



2014

Corporate Citizenship Report



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Integrity, innovation and commitment are the core values that serve as the foundation for our operations. Every day, TIers around the world are doing what's right, challenging the impossible, and making our communities stronger.

Engaging people

During the year, we asked our employees, customers, investors, community leaders and others for their perspective on the most important social and environmental issues related to TI operations. We took that feedback and used it to identify new ways to advance our performance. For example, we deepened our commitment to ensuring a responsible supply chain worldwide by assessing the environmental and social programs of the top 80 percent of our major production suppliers.

Supporting communities

Making our communities stronger is a key component of our citizenship programs. In 2014, we contributed a record \$7.4 million to United Way in the U.S., directly benefiting communities where we operate. Additionally, global employee volunteer hours increased more than 50 percent, supporting our philosophy that it takes investment plus involvement to make an impact.

More broadly, we believe that quality education is essential to building strong communities. In 2014, we invested more than \$36 million to support access to education for students globally, and to help increase proficiency in science, technology, engineering and math, especially with women and underrepresented minorities.

Innovating solutions for our customers and the world

Global challenges are increasingly being solved by technology, and TI is at the forefront of engineering many of those solutions. For example, our technology is helping make energy cleaner and less expensive so that it can be used more broadly, efficiently and creatively than ever before. In addition to energy applications, we've worked to reduce the power our semiconductor chips need to operate by about 7 percent every year since 2005. When you add up the savings and multiply it by billions of chips, the difference we've made is substantial.

In 2014, through our efforts to engage people, support our communities and innovate solutions, we strengthened TI, and at the same time reduced the environmental impact of our operations and improved the way people live around the world.



In short, we took one more step in our commitment to engineer a better tomorrow, something we see as integral not only to our global community but also to our company's future.

A handwritten signature in black ink, appearing to read "Rich Templeton".

Rich Templeton

Chairman, president and CEO

[G4-1]



Report overview



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Welcome to Texas Instruments' (TI) ninth annual Corporate Citizenship Report.

- Click the section links (shown at left) for a comprehensive overview of our corporate citizenship management approaches and their impact on our employees, customers, suppliers, the environment and communities.
- Use our [Global Reporting Initiative \(GRI\) Index](#) to locate specific interest areas. This report includes GRI indicators throughout for easy reference. [\[Example: G4-1\]](#)
- See a [summary of our progress](#) measured against goals at the end of this report.

Citizenship

Citizenship is a commitment to hold ourselves accountable for our social, environmental and economic impact around the world. We strive to measure and learn from our performance annually. Operating responsibly is the way we do business. Learn more about our [citizenship philosophy and practices](#) on our citizenship website.

Report scope

TI's 2014 Corporate Citizenship Report provides a comprehensive overview of the company's social and environmental performance in fiscal year 2014.

The report uses terms such as "TI," "the company," "we," "our" and "us" interchangeably to refer to TI operations and presents all currency in U.S. dollars.

The scope of this report is based on the performance of TI and its worldwide subsidiaries unless stated otherwise. Environmental data comes from leased and owned nonmanufacturing sites that are 50,000 square feet or larger, in addition to all manufacturing sites. These sites account for more than 99 percent of our environmental footprint worldwide. [\[G4-17\]](#)

TI developed this report in accordance with the Global Reporting Initiative's G4 Sustainability Reporting Guidelines at the Core level.

TI's Citizenship Executive Committee (CEC) determined the focus of this report with stakeholders' input. [\[G4-18\]](#)

As part of this process, we conducted a formal stakeholder assessment that included peer benchmarking, an employee survey and stakeholder interviews. The assessment helped us understand which environmental, social and governance initiatives are most important to our stakeholders and determine where to focus our efforts. "Material Aspects," outside of the company, as defined by the GRI,

include community, supply chain and product use. See our assessment results matrix in [Stakeholder engagement](#). [\[G4-19\]](#) [\[G4-20\]](#) [\[G4-21\]](#)

Significant reporting changes

In 2014 we adopted GRI G4 for our disclosures (we previously used G3.1), with a greater focus on relevant issues. This resulted in the omission of previously reported indicators that we determined were not material to our company. [\[G4-23\]](#)

In 2014, we:

- Completed an internal audit of our report-development and data-collection processes. We revised some processes and established new ones to further ensure the accuracy and auditability of all information presented. [\[G4-33\]](#)
- Established the CEC, a cross-functional, executive-level committee appointed by senior leaders responsible for overseeing TI's citizenship strategy and performance.
- Strengthened our Citizenship Stakeholders Team with new member appointments and a revised charter. This team is responsible for identifying external developments, addressing performance gaps, and making recommendations for CEC review.

Business practices



Click map to zoom in.

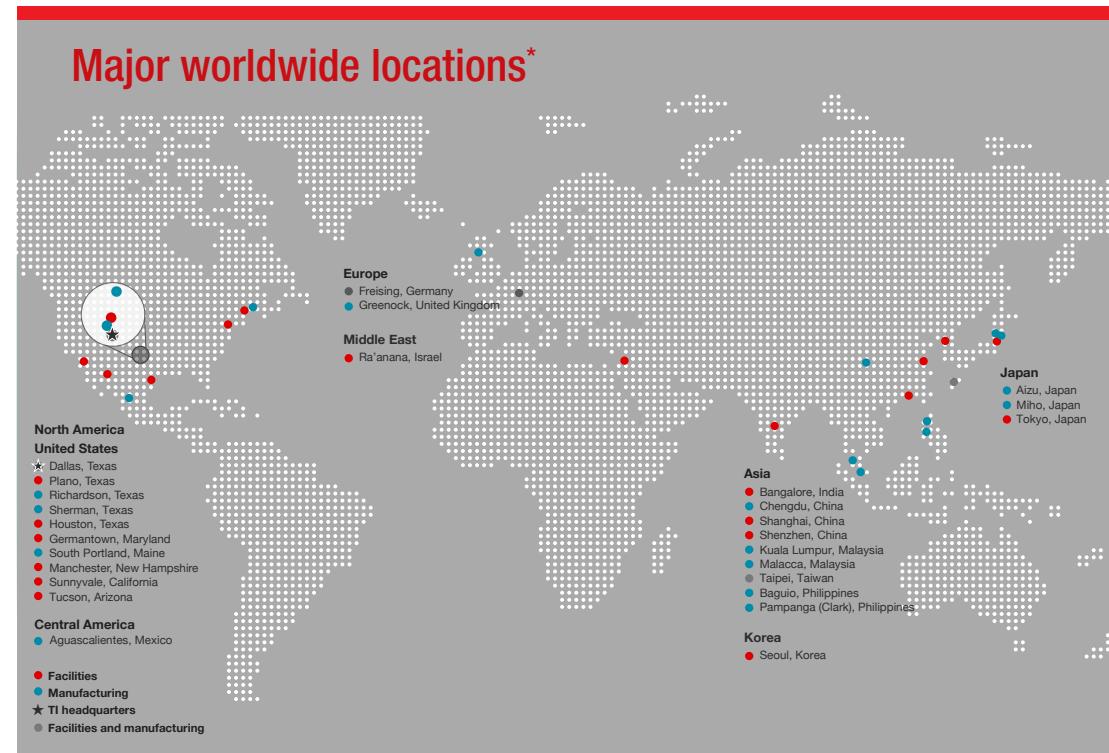
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Business profile

Texas Instruments Inc. (NASDAQ: TXN) is a global semiconductor company. [G4-3] We design and manufacture analog and embedded processing semiconductors. [G4-4] In 2014, we offered a diverse portfolio of tens of thousands of analog and embedded processing products used by more than 100,000 companies. We serve customers worldwide in six markets: industrial, automotive, personal electronics, communications equipment, enterprise systems and other (which includes calculators).

We are headquartered in Dallas, Texas, and have design, manufacturing or sales operations in 35 countries. We are incorporated in Delaware. Learn more about our ownership structure and legal proceedings in our Securities and Exchange Commission (SEC) Form [10-K](#). [G4-7] [S07]

TI earned \$13.05 billion in net revenue in 2014. (For details about our financial performance, see our [SEC Form 10-K](#).)



[G4-5] [G4-6] [G4-9]

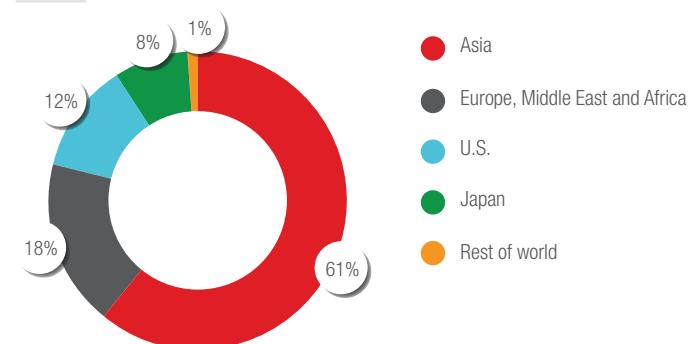


Business profile

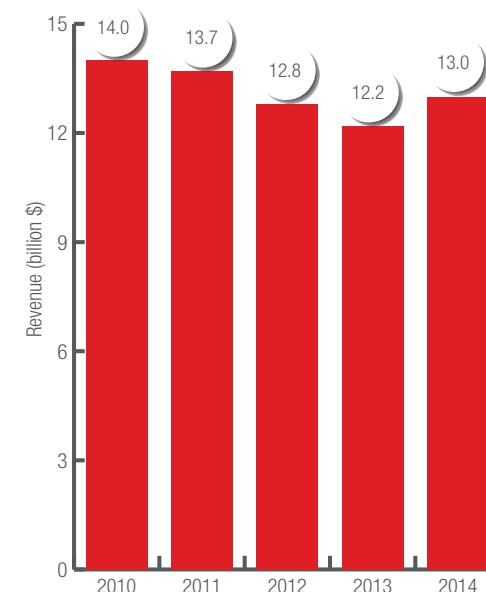
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Revenue by region

[G4-8]

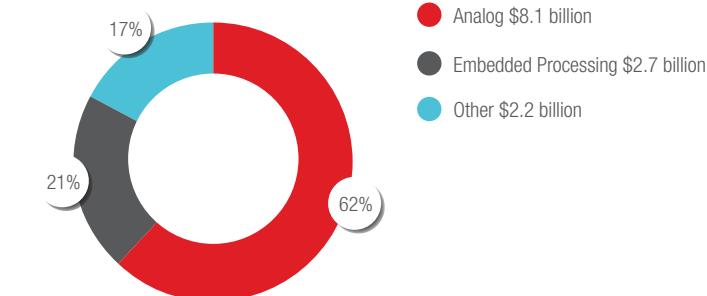


Revenue history



Revenue by segment

[EC1]



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 our [SEC Form 10-K](#) for additional detail. [G4-EC4]

We announced cost-saving actions in January 2014 in Embedded Processing and in Japan to reduce expenses and focus our investments on markets with greater potential for sustainable growth and strong long-term returns. We expect these actions to be complete by mid-2015. Cost reductions include the elimination of about 1,100 jobs worldwide.

We also completed the shutdown of two older, less-efficient sites and consolidated production, which allowed us to reduce overall energy and water use.

[G4-13]



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2014 highlights

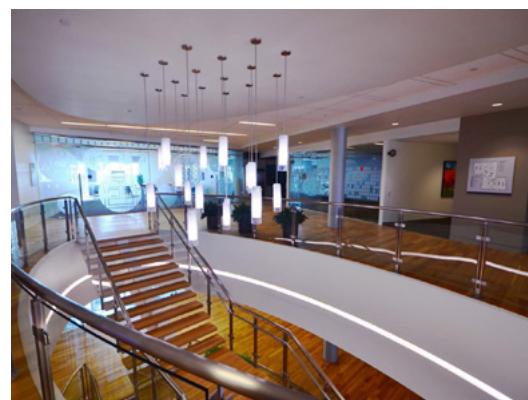
Our CEO often says, "Never underestimate a Tler." Through the collective efforts of our employees globally, our 2014 financial accomplishments included: [EC1]

- Solid company growth and substantial profit.
- Robust cash generation.
- Return of cash to shareholders through share repurchases and dividends.

Recognition

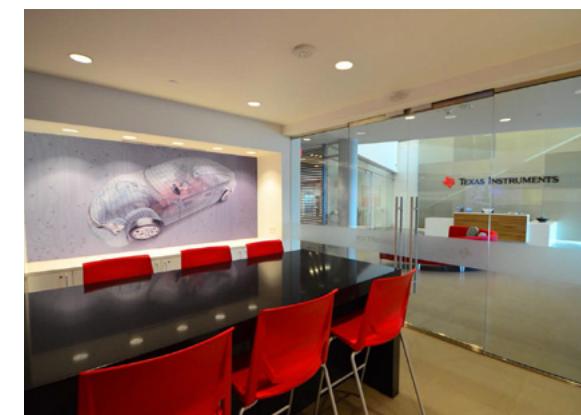
In 2014, TI achieved broad recognition for its ethical practices and commitment to citizenship, including:

- Ethisphere Institute, "World's Most Ethical Companies" (eighth consecutive year).
- CR Magazine, "100 Best Corporate Citizens" (12th year).
- CR Magazine, "10 Best Corporate Citizens," Information Technology sector (fourth consecutive year).
- Dow Jones Sustainability Indices, "North America Component," 2014 (eighth year).



Expanding operations responsibly

In November 2014, TI opened an assembly and test facility and announced that it would expand its manufacturing capacity with a [300-mm wafer bump facility in Chengdu, China](#). In July, TI also opened a [new facility in Sugar Land, Texas](#) (near Houston). This 160,000-square-foot, three-story building will house 375 employees who work in our Embedded Processing business. Our new sites will be a critical part of TI's future success to meet customer demand, continue innovating, and strengthen local communities.



Stakeholder engagement

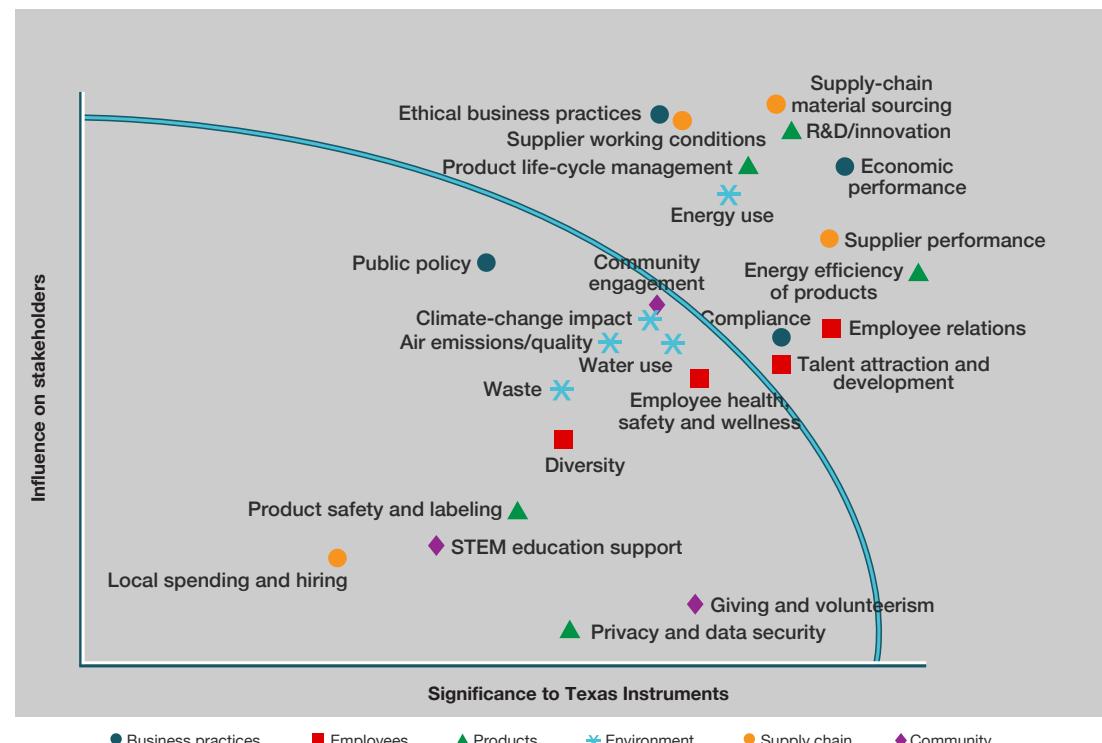
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TI regularly engages its internal and external stakeholders throughout the year. We also conducted a formal stakeholder assessment as part of our reporting process. [G4-26]

Our stakeholders include employees, customers, shareholders, communities where we have operations, academia, public officials, trade associations, regulatory agencies, nongovernmental organizations, the media, analysts, suppliers, contractors, TI retirees and potential employees. [G4-24] [G4-25]

In 2014, we completed our first formal third-party-led assessment to identify and better understand environmental, social and governance topics that are most important to our stakeholders. We compiled the results from employee surveys, interviews with external stakeholders and internal leaders, and industry and sustainability trends. The assessment enabled us to align our activities and resources to provide greater transparency on issues that matter most. [G4-27]

Relevant opportunities matrix* (Click chart for more detail.)



*This table lists the top areas or topics identified in the assessment. We refer to these as our “relevant opportunities.”



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We are already actively engaged in the top areas that were identified. We will continue to monitor and respond to developments in each.

	Topics raised by each stakeholder						
	Employees	Customers	Investors	Community members	Suppliers	Trade associations	Media
Relevant topics							
Economic performance	X	X	X	X		X	X
Supply-chain material sourcing	X	X	X		X	X	X
Smart energy of products	X	X	X	X	X	X	X
Innovation	X	X	X	X	X	X	X
Product life-cycle management		X	X		X	X	
Employee recruitment, retention and development	X		X	X		X	X
Supplier sustainability performance		X	X		X	X	
Supplier working conditions		X			X	X	X
Ethics	X	X	X	X	X	X	

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In 2014, we launched a [TI Corporate Citizenship website](#) and [blog](#) to provide timely information and make it easier for all of our stakeholders to learn about our programs, policies and practices. The website provides additional information about TI's commitment to education and our global communities. In addition, the company's blog, [Think. Innovate](#), provides strategic content about business issues relevant to TI and the semiconductor industry. Both of these blogs are available on TI's E2E™ Community, a top engagement site for customers.

Below are specific examples of engagement efforts with individual stakeholder groups, topics discussed and how we addressed them:

Employees

- Encouraged managers to meet at least annually with their employees to discuss performance objectives and growth and development opportunities. See [Develop](#).
- Hosted a variety of forums between leaders and employees throughout the year, including town hall meetings, video blogs and round-tables to have an open exchange on company priorities, practices, performance and expectations, including ethics and compliance matters.

- Surveyed the Employee Advisory Panel (a representative subset of global employees) six times in 2014 on issues ranging from internal news usage, product testing and company core values. We used their feedback to help guide changes to internal news and better understand how well TI is executing on important issues.

Shareholders

- Engaged in deep dialogue on important governance, executive compensation and performance matters with investors and analysts.

Customers

- Reorganized our worldwide Environmental, Safety and Health (ESH) team to include a new function, including new team members, that will manage responses to an increasing number of customer inquiries and audit requests about our social and environmental performance.

