

KnowTheChain 2022 ICT Benchmark

Additional Disclosure

Company Name: Texas Instruments

Date: September 6, 2022

Guidance:

- Please add any additional information you wish to provide under the relevant indicator elements below.
- We welcome examples of leading practices.
- Unless you are sharing leading practices, please limit the information to indicators for which KnowTheChain could not yet identify sufficient information on your website.
- Note KnowTheChain has already undertaken a review of your website. Should you wish to include links to existing disclosure, please specify the page number / section you are referring to.

INDICATOR 1: SUPPLIER CODE OF CONDUCT AND CAPACITY BUILDING

1.1 has a supplier code of conduct that requires suppliers to respect the ILO core labour standards, which include the elimination of forced labour; and requires suppliers to cascade/implement standards that are in line with the company's supplier code of conduct; and

TI Comment: The TI Supplier Code of Conduct states the code is a "total supply chain" initiative and advises that suppliers will be assessed against standards - which in itself applies to all second-tier suppliers (reference link, click [here](#)).

Exert from TI Supplier Code of Conduct - Overview Section

The Code must be regarded as a total supply chain initiative and suppliers, especially our first-tier suppliers, will be assessed according to the standards set forth.

A copy of this Code and other TI policies can be found at <https://wpl.ext.ti.com/>

1.2 engages in capacity building to enable its suppliers to cascade its supply chain policies that address forced labour to their own supply chains and/or trains suppliers below the first tier on such policies, and measures the effectiveness of capacity building.

INDICATOR 2: MANAGEMENT AND ACCOUNTABILITY

2.1 has a committee, team, program, or officer responsible for the implementation of its supply chain policies that address forced labour; and discloses how incentives for staff (e.g. bonuses, part of employee performance reviews) are tied to improvements in working conditions in supply chains;

2.2 discloses how it trains relevant decision-makers within the company on risks and policies that address forced labour; and

2.3 has tasked a board member or board committee with oversight of its supply chain policies that address forced labour, and describes how the experiences of affected workers or relevant stakeholders (such as civil society, unions, and workers or their representatives) informed board discussions.

INDICATOR 3: TRACEABILITY AND SUPPLY CHAIN TRANSPARENCY

3.1 the names and addresses of first-tier suppliers;

3.2 the names and locations of below-first-tier suppliers (this does not include raw material suppliers); and

3.3 the sourcing countries of at least three raw materials at high risk of forced labour.

TI Comment: TI annually submits a SD Form to our SEC filing that discloses all sourcing countries of our raw materials (reference link, click [here](#))

INDICATOR 4: RISK ASSESSMENT

4.1 details on how it conducts human rights supply chain risk or impact assessments that include forced labour risks or assessments that focus specifically on forced labour risks, including through engaging with relevant stakeholders (such as civil society, unions, and workers or their representatives) in countries in which its suppliers operate;

TI Comment: The TI Anti-Human Trafficking Statement discloses indicators used to help identify risk factors. (reference link, click [here](#))

Exert from Anti-Human Trafficking Statement

Section 2a - Risk Assessments: We assess our supply base annually against the policies and codes that reflect our standards and expectations. We prioritize suppliers to be assessed based on an annual risk analysis that considers spend, criticality, products and services as well as geographic location. We identify high-risk geographies using multiple sources, including the U.S. Department of State Trafficking in Persons Report, the U.S. Department of Labor's List of Goods Produced by Child Labor or Forced Labor, the Corruption Perception Index and Foreign Migrant Worker indices.

4.2 details on forced labour risks identified in different tiers of its supply chains; and

TI Comment: Page 29 of the 2020 TI Corporate Citizenship Report states findings of assessments conducted with suppliers (reference link, click [here](#))

4.3 how it has consulted with relevant stakeholders (such as civil society, unions, and workers or their representatives) in steps taken to address the risks identified.

TI Comment: Section 2d, page 4 of our Anti-Human Trafficking Statement outlines our corrective action process (including TI internal stakeholders and supplier stakeholders) if there are findings or possible risk concerns identified during supplier assessments and/or audits. (reference link, click [here](#))

Additional language can be found on Page 29 of the 2020 TI Corporate Citizenship Report. (reference link, click [here](#))

INDICATOR 5: DATA ON SUPPLY CHAIN RISKS

5.1 the percentage or number of supply chain workers who are women;

5.2 the percentage or number of supply chain workers who are migrant workers' and

5.3 the percentage or number of supply chain workers that are being paid a living wage.

INDICATOR 6: PURCHASING PRACTICES

6.1 commits to responsible buying practices in its contracts with suppliers;

TI Comment: TI Purchase Orders are considered “contracts with suppliers”; as such, all purchase orders include terms and conditions of purchase which includes human rights clauses and supplier expectations around such. (reference link, click [here](#))

6.2 describes how it has adopted responsible purchasing practices in the first tier of its supply chains, which includes planning and forecasting, and how it ring-fences labour costs; and

TI Comment:

- *Page 26 of the 2020 TI Corporate Citizenship Report (reference link, click [here](#)) provides details on our supply-chain management system,*
- *Page 29 addresses our supplier performance management program that is in place with first-tier suppliers.*
- *Page 31 and 32, addresses how we manage labor and human rights within our operations along with risk management and business continuity processes*

6.3 discloses two quantitative data points demonstrating that it has responsible purchasing practices in place that address the risk of forced labour.

