

## Company

### Overview

TI designs and manufactures analog and embedded processing semiconductors that help more than 100,000 customers transform the future today.

We built TI through innovation, and today we are continuing that tradition: shaping the future of electronics through our people and products. Our goal is to anticipate global technological needs and develop the right solutions to address them. It is critical for us to invest significantly in **research and development**, collaborate with leading visionaries, and create a workplace where the world's brightest minds engage **passionately** in their work.

We spent 2012 completing a number of initiatives designed to strengthen the company today and tomorrow. For example, we:

- Completed a strategic transition to focus our business on analog and embedding processing semiconductors, as these are our primary growth markets in the years ahead.
- Focused on innovation by investing \$1.9 billion in R&D; forging new university relationships in the U.S. and abroad; and advancing medical, automotive safety and energy-efficient technologies.
- Joined the Electronics Industry Citizenship Coalition to promote common standards that improve efficiency, as well as social, ethical and environmental responsibility in the global electronics supply chain. We expanded our own **supplier environmental and social responsibility policy** to include more stringent social responsibility controls.
- Continued optimizing our global manufacturing capabilities to support more than \$5 billion in growth.
- Holistically evaluated **supply-chain risks** – political, operational and sustainability issues, as well as natural disasters – to help us better understand and improve how we manage such risks from a business-continuity perspective.
- Contributed millions of dollars in grants and other gifts to **educational programs** to increase the number of students choosing science, technology, engineering and math degrees in the U.S. and improve access to education in communities where we operate.

We continued to be conscientious about growing responsibly. We invested in strategic energy- and water-conservation projects that saved \$10.1 million; recycled 93 percent of our waste; expanded participation in our employee commute and biking programs; and reused or recycled 1.8 billion gallons of water.

### Risks

Our most recent annual U.S. Securities and Exchange Commission (SEC) filing (**SEC Form 10-K**) outlines the risk factors that could impact our financial results. These include, among other things, cyclicality in the semiconductor market, rapid technological change, competition and severe weather events.

### Opportunities

Author 5/4/13 10:01 AM

**Comment [1]:** The other sections don't spell out TI nor define it. If this is the very first section (which I know is odd to say given the navigational structure,) you may want to spell it out, but I don't think it will be necessary.

Author 5/4/13 10:00 AM

**Deleted:** Texas Instruments (...1)

Author 5/4/13 10:02 AM

**Deleted:** Simply put, o...ur goal is to anticip... [2]

Author 5/4/13 7:16 PM

**Deleted:** our ... strategic transition to focus... [3]

Author 5/3/13 10:34 PM

**Deleted:** Drove ...ocused on innovation by... [4]

Author 5/4/13 10:03 AM

**Deleted:** ....as well as social, ethical and... [5]

Author 5/4/13 9:25 PM

**Comment [2]:** \$5 billion in growth – of what? This could mean anything from overall revenue (our revenue was much higher) to the value of our newly acquired manufacturing facilities ... I'm not sure.

Author 5/3/13 10:35 PM

**Deleted:** dollars of

Author 5/3/13 10:35 PM

**Deleted:** supply chain risks... HYPERLINK... [6]

Author 5/4/13 10:07 AM

**Deleted:** (STEM)

Author 5/4/13 10:08 AM

**Deleted:** as well

Author 5/4/13 10:08 AM

**Deleted:** Risk factors that could impact our financial results are outlined in o...ur most re... [7]

We are well-positioned to broaden our customer base, grow market share, and deliver long-term financial returns. Our analog and embedded processing technologies enable diverse applications, including but not limited to renewable energy and efficient power use, as well as a host of applications that provide social and environmental benefits.

Currently, we are pursuing new business opportunities in the automotive, power management, smart grid, health technology and industrial sectors. Our innovations are enabling dozens of customers to introduce their products to new and emerging markets, and to improve product safety, reliability and efficiency.

Additionally, we will continue adopting and using tools to align and adopt best sustainability and citizenship practices and processes within our industry, and encouraging our suppliers to do the same.

## Citizenship

Strategy and principles | [Citizenship Strategy team](#)

Corporate citizenship is TI's commitment to be accountable for its social, environmental and economic impact around the world. We set high standards for our global operations and are focused on ethical business practices and compliance, both inside the company and throughout our supply chain.

### Strategy and principles

Our commitment to corporate citizenship encompasses six key areas:

- Product stewardship
- Environmental responsibility
- Employee well-being
- Community commitment
- Responsible advocacy
- Corporate governance

Our citizenship principles serve as a reference point for both educating employees and driving improved performance.

### [Citizenship Strategy team](#)

TI's [Citizenship Strategy](#) team is a cross-functional group of company leaders representing all facets of the company. The team meets monthly to:

- Provide direction for the strategy, execution and reporting of our corporate citizenship initiatives.
- Discuss and address operational challenges, and establish plans and targets for improvement.
- Discuss and address stakeholder questions related to social and environmental performance.
- Help our business units and offices more effectively engage in issues important to many of our stakeholders.

Author 5/4/13 7:21 PM

**Comment [3]:** Only dozens? When we say we have 100,000 customers in the first sentence? Last year's report said dozens of industries; that's more realistic.

Author 5/4/13 10:10 AM

**Deleted:** are helping them

Author 5/4/13 10:10 AM

**Deleted:** improve the

Author 5/4/13 10:10 AM

**Deleted:** of their products

Author 5/4/13 10:11 AM

**Deleted:** encourage

Author 5/4/13 10:13 AM

**Deleted:** strategy

Author 5/4/13 10:11 AM

**Deleted:** TI's

Author 7/23/13 4:58 PM

**Comment [4]:** We uppercased the Water Process System team in the Environment section so I've started capping the names of teams. We do uppercase the formal names of committees, which is per AP style.

Author 5/4/13 10:13 AM

**Deleted:** strategy

Author 5/4/13 10:12 AM

**Deleted:** TI's

Author 5/4/13 10:13 AM

**Deleted:** citizenship

Author 5/4/13 10:13 AM

**Deleted:** strategy

- Evolve our internal culture [in regards to sustainability](#).

The team is also responsible for reviewing and updating our citizenship principles to meet changing business and community needs.

## 2012 performance

Results | Looking ahead

### Results

In 2012, we received a number of related **awards** for our commitment to ethics, social responsibility and environmental stewardship, including:

- Inclusion on CR [Magazine's](#) "100 Best Corporate Citizens" list for the 10th year, as well as ranking third on the [magazine's](#) "10 Best Corporate Citizens" list in the Information Technology sector.
- Inclusion on the Ethisphere [Institute's](#) "World's Most Ethical Companies" list for the sixth consecutive year.
- Inclusion on [Fortune Magazine's](#) "Global Most Admired Companies" for the ninth consecutive year.
- Induction as a "North America Component" on Dow Jones Sustainability Indexes for the fifth year.

We also achieved a number of milestones in our transparency efforts, including:

- Joining the Electronic Industry Citizenship Coalition as an applicant member to work with other leading electronics companies on common standards, efficiency, and social, ethical and environmental responsibility in the global supply chain.
- Addressing 100 percent of Global Reporting Initiative (GRI) indicators.
- Self-declaring GRI reporting application level A for the second year.
- Further enhancing the [report's](#) global scope.
- Monitoring progress on the [sustainability goals we](#) set in 2011.
- Improving [the](#) navigation and structure of [citizenship news](#) and [report](#) sites to improve stakeholder engagement and usability.

### Looking ahead

We already have a few plans in place for progressing our citizenship efforts in 2013, such as:

- Adopting the [Electronic Industry Citizenship Coalition's \(EICC\) code of conduct](#), continuing to use its assessment tools, and sharing our progress with customers that are [also](#) involved with [the](#) EICC.
- Regularly engaging internal stakeholders to gauge their knowledge and assessment of the company's progress in citizenship areas.

## Sustainability

Goals

Author 5/4/13 10:14 AM

Deleted: of

Author 5/4/13 10:15 AM

Deleted: Magazine's ...agazine's "...100 B... [8]

Author 5/4/13 10:15 AM

Deleted: Institute's ...nstitute's "...World's... [9]

Author 5/4/13 7:25 PM

Deleted: FORTUNE ...ortune magazine's... [10]

Author 5/4/13 10:16 AM

Deleted: "...North America Component" ... [11]

Author 5/4/13 7:25 PM

Comment [5]: It was the fifth year last year.

Author 5/4/13 10:17 AM

Comment [6]: What does that mean? Elsewhere we are just saying we joined or that we became a member.

Author 5/4/13 10:16 AM

Deleted: (EICC)

Author 5/4/13 10:17 AM

Deleted: ,

Author 5/4/13 10:18 AM

Comment [7]: What report?

Author 5/4/13 10:17 AM

Deleted: report's

Author 5/4/13 10:18 AM

Deleted: company's

Author 5/4/13 10:19 AM

Deleted: EICC's...code of conduct, contin... [12]

At TI, we use the term “sustainability” primarily in relation to the operation of our business. We believe responsible, sustainable operations can meet current resource needs without compromising the needs of future generations.

We work toward sustainability by reducing waste and inefficiency in operations, including our manufacturing facilities, office buildings and distribution activities.

### Goals

To make sustainable progress, TI sets both annual and multiyear goals. Our annual targets are designed to achieve continued improvements and cost savings. In 2012, these included reducing waste and chemical use, and improving employee safety; specifically, to:

- Maintain a days away, restricted or job transfer case rate less than or equal to 0.08.
- Maintain a recordable case rate less than or equal to 0.20.
- Reduce landfill-bound waste and maximize waste efficiency (recycling rate) at all major sites with a stretch goal of 95 percent.
- Reduce targeted chemical use by 3 percent at fabrication sites (fabs) and assembly/test (A/T) sites.
- Reduce energy use in fabs and A/T sites by 5 percent.
- Implement utility savings projects that save \$6 million annually.

We established and reported multiyear sustainability goals for the first time in 2011. We set five-year goals because we can experience large swings in results due to a variety of business conditions. In the last two years, for example, TI purchased several existing manufacturing facilities. As we continue to implement energy- and water-efficiency projects at these newly acquired sites, we expect to see accelerated improvement toward our 2015 targets.

By 2015, we aim to:

- Reduce the energy required per chip by 45 percent.
- Reduce extracted water required per chip by 45 percent.
- Reduce greenhouse gas emissions per chip by 30 percent.

We measure progress against a baseline performance, established in 2010.

### 2012 performance

#### Results | Looking ahead

In 2012, some of TI’s key sustainability-focused activities included:

- Membership in the Electronic Industry Citizenship Coalition (EICC). The EICC comprises global electronic companies that are collaborating to improve efficiency and social, ethical and environmental responsibility in their supply chains.
- The strategic decision to transfer production from aging facilities in Hiji, Japan, and Houston, Texas, to newer, more efficient sites.

Author 5/4/13 10:21 AM

Deleted: "

Author 5/4/13 10:21 AM

Deleted: "

Author 5/4/13 10:21 AM

Deleted: drive

Author 5/4/13 10:22 AM

Deleted: drive

Author 5/4/13 7:28 PM

Deleted: ,

Author 5/4/13 10:23 AM

Deleted: (DART)

Author 5/4/13 10:23 AM

Deleted: a

Author 5/4/13 10:23 AM

Deleted: to landfill

Author 5/4/13 7:32 PM

Deleted: recycle

Author 5/4/13 10:24 AM

Comment [8]: Same question I had in the Environment section about what a stretch goal is.

Author 5/4/13 10:24 AM

Deleted: in

Author 5/4/13 10:26 AM

Deleted: During

Author 5/4/13 10:25 AM

Deleted: water

Author 5/4/13 10:25 AM

Deleted: expected

Author 5/4/13 10:28 AM

Comment [9]: If you “established” the goals in 2011 and they are five-year goals, wouldn’t that make the goal year 2016?

Author 5/4/13 10:28 AM

Comment [10]: Is that why the five-year goal ends in 2015?

Author 5/4/13 10:28 AM

Deleted: P

Author 5/4/13 10:28 AM

Deleted: is measured

Author 5/4/13 10:29 AM

Deleted: is comprised of

Author 5/4/13 10:29 AM

Deleted: in 2013