- Reinigorated the TI Customer Expert Advisory Panel by recruiting customers across regions, application areas and engineer types to replace inactive panel members and ensure adequate representation in all segments. The panel leads product-specific, technical support and customer-satisfaction research projects.
- Helped thousands of customers monthly through TI's global Customer Support Centers by responding to phone, email and chat inquiries about TI products.
- Supported three Electronic Industry Citizenship Coalition (EICC)-validated audits in 2014, which enabled us to provide immediate insight about our factory performance to customers who are members of (and request the audits through) the EICC. The audits found no major nonconformities. We shared the information with 19 customers.

Suppliers

- Began working with our major production suppliers on reporting environmental and social-responsibility performance at the facility level.



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- Collaborated with those suppliers whose materials contain tin, tantalum, tungsten and gold to identify smelters in our supply chain. See [Supplier sustainability performance](#).
- Partnered with chambers of commerce in Dallas, Texas, to promote the use of minority- and women-owned business enterprises. See [Supplier diversity](#).

Educators

- Collaborated with education experts, four-year institutions, high school teachers and nonprofit organizations to help improve science, technology, engineering and math (STEM) instruction that will help more students become proficient in STEM and increase graduation rates.
- Collaborated with academic leaders and university engineering chapters on programming and events and advertised job opportunities for new graduates. See [Recruit](#).

Trade associations and policymakers

- Continued working with the Semiconductor Industry Association, Information Technology Industry Council and others to advance a

number of policy priorities to promote fair trade and competitiveness. See [Public policy](#).

- For more about our engagement with U.S. policymakers, see our [public policy](#) website.

Communities

- Continued to partner with neighbors and philanthropic and civic organizations to improve education and address other important social issues where our employees live and work. See [Community](#).

Other sections of this report outline our engagement plans for 2015.



Inspiring innovation

We installed innovation centers at several sites to showcase employees' technological advancements. The centers include kiosks displaying digital messages and videos about various product innovations. They show employees, visitors, customers, board members and prospective employees how TI technology is used and how it affects lives today. We also have an online Innovation Center to share content worldwide.



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TI's governance structure is designed to facilitate company decision-making and oversight. Our leaders are responsible for supporting and driving ethical business practices globally.

The 11 members of our board of directors are experienced and diverse in their backgrounds and expertise. They elect our executive officers, including our CEO, chief financial officer, business unit leaders and chief compliance officer.

We have three board committees: Audit, Compensation, and Governance and Stockholder Relations. Each committee receives updates on various aspects of our citizenship programs at least annually. **[G4-34]**

Learn more about the committees on our [governance website](#).

Governance practices	2014
Total board size	11
Board system	Unitary
Independent directors	91%
Women on the board	36%
Board age limit	70
Board breakdown by age and gender	Composition of governance bodies
<ul style="list-style-type: none"> · 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 	TI proxy statement
Number of board nominees with required proxy statement disclosures of legal proceedings	None
<ul style="list-style-type: none"> · Fees paid to executive compensation consultants · Number of years of current auditor's employment 	TI proxy statement
Taxes paid to governments	SEC Form 10-K
Is there a board committee specifically to address sustainability/environmental, safety and health/corporate social responsibility issues?	Governance and Stockholder Relations
<ul style="list-style-type: none"> · Have 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? 	Yes
<ul style="list-style-type: none"> · 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



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Citizenship

Senior TI leaders oversee our citizenship efforts. They appoint individuals to two teams that manage our citizenship performance and related activities: the Citizenship Executive Committee (CEC) and Citizenship Stakeholders Team (CST).

Established at the end of 2014, the CEC meets as needed to:

- Provide direction and approve overall strategy.
- Establish the tone/direction of citizenship transparency and reporting across TI.
- Review recommendations on strategic initiatives for management committee review, such as long-term goals.
- Recommend and approve resources (budgets, staff time) for specific initiatives.
- Approve CST members and Corporate Citizenship Report section/goal owners.

The CST meets monthly to:

- Represent their functional area, which facilitates cross-company collaboration and understanding.
- Make recommendations to the CEC to address external developments, performance gaps and transparency requirements.
- Review and stay current on external developments and the competitive landscape.

In 2014, we updated processes to include more management checkpoints, as well as a records retention policy. In addition, we instituted periodic internal audits.

Best corporate citizen

In April 2014, TI was again recognized among the world's 100 best corporate citizens, ranking 31st (up from No. 38 last year) on CR magazine's 15th annual 100 Best Corporate Citizens List. It was the 12th time TI received the honor. "TI is honored to be recognized on this prestigious list because it reflects the commitment of our company and employees to high ethical standards, environmental stewardship and positive social impact," said Trisha Cunningham, TI's chief citizenship officer. "We are proud of the progress we have made in our voluntary disclosures, but work closely with our stakeholders to understand their needs as we strive for continuous improvement." The 100 Best Corporate Citizens List recognizes public companies that had outstanding performance in seven areas: environment, climate change, employee relations, human rights, governance, finance and philanthropy.





Public policy

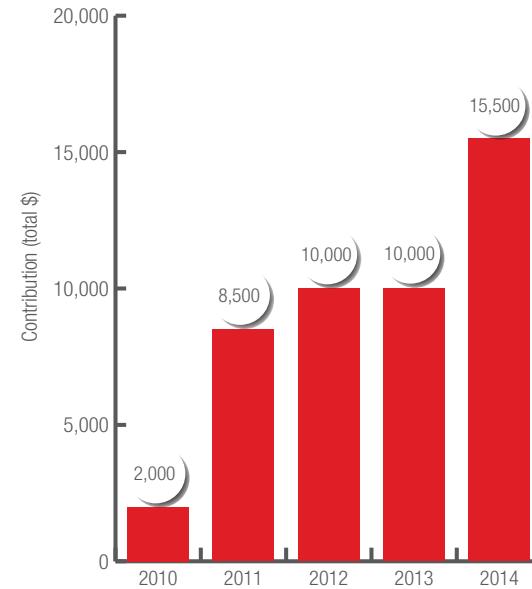
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TI advocates for policies that support growth, innovation and competitiveness. We educate and engage policymakers about critical issues affecting TI, the semiconductor industry and general business. Our board of directors' Governance and Stockholder Relations committee oversees our public-policy activity.

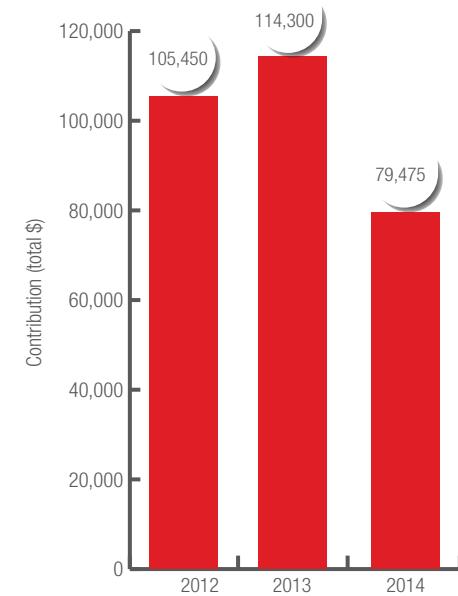
Contributions

TI is transparent about the political contributions it makes in the United States, which is the only country in which we make such contributions. In 2014, TI contributed \$15,500 in [political donations](#). The [TI political action committee](#) (PAC) supported various federal, state and local candidates in 2014 with \$79,475. [\[S06\]](#)

Political activities and corporate contributions



PAC contributions





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Memberships

TI participates in several trade associations and plays leadership roles in the Semiconductor Industry Association; the Information Technology Industry Council; and various associations in Texas and Maine, such as the Texas Association of Manufacturers and the Portland Regional Chamber of Commerce. [\[G4-16\]](#)

We also collaborate with other groups and coalitions to advance policies that drive growth, improve competitiveness, and support our employees and communities. We disclose the amount that we spend on trade association memberships in the aggregate and the amount of dues associated with lobbying activities.

In 2014, TI paid a total of \$1,684,035 in dues to [membership organizations](#). Those organizations received \$5,000 or more in dues, are involved in lobbying activities, or both. The portion of those dues used for lobbying and/or political activities that are nondeductible under Section 162(e) (1) of the Internal Revenue Code amounted to \$384,921.

Advancing innovation through trade

In 2014, TI made significant progress in its efforts to support the conclusion of negotiations that would expand the 1997 Information Technology Agreement (ITA), a multilateral agreement that eliminates tariffs on a wide range of high-tech products. The expanded ITA would extend tariff-free coverage on semiconductor technologies including multicomponent semiconductors (MCOs), which make up a growing share of the global semiconductor market. The Semiconductor Industry Association estimates that the inclusion of MCOs in the ITA could save the industry \$150-\$300 million in global annual tariffs.

The expanded ITA would also reduce tariffs on a wide range of end products powered by chips, such as medical devices, GPS systems and game consoles.

“Lowering barriers to trade advances innovation and growth for our companies, but, more important, can expand the global economy,” said Rich Templeton, TI’s chairman, president and CEO.

We remain hopeful that this agreement can be concluded in 2015.

Policy issues

In 2014, we paid close attention to various issues that affect our company, our operations, and our ability to innovate and grow in a sustainable and competitive way. Our activities focused on issues such as international trade expansion, immigration reform, tax policy, intellectual property protection, energy efficiency, and education and research, as well as sound environmental and energy policies.



In 2015, TI will continue to develop

new relationships and deepen existing relationships with policymakers around the world, particularly in regions where we operate.

For a full description of our 2015 policy priorities and a summary of expenditures, see our [public policy](#) website.



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Our core values of integrity, innovation and commitment define how we evaluate our decisions and actions and how we conduct our business. These values have been at the heart of who we are and how we've behaved for decades, dating back to our founders and their vision for TI at its inception in 1930. [\[G4-56\]](#)

We revised our employee [code of conduct](#) in 2014 and released it in early 2015. The revised code is an e-book that includes interactive links and Q&As of common scenarios representing an ethical dilemma.

A variety of industry and international standards bodies seek to address the environmental, social and governance performance of corporations and other organizations. TI currently subscribes to some of these standards but does not advocate one set over another. In 2014, we became a full member of the Electronic Industry Citizenship Coalition (EICC). For more, see the [Voluntary standards](#) section on our citizenship website. [\[G4-15\]](#)

Annually, we present to the board of directors' Audit committee, our internal Ethics and Compliance committee, and all top leadership teams across TI. We engage our top management on ethics and provide tools for them to promote it within their respective organizations.

Employee engagement

Every employee is required to take our annual training on ethics and compliance. In 2014, nearly 100 percent of employees completed compliance training, which included ethics, anticorruption and human rights topics. [\[HR2\]](#) [\[HR7\]](#) [\[S04\]](#)

Every three years, we offer a course on harassment to ensure due diligence and management of harassment issues. [\[S03\]](#) [\[S05\]](#)

Additionally, we build awareness and understanding through regular ethics and compliance communications.

We have 12 channels for employees, suppliers and other stakeholders to contact the TI ethics office. Our communications to employees encourage them to contact our Dallas ethics office and highlight our confidentiality and nonretaliation practices.

We received no material fines and no material nonmonetary sanctions in 2014 for noncompliance with laws and regulations. [\[S07\]](#) [\[S08\]](#)



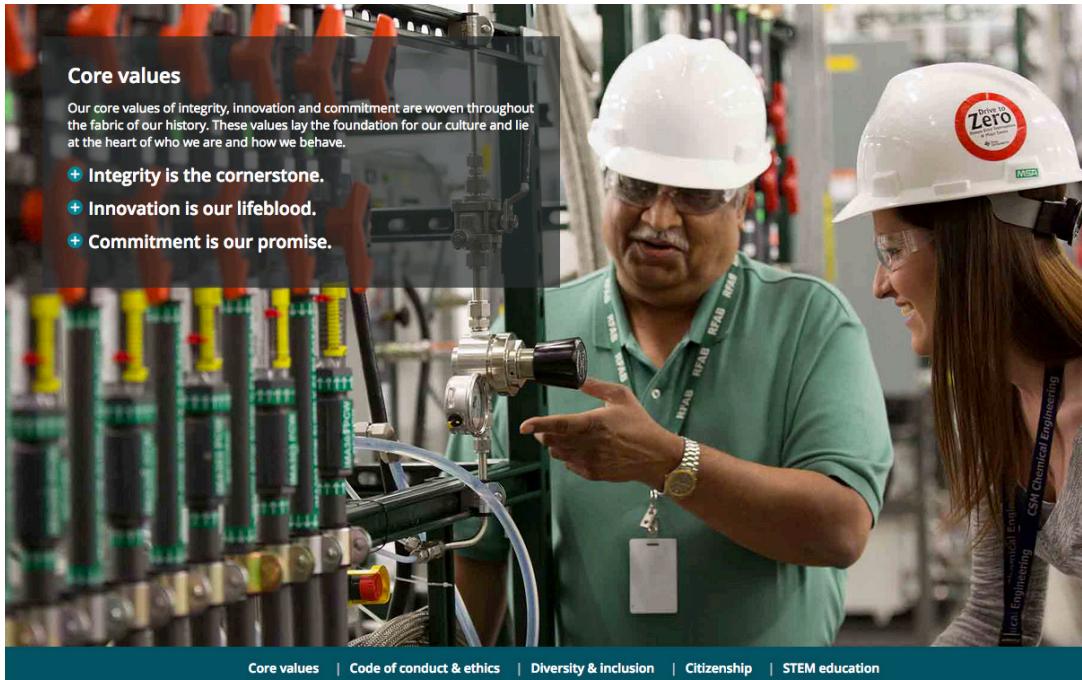
In 2015, we will continue responsible business practices training for:

- All employees on:
 - » TI's code of conduct and core values.
 - » Confidential information protection.
- Relevant employees on:
 - » Environmental, safety and health (ESH).
 - » Preventing fraud.
 - » Export compliance.
- Manufacturing and procurement employees on:
 - » EICC code.
- CEC and CST members on:
 - » Roles and responsibilities for managing and advancing TI's citizenship performance.
- Vendors on:
 - » TI's supplier code of conduct.



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Core values

Our core values of integrity, innovation and commitment are woven throughout the fabric of our history. These values lay the foundation for our culture and lie at the heart of who we are and how we behave.

- Integrity is the cornerstone.
- Innovation is our lifeblood.
- Commitment is our promise.

[Core values](#) | [Code of conduct & ethics](#) | [Diversity & inclusion](#) | [Citizenship](#) | [STEM education](#)

2014 WORLD'S MOST ETHICAL COMPANIES

WWW.ETHISPHERE.COM

Most ethical company

In March 2014, for the eighth year in a row, Ethisphere Institute [named Texas Instruments a 2014 World's Most Ethical Company](#). The list recognizes organizations that continue to raise the bar on ethical leadership and corporate behavior. TI was one of only five companies in the electronics category honored this year.

"We view our ability to operate ethically and lawfully as an asset – as vital as the technologies we develop and bring to the marketplace," said David Solomon, TI's ethics director. "We are committed to applying the highest ethical standards of integrity to every aspect of our business, demonstrating the respect we have for our customers, suppliers, investors, employees and the communities in which we operate."



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Human rights

It is important to us that we protect the human rights of our employees, and our concern for human rights extends throughout our supply chain. 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. [\[G4-11\]](#)

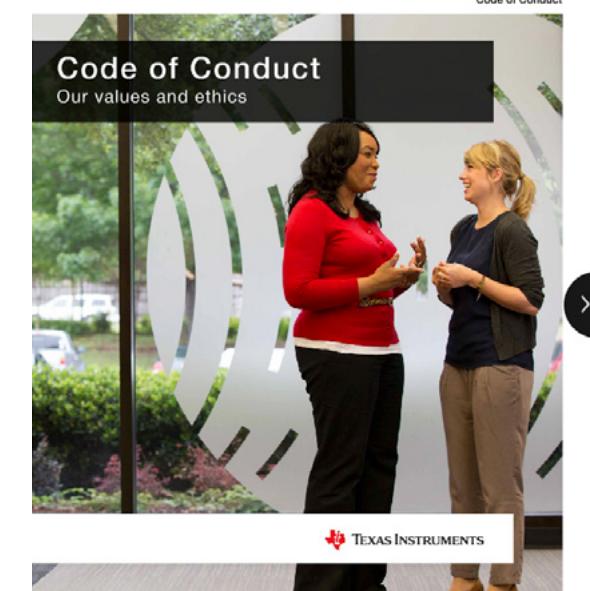
In 2014, we had three manufacturing facilities audited for human rights with no significant findings. In addition, all of our worldwide manufacturing sites completed EICC self-assessment questionnaires, which include a focus on human rights practices, which we share with interested customers. [\[HR9\]](#)

When initiating relationships with suppliers, we educate them about our standards and expectations for safe, humane and ethical labor practices. Our supply chain management team can assist with identifying and addressing issues that are inconsistent with our ethics and values. If suppliers prefer, they can contact our ethics office to anonymously ask questions or discuss issues. See more on our policies and practices in [Supplier sustainability performance](#).

In 2014, we had no grievances relating to human rights, indigenous rights or corruption issues. [\[HR8\]](#) [\[HR12\]](#)



In 2015, we will use our newly revised code of conduct and will continue to leverage our supplier code of conduct to assess and manage human rights risks in our company and supply chain.





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The purpose of TI's business continuity program is to identify risks and prepare for potential business impacts to minimize or avoid any resulting interruption to TI's operations or supply chain. Our ability to operate continuously preserves our revenue and reputation, reassures customers of our reliability, and demonstrates to our investors and other stakeholders that we can effectively manage business interruptions. Our approach is outlined in the [Business continuity](#) section on our citizenship website.

We monitor risks at each of our locations and within our supply chain such as earthquakes, extreme weather events and water-related issues that could reduce or disrupt our supply chain and/or production. We conduct more formal risk assessments every two years, or as major changes require, such as the purchase of new facilities. This assessment process includes the identification of existing controls (such as supplemental power generation) or the need for additional controls. Our facilities in Texas and China have become more vulnerable to prolonged droughts. Our facilities in Texas, Asia and Japan are also susceptible to hurricanes, tornadoes and typhoons. See more in [Climate change](#) and [Water use](#). [\[EC2\]](#)

In 2014, we completed scheduled training and exercises for TI assembly and test facilities, further enhanced our supply-chain response plan, and worked with our suppliers to mitigate raw material and component risks.

In 2015, TI will further refine and improve its crisis management and business continuity program by implementing strict metrics through a new company initiative called Readiness 2 Recover. This will improve our ability to measure effectiveness and compliance with business continuity program requirements.