TI Comment: The TI terms and conditions language included in all purchase orders, include 30 day payment terms for all suppliers along with a clause for discounted payment terms where applicable (reference link, click [here](#))

Additionally, Page 31, 2020 TI Corporate Citizenship Report (reference link, click [here](#)) addresses how we manage labor and human rights within our operations

INDICATOR 7: RECRUITMENT-RELATED FEES

7.1 requires that no worker in its supply chains should pay for a job—the costs of recruitment-related fees should be borne not by the worker but by the employer ("Employer Pays Principle");

7.2 provides detail on the implementation of the Employer Pays Principle in its supply chains by demonstrating how it works to prevent the charging of fees to supply chain workers in different supply chain contexts; and

TI Comment: In Section 2c of the TI Anti-Human Trafficking Statement we state that "TI personnel conduct audits and interview identified high risk of forced labor supplier's management and workers that center around labor (which inherently addresses issues of this nature)". (reference link, click [here](#))

Exert from TI Anti-Human Trafficking Statement - Section 2c

TI personnel also conduct audits to measure compliance with labor-related sections of the RBA Code. This entails on-site inspections, document reviews, and worker and management interviews. Additionally, TI recognizes that our labor agents and onsite service providers in high-risk countries, such as cafeteria personnel, landscaping personnel and direct production labor, are considered more vulnerable to forced labor risks. This can be especially true in countries with high foreign migrant worker populations. Annually, we assess and audit all of our labor agents and targeted onsite service providers in high-risk countries, such as Malaysia and Taiwan. These audits include interviews with management and randomly selected workers, review of documents (i.e. contracts, policies and pay slips) and dormitory visits. Annually, we require these labor agents and onsite service providers to train their workers on the TI Supplier Code with emphasis on workers' rights and forced labor.

Additionally evidence is provided on Page 29 of the 2020 TI Corporate Citizenship Report, exert below from assessment findings section (reference link, click [here](#))

Exert from the 2020 TI Corporate Citizenship Report – Assessment Findings

In 2020, TI assessed more than 250 suppliers. Of those assessments, we evaluated 140 production suppliers that support our manufacturing operations with 332 factory locations; 95% met our expectations. The remaining 5% required corrective actions, including additional training and engagement with workers to explain pay checks and wage withholdings, improve dormitory conditions, enhance policies and recordkeeping, or improve work schedule and timekeeping management.

7.3 in the event that it discovers that fees have been paid by workers in its supply chains, provides evidence of re-payment of recruitment-related fees to workers. The company describes how it engages with affected workers in the remediation process.

TI Comment: If no evidence of fees has been detected, no actual remediation can be reported. This should positively impact score not conversely.

INDICATOR 8: RESPONSIBLE RECRUITMENT

8.1 discloses information on the recruitment agencies used by its suppliers; and

8.2 provides details of how it supports responsible recruitment in its supply chains (e.g. by collaborating with relevant stakeholders to engage policy makers to strengthen recruitment standards).

TI Comment: In Section 2c of the TI Anti-Human Trafficking Statement we cite annual training conducted with suppliers and labor agencies. (reference link, click [here](#))

Exert from TI Anti-Human Trafficking Statement - Section 2c

Annually, we require these labor agents and onsite service providers to train their workers on the TI Supplier Code with emphasis on workers' rights and forced labor.

INDICATOR 9: FREEDOM OF ASSOCIATION

9.1 works with independent local or global trade unions and/or other legitimate worker representatives to improve freedom of association in its supply chains;

9.2 discloses that it is party to a global framework agreement that covers its supply chains and/or an enforceable supply chain labour rights agreement with trade unions or worker organisations; and

9.3 discloses the percentage of supply chains covered by collective bargaining agreements.

INDICATOR 10: GRIEVANCE MECHANISM

10.1 takes steps to ensure a formal mechanism to report a grievance to an impartial entity regarding labour conditions in the company's supply chains is available to its suppliers' workers and their legitimate representatives across supply chain tiers; and

TI Comment: *The TI Supplier Code of Conduct Preamble states that a supplier, distributor or customer can report a violation to the TI Ethics and Compliance office. (see exert below, reference link, click [here](#))*

Exert from TI Supplier Code of Conduct – Preamble

If a supplier, distributor or customer has reason to believe that there has been a violation of a law, a statutory regulation, the TI Supplier Code of Conduct or a corporate policy, they are expected to report the suspected violation to a TI representative or to the [TI Ethics and Compliance Office](#).

10.2 discloses data about the practical operation of the mechanism, such as the number of grievances filed, addressed, and resolved; and

10.3 takes steps to ensure that its suppliers' workers or their legitimate representatives are involved in the design and/or performance of the mechanism, to ensure that the workers trust the mechanism.

INDICATOR 11: MONITORING

11.1 its methodology for monitoring the implementation of its supply chain policies addressing forced labour;

TI Comment: *In Section 2c of the TI Anti-Human Trafficking Statement we state that “TI personnel conduct audits and interview identified high risk of forced labor supplier’s management and workers that center around labor (which inherently addresses issues of this nature)”. (reference link, click [here](#))*

Exert from TI Anti-Human Trafficking Statement - Section 2c

TI personnel also conduct audits to measure compliance with labor-related sections of the RBA Code. This entails on-site inspections, document reviews, and worker and management interviews. Additionally, TI recognizes that our labor agents and onsite service providers in high-risk countries, such as cafeteria personnel, landscaping personnel and direct production labor, are considered more vulnerable to forced labor risks. This can be especially true in countries with high foreign migrant worker populations. Annually, we assess and audit all of our labor agents and targeted onsite service providers in high-risk countries, such as Malaysia and Taiwan. These audits include interviews with management and randomly selected workers, review of documents (i.e. contracts, policies and pay slips) and dormitory visits. Annually, we require these labor agents and onsite service providers to train their workers on the TI Supplier Code with emphasis on workers' rights and forced labor.

Additionally evidence is provided on Page 29 of the TI Corporