regarding their performance and improvement plans. Suppliers with outstanding CETRAQ performance can be considered for TI's annual Supplier Excellence Award.

### **3. Certification:**

The [TI Supplier Code](#) includes a clause stating that companies should have a management system that contains "a process to communicate the Code requirements and to monitor supplier compliance to the Code." Our standard purchase order terms and conditions and contract templates require compliance with applicable laws and the TI Supplier Code of Conduct. Terms and conditions in the contracts and purchase orders specifically stipulate policies involving antidiscrimination and the humane treatment of workers.

#### **4. Internal Accountability:**

**Management Accountability:** To close the annual risk assessment cycle, TI's Supply Chain Responsibility organization and Citizenship Steering Team review the results of the assessments and audits and look for ways to improve our process. These discussions also help inform adjustments we make to our policies. Our Citizenship Steering Team includes leaders across functions and convenes quarterly to execute, support and manage our corporate social responsibility initiatives as well as understand environmental, social and governance changes. This team's membership includes representatives from corporate quality, supply chain, ESH, ethics and compliance, business continuity, legal and citizenship teams focused on supporting sustainability, citizenship and business practices. A cross-functional executive team provides direction for our overall citizenship strategy, programs and reporting. The Audit Committee of the Board of Directors oversees TI's approach to risk management as a whole, and reviews TI's risk management process at least annually.

**Grievance Mechanism:** Slavery and human trafficking are taken very seriously. They are considered the most severe type of nonconformance and corrective action plans to remedy any identified instances of nonconformance are expected to be implemented at the shortest possible timeline. Grievances can be reported to TI's Ethics Office. Information on how to contact TI's Ethics and Compliance Office is included in TI's annual Ethics [Letter](#) to our suppliers, supplier reviews and in training provided to TI onsite supplier workers.

Any TI employee, contractor, supplier, distributor or customer who has reason to believe that TI, a TI employee, contractor or other person(s) acting on TI's behalf has violated a law, a statutory regulation, the [TI Code of Conduct](#) or a corporate policy is expected to report the suspected violation to a TI representative or to the [TI Ethics and Compliance Office](#). The Ethics and Compliance Office maintains multiple avenues of reporting, which are available both internally and externally. Reports may be made anonymously and all reported issues are investigated. Business relationships with suppliers that do not immediately remedy any non-conformances with regard to slavery and trafficking are subject to review and possible termination.

#### **5. Training:**

As part of TI's focus on ethics and compliance with laws in all countries where it operates, the company has a yearly training requirement called the Ethics and Compliance Awareness Program (ECAP). ECAP courses help our employees understand how to comply with laws and regulations governing our business, and how to make the right ethical decisions. Reporting or raising a concern to our internal and third-party helplines is an important part of ECAP training. During 2018, our employees completed 99.9% of ECAP assignments.

Additionally, employees in our global purchasing organization as well as suppliers are trained on the RBA Code annually, which addresses principles inclusive of freely chosen employment. Suppliers identified for training include TI onsite suppliers in high-risk countries, as well as suppliers deemed high risk through our risk assessments. We leverage the use of RBA's eLearning Academy for training, which provides online learning modules specifically focused on forced labor and human trafficking, among other code of conduct modules.



Texas Instruments Incorporated

The [TI Code of Conduct](#) and [TI Supplier Code](#) are a fundamental part of our efforts to ensure that slavery and human trafficking do not exist in our supply chains and our own business.

TEXAS INSTRUMENTS INCORPORATED

A handwritten signature in blue ink, appearing to read 'Rafael R. Lizardi', written over a horizontal line.

By: \_\_\_\_\_

Rafael R. Lizardi

Senior Vice President and Chief Financial Officer

## IMPORTANT NOTICE AND DISCLAIMER

TI PROVIDES TECHNICAL AND RELIABILITY DATA (INCLUDING DATASHEETS), DESIGN RESOURCES (INCLUDING REFERENCE DESIGNS), APPLICATION OR OTHER DESIGN ADVICE, WEB TOOLS, SAFETY INFORMATION, AND OTHER RESOURCES "AS IS" AND WITH ALL FAULTS, AND DISCLAIMS ALL WARRANTIES, EXPRESS AND IMPLIED, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT OF THIRD PARTY INTELLECTUAL PROPERTY RIGHTS.

These resources are intended for skilled developers designing with TI products. You are solely responsible for (1) selecting the appropriate TI products for your application, (2) designing, validating and testing your application, and (3) ensuring your application meets applicable standards, and any other safety, security, or other requirements. These resources are subject to change without notice. TI grants you permission to use these resources only for development of an application that uses the TI products described in the resource. Other reproduction and display of these resources is prohibited. No license is granted to any other TI intellectual property right or to any third party intellectual property right. TI disclaims responsibility for, and you will fully indemnify TI and its representatives against, any claims, damages, costs, losses, and liabilities arising out of your use of these resources.

TI's products are provided subject to TI's Terms of Sale ([www.ti.com/legal/termsofsale.html](http://www.ti.com/legal/termsofsale.html)) or other applicable terms available either on [ti.com](http://ti.com) or provided in conjunction with such TI products. TI's provision of these resources does not expand or otherwise alter TI's applicable warranties or warranty disclaimers for TI products.

Mailing Address: Texas Instruments, Post Office Box 655303, Dallas, Texas 75265  
Copyright © 2019, Texas Instruments Incorporated