Privacy and data protection

Protecting TI and customer confidential information is an important part of how we operate. Our policies require that TI employees appropriately handle and protect the confidential information of TI and its customers. We provide periodic confidential information protection training to employees. We also protect the data and privacy of customers by deploying certain safeguards for data and information systems. [\[G4-PR8\]](#)

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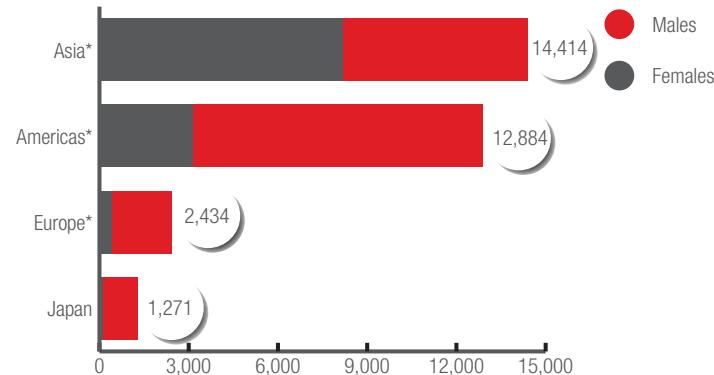
We refer to TI's 31,000 employees as Tiers. They are the heart of our company, helping drive innovation and engineering a better tomorrow. Our future depends on recruiting and retaining the best talent, but our industry is experiencing a shortage of qualified applicants knowledgeable in science, technology, engineering and math (STEM) subjects. Thus, in addition to internal talent-development efforts, we invest in [education in communities](#) where we operate to prepare future talent for TI.

Global workforce

In 2014, we continued to focus on hiring and retaining the best and brightest employees. Our strategy is to recruit locally, particularly for entry-level positions, and then train employees for more advanced or senior roles. In major locations, we predominantly hire TI managers from the local community. Worldwide, 98.7 percent of TI's managers are from the community where they work. [\[EC6\]](#)

Workforce by region and gender

(Click chart for more detail.)



As of Dec. 31, 2014, we had 31,003 employees.

*Gender breakdowns for these regions are approximations; however, the combined employee population totals are accurate. Employment contract is not relevant for TI and is not included.

[G4-9] [G4-10]

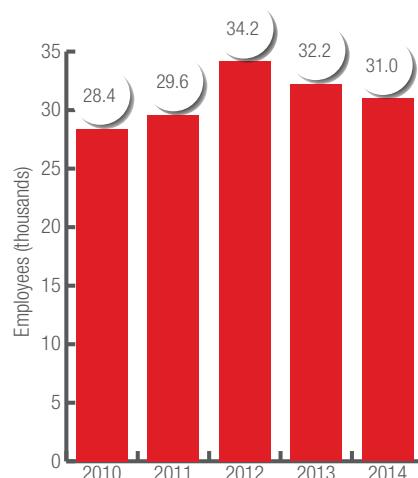


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Number of employees

(Click chart for more detail.)



The 2011 total does not include former National Semiconductor employees. TI retained approximately 5,300 National Semiconductor employees following its acquisition of the company in 2011.

Risks and opportunities

Each organization within TI creates and revises a multiyear resource plan annually that addresses critical needs for the company's existing and future workforce. The plan includes a skill set plan (skills we need in our employees), a hiring plan and a plan to prepare people for critical roles (such as top leadership positions). With these plans, we can address our employment risks and opportunities.

In 2014, we continued to provide competitive compensation, professional development and growth opportunities, a diverse and inclusive workplace, and flexible work arrangements. We have leading [retention rates](#) as a result of these investments in our employees.

Recognition

TI earned global recognition for its recruiting efforts and workplace culture in 2014, including:

- Fortune Magazine, "World's Most Admired Companies."
- 2020 Women on Boards, "Winning 'W' Company."
- Alliance for Work-Life Progress, "Work-Life Seal of Distinction" (third consecutive year).

- Black EOE Journal, "Top LGBT-Friendly Companies."
- CareerBliss, "50 Happiest Companies in America" (third overall).
- Glassdoor, Employees' Choice Awards, "50 Best Places to Work."
- Human Rights Campaign Foundation, "Best Places to Work for LGBT Equality" (11th year).
- Minority Engineer magazine, "Top 50 Employers" (third consecutive year).
- National Association for Female Executives, "Top Companies for Executive Women" (ninth consecutive year).
- Professional Woman's Magazine, "Top Diversity Employers."
- Universum, "Top 100 Employers" among college engineering students (second consecutive year).



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Engineering is our lifeblood and having skilled engineers is critical to our operations both today and for our future. TI actively partners with universities and educates the communities where it operates to create a pipeline of future engineers. We invest in education globally and in the U.S., specifically in science, technology, engineering and math (STEM) education.

We reached out to students at more than 50 U.S. universities as well as universities located near our major locations around the world in 2014. We offered technical talks about how engineering can change the world, hosted TI Innovation Days to give students opportunities to interact with TI, and launched career training programs. In the U.S., we sponsored events with student chapters of diverse organizations and provided a tool kit for employees to serve as brand ambassadors on university campuses. Additionally, we partnered with national organizations such as the National Society of Black Engineers (NSBE), Society of Women Engineers (SWE), Society of Hispanic Engineers (SHPE), RecruitMilitary, Career Opportunities for Students with Disabilities (COSD) and Out for Work to extend our outreach to historically underrepresented populations.

In 2014, we hired more than 3,000 employees, across all job types at all sites. See more about our hiring practices on our [careers](#) website. [LA1]



In 2015, we plan to:

- Maintain momentum in recruiting engineering graduates around the world.
- Expand internship programs at our Asian operations.
- Continue efforts to attract and retain qualified employees.

TI Innovation Challenge

TI is committed to helping engineering majors be industry-ready for challenging careers.

The year 2014 marked our seventh annual TI Innovation Challenge, a contest that showcases inventive projects from aspiring engineers. The contest attracted more than 810 university engineering students from 120 accredited engineering colleges and universities in the U.S., Puerto Rico, Mexico and Canada. The top three finalists presented their projects over two days to Rich Templeton, TI's chairman, president and CEO. The winning project was an improved battery interface module for an electric racing motorcycle created by an Ohio State University student.

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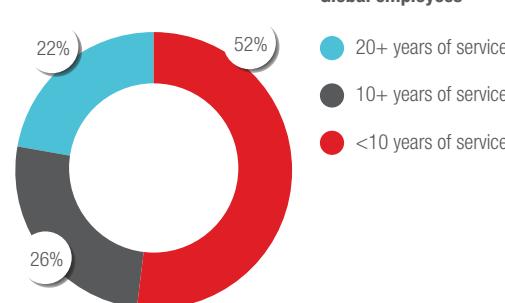
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Our culture is as unique as the Tiers who shape it. We strive for a diverse and inclusive environment that encourages innovation and growth and recognizes successes; a workplace that employees want to be a part of throughout their careers. Our global employee tenure, on average, is 12 years, which exceeds the national average by more than seven years according to the U.S. Bureau of Labor Statistics. [\[TI-LA17\]](#)

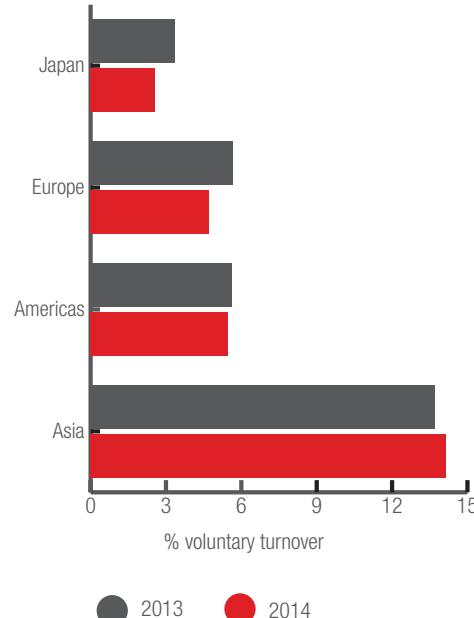
Employee tenure



Our employee engagement initiatives, ongoing development opportunities, competitive compensation and benefits, and focus on safety and wellness enable us to retain employees and minimize turnover. TI's worldwide turnover was 9.2 percent in 2014 (essentially flat from 9.1 percent in 2013). Our turnover metric includes voluntary terminations and retirements of TI employees, but does not include interns. [\[LA1\]](#)

Employee turnover

(Click chart for more detail.)



We address potential areas for improvement with targeted initiatives that consider the business, personal and geographic contexts of where our employees live and work. Employee turnover is a risk in the semiconductor industry as a whole, particularly in Asia. In order to address turnover challenges in Asia, we:

- Revamped our onboarding processes to better prepare new hires for their roles and build their excitement about working at TI.
- Provided targeted training for managers to continue to develop their "re-recruiting" skills and create environments where current employees can grow and learn.

We aim to continue improving our retention rates and will further analyze our retention and tenure by region and position so that we are better equipped to address specific retention issues as they arise.

We currently do not track return-to-work and retention rates after parental leave for public disclosure. [\[LA3\]](#)

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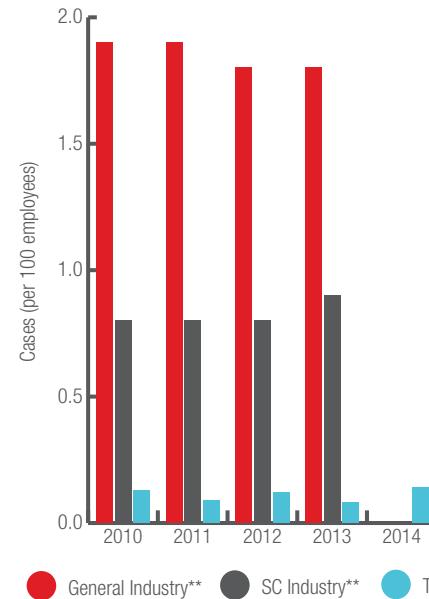
We make employee safety a critical priority in all of our operations. Through routine safety programs, facility self-assessments and safety audits, we continuously assess potential employee safety risks and make corrections and improvements. In 2014, 100 percent of our manufacturing and assembly/test sites worldwide were certified to Occupational Health and Safety Assessment requirements (BS OHSAS 18001:2007).

TI has formal Environmental, Safety and Health (ESH) committees at all of our manufacturing sites. These committees include manufacturing managers, ESH specialists and employee representatives. [\[LA5\]](#)

Our goal is an injury-free workplace for all TI employees; we regularly measure our progress against this goal. In 2014, we again set a days away, restricted or job transfer (DART) case rate target of 0.08 or less, well below the industry average of 0.8. We achieved a DART case rate of 0.14, slightly above our target.

In 2014, we also set our metric for the recordable injury case rate to 0.20 or less and fell slightly short with a rate of 0.24 for the year; however this is still below the semiconductor industry rate of 1.6 (in 2013).

DART cases* (Click chart for more detail.)

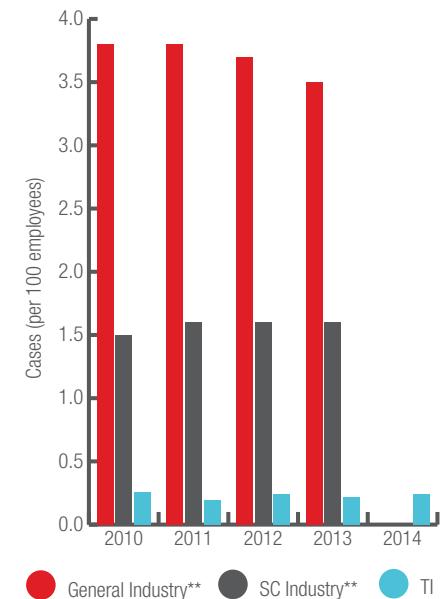


*Work-related injury (rate per 100 employee-years) that results in days away from work, restricted work activity and/or job transfer.

**Industry data was provided by the U.S. Occupational Safety and Health Administration (OSHA) and the Bureau of Labor Statistics (BLS). Statistics represent U.S. performance only. Semiconductor (SC) and general industry data for 2014 were not available at the time of report development.

We track employee absenteeism caused by occupational injuries and illnesses based on number of days lost. Our absentee rate was 4.65. We had no work-related fatalities. [\[LA6\]](#)

Recordable injury cases* (Click chart for more detail.)



*Work-related injury (rate per 100 employee-years) that results in DART, medical treatment beyond first aid, loss of consciousness, death, or significant injury diagnosed by a physician or licensed health care professional, as defined by OSHA.

**Industry data was provided by OSHA and the BLS. Statistics represent U.S. performance only. SC and general industry data for 2014 were not available at the time of report development.



In 2015, we will continue efforts to minimize work-related injuries and meet our goals of a DART case rate of 0.08 or less and a recordable injury case rate of 0.20 or less.



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In 2014, we continued to provide health screenings and access to health and wellness resources to help U.S. employees better control health care costs and personal well-being. Taking preventive measures, we administered free flu vaccinations to almost 5,900 employees. We also partnered with Weight Watchers to give employees, their spouses and contractors the option to attend Weight Watchers meetings in their communities or at select TI sites, or to use an online self-paced program, at a significant discount. Our on-site fitness centers averaged 568 visits each weekday, or about 14,795 visits a month.

Globally, our health benefits continue to include health and life insurance or supplemental insurance programs, as well as other programs common locally.

Work-life flexibility

We understand that balancing personal and professional lives can be challenging, which is why we offer programs and resources to support our employees. In 2014, some of these programs included improved resources for remote employees, manager support for new mothers, adoption benefits, access to child care facilities and parent education courses. We also provided an on-site concierge service to assist U.S. employees with event planning, gift purchases, reservations and more. In 2014, we saved an estimated 20,100 hours in lost productivity by providing a concierge service for U.S. employees. The service filled more than 6,670 requests.



In 2015, TI will continue to increase leader and employee awareness of work-life initiatives and flexible work options, and encourage employees to use these benefits and tools.

» In 2015, TI will continue to invest in improving employee health and wellness by providing relevant information and resources to employees. In the U.S., TI will host wellness fairs and health screenings, and encourage membership to our fitness centers.



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We offer competitive compensation as a tool to recruit and retain top talent globally. The compensation and benefits we provide exceed or (at minimum) are in accordance with local laws. Examples of benefits we may offer include profit sharing, paid vacation and holidays, health insurance, pensions or retirement plans, an employee stock purchase program, subsidized transportation and child care, education assistance, and fitness center discounts.

TI does not maintain a standard entry wage for every country; however, we have verified that we pay employees above local minimum wage in every country. [\[EC5\]](#)

TI compensates each employee based on legitimate work-related factors regardless of gender, race, ethnicity or other personal characteristics. Because pay ratios for broad categories of employees do not include legitimate and individualized factors such as the particular work performed, level of responsibility, job performance, skills, qualifications, education and experience, TI believes that pay-ratio data is not a reliable indicator of pay equity. [\[LA13\]](#)

In the U.S., TI provides a minimum of one week's notice regarding shift changes and 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. [\[LA4\]](#)

TI has a defined benefit pension plan for U.S. employees hired before November 1997. In addition, TI offers all U.S. employees the ability to contribute to a 401(k) savings plan. For employees covered by the defined benefit pension plan, the company matches 50 percent of the employee's contributions, up to 2 percent of annual eligible earnings. For employees not covered by the defined benefit pension plan, TI currently matches 100 percent of employee contributions, up to 4 percent of annual eligible earnings. Employees hired after Nov. 30, 1997 and before Jan. 1, 2004 also receive a fixed 2 percent company contribution from TI in their 401(k) plans.

Contributions to TI's defined benefit plans meet or exceed all minimum funding requirements. At the end of 2014, accumulated benefit obligations were \$968 million for U.S. defined benefit plans and \$2.15 billion for non-U.S. defined benefit plans. TI's qualified U.S. defined benefit plans were fully funded as of Dec. 31, 2014. For more information, see [SEC Form 10-K](#), pages 49-50. [\[EC3\]](#)

Full-time U.S.-based employees and those 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. Contractors, interns and employees on alternative work schedules (fewer than 20 hours per week) are ineligible for most benefits. [\[LA2\]](#)



In 2015, we will continue to:

- Provide a competitive compensation package as well as comprehensive health benefits.
- Comply with all new requirements of the Affordable Care Act.
- Increase contributions to employee health savings accounts, providing dollars each year for those in our high-deductible health plan to spend on medical expenses tax-free.

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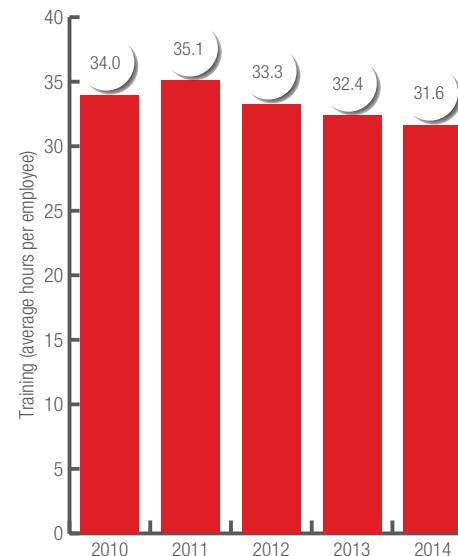
We take pride in hiring exceptional talent. We strive to provide all employees with opportunities that excite them and help them advance in their careers. For entry-level engineers, we offer more structured programs, such as formal rotation programs and our Make an Impact program, to provide broad exposure to our company, roles and leaders. In addition, the breadth of our product portfolio and culture of liberal internal movement give employees the chance to work on different types of technology and pursue a variety of career paths.

In 2014, employees globally received an average of 31.6 hours of training. [\[LA9\]](#)

TI also helped more than 350 U.S. employees further their education by reimbursing tuition through our educational assistance program. [\[LA10\]](#)

We encourage our employees and managers to regularly discuss performance and development. More than the tracking of performance reviews, we believe it is the quality of the conversation that improves employee performance and engagement and aligns employee goals with company priorities. In 2014, we launched Performance Matters, a global performance-management campaign, to reinforce our expectations on quality discussions

Average hours of training



and to give employees and managers tools to help guide these conversations. As such, we do not track the number of individuals formally receiving performance reviews. We do monitor employees' understanding of their own goals and manager expectations with a variety of surveys throughout the year. [\[LA11\]](#)

Early career development

TI continued to engage recent college graduates, helping them learn, perform and grow as TI

employees. In 2014, more than 700 new college graduates participated in Make an Impact, our signature development program. Through more than 250 sessions across eight countries, this one-year initiative is designed to enhance performance and accelerate growth and success within the company.

Engineering development

TI also offers technical training to continue to develop engineers throughout their careers. In 2014, we held more than 1,150 technical training classes, conferences and seminars worldwide to improve the foundational skills of our engineers and adapt their abilities to address changing needs.

We also continued to increase our focus on developing our engineering population's design verification and validation skills to ensure that TI remains a leader in delivering analog, embedded processing and DLP® chips on time to our customers with first-pass silicon success. We created two conferences to share common challenges, lessons learned and minimum best practices in verification and validation. After each conference, participants were involved in deploying these best practices into their businesses. Similarly, we enhanced our engineering curriculum to support these focus



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areas and ensure that engineers have the skills necessary to be successful in their roles.

We also promoted or re-elected 339 employees to TI's Technical Ladder. This prestigious program recognizes employees who are making key technical or production contributions.

Leadership

TI invests in developing its leaders. In 2014, we extended invitations to 422 first-time managers to participate in our Choose to Lead program, which includes formal workshops, online resources and a comprehensive assessment. We held supervisor forums and/or development days for managers to build the leadership skills of our experienced managers and share best practices.

We also launched the Leadership Matters initiative, which articulates TI's expectations of its managers and aims to provide more in-depth training for managers globally.



