

Board Oversight of ESG Matters

We recognize that environmental, social and governance (ESG) and sustainability topics are important to many of our stakeholders and are part of our long-standing commitment to corporate citizenship.

The foundation of our approach to corporate citizenship is a belief that in order for all stakeholders to benefit, the company must grow stronger over the long term. This is reflected in the ambitions set out in our “Living our Values: TI’s ambitions, values and code of conduct.” For years, we’ve run our business and invested in our people and communities with three overarching ambitions in mind. First, we will act like owners who will own the company for decades. Second, we will adapt and succeed in a world that’s ever-changing. And third, we will be a company that we’re personally proud to be a part of and would want as our neighbor. When we’re successful in achieving these ambitions, our employees, customers, communities and shareholders all win. The TI Board of Directors and management use the company ambitions as a guide for how to run the company.

Board oversight of ESG

The Board’s Governance and Stockholder Relations (GSR) Committee has determined the qualifications that maintain the right balance of knowledge, experience, background, and capability on the Board. This includes looking for individuals who have been directly involved in the challenges relating to setting the strategic direction and managing the processes of large, complex organizations, which includes key ESG matters, including environmental issues like climate change. The Board prefers a mix of background and experience among its members, including diversity of viewpoints, gender, and ethnicity.

Management, under the direction of these board members, sets policies and practices regarding the risks, challenges and opportunities facing the company, including ESG matters. Board oversight of management in this regard includes (1) establishing broad policies for guidance of the organization, such as Living our Values, which was approved by the Board; (2) implementing those policies by delegation of authority and assigning responsibility to Board committees, the Chief Executive Officer, and other officers or employees as appropriate; and (3) monitoring and evaluating performance to assure that the stated policies are being followed.

The Board oversees implementation of our environmental issues and policies as follows:

- The Audit Committee of our board of directors oversees environmental compliance efforts and risk assessment process.
- The company’s vice president of Worldwide Facilities, who reports directly to the chief financial officer, has specific responsibility for climate-related issues.
- The Worldwide Environmental, Safety and Health Director and the Vice President responsible for Worldwide Facilities provides risk assessments (inclusive of climate change, when material/relevant) to the Audit Committee. Where climate-related issues may have significance for TI, these matters are included in reviews to the Audit Committee.
- The Board’s Governance and Stockholder Relations Committee also oversees ESG matters, including climate change, in connection with its responsibility to review public issues of interest to company stakeholders. Management also provides updates to the GSR Committee at least annually on shareholder policies and proposals regarding ESG matters that are material/relevant to the company.



The Company's Corporate Citizenship Report, citizenship website, Climate Disclosure Project (CDP) Report, and Global Reporting Initiative Index detail our implementation of Board policies to address the risks, challenges, and opportunities relating to, among other things, climate change and greenhouse gas emissions. Our greenhouse gas (GHG) strategy team – comprised of internal environmental leaders and government relations staff, as well as legal, air quality, chemistry and energy experts – coordinates and manages climate change initiatives. Our business units and government relations organization also monitor government initiatives and incentives, as well as business opportunities, so that we can apply our innovative technologies to enable energy savings and new energy sources, which can subsequently help reduce greenhouse gas emissions. We expect employees to achieve continuous improvement toward objectives and targets appropriate to their function, including GHG reduction goals.

Executive compensation related to ESG matters

Our compensation program is structured to pay for performance and deliver rewards that encourage executives to think and act in both the short- and long-term interests of shareholders. Central to our ambitions, which are the foundation of our approach to environmental, social, and governance (ESG) and sustainability, is a belief that in order for all stakeholders to benefit, the company must grow stronger over the long term. Our compensation program is structured with these ambitions in mind.

The Board's Compensation Committee has determined not to use formulas, thresholds or multiples in its compensation program. The Committee believes this approach, which assesses the company's relative performance in hindsight after year-end, gives it the insight to most effectively and critically judge results, encourages executives to pursue strategies that serve the long-term interest of the company, promotes accuracy in its assessment and comparison to competition, and eliminates the need for adjustments to formulas, targets or thresholds.

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