In 2015, we will continue focusing

on initiatives to drive company growth and sustainability. We plan to:

- Expand our programs to develop engineering and functional capabilities through classroom and online training, as well as through internal conferences and symposia.
- Replace our existing Choose to Lead program with a revised and expanded Leadership Training 1.0 program. This program will focus on in-depth building of important leadership skills, including managing differences and diversity, and additional training on policies and procedures.
- Grow our leadership development offerings to include Leadership Training 2.0, which will provide training for employees who are newly promoted to a role in which they manage other managers.



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Fostering a diverse and inclusive work environment is essential for creativity, problem solving and, ultimately, innovation. We are as focused on assembling a diverse candidate pool in our recruiting efforts as we are on building an environment that celebrates diversity. For more information, see [Recruit](#).

Senior leaders promote diversity and inclusiveness throughout our workforce and expect employees to do the same. To learn more about our diversity and inclusion approach and efforts, see our [diversity and inclusion e-book](#), which highlights our diversity and inclusion commitments, initiatives and recognition.

In 2014, the TI Diversity Network continued to lead education and collaboration initiatives for employees. For example, our Christian, Jewish and Muslim initiatives partnered together to sponsor a series of learning opportunities to promote deeper understanding of religious beliefs and their impact in the workplace. Our women's initiative, which began in Dallas, is now active at assembly/test sites across the globe, as well as fabrication sites in Japan and China and sites in Germany and India.

TI senior leaders serve as sponsors of diversity initiatives, through which employees can share ideas; discuss challenges; develop educational

programs; and provide support in career development, community involvement, recognition and mentoring.

Composition of governance bodies

Employee type	2014	
	Board (%)	Executive officers (%)
Male	64	80
Female	36	20
Age: <30 years	–	–
Age: 30-50 years	9	20
Age: >50+ years	91	80
Ethnic minority	27	–

[LA12]

We continually seek to improve both gender and minority diversity in the U.S. through our recruiting, development and retention efforts. We are making progress by understanding how we can better measure our success. We regularly review our progress with senior leaders; in 2014, we briefed our board as well. We take work inquiries or concerns related to discrimination seriously, and work diligently to investigate each incident and take action when necessary. [HR3]

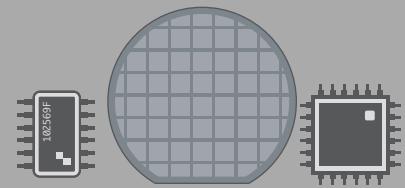
For additional perspective, we monitor public social media sites such as Glassdoor to learn what employees are saying about us. We also apply for various diversity awards and track our performance compared to our peers. See the [Employees Overview](#) section to learn more about the awards we received for our diversity initiatives in 2014.



In 2015, TI will:

- Increase recruitment outreach in the U.S. to military veterans; people with disabilities; minorities; and lesbian, gay, bisexual and transgender (LGBT) individuals.
- Further involve and educate leaders on matters related to diversity and inclusion. For example, senior leaders will have the opportunity to participate in meetings in which members of TI Insights groups discuss their experiences and recommend ways to advance inclusion. TI Insights groups comprise highly regarded employees who are women and/or African-American or Hispanic, groups traditionally underrepresented in engineering.

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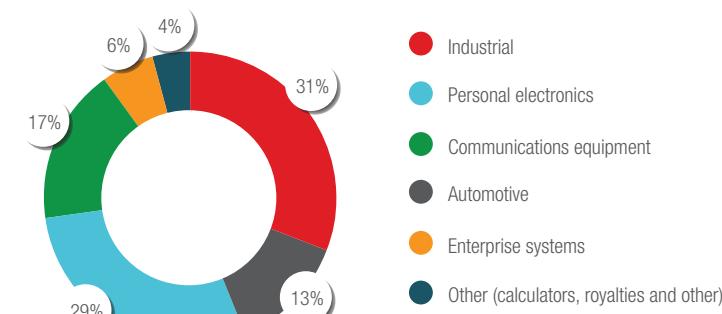
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TI aspires to [responsibly design and manufacture products](#) that help create sustainable solutions for our customers and the world. TI leaders direct and set expectations across the company to design, develop and deliver exceptional products. [\[EN27\]](#)

In 2014, we invested \$1.4 billion in R&D. We use this money to develop new semiconductor products and other innovations that help address some of the world's greatest challenges, including energy and water availability, health care, safety, and access to education. We provide semiconductor customers around the world a vast array of technology, detailed in TI [products](#) on our website.

Markets for our products



[\[G4-8\]](#)

Recognition

TI earned recognition for its commitment to innovation and product stewardship, including Thomson Reuters' "Top 100 Global Innovators" designation for the third consecutive year.



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TI has established itself as a leader in low-power solutions by designing chips that require minimal energy to operate. Our low-power solutions enable customers to create end applications that use energy more efficiently and creatively. [\[EN7\]](#)

We expect that government actions will continue to increase energy efficiency and the availability of renewable energy. Increased pressure to use energy-efficiency products and reduce emissions along with investments in smart grid and other efficiency projects, will continue to increase demand for our energy-efficient technologies. [\[EC2\]](#)

TI announced new and innovative solutions in 2014 in power management, sensor technology, renewable energy and light-emitting diode (LED) lighting.



Power management

Our power-management integrated circuits (ICs) enable increased efficiency in power supplies and battery-management solutions. In 2014, we introduced the industry's smallest and highest-performing 1-A and 4-A buck-boost regulators. Designed for lithium-ion battery-powered applications, these regulators can extend battery life and achieve up to 95 percent

efficiency in half the solution size of other products on the market.

Sensor technology

TI is known for its leadership in temperature and current sensing and has a long history of introducing innovative sensing technologies for these and other parameters such as light, gas and inductance. In 2014, we introduced a number of new devices to our broad sensing portfolio. For example, four new sensing circuits allow engineers to accurately sense key parameters in very-low-power space-constrained applications. These circuits can sense temperature, humidity, ambient light and capacitance in a host of industrial and enterprise applications. We continue to invest in these and other sensing technologies.

Renewable energy

In an effort to further the potential of renewable energy sources, we released the C2000™ Solar Micro Inverter Development Kit. The kit simplifies the design and development process for solar micro-inverters, an emerging segment of the solar-power industry. Rather than linking all solar panels in an installation together to a central inverter, solar microinverter systems place smaller "micro" inverters at the output of each solar panel. This configuration

has many benefits, including the elimination of partial shading conditions, increased system efficiency, improved reliability and greater modularity.

LED lighting

TI technology drives LEDs in multiple applications, promoting energy efficiency and safety through lighting. Our portfolio includes LED drivers; DC/DC converters; wireless and wired interface control; and embedded processors for general lighting, signage, backlighting and automotive applications. In 2014, TI introduced the industry's first fully integrated high-brightness LED matrix manager IC for adaptive automotive headlight systems. This IC enables car headlights to operate independently from the battery, lowering power requirements and improving energy efficiency. Additional benefits include enhanced safety, increased functionality and improved reliability.



Innovation

Innovation

Innovation drives our future, making it the greatest opportunity and challenge for our business. At TI, innovation occurs through new product development, technology labs, manufacturing and research.

Technology labs and recognitions

TI's [Kilby Labs](#) are innovation centers staffed with a select group of employees focused on delivering breakthrough technology. Our breakthrough technology activity in 2014 included:

- Sensor products: ultra-low-power acoustic-signal detection.
- Advanced power-management products: a very-high-density DC/DC power converter.
- Innovative techniques for integrated, isolated power management.

Products developed at Kilby Labs must be technically feasible, address a market need, and provide a compelling business case for return on investment. Kilby researchers work with senior technologists, marketing and product-line leaders to propose and agree on new projects that meet a product line's future needs. Kilby Labs continues

to support the project through first product design, sometimes all the way through a product's release to market.

Our innovation studios in both Dallas, Texas, and Santa Clara, California, are demo areas where we can inspire our customers with new concepts already developed or underway in the lab. The studios had more than 40 customer visits in 2014, encouraging them to continue using our existing products or consider using our products in their systems.



Our companywide Jack Kilby Award of Innovation program recognizes teams that have developed game-changing technology. In 2014, a Santa Clara-based team received the award for building the world's first inductance-to-digital converter. The technology, described as "disruptive, differentiated and defying convention," makes inductive sensing cost-efficient and simple, bringing its benefits to a large customer base. Hundreds of employees celebrated the winning team during the company's first innovation ceremony.

Manufacturing innovation

We encourage innovation in manufacturing as well. For example, since 2005, we've reduced the energy required, water extracted and emissions-per-chip produced by 7 percent or more (on average), despite increased production and added manufacturing capacity. Increasingly, this trend is due to advancements in our production technology. TI was one of the first analog companies to move to 300-mm wafer sizes in manufacturing, and we significantly increased manufacturing at this size in 2014. These wafers require fewer chemicals and gases, and use water and electricity more efficiently to produce more chips.

Research

We conduct research both internally and externally, including through university and industry collaborations.

Our Advanced Development team collaborates with technologists from other companies to discuss research challenges and the key problems they face. We find connecting points between their products and our expertise in order to target challenging problems that ultimately become new products.



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University and industry collaborations

TI works closely with universities to provide research funding, project opportunities and internship experiences to generate innovation in semiconductor technology. Our contributions to university research enable academic progress, as students can gather industry insights and learn how to translate their academic concepts into products used throughout the industry. In 2014, we gave \$13 million to the Semiconductor Research Consortium (SRC) to fund university research. We also sponsored about \$9 million worth of research conducted by select universities and recruited graduate students to intern at various TI innovation labs.

In 2014, TI supported the Texas Analog Center of Excellence (TxACE), located at the University of Texas at Dallas. TxACE is the largest analog research center based at an academic institution and aims to create circuits and systems driven by societal and industry needs. One current area of focus is analog technology that enhances public safety and security. For example, TxACE has awarded nearly \$3 million to researchers to develop devices that can scan for harmful substances such as explosives and chemical agents.



In 2015, we plan to:

- Continue investing in breakthrough and incremental innovation to help manage energy, ensure safety and security, drive medical advances, enable cloud computing, and improve technology-based entertainment experiences.
- Contribute an additional \$10 million through the SRC to fund university research.
- Contribute more than \$11 million to sponsor basic and applied university-conducted research.
- Participate in:
 - » The SRC's Nanoelectronics Research Initiative to drive future electronic device development.
 - » The SRC/Defense Advanced Research Projects Agency's Semiconductor Technology Advanced Research Network. This is a collaborative network of university research centers searching to find paths around the fundamental physical limits that threaten the long-term growth of the microelectronics industry.



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The quality and reliability of our products and manufacturing processes are critical to us and our customers. Through internal and external manufacturing processes and centralized materials purchasing, we control the quality of our products by closely monitoring and regulating performance. TI's commitment to continuous improvement has resulted in a reduction of customer returns (parts per million) for six consecutive years.

Materials

As part of its commitment to responsible and efficient manufacturing, TI has been a leader in the transition from gold wire to copper wire in semiconductor chip manufacturing. Gold is expensive and conflict-free sources are difficult to locate, whereas copper is more cost-effective and accessible, in addition to having other manufacturing and performance benefits. See more in [Supplier sustainability performance \(Material sourcing\)](#). The majority of TI's existing analog and complementary metal-oxide semiconductor (CMOS) silicon technology nodes have been qualified with copper, and all new TI technologies and packages are being developed with copper-wire bond.

In 2014, softeners found in polyvinyl chloride (PVC) were added to Europe's Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) substance of very high concern list, as well as the U.S. California Proposition 65 hazardous chemical list. Increased concern about PVC has also prompted U.S. congressional discussions about banning its use in retail packaging. In response to these growing concerns, TI's Education Technology business surveyed suppliers for viable alternatives to PVC in universal serial bus (USB) cables and retail packaging and is planning to phase out PVC in its retail packaging.

Compliance

TI is committed to delivering high-quality, reliable semiconductor solutions that meet customers' needs. Customers can assess our products' compliance against national and international sustainability standards through our [Eco-Info and Pb-Free website](#). The information supports compliance with global regulations and supports our customers' management of regulated and controlled substances.

Significant in 2014 were the REACH and Restriction of Hazardous Substances (ROHS) regulations, which influenced our operations, product

ingredients and supply-chain management. To learn more about these regulations' impacts, see our [Statement on REACH](#) and [Statement on RoHS](#).

In 2014, TI complied with regulations and customer requirements for shipping and labeling. While minor labeling mistakes can occur, such as a typographical error or incorrect code, we work to correct these errors to ensure timely and cost-effective product delivery. [PR4]

We ensure that our customers are informed about our products through responsible packaging. Learn more in the [Quality and compliance](#) and [Responsible packaging](#) sections of our citizenship website. [PR3]

Overall in 2014, we had no significant incidents, received no material fines or penalties, and incurred no material nonmonetary sanctions for noncompliance with product- and marketing-related laws and regulations. [PR2] [PR7]

Standards

TI's quality management incorporates processes and systems that enable product, support and manufacturing organizations to meet or exceed standards and criteria based on internationally recognized standards.



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In 2014, TI continued designing technology to meet the Department of Energy's (DOE) amended and new energy conservation standards for certain classes of external power supplies (known as the DOE level VI standard). To date, we have two products in TI's 700-V flyback controller family that enable low-cost, best-in-class standby power and efficiency for compliance with current and future industry standards.

Other internationally recognized standards we adhere to include:

- The International Electrotechnical Commission's (IEC) QC 080000 Electrical and Electronic Components and Products Hazardous Substance Process Management System Requirements.
- International Organization for Standardization (ISO) Quality Management Systems ISO 9001 and ISO 14001.
- TS 16949, an international quality system standard specifically formulated for the automotive industry.

TI holds its semiconductor manufacturing suppliers accountable for the same environmental and social considerations it adheres to through cost, environmental, technology, responsiveness, assurance of supply and quality (CETRAQ) assessments. Learn more about CETRAQ in [Supplier sustainability performance](#).

Product life-cycle management

With nearly 100,000 products, conducting a life-cycle assessment on each is prohibitive. (See more about [life-cycle assessments](#) on our citizenship website.) In 2014, given the importance of this issue to our stakeholders, we assessed the environmental footprint of a representative TI semiconductor chip by focusing specifically on energy use: what's required to design, manufacture and operate, and how much energy can be saved through product efficiency. We collated our findings into a one-page infographic, [The environmental footprint of a TI semiconductor chip](#), which is available to employees and other stakeholders in PDF format.

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Our expectation is 100 percent compliance with applicable environmental laws, regulations and standards. We source and use raw materials responsibly and conscientiously manage the potential environmental impacts of our operations around the world. We foster sustainability at our sites through operational efficiency, quality and risk management, compliance, and transparency. We also establish annual goals, multiyear goals and related programs, and aim for continuous improvement.

In 2014, TI spent about \$7 million in environmental protection-related capital improvements, such as the installation of a wastewater-treatment system in Kuala Lumpur, Malaysia. Additionally, we spent about \$41.1 million in environmental protection-related operating expenses, such as waste disposal; wastewater treatment; remediation; and environmental, safety and health (ESH) personnel overhead. In 2014, we received no material fines.

[\[EN31\]](#) [\[EN29\]](#)

TI's ESH management systems include a commitment policy, risk assessments, goal setting, monitoring, performance assessments and audits. We use management system manuals and ESH

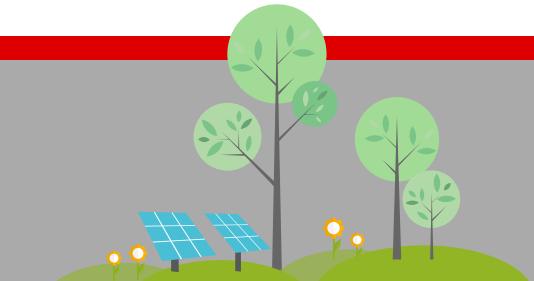
standards to communicate roles and responsibilities to employees.

Management practices

Our ESH [policy and principles](#), signed by our chairman, president and CEO, guide our efforts to operate sustainably; for example, by distributing our products efficiently, encouraging employees to commute together, and maintaining compliance with environmental regulatory requirements.

The Electronic Industry Citizenship Coalition (EICC) code of conduct aligns with our environmental management policies. As an EICC member in good standing, we work with others in our industry to align and adopt best practices, and encourage our first-line suppliers to do the same. The [Supply chain](#) section describes our environmental policies and what we expect from our suppliers.

Each of our manufacturing sites report their environmental performance to managers using a scorecard that measures energy use, chemical reduction and water efficiency. We share scorecards internally for transparency and best-practice sharing, and use them as an accountability mechanism.



A dedicated internal audit team supports our robust ESH audit program. Corporate audits verify compliance with local laws and regulations, as well as TI's ESH standards. Audits occur at each facility at least every three years; in interim years, the facilities perform self-assessments. The internal audit team audited 12 sites in 2014.

We also benchmark against our peers through activities within the Semiconductor Industry Association (SIA) Environmental and Social Impact Assessment (ESIA) in Europe and the Semiconductor Manufacturing Technology (SEMATECH) consortium.

Since 1996, we have required that our manufacturing sites obtain certification from the International Organization for Standardization's (ISO) Quality Environmental Management System (ISO 14001). All of our international manufacturing sites have obtained ISO 14001:2004 external certification, including our facility in Chengdu, China, which received certification in 2014. Our enterprise ISO 14001 certification lists 15 sites. Learn more in the [Certifications](#) section of our quality website.



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Governance

TI's vice president of worldwide facilities, who reports directly to the chief financial officer, oversees the company's operational environmental policies and performance.

One of the primary functions of TI's board of directors' Audit committee is to assist the board in its oversight of TI's internal control systems, the company's compliance with legal and regulatory requirements, and the performance of TI's internal audit function and independent auditors. Where climate change or other environmental matters may have significance for TI, we include these impacts in reviews to help the Audit committee make appropriate decisions and fulfill their oversight responsibilities.

We have teams comprising cross-functional experts who help address specific aspects of our operations and improve site efficiency. These teams – the Greenhouse Gas (GHG) Strategy team, Energy team and Water Strategy team – periodically brief our Worldwide Facilities leaders regarding status and progress.

TI offers several channels through which both internal and external stakeholders can submit

environmental questions, concerns or grievances, including dedicated community email addresses and the TI ethics office, which also allows anonymous inquiries. We route questions to the appropriate experts to assess and respond. In 2014, TI did not receive any grievances about environmental impacts, nor were there any open grievances awaiting a response. [\[EN34\]](#)

Recognition

TI earned global recognition for its environmental efforts in 2014, including:

- Newsweek Green Rankings, "Greenest Companies" (fifth year).
- Long Creek Watershed District, "Outstanding Industrial Property Manager" for TI's site in South Portland, Maine.
- Maine Department of Environmental Protection, Governor's Award for Environmental Excellence.
- Confederation of Indian Industries, Southern Region, recognition in the large-scale category, a five-star rating for excellence in environmental, health and safety policies and practices.
- Philippine Chamber of Commerce and Industry, Special Citation for Excellence in Ecology and Economy.

- Taiwan Council of Labor Affairs, First National Occupational Safety and Health Award.
- Taiwan Environmental Protection Administration, Enterprise Environmental Protection Award, bronze medal.

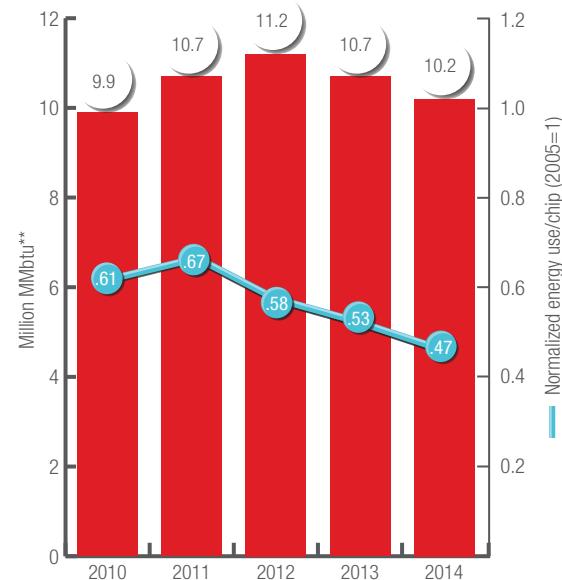
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Manufacturing the tens of billions of semiconductor chips TI produces annually requires critical resources such as energy, water and other materials. The majority of the energy we use is in semiconductor manufacturing processes, with some tools operating 24 hours a day.

TI's energy use comprises sources qualified as direct (such as natural gas used on-site) and indirect (such as electricity purchased off-site). Our overall energy use globally was 10.2 million million British thermal units (million MMBTUs) or 2,991 million kilowatt hours (kWh), which made up 56 percent of our [carbon footprint](#). [EN3] Although production increased from 2013 to 2014, we decreased our total energy use by 4 percent. [EN6] [EN19]

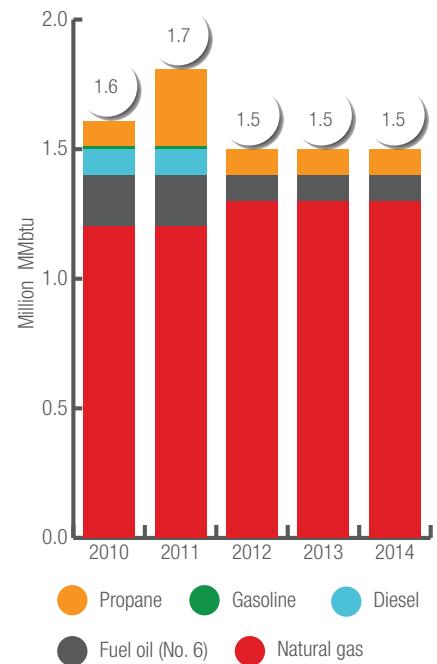
Total energy use* (Click chart for more detail.)



*The total of all energy resources TI consumed (direct and indirect). In 2013, we inadvertently excluded our North Campus (Dallas, Texas) gas plant energy use (provided by a third party) from our total. For consistency in disclosure, it has been added back into our 2013 total and reflects a 3 percent change in total energy use for that year. The gas plant energy use was included in all previous years and is also included in the 2014 data.

**MMBtu is a measurement denoting the amount of heat energy in fuels.

Direct energy use* (Click chart for more detail.)



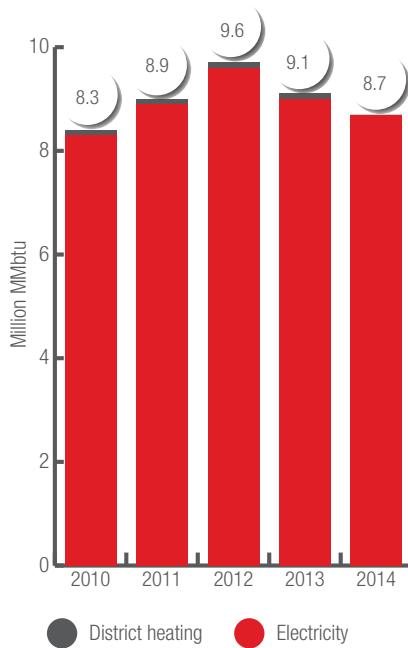
*Energy TI consumed, such as the burning of gas, diesel and fuel oil, that results in GHG emissions.



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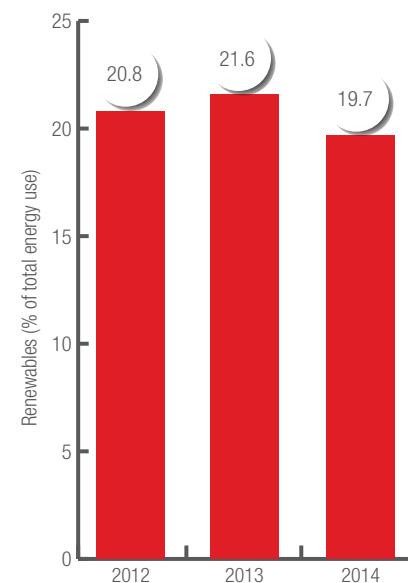
Indirect energy use* (Click chart for more detail.)



*Consumption of imported electricity by TI sites as well as heat (Freising, Germany site only). GHG emissions resulting from the consumption of these resources does not result in GHG emissions directly from TI property.

In 2014, 19.7 percent of our total grid-supplied power came from renewable sources, down from 21.6 percent in 2013.

Renewable energy use



Energy efficiency

In 2010, we set multiyear sustainability goals focused on operations efficiency. One of our five-year goals is to reduce the energy required to design, market and manufacture a chip by 45 percent by 2015. As of year-end 2014, we had achieved a 23 percent reduction in normalized energy use from the 2010 baseline.

2015 goals (against 2010 baseline)	2014 status
Reduce energy required per chip produced by 45%	Reduced 23%

[EN5]

Every TI facility has an energy champion, an engineer who interfaces with the corporate-level Energy team and leads energy-reduction projects. This global network shares best practices in energy management through email communications, monthly virtual meetings and a global database of energy-reduction projects. A master list of projects facilitates best-practice sharing and allows us to validate reductions at the corporate level.

In 2014, we set a goal to reduce utility (energy and water) costs by \$9 million. We exceeded the goal with \$9.7 million saved through utility-savings projects.

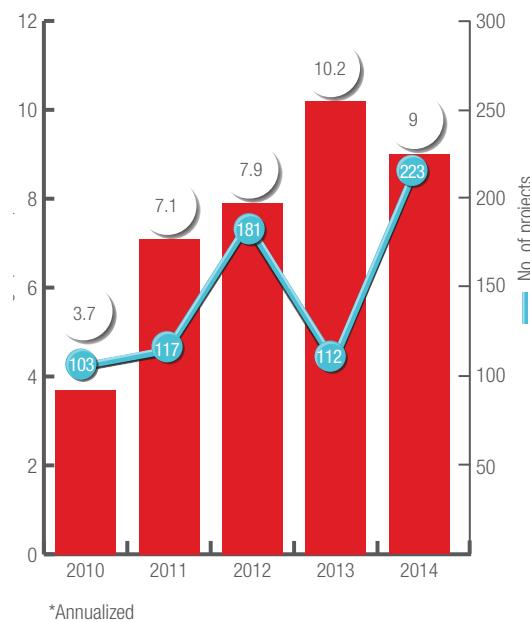
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We implemented 223 energy-savings projects worldwide that will save \$9.0 million annually. As of 2014, our cumulative utility savings from all projects implemented is \$53 million less than our 2005 baseline year, when we launched our utility capital program.

Energy conservation history

(Click chart for more detail.)



In 2014, we held two utility-management workshops: one in the U.S. and one in the Philippines. We trained and educated facilities representatives from our 21 largest sites, shared energy-management practices, and brainstormed about future improvements. We also held several design reviews for our new assembly/test site in Chengdu, China, with representatives from the Energy team to ensure design efficiency from the start. We also completed follow-up energy assessments at facilities in Mexico and Scotland, which included reviewing energy-reduction and cost-savings progress at each site, updating project priorities, and sharing best practices.

LEED

TI seeks U.S. Green Building Council Leadership in Energy and Environmental Design (LEED) certification for all new buildings and adopts LEED practices in its existing buildings. In 2014, we submitted our new office/laboratory complex in Sugar Land, Texas, (near Houston) for LEED certification and will receive our final certification level in 2015. In 2015, we will use LEED-related sustainable practices in several large-office rearrangement projects in existing buildings.

Better Buildings, Better Plants

In 2010, through the U.S. Department of Energy's (DOE) Better Buildings, Better Plants program, we established a goal to reduce energy intensity at our U.S. manufacturing sites 25 percent by 2020. We exceeded the target early with a 32 percent reduction in 2014, and subsequently received recognition from the DOE for achieving the goal. We also doubled our goal commitment to a 50 percent reduction by 2020. TI received recognition from the U.S. Department of Energy for achieving this goal.



TI's energy-use plans for 2015 are to:

- Reduce utility costs by an additional \$9.5 million through efficiency projects.
- Continue to use best practices, assessments and idea sharing to decrease utility use at all existing sites.
- Identify new opportunities to purchase more affordable renewable energy.

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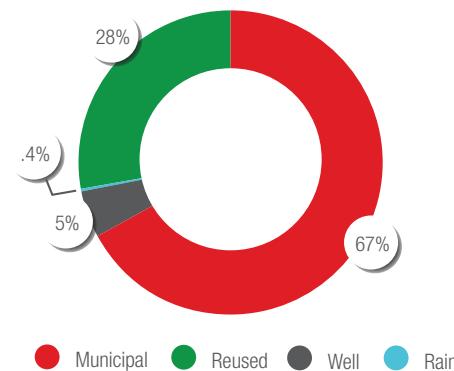
Water is a key ingredient in semiconductor manufacturing: we use it to create deionized water, a critical component in our production processes. Our primary water supply at most of our manufacturing sites is local municipal water. Because water is so important to our operations and the communities where we operate, we take great care to use it responsibly and efficiently.

Our total water use globally remained flat year over year, despite an increase in production. TI reused 28 percent of its total water consumption in 2014, redirecting it back into our system for reuse in cooling towers, scrubbers or in manufacturing. [\[EN10\]](#)

We periodically consult with local water authorities to evaluate and monitor water quality and availability, and to assess their long-term storage projections and usage needs. See more on risk management in [Business continuity](#).

We are not aware of any significant impacts to neighboring (receiving) water bodies as a result of our water use. In addition to this report, TI continues to voluntarily report its water-use footprint to CDP (formerly known as the Carbon Disclosure Project). [\[EN9\]](#)

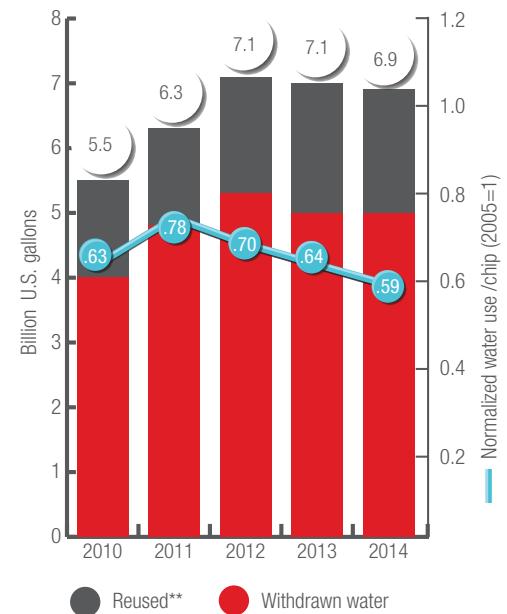
Water sources *(Click chart for more detail.)*



Total water withdrawal (extracted): 5 billion gallons. Total water used: 6.9 billion gallons. This does not include collected rainwater or used-once-through cooling water, which is water pumped from on-site wells at our Freising, Germany, site for heat rejection, which is returned to the same aquifer.

[\[EN8\]](#)

Total water use* *(Click chart for more detail.)*



*Water obtained from local utilities and on-site wells. This does not include collected rainwater or used-once-through cooling water.

**TI reused 28 percent of its total water consumption in 2014.

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Water efficiency

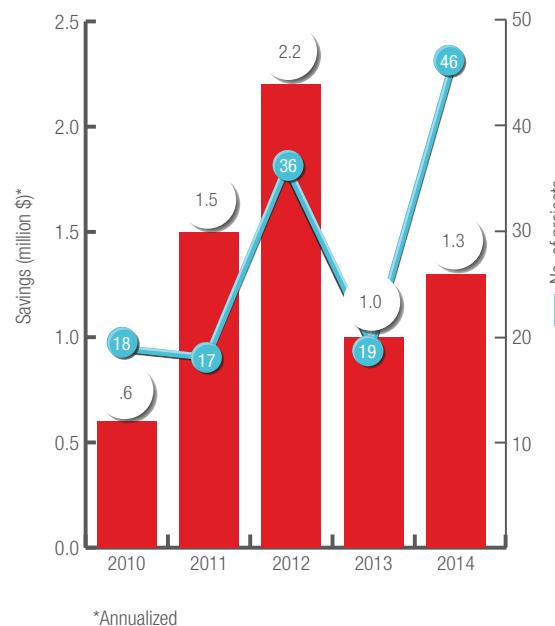
In 2010, we set multiyear sustainability goals focused on operations efficiency. One of our five-year goals is to reduce the amount of water required to design, market and manufacture a chip 45 percent by 2015. By year-end 2014, we realized a 6 percent reduction in normalized water use from our 2010 baseline. We accelerated our water-savings efforts in the latter half of 2014, and we expect this percentage to continue to improve through 2015.

2015 goals (against 2010 baseline)	2014 status
Reduce extracted water required per chip produced by 45%	Reduced 6%

In 2014, TI completed a record 46 water-saving projects that reduced our water use by 2.6 million gallons. The most effective water-management projects in 2014 were those that reused tool rinse water in cooling towers or scrubbers and that entailed a second pass of reverse osmosis during the deionization process.

Water conservation history

(Click chart for more detail.)



We initiated three new water-management initiatives in 2014 to accelerate our water-reduction efforts: water baselines, water champions and the Water Strategy team. We will continue these initiatives in 2015 and beyond.

Water baselines

We monitor industry progress and strive to be an efficient user of water among peers. In 2014, we reviewed and refined current baseline water usage and water balances at all sites to ensure consistency in measuring and reporting.

We created a water scorecard for our sites that tracks progress toward a reduction goal. The scorecard also covers regional issues, water scarcity, water purchases, what is extracted and community concerns.

Water champions

Mirroring our successful energy champions program, each site has an appointed water champion to gather water-use data and share that data with our corporate headquarters. This global network of water champions also shares best practices in water management using a global database of water-reduction projects.



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Water Strategy team

TI's corporate-level Water Strategy team, created in 2014, focuses specifically on increasing global water efficiency.



In 2015, we will continue to fund capital-improvement projects to further reduce, recycle and reuse water, especially in newly owned facilities. We plan to use our water champions to strategically focus and further increase our water-efficiency efforts. We also plan to do a feasibility study of at least one large, high-impact water-saving project.

We will continue efforts to use water efficiently and reduce total water use. Our 2015 absolute reduction goal is to reduce total water use by 4 percent.

Chemical use

TI purchases more chemicals and gases than other materials for our manufacturing operations. Since semiconductor manufacturing requires ultra-pure chemicals, we typically purchase nonrecycled process chemicals. However, we reuse some process chemicals for use in other equipment, where feasible. [\[EN2\]](#)

In 2014:

- We collected approximately 1.7 million liters of sulfuric acid discarded from manufacturing processes. We then reused approximately 1 million liters in other processes, and shipped 765,000 liters off-site for reuse by others.
- Our Richardson, Texas, manufacturing facility activated a new slurry recycling system that allowed for the reuse of wafer-polishing slurry (a liquid mixture) multiple times, eliminating the need to purchase approximately 1.2 million liters.

Also in 2014, each manufacturing facility set a goal to reduce its consumption of one process chemical by 5 percent. Each facility determined which chemical it would reduce and by the end of the year, all sites had met the goal.

We had no significant spills of chemicals, oils or fuels in 2014. When minor spills or releases occur, we work diligently to contain and abate waste materials that have been released, communicate with relevant regulatory agencies and authorities, and implement prompt and appropriate cleanup actions. [\[EN24\]](#)



Air emissions

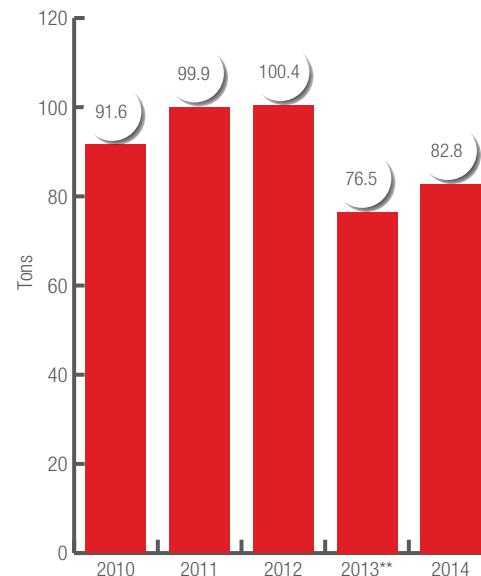
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TI programs promoting energy efficiency, enhanced equipment maintenance, efficient product transportation and employee commute programs all contribute to reduced air emissions. TI successfully reduced volatile organic compound (VOC) emissions in 2014, but had an increase in nitrogen oxide (NOx) emissions. [\[EN21\]](#)

We replaced or retired four of our remaining 28 chillers that contain chlorofluorocarbon (CFC) refrigerant, an ozone-depleting substance, which slightly reduced our emissions of CFCs. [\[EN20\]](#)

For details on our greenhouse gas (GHG) emissions, see the [Climate change](#) section.

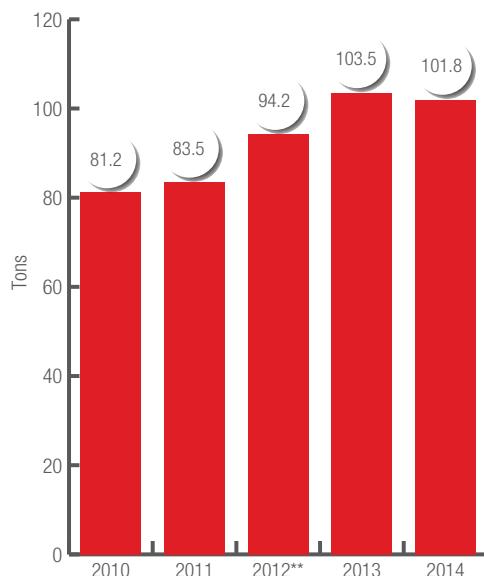
NOx emissions*



*The values account for U.S. sites only. We have not yet calculated global emissions.

**The 2013 decrease is primarily due to the initiated closing of TI's manufacturing facility in Stafford, Texas.

VOC emissions*



*The values account for U.S. sites only. We have not yet calculated global emissions.

**The 2012 increase is primarily due to the acquisition of a manufacturing facility in South Portland, Maine.



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Transportation

As TI's operations have expanded internationally, we have developed efforts to support cleaner and more efficient transportation options – from employee commuting to product shipments. We recognize that efficient transportation can reduce costs and potential environmental impacts.

Our employee commuting program supports alternative commute options such as mass transit, carpools and shuttles. Some facilities, including our headquarters, offer on-site showers for employees who bike or walk to work, covered parking for bicycles, an electric vehicle (EV) recharging infrastructure and bike-repair stations.

In 2014, we installed 42 EV charging stations at sites in Texas as part of a federally funded program designed to accelerate EV adoption. The accessibility of EV charging stations encourages employees to purchase electric vehicles. Use of our EV charging stations continues to increase every year, totaling 6,013 hours of charging time and using 18,157 kWh of energy in 2014. By the end of the year, we had more than 50 EV charging stations in the U.S.

In North Texas, where our single largest employee population resides, we work to reduce traffic congestion and contribute to better air quality through our Commute Solutions program, which subsidizes vanpools and mass transit, and offers bicycle-friendly amenities, shuttle service between sites and flexible work options. The program also promotes global activities such as Bike to Work Day. In 2014, 321 cyclists at 28 sites in 13 countries participated in Bike to Work Day.

In 2014, we added indoor bicycle parking in Santa Clara, California. We also added a program in California that allows eligible TIers to pay for public transportation with pre-tax dollars and have the option to contribute additional funds post-tax for transit costs.

We also offer on-site facilities and services to reduce our transportation footprint. For example, we encourage teams to use our video-conferencing system to reduce travel to meetings. In 2014, we gave approximately 55 percent of our workforce (about 17,100 employees globally) remote-connectivity tools.

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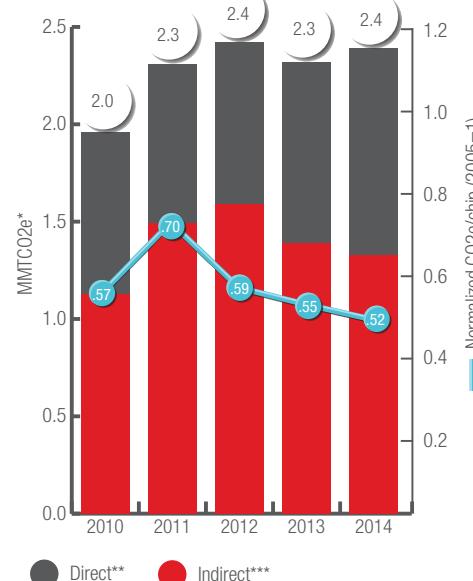
Climate change

TI takes global concerns about climate change seriously and understands the science demonstrating that greenhouse gas (GHG) emissions contribute to climate change. As an industry, we are working to reduce GHG emissions by developing new manufacturing technologies, using abatement devices and alternative chemicals, reusing chemicals, and eliminating nonessential uses of perfluorocompounds (PFCs). PFCs are critical to semiconductor manufacturing and are a significant source of our direct GHG emissions. Changes in climate change-related legislation could result in compliance activity-related costs and increased energy and raw-material costs. See more on risk management in [Business continuity](#). For details on opportunities related to climate change (such as investments in energy efficiency), see [Product portfolio](#). [EC2]

GHG performance

Approximately 56 percent of TI's GHG emissions are from electricity use, while 44 percent are direct emissions from on-site chemical use and natural-gas combustion for heat and steam.

Carbon footprint (Click chart for more detail.)



Direct GHG emissions, excluding combustion, are now measured using the U.S. Environmental Protection Agency's (EPA) mandatory GHG rule methodology. Finalized at the end of 2012, the EPA expects all reporting to be fully compliant for 2014 data, which we will report in 2015. This methodology is not backwards-compatible with previous data. The overall effect will be an approximate increase for all semiconductor industry emissions of approximately 10 percent.

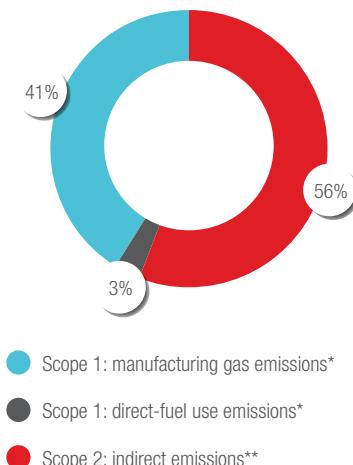
*Million metric tons equivalent carbon dioxide (MMTCO₂e) is a unit of measure for GHG emissions. Emission totals are from global TI manufacturing sites only.

**Direct (scope 1) emissions include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride and nitrogen trifluoride.

***Indirect (scope 2) emissions include CO₂, CH₄ and N₂O.

[EN15] [EN16]

GHG emissions by scope



*Scope 1 emissions are total global emissions from TI-owned or controlled sources.

**Scope 2 emissions are indirect GHG emissions from TI through the company's consumption of energy in the form of electricity, heat, cooling or steam.



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GHG reduction

Over the past several years, TI has reduced its indirect (scope 2) emissions more quickly than its direct (scope 1) emissions by focusing on energy use reduction.

In 2010, we set multiyear sustainability goals focused on operations efficiency. One of our five-year goals is to reduce GHG emissions per chip 30 percent by 2015. Our progress, as of 2014, reflects a 9 percent reduction in normalized GHG emissions versus our 2010 baseline.

2015 goals (against 2010 baseline)	2014 status
Reduce greenhouse gas emissions per chip produced by 30%	Reduced 9%

[EN18] [EN19]

Within our operations, we continued to implement energy-efficiency projects and other initiatives worldwide that reduced GHG emissions. For more information about our energy reductions, see [Energy use](#).

TI further reduced GHG emissions through operational changes. The completion of the shutdown at two older, less-efficient fabrication sites (a process begun in 2013) in Hiji, Japan, and Stafford, Texas, contributed to overall scope 1 and 2 emissions reductions. Both facilities used higher-emitting PFC processes.



In 2015, in addition to meeting

U.S. EPA mandatory reporting requirements, TI will report on its GHG emissions performance through voluntary outlets such as the World Semiconductor Council and CDP (formerly known as the Carbon Disclosure Project). In addition, we plan to:

- Continue monitoring emerging legislation worldwide, which may impact how we report and manage GHG emissions.
- Identify additional suppliers that can provide abatement technology at U.S. sites to further reduce GHGs.

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Waste management

We work to maximize the efficiency of the materials we purchase and to reduce our potential environmental impact by sourcing materials responsibly, and appropriately managing waste handling and disposal. TI's worldwide environmental, safety and health (ESH) standards require all sites to implement both engineering and administrative controls to reduce waste. We also work to reduce consumption and recycle materials where possible.

TI does not treat, process, dispose of, import or export hazardous waste generated from its facilities. Instead, we thoroughly vet and contract with established waste-management firms to remove, transport and properly dispose of hazardous waste. TI does not ship hazardous waste, as defined in the Basel Convention, across international boundaries. [\[EN25\]](#)

Waste-material recycling

In 2014, we achieved a 90 percent total waste recycling rate, which is slightly lower than our average of 93 percent over the last four years. This decrease is primarily attributable to one vendor's inability to use our waste as a fuel blend in North Texas due to a change in their equipment. TI is actively pursuing alternate vendors for solvent

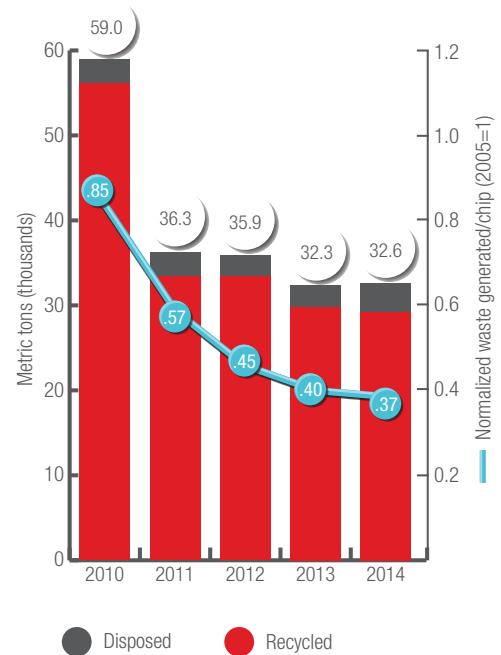
waste recycling, which will increase the total recycling rate.

We continued to recycle a variety of waste streams at TI sites globally. For example, we:

- Kept 41 metric tons of silicon wafers out of landfills by selling them to solar-panel fabricators.
- Sold solvent-waste mixtures to third parties for use in power-generation processes.
- Used recycled sulfuric acid for scrubber and industrial wastewater treatment dosing at one of our sites.

Waste generated*

(Click chart for more detail.)



*Totals include hazardous and nonhazardous waste from all manufacturing sites, which accounts for the majority of waste, as well as some of our largest nonmanufacturing sites.

[\[EN23\]](#)



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Packaging

Innovative product packaging and transport packaging give us an opportunity to address waste. In 2014, we continued to eliminate lead and other materials of concern from our semiconductor packaging. We also introduced designs that shrink our package sizes and pack more units into the same area.

To reduce the amount of packing and shipping materials needed to transport certain items, we are now offering “jumbo” reels that reduce the number of shipping boxes needed in a given shipment. Our increased manufacturing of larger 300-mm wafers also reduced the amount of packing materials.

E-waste

We provide customers detailed information about the materials used in TI semiconductor products so that they can make informed decisions about end-of-life disposal.

We participate in take-back programs that include our TI Education Technology (calculator) products. In 2014, these take-back programs recycled 58,516 units (or 29 metric tons of e-waste) and 60 metric tons of retail packaging. This is in

addition to the 29,000 metric tons of materials we recycled from our operations. [\[EN28\]](#)

Some of our Education Technology recycling programs include:

- Rechargeable battery recycling: We mark our rechargeable batteries with the Call2Recycle Rechargeable Battery Recycling Corp. (RBRC) logo, indicating that we are a member of this U.S. and Canadian recycling program.
- E-waste recycling: We use the R2 Certified Recycling Co. for e-waste. We are a member of the Electronics Products Recycling Association for eight Canadian provinces.
- Paper, packaging and printed material recycling: We are a member of the Canada Stewardship Services Alliance for British Columbia, Saskatchewan, Manitoba and Ontario provinces. We are also a member of Eco Entreprises Quebec.

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Wastewater

TI's water-management standard establishes minimum expectations for wastewater and stormwater management. This standard applies to our manufacturing and assembly/test sites around the world and establishes requirements beyond applicable regulatory requirements. Local management teams monitor and ensure compliance with both regulatory and company standards and report monthly to our worldwide Environmental, Safety and Health (ESH) management team.

Our Water Process System team comprises system owners from around the world and meets regularly to collaborate on wastewater-related projects, share information and best practices, and troubleshoot issues. The team also helps monitor site operations to ensure compliance with effluent limits.

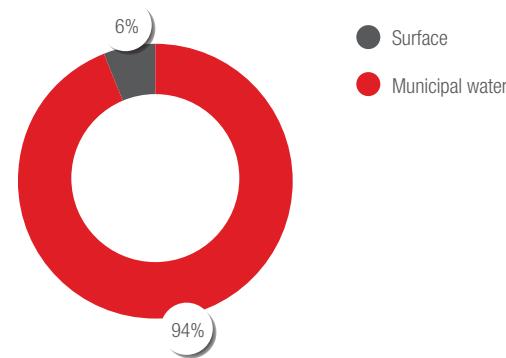
Our wastewater treatment plants typically treat only for pH because our operations do not generate treatable quantities of metals or other water contaminants. Most of our treated wastewater is discharged to municipal sewers. Municipalities impose rigorous permit conditions on TI, including frequent monitoring and inspections. In addition to permit conditions, our industrial wastewater

treatment plants are internally assessed annually, audited every three years, and staffed with trained or certified operators as required.

Our ongoing transition to manufacturing larger 300-mm wafers means we will generate less wastewater because the 300-mm process uses fewer chemicals and less water.

We discharged 19.6 percent less wastewater in 2014 than in 2013. We did not have any unplanned discharges of wastewater that adversely affected neighboring (receiving) water bodies in 2014. [EN22]

Wastewater discharge (Click chart for more detail.)



Supply chain



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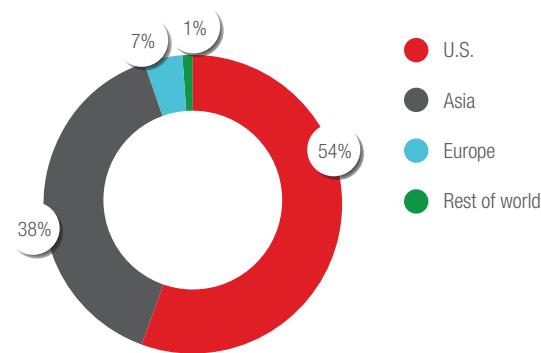
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Overview

With more than 10,000 suppliers throughout the world, our supply chain is an important part of our business. We expect our suppliers to exemplify good corporate citizenship. We work to ensure that our supply chain is competitive and sustainable by educating suppliers on environmentally and socially responsible practices and we strengthen our communities by working with local, diverse suppliers. We hold ourselves and our suppliers accountable for responsible conduct and performance.

Approximately 300 suppliers make up the top 80 percent of our supplier spend, and about half of those are suppliers we need for our manufacturing processes. In certain cases, we outsource the manufacturing of wafers, assembly or test components that we choose not to manufacture ourselves. In 2014, we sourced about 20 percent of our total wafers from external foundries and about 40 percent of our assembly/test services from subcontractors. [G4-12]

Supplier spend by region*



- U.S.
- Asia
- Europe
- Rest of world

*Data is based on where suppliers receive payments.

TI's vice president of worldwide procurement and logistics, who reports directly to the chief financial officer, oversees supply-chain policies, performance and risk management. The semiconductor industry as a whole faces risks related to the availability of resources, such as water and metals. As industry supply chains expand globally, they may be more susceptible to supply disruptions and price volatility for key materials. TI works closely with its suppliers to address and mitigate potential risks.



Recognition

In 2014, we received awards acknowledging our supplier-diversity efforts from:

- Women's Enterprise USA Magazine, "100 Corporations of the Year" recognition.
- Dallas/Fort Worth Minority Supplier Development Council, Buy Those That Buy Us Best Practice Award.
- Women's Business Council – Southwest, Done Deals Participation Award.



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To promote responsible and fair business practices throughout our supply chain, the [TI supplier code of conduct](#) and [supplier environmental and social responsibility policy](#) outline our expectation that suppliers treat workers with respect, provide safe working conditions, and conduct environmentally responsible manufacturing processes. Different international regulations present a challenge in determining accountability for audits and performance improvements related to supplier working conditions. We are working with our industry partners through organizations like the Electronic Industry Citizenship Coalition (EICC) to address and overcome this challenge.

The TI supplier code of conduct addresses worker safety and fairness, environmental responsibility, and efficiency. To advance our progress in 2014, TI required 157 major production suppliers (representing 80 percent of our major production spend) to complete assessments of their corporate environmental and social programs using the EICC self-assessment questionnaire (SAQ). All of the suppliers submitted at least one facility-level SAQ. [\[S09\]](#)

An analysis of the results demonstrated that our supply chain is relatively low risk. Based on the results of our suppliers' SAQs, we had no significant potential or actual negative environmental, labor practice, human rights or society impacts in 2014. [\[EN33\]](#) [\[LA15\]](#) [\[HR11\]](#) [\[S010\]](#)

We evaluate our suppliers' environmental and social performance using our cost, environmental and social responsibility, technology, responsiveness, assurance of supply, and quality (CETRAQ) scorecard. We show preference toward suppliers who demonstrate effective environmental and social practices and use the scorecard as a tool for dialogue during semiannual meetings. Whenever we see that a supplier's performance does not meet minimum thresholds, we engage with them to develop an improvement plan. We work diligently with all of our suppliers to ensure compliance and improve as required.

Supplier Excellence Awards

In April 2015, TI recognized its highest-performing suppliers with TI's [Supplier Excellence Award](#) (SEA), the company's highest level of supplier recognition, for delivering outstanding products, service and support. The 16 recipients were nominated by TI buyers and internal partners, and selected based on a variety of attributes. CETRAQ scores are a major consideration in the selection of these suppliers. "As a global semiconductor company focused on analog and embedded processing, TI is committed to designing, manufacturing, testing and selling technologies that change the way people live their lives. Our most critical suppliers, like the 2014 SEA winners, are essential to our success," said Rob Simpson, TI's vice president of worldwide procurement and logistics. "Along with our more than 100,000 customers, we expect world-class performance and execution from our suppliers. These winners have demonstrated an outstanding commitment and ability to support and provide value to TI."



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In addition to completing CETRAQ and EICC assessments, our critical suppliers participated in a risk assessment in 2014 to ensure that their qualifications, financial performance and business continuity plans continued to meet our standards. We found opportunities for improvement, but no significant infractions.

We recommend that our suppliers produce a citizenship report using Global Reporting Initiative (GRI) guidelines, which we have found to be the most comprehensive, widely used and accessible framework. With ever-increasing demands for transparency, annual sustainability reporting can help assess and manage risk, as well as uncover environmental and social opportunities. [\[EN32\]](#) [\[LA14\]](#) [\[HR10\]](#)

Material sourcing

We recognize that the sustainability of our products begins with their material sources. To help us comply with the U.S. Securities and Exchange Commission's conflict minerals rules, we rely on the Conflict-Free Sourcing Initiative (CFSI). This initiative calls for an independent party to evaluate smelter and refinery procurement activities to ensure that tin, tungsten, tantalum and gold originate from conflict-free sources. TI also uses CFSI's

conflict minerals reporting tool to track suppliers' practices and confirm that minerals used in electronic products are mined from legitimate sources.

In 2014, we filed our first conflict minerals report, achieved a significant increase over the year in conflict minerals-compliant smelters, and looked more deeply into supply-chain analysis and readiness. We will continue to push toward conflict-free status for suppliers, and site audits and facility-level reviews for supplier facilities.



In 2015, we will:

- Educate suppliers on the updated TI supplier code of conduct and related EICC validated audit process (VAP) protocol.
- Require facility-level SAQs for all major production suppliers that support TI.
- Audit 25 percent of our suppliers that we identified as high risk.
- Increase the percentage of compliant smelters in our supply chain by working with our suppliers toward conflict-free status for all TI products.



Diversity

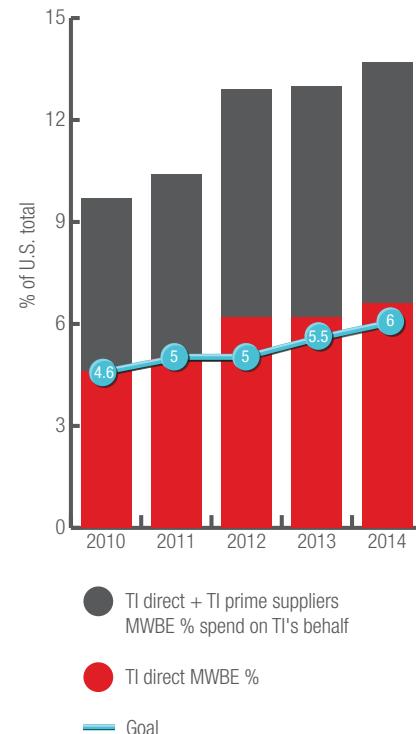
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TI has fostered diversity in its supply chain for more than 20 years through initiatives to support minority- and women-owned business enterprises (MWBEs).

We focus most of our supplier-diversity efforts on the North Texas region, near our corporate headquarters. Engaging MWBEs in our supply chain adds to the stability of the regional economy because it enables these companies to create more jobs and employ more people. We play an active role in the Women's Business Council – Southwest and the Dallas/Fort Worth Minority Supplier Development Council.

To advance our progress in 2014, TI collaborated with Dallas, Texas-area chambers of commerce and also honored select employees as 2014 Supplier Diversity Champions based on their support of and commitment to our minority/women business development initiative. Approximately 7.1 percent of U.S. spend was with MWBEs in 2014, which marks the fifth consecutive year of growth in TI's MWBE percentage spend. [EC9]

U.S. MWBE spend



In 2015, we will:

- Mentor critical MWBE suppliers so they can continue to be valued partners for TI.
- Achieve at least 6.5 percent U.S. spend with certified MWBEs.

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At TI, we believe strong companies build strong communities. Not only do our operations around the world enhance their economies by providing local job opportunities, our employees, company and foundation support their communities through philanthropic giving and volunteerism. Our efforts focus on improving education and critical community needs where we operate, including arts and culture programs near our Dallas, Texas, headquarters. We are not aware of any TI operations with a negative impact on local communities. [S02]

In 2014, we released a [citizenship website](#), which includes dedicated sections for [communities](#) (with regional spotlights) and [education](#) initiatives. We also share community updates through a [citizenship news blog](#), this citizenship report, internal news articles, presentations and other employee forums.

Recognition

In 2014, we received awards recognizing our commitment to the communities where we operate, including:

- United Way of Metropolitan Dallas, Spirit of Caring Award, the organization's highest honor.

The screenshot shows the Texas Instruments Corporate Citizenship website. The header features the Texas Instruments logo and navigation links for Company, Careers, Investor relations, Citizenship, University, and Public policy. A search bar and a "Login / register" link are also present. The main banner is teal with the text "Corporate citizenship" and "Engineering a better tomorrow". Below the banner, there are three columns: "Citizenship" (with links to Our approach, Sustainability, Communities, and Education), "Ethics and compliance" (with links to Responsible sourcing, Conflict minerals, Governance, Public policy, Giving, and Awards), and "2013 Corporate Citizenship Report" (with a "View the 2013 report" button). The "Citizenship" column contains images of people working in a lab and a classroom. The "Sustainability" column contains an image of two women in lab coats. The "Communities" and "Education" columns contain images of people interacting with children. The footer includes a "Texas Instruments in the Community" section and a "With a goal of helping every child succeed, we strive to improve learning and teaching, especially science, technology, engineering and math (STEM) skills and access to education around the world." message.



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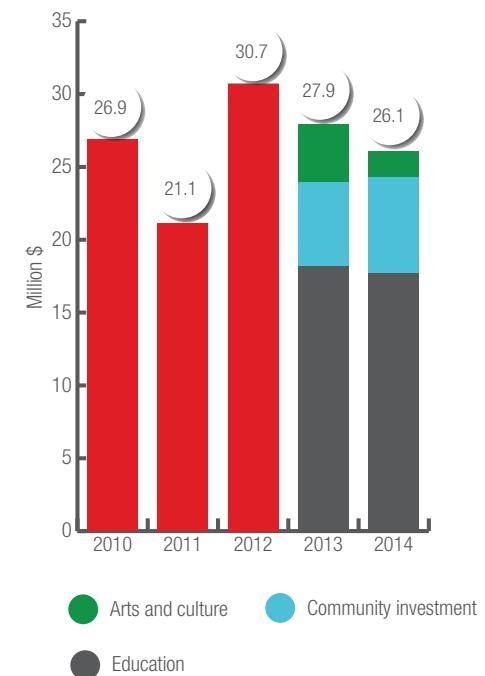
TI provides funding to improve the quality of life in communities where it operates, focusing on the strategic investment areas of education and critical community needs. We also support arts and culture programs in Dallas, Texas, and through U.S. matching programs. For more on our giving strategy, see the [Giving](#) section of our citizenship website.

Last year, TI made \$26.1 million in philanthropic grants, matching gifts and in-kind donations, with \$17.7 million dedicated to our highest priority: education. This includes gifts from TI, the TI Foundation and the TI Community Fund. TI employees and retirees gave an additional \$5.7 million to community, education and arts initiatives. [EC1]

In 2014, we worked to make our online grants system easier for nonprofit partners to use and to better capture data regarding grant impact. We also reviewed and updated our internal policy and procedures related to contributions and memberships to document a consistent global approval process aligned with TI [giving guidelines](#), and to better use our electronic approval and payment systems. An internal audit of our corporate philanthropy processes verified their strength with only a few suggested improvements, which we implemented.

In India, we developed processes and programs to comply with the India Companies Act, which went into effect April 1, 2014. The act requires companies of a certain size to contribute 2 percent of the last three years' average profit to qualified social causes. While TI India has been active in the community through employee efforts for many years, this regulation presented an opportunity to solidify our strategy and begin broader implementation of programs in education and other pressing community needs. We formalized our Corporate Social Responsibility committee and Community Involvement team and assigned employee leaders to each of the strategies.

Philanthropic giving* (Click chart for more detail.)



*Contributions made by TI, the TI Foundation and TI Community Fund. Total giving does not include TI's annual contribution to the TI Foundation (\$15 million in 2014). However, it does include in-kind donations (\$1.5 million in 2014).



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Education

With science, technology, engineering and math (STEM) skills in high demand in the workforce, TI invests in education programs that help high school students graduate with proficiency in STEM subjects so that they are capable of successfully pursuing postsecondary STEM-related degrees and careers. We support numerous programs in the U.S. that provide the maximum impact and have a track record of shifting student attitudes and increasing student achievement. Outside the U.S., we invest in education initiatives that help provide access to quality education. Learn more about our efforts in [Education](#).

Community investment

Globally, our community involvement teams, comprising employee volunteers, help identify the most pressing needs for their location. We focus our investments on those needs.

In 2014, TI and the TI Foundation made more than \$6.6 million of grants in this area, including \$3.6 million to match employee and retiree contributions to United Way and other community organizations. In addition, we made more than \$400,000 in volunteer incentive program (VIP)

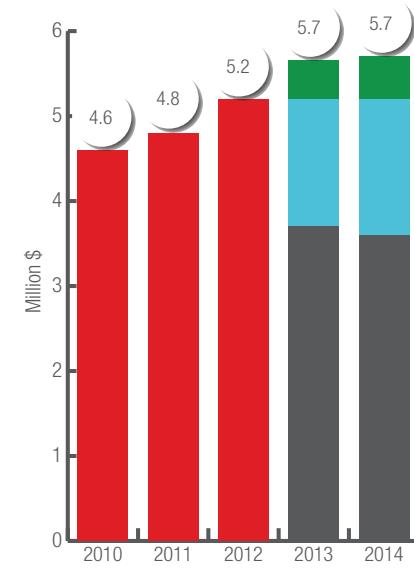
grants to nonprofits based on employee and retiree volunteer hours. Since its implementation in 2012, the VIP continues to gain momentum with employees.

Employee giving*

In 2014, TI employees donated \$5.7 million to community causes. TI empowers employees at sites around the world to contribute to causes that improve the quality of life in local communities. TI's more than 25 diversity initiatives are very active in supporting community needs through contributions as well as volunteerism.

In the U.S., the 2014 TI United Way campaign, chaired by TI Chairman, President and CEO Rich Templeton, set a record with more than \$7.4 million raised through TI, employee, retiree and TI Foundation contributions – \$800,000 more than in 2013. TI also had its highest employee participation rate in more than 10 years. Early in the year, TI received United Way of Metropolitan Dallas' highest local honor, the Spirit of Caring Award. We were also recognized for our growing efforts in Silicon Valley and Maine.

Employee giving* (Click chart for more detail.)



● Arts and culture* ● Education*

● Community investment**

*Giving tracked through the U.S.-based TI Foundation matching gifts program.

**Includes health and human services, United Way, disaster-relief and other. Disaster-relief includes employee gifts in support of domestic and international disaster-relief efforts but does not include value of employee volunteer hours.



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Arts

We value the enrichment and enhanced quality of life provided by arts and cultural organizations. Our support of the arts in the community where we are headquartered – Dallas, Texas – stretches back to our founders. Their legacy continues through our contributions to cornerstone and premier arts organizations. The TI Foundation also provides support outside of Dallas to arts and culture organizations through a matching gifts program.

TI and the TI Foundation made combined grants of \$1.8 million to arts and cultural organizations in 2014, with the TI Foundation providing an additional \$500,000 in matching gifts to nonprofit arts groups. TI Foundation grants helped with general operating support, while TI corporate funding went to sponsorships of performing arts groups, exhibitions and other initiatives. Sponsorships provide an additional benefit to TI employees and retirees by allowing them to experience select events in Dallas' vibrant arts community.



In 2015, our giving goals are to:

- Increase our focus in STEM grants on underrepresented populations.
- Provide additional opportunities for TI employees to engage with STEM programs that receive TI funding, thereby increasing investment impact.
- Launch new multiyear grant opportunities in Santa Clara, California, and South Portland, Maine.
- Implement new lowered minimums for employee matching gifts and the volunteer matching program.
- Explore expanding the employee matching gifts and volunteer matching programs to select international locations.

Recognizing outstanding STEM teachers

One of the greatest influences on student achievement is a great teacher. As part of its commitment to promoting effective teaching in STEM education, the TI Foundation presented its [Innovations in STEM Teaching Awards](#) to 14 teachers from the Dallas, Mesquite, Plano and Richardson independent school districts at TI's Dallas, Texas, headquarters. The awards honor local secondary teachers who consistently demonstrate quality instruction and build student achievement in STEM subjects. Since 2007, the TI Foundation has invested \$900,000 in the STEM awards to recognize and help retain 90 excellent teachers in these districts. TI also supports teacher awards in [California](#) and far North Texas ([Sherman and Denison](#)). Additionally, TI sponsors the Junior League of Dallas' [Grants for Innovative Teaching](#), which helps provide innovative teaching tools and programs.



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Our top philanthropic priority is to support education, which fosters the growth of individuals, companies and economies and creates an ecosystem where innovation can thrive. TI's [key objectives](#) focus on improving STEM in the U.S. and access to education around the world. Over the past five years, TI has invested more than \$150 million in education.

In 2014, we expanded our commitment through:

- Contributions: TI increased its education investments by 5 percent, totaling \$36.1 million. We funded [primary/secondary education initiatives](#), [higher education](#), innovative education [technology](#) and teaching [resources](#). This included \$17.7 million in philanthropic contributions.
- Collaborative partnerships: TI increased its focus on collaborative partnerships for STEM education with a focus on women and minority students, who are traditionally underrepresented in engineering.
- Employee engagement: TI encouraged its employees to get directly involved in education as volunteers, mentors, tutors and advocates, resulting in thousands of volunteer hours in 2014. We also developed an education tool kit for employees to use when volunteering for school programs and speaking to students.

The tool kit includes a curriculum, resource materials, handouts and videos. See [Volunteerism](#) for more.

Primary and secondary STEM education

In 2014, TI and the TI Foundation supported programs that both expanded STEM education opportunities to underrepresented STEM students and increased the quality and quantity of STEM teachers, one of the greatest influences on student success. For examples of programs in which TI and the TI Foundation has invested, see our [citizenship website](#).

Teacher initiatives

We continued to invest in U.S. programs that helped address the shortage of qualified STEM teachers; we also provided professional development and recognition for outstanding teachers. Examples include the Advanced Placement (AP) Incentive Program, Teach for America, UTeach, the National Alliance of Partnerships in Equity, Silicon Valley Community Foundation's Common Core Initiative and STEM teacher awards.

Student-focused initiatives

We partnered with numerous nonprofits and schools in our site communities across the U.S. to help increase STEM student achievement and encourage students to pursue STEM-related careers. Programs targeting underrepresented students included mentoring, summer camps, after-school programs, field trips and robotics teams.

Access to education

Outside the U.S., TI invested in programs that increase the number of students who get the opportunity to receive a quality education, in addition to STEM education programs. In China, investments in 2014 helped schoolchildren in rural areas get access to classrooms, technology and books. In India, TI and its employees helped more than 350 low-income students improve their school performance through tutoring, mentoring and scholarships.

Business support of education

In addition to selling education technology and semiconductor products, TI also works through its businesses to provide technology curricula and tools to improve student comprehension of and interest in STEM.



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In 2014, TI's Education Technology business collaborated with the National Council of Teachers of Mathematics to create free activities to demonstrate their eight Mathematics Teaching Practices in Principles to Actions. Another series of TI-developed free lessons, Building Concepts, covers foundational mathematics concepts and follows grade-level standards outlined by the Common Core State Standards. We also offered several STEM summer camps at [GEAR UP](#) sites, which enable low-income students to pursue and succeed in postsecondary education.

We continued supporting three robotics programs, [FIRST](#), [VEX](#), and [BEST](#) to help generate interest in engineering. In 2014, we contributed around \$100,000 in sponsorships, around \$300,000 in tool donations and about 5,000 volunteer hours. TI also worked with select schools across the U.S. to provide [TI LaunchPads](#) that give students hands-on early exposure to engineering, from coding to innovative product design. We donated 3,100 LaunchPads to the FIRST Robotics Kit of Parts.

University partnerships

We partner with 2,600 universities around the world to integrate the latest analog and embedded technology into their engineering curricula. As of

year-end 2014, we had established more than 7,000 teaching and innovation labs and offered engineering tools and training to help accelerate both faculty and student knowledge and skills. To help put their learning into practice, more than 60,000 students participated in the 2014 TI Innovation Challenge Design Contest. We also continued to invest in about 300 research projects that engage both students and faculty.

TI is now reaching more than 500,000 students annually through university programs. In addition, 2014 was a big year for massive online and open course (MOOC) development and production, with three successful launches at top U.S. and European universities that help broaden access to engineering hands-on training. To support outreach to underrepresented populations in STEM, we partner with student organizations at universities that already have such programs. For example, in 2014 we supported Pioneers in Engineering, a University of California, Berkeley student-run program that reaches out to underrepresented or low-income populations in San Francisco Bay Area high schools through robotics and mentoring programs.

 **In 2015, TI plans to continue focusing on STEM initiatives and access to education. We plan to:**

- Evaluate our support of the STEM school district in Lancaster, Texas to capitalize on the positive results after our first grant in 2012.
- Expand support for programs to train, retain and expand the number of STEM teachers.
- Focus a higher percentage of grants on reaching underrepresented STEM students including women, African-Americans and Hispanics.
- Partner with [US2020](#) to provide U.S. employees and retirees more opportunities to impact STEM education by mentoring underrepresented students.
- Continue investments in China and India to give more students the opportunity to receive a quality education.
- Expand our university program reach through additional labs and competitions, and engage with at least two more student programs reaching the underserved.



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Encouraging high student achievement in North Texas

Since 2000, the TI Foundation has invested over \$13 million to encourage students in Dallas-area school districts to pursue and succeed in rigorous AP courses. The National Math and Science Initiative's (NMSI) AP Incentive Program provides financial awards to thousands of students who might otherwise not have taken and succeeded in AP coursework. It also funds stipends for teacher training, equipment and supplies to support AP classes. Studies have shown that the AP curriculum is the best indicator available of whether students are prepared for college-level work. Students who master AP courses are three times more likely to graduate from college. For minority students, that multiplier is even greater: African-American and Hispanic students who succeed in AP courses are four times more likely to graduate from college. Based on a [study](#) released in late 2014, a minority student in Dallas, Texas, (where the AP Incentive Program is offered in all high schools) is more than twice as likely to earn a qualifying score on an AP math or science exam than any other large urban school district in the country. The TI Foundation invested to expand the program to Garland, Texas, in 2014.

Schools for students in rural China

The first Texas Instruments Project Hope Primary School (a China Youth Development Foundation project) opened in early 2014 in Nanbu, providing access to education for students whose families cannot afford the cost of elementary school. This school includes multi-media-equipped classrooms and a Project Hope library. As part of the opening festivities, TI employees developed and taught courses to engage students in STEM fields. They used interactive activities and, in true Texas fashion, even wore cowboy hats.

Groundbreaking at a Texas Instruments Project Hope Primary School in Danlin took place in November 2014 and a location for a third school was selected. In addition to these schools, TI also donated 120 multimedia-equipped classrooms to schools in poverty-stricken areas in central and west China, and trained 285 teachers in four provinces to use the technology to enhance learning.

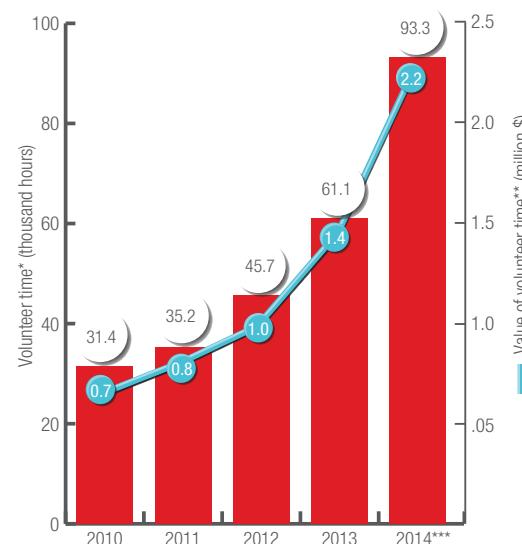
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Since our inception, our employees have made an effort to improve the quality of life in our local communities through volunteerism and giving. Today, TI employees and retirees around the world continue to strengthen site communities by getting involved. In 2014, they gave more than 93,000 volunteer hours, a 53 percent increase from 2013. These hours equal almost \$2.2 million in donated time.

Volunteer time and value

(Click chart for more detail.)



*These are estimates based on select, company-sponsored volunteer activities.

**Value based on Independent Sector calculation (hourly values vary between years); http://www.independentsector.org/programs/research/volunteer_time.html.

***The large increase year-on-year increase is partially due to the addition of U.S. employee volunteer incentive program (VIP) for the first time.

To motivate the increase in volunteerism in 2014, we:

- Encouraged more senior business leaders than ever before to become active in the community; they encouraged their teams to volunteer alongside them.
- Increased United Way volunteer program support and sponsorships. More than 5,000 TI employees and retirees volunteered with United Way agency partners by serving on United Way committees, boards, grant panels and councils, and by participating in more than 100 Day of Impact volunteer events.
- Introduced an online education tool kit in the U.S. to provide employees with age-appropriate presentations and tools to engage with K-12 students and get them excited about careers in STEM.
- Created a Global Community Involvement team resource guide to help TI employees create a community involvement plan that fits the unique needs of their local community and their interests, while aligning with global strategies.
- Supported 25 different diversity initiatives in Dallas and the San Francisco Bay Area, including TI's new employee initiative (NEI), which has more than 900 members. The NEI helped drive strong involvement from millennials and first-time volunteers in community service programs.



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- Launched an online tool to manage volunteer events with community partners to improve employee access, registration and communications.
- Trained U.S. employees to be effective community leaders through Center for Nonprofit Management sessions. Currently, over 400 TI employees serve in roles on various nonprofit boards around the world.

STEM education volunteerism

With more of our giving focused on education, we sought volunteer opportunities in 2014 where our employees could make a bigger impact. Employees and retirees served as robotics coaches, science and engineering fair judges, mentors, tutors, career-planning advisers and STEM camp presenters. The volunteer tool kit developed in 2014 included modules specific to STEM understanding and related careers.

In India, TI employees donated more than 750 hours in support of the annual India Science and Technology Quiz, which takes place in five cities and focuses on student achievement in STEM. In China, TI employees volunteered 614 hours to train teachers and organize the Magic Electronics competition.

Employee recognition

Each year, TI recognizes employees around the world for their commitment to the community through TI Founders Community Service Awards. An independent panel of outside judges selects recipients for their outstanding community-service efforts and contributions toward building a better future in communities where TI operates. In 2014, 15 employees and [teams around the world](#), including the U.S., Israel, Philippines, China and India, received this honor and were able to give \$1,000 grants to the qualified organization where they volunteered.



In 2015, we aim to:

- Increase employee volunteerism 30 percent by providing new resources to expand programs to support community involvement.
- Make it easier for employees to get involved through more focused outreach, employee engagement teams and senior management involvement.

Celebrating 90 years of United Way through volunteerism

In 2014, TI was the [presenting sponsor](#) of United Way Metropolitan Dallas' Nine for 90, a series of nine communitywide volunteer projects celebrating the 90th anniversary of United Way Metropolitan Dallas and its service in North Texas. A former Dallas Cowboys football player participating in the United Way National Football League public service campaign championed each project. Over 700 TI employees worked alongside almost 1,000 additional volunteers from 47 other companies. Collectively, these volunteers contributed more than 10,000 volunteer hours at 56 nonprofit organizations that benefited 5,000 people in North Texas, including 1,700 students. Projects included STEM and career-planning days for students, updating a women's shelter, delivering meals to the elderly, a health and fitness fair, and providing housing for veterans. Watch videos from some of the projects [here](#).



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Annual goals

TI sets both annual and multiyear goals to inspire performance improvements and achieve cost savings. This progress summary offers an overview of these goals and our progress against each. The corresponding sections of this report provide additional detail on 2014 performance in each area.

	Description	2010		2011		2012		2013		2014		2015
		Goal	Result	Goal								
Employees	Our performance continues to be the best in the industry (based on Semiconductor Industry Association rankings), a position we aim to maintain through aggressive safety processes and goals											
	Safety: days away, restricted or job transfer case (rate)	0.08	0.13	0.08	0.09	0.08	0.12	0.08	0.08	0.08	0.14	0.08
	Semiconductor industry result*		0.80		0.80		0.80		0.90			
	Safety: recordable case (rate)	0.20	0.26	0.20	0.19	0.20	0.24	0.20	0.22	0.20	0.22	0.20
	Semiconductor industry result*		1.50		1.60		1.60		1.60			
Environment	We aim to use resources as efficiently as practicable in our operations globally.											4
	Water use** (reduction %)											
	Utility expenses: energy and water (million \$ saved)	4	6.4	5	8.6	6	10.1	8	10.2	9	9.7	9.5
	Chemical use at manufacturing and assembly/test sites** (reduction %)					3	3***	3	3	5	5	



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	Description	2010		2011		2012		2013		2014		2015
		Goal	Result	Goal	Result	Goal	Result	Goal	Result	Goal	Result	Goal
Supply chain		We engage with certified minority and women-owned suppliers to achieve a diverse and competitive supply chain while strengthening the communities where we operate.										
	Minority/women-owned business supplier spend (% of total U.S. supply-chain spend)	4.6	5.1	5	5.4	5	6.7	5.5	6.8	6	7.1	6.5
Community		Employees around the world contribute their time and expertise to make their local communities stronger.										
	Volunteer hours** (increase %)							25	33	25	53	30

*U.S. Occupational Safety and Health Administration industry data. Statistics represent U.S. performance only. Data for 2014 was not available at the time of report development.

**Goal established in 2012 or later.

***92 percent of manufacturing sites and 100 percent of assembly/test sites achieved this target.



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Multiyear goals

In 2010, TI set three sustainability-focused goals to reduce the resources and emissions required to design, market and manufacture a semiconductor chip by 2015. In the years since, we had significant changes in our operations that affected our efforts to achieve these goals: we started up three new factories and acquired five additional factories.

In 2014, we completed the shutdown of two older, less-efficient sites and consolidated production, which allowed us to reduce overall energy and water use while increasing overall chip production. The progress toward our 2015 goals will continue to improve as we increase production and continue our efficiency projects.

2015 goals (against 2010 baseline)	2014 status
Reduce energy required per chip produced by 45%	Reduced 23%
Reduce extracted water required per chip produced by 45%	Reduced 6%
Reduce greenhouse gas emissions per chip produced by 30%	Reduced 9%
2020 goal (against 2010 baseline)	
Adopted U.S. Department of Energy's Better Buildings, Better Plants program goal: reduce energy intensity at U.S. manufacturing sites by 25 percent	Achieved



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GENERAL STANDARD DISCLOSURES			
Indicators	General standard disclosures	Page/response/omission	External assurance
	Strategy and analysis		
G4-1	Statement from the most senior decision-maker of the organization.	Executive statement	no
	Organizational profile		
G4-3	Report the name of the organization.	Business profile	no
G4-4	Report the primary brands, products, and services.	Business profile	no
G4-5	Report the location of the organization's headquarters.	12500 TI Boulevard, Dallas, Texas 75243 (Business profile)	no
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Business profile	no
G4-7	Report the nature of ownership and legal form.	Incorporation: SEC Form 10-K	no
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	Products , Business profile	no
G4-9	Report the scale of the organization, including: <ul style="list-style-type: none">• Total number of employees;• Total number of operations;• Net revenues (for public sector organizations);• Quantity of products or services provided;	On Dec. 31, 2014, TI had 31,003 employees. In 2014, TI had design, manufacturing and sales operations in 35 countries, provided tens of thousands of products, and generated \$13.05 billion in revenue (SEC Form 10-K , pages 2-3, 8).	no



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G4-10	<ul style="list-style-type: none">• Report the total number of employees by employment contract and gender;• Report the total number of permanent employees by employment type and gender;• Report the total workforce by employees and supervised workers and by gender;• Report the total workforce by region and gender;• Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors; and• Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	Employees	no
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	We don't currently track the percentage. In France and Germany, employees elect their representatives in local works councils according to their respective country legislation. (Human rights)	no
G4-12	Describe the organization's supply chain.	Supply chain	no



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G4-13	<p>Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including:</p> <ul style="list-style-type: none">• Changes in the location of, or changes in, operations, including facility openings, closings, and expansions;• Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations); and• Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination.	<p>Free cash flow was \$3.5 billion, up 18 percent from the previous year. We initiated plans to increase analog production on 300-mm wafers, invested \$1.4 billion in R&D and returned \$4.2 billion to shareholders.</p> <p>(Business profile)</p>	no
G4-14	<p>Report whether and how the precautionary approach or principle is addressed by the organization.</p>	<p>We consider the precautionary principle in many aspects of our operations, including our approach to climate change and business continuity. In addition, our aggressive chemical and material screening process assures that we do not use materials that may have hazards not understood and/or controlled.</p>	no
G4-15	<p>List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.</p>	<p>Voluntary standards</p>	no



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G4-16	<p>List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization:</p> <ul style="list-style-type: none">• Holds a position on the governance body;• Participates in projects or committees;• Provides substantive funding beyond routine membership dues; and• Views membership as strategic.	Public policy (Memberships)	no
	Identified material aspects and boundaries		
G4-17	<ul style="list-style-type: none">• List all entities included in the organization's consolidated financial statements or equivalent documents.• Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	Our consolidated financial statements include two reportable segments: Analog and Embedded Processing. We report the results of our remaining business activities in Other (SEC Form 10-K , page 3). This report covers citizenship topics for all entities included in our financial statements. Report overview	no
G4-18	<ul style="list-style-type: none">• Explain the process for defining the report content and the Aspect Boundaries.• Explain how the organization has implemented the Reporting Principles for Defining Report Content.	Report overview	no
G4-19	List all the material Aspects identified in the process for defining report content.	Stakeholder engagement	no



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G4-20	<p>For each material Aspect, report the Aspect Boundary within the organization, as follows:</p> <ul style="list-style-type: none">• Report whether the Aspect is material within the organization.• If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either:<ul style="list-style-type: none">- The list of entities or groups of entities included in G4-17 for which the Aspect is not material; or- The list of entities or groups of entities included in G4-17 for which the Aspects is material• Report any specific limitation regarding the Aspect Boundary within the organization.	Report overview	no
G4-21	<p>For each material Aspect, report the Aspect Boundary outside the organization, as follows:</p> <ul style="list-style-type: none">• Report whether the Aspect is material outside the organization;• If the Aspect is material outside the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified; and• Report any specific limitation regarding the Aspect Boundary outside the organization.	Report overview	no
G4-22	Report the effect of any restatements of information provided in previous reports and the reasons for such restatements.	We have no restatements to report.	no
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Report overview	no



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	Stakeholder engagement		
G4-24	Provide a list of stakeholder groups engaged by the organization.	Stakeholder engagement	no
G4-25	Report the basis for identification and selection of stakeholder with whom to engage.	Stakeholder engagement	no
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	Stakeholder engagement	no
G4-27	Report key topics and concerns that have been raised through stakeholder engagements, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	Stakeholder engagement	no
Report profile			
G4-28	Reporting period (such as fiscal or calendar year) for information provided	Calendar year	no
G4-29	Date of most recent previous report (if any).	June 2014	no
G4-30	Reporting cycle (such as annual, biennial).	Annual	no
G4-31	Provide the contact point for questions regarding the report or its contents.	Lara Wallentine Hussain, Sustainability Stakeholder Relations	no



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G4-32	<ul style="list-style-type: none">• Report the “in accordance” option the organization has chosen.• Report the GRI Content Index for the chosen option.• Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance, but it is not a requirement to be “in accordance” with the Guidelines.	This is a GRI G4 Core-level report.	no
G4-33	<ul style="list-style-type: none">• Report the organization’s policy and current practice with regard to seeking external assurance for the report.• If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided.• Report the relationship between the organization and the assurance providers.• Report whether the highest governance body or senior executives are involved in seeking assurance for the organization’s sustainability report.	Report overview	no
	Governance		
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	Governance	no
	Ethics and integrity		
G4-56	Describe the organization’s values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	Ethics	no



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SPECIFIC STANDARD DISCLOSURES			
DMA and indicators	Specific standard disclosures	Page/response/omission	External assurance
Economic			
	Economic performance		
G4-DMA	Disclosure on Management Approach for Aspect	Business profile	no
G4-EC1	Direct economic value generated and distributed.	Our Annual Report provides information on our financial performance. The Business profile and Giving sections also detail financial and philanthropic performance, respectively.	no
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	We have not quantified the potential financial implications of climate change .	no
G4-EC3	Coverage of the organization's defined benefit plan obligations.	Compensation and benefits	no
G4-EC4	Financial assistance received from government.	Business profile	no
	Market presence		
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Compensation and benefits	no



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G4-EC6	Proportion of senior management hired from the local community at significant locations of operation.	Employees	no
	Procurement practices		
G4-DMA	Disclosure on Management Approach for Aspect	Supply chain	no
G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	Supplier diversity	no
Environmental			
	Materials		
G4-DMA	Disclosure on Management Approach for Aspect	Environment	no
G4-EN2	Percentage of materials used that are recycled input materials.	Chemical use For other manufacturing materials, it is difficult to verify the percentage of recycled materials procured due to the large number of suppliers we rely upon.	no
	Energy		
G4-DMA	Disclosure on Management Approach for Aspect	Energy use	no
G4-EN3	Energy consumption within the organization.	Energy use	no
G4-EN5	Energy Intensity.	Energy use	no
G4-EN6	Reduction of energy consumption.	Energy use	no
G4-EN7	Reductions in energy requirements of products and services.	Product portfolio, Product impact	no



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	Water		
G4-DMA	Disclosure on Management Approach for Aspect	Water use	no
G4-EN8	Total water withdrawal by source.	Water use	no
G4-EN9	Water sources significantly affected by withdrawal of water.	Water use	no
G4-EN10	Percentage and total volume of water recycled and reused.	Water use	no
	Emissions		
G4-DMA	Disclosure on Management Approach for Aspect	Air emissions, Climate change	no
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1).	Climate change	no
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2).	Climate change	no
G4-EN18	Greenhouse gas (GHG) emissions intensity.	Climate change	no
G4-EN19	Reduction of greenhouse gas (GHG) emissions.	Climate change, Energy use	no
G4-EN20	Emissions of ozone-depleting substances (ODS).	Air emissions	no
G4-EN21	NOx , SOx, and other significant air emissions.	Air emissions	no
	Effluents and waste		
G4-DMA	Disclosure on Management Approach for Aspect	Waste management	no
G4-EN22	Total water discharge by quality and destination.	Wastewater	no



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G4-EN23	Total weight of waste by type and disposal method.	Waste management	no
G4-EN24	Total number and volume of significant spills.	Chemical use	no
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention2 Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Waste management	no
Products and services			
G4-DMA	Disclosure on Management Approach for Aspect	Products	no
G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	Products	no
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed, by category.	Waste management (E-waste)	no
Compliance			
G4-DMA	Disclosure on Management Approach for Aspect	Environment	no
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Environment	no
Overall			
G4-DMA	Disclosure on Management Approach for Aspect	Environment	no
G4-EN31	Total environmental protection expenditures and investments, by type.	Environment	no



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Supplier environmental assessments			
G4-DMA	Disclosure on Management Approach for Aspect	Supplier sustainability performance	no
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	Supplier sustainability performance	no
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	Supplier sustainability performance	no
Environmental grievance mechanisms			
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	Environment (Governance)	no
Social			
Labor practices and decent work			
Employment			
G4-DMA	Disclosure on Management Approach for Aspect	Employees	no
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	Recruit, Retain	no
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	Compensation and benefits	no
G4-LA3	Return to work and retention rates after parental leave, by gender.	Retain	no



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Labor/management relations			
G4-DMA	Disclosure on Management Approach for Aspect	Employees	no
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	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.	no
Occupational health and safety			
G4-DMA	Disclosure on Management Approach for Aspect	Safety	no
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Safety	no
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, absenteeism, and total number of work-related fatalities, by region and by gender.	Safety	no
G4-LA7	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.	no



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	Training and education		
G4-DMA	Disclosure on Management Approach for Aspect	Develop	no
G4-LA9	Average hours of training per year per employee, by gender and by employee category.	Develop	no
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Develop	no
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	Develop	no
	Diversity and equal opportunity		
G4-DMA	Disclosure on Management Approach for Aspect	Diversity	no
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Diversity	no
	Equal Remuneration for women and men		
G4-LA13	Ratio of basic salary and remuneration of women to men, by employee category and by significant locations of operation.	Compensation and benefits	no
	Supplier assessment for labor practices		
G4-DMA	Disclosure on Management Approach for Aspect	Supply chain	no



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G4-LA14	Percentage of new suppliers that were screened using labor practices criteria.	Supplier sustainability performance	no
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.	Supplier sustainability performance	no
	Labor practices grievance mechanisms		
G4-DMA	Disclosure on Management Approach for Aspect	Employees	no
	Employment tenure		
TI-LA17*	Employee tenure at company by average years of service	Retain	no
Human Rights			
	Investment		
G4-DMA	Disclosure on Management Approach for Aspect	Human rights	no
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Ethics	no
	Non-discrimination		
G4-DMA	Disclosure on Management Approach for Aspect	Diversity and inclusion	no
G4-HR3	Total number of incidents of discrimination and corrective actions taken	Diversity	

*Developed by TI.



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	Security practices		
G4-DMA	Disclosure on Management Approach for Aspect	Ethics	no
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations.	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. (Ethics)	no
	Indigenous rights		
G4-DMA	Disclosure on Management Approach for Aspect	Human rights	no
G4-HR8	Total number of incidents of violations involving rights of Indigenous peoples and actions taken.	Human rights	no
	Assessment		
G4-DMA	Disclosure on Management Approach for Aspect	Human rights	no
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	Human rights	no
	Supplier human rights assessment		
G4-DMA	Disclosure on Management Approach for Aspect	Human rights	no
G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	Supplier sustainability performance	no



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G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	Supplier sustainability performance	no
	Human rights grievance mechanisms		
G4-DMA	Disclosure on Management Approach for Aspect	Human rights	no
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.	Human rights	no
Society			
	Local communities		
G4-DMA	Disclosure on Management Approach for Aspect	Community	no
G4-S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	TI actively engages with its local communities through philanthropy, volunteerism, leadership involvement and collaborative initiatives, especially in education, in addition to working with local suppliers and civic leaders. We do not conduct formal impact assessments.	no
G4-S02	Operations with significant actual and potential negative impacts on local communities.	Community	no
	Anti-corruption		
G4-DMA	Disclosure on Management Approach for Aspect	Ethics	no



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G4-S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	We assess 100 percent of our worldwide manufacturing operations for risks related to corruption. (Ethics)	no
G4-S04	Communication and training on anti-corruption policies and procedures.	Ethics	no
G4-S05	Confirmed incidents of corruption and actions taken.	We do not currently publicly report corruption incidents, since this information is deemed confidential, although we do record incidents for internal review and action. We work to successfully resolve any incidents related to corruption.	no
Public policy			
G4-DMA	Disclosure on Management Approach for Aspect	Public policy	no
G4-S06	Total value of political contributions by country and recipient/beneficiary.	Public policy	no
Anti-competitive behavior			
G4-DMA	Disclosure on Management Approach for Aspect	Ethics	no
G4-S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	We do not currently publicly report corruption incidents, since this information is deemed confidential, although we do record incidents for internal review and action. We work to successfully resolve any incidents related to corruption. (Business profile , Ethics)	no
Compliance			
G4-DMA	Disclosure on Management Approach for Aspect	Ethics	no



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G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Ethics	no
	Supplier assessment for impacts on society		
G4-DMA	Disclosure on Management Approach for Aspect	Supplier sustainability performance	no
G4-S09	Percentage of new suppliers that were screened using criteria for impacts on society.	Supplier sustainability performance	no
G4-S010	Significant actual and potential negative impacts on society in the supply chain and actions taken.	Supplier sustainability performance	no
	Grievance mechanisms for impacts on society		
G4-DMA	Disclosure on Management Approach for Aspect	Ethics	no
	Product responsibility		
	Customer Health and Safety		
G4-DMA	Disclosure on Management Approach for Aspect	Quality and reliability	no
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	Quality and reliability	no
	Product service and labeling		
G4-DMA	Disclosure on Management Approach for Aspect	Quality and reliability	no



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G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.	Quality and reliability	no
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Quality and reliability	no
Marketing communications			
G4-DMA	Disclosure on Management Approach for Aspect	Ethics	no
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcomes.	Quality and reliability	no
Customer privacy			
G4-DMA	Disclosure on Management Approach for Aspect	Business continuity	no
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Business continuity	no



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Notice regarding forward-looking statements

This communication includes forward-looking statements that involve a number of risks and uncertainties that could cause actual results to differ materially from predictions. These "forward-looking statements," including statements regarding projected returns from our products and technology and other descriptions of TI's expectations, plans, objectives, intentions or goals, are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Please refer to TI's most recent Form 10-K for more information on the risks and uncertainties that may cause results to differ materially from the forward-looking statements. We disclaim any intention or obligation to update any forward-looking statements whether as a result of new information, future events or risks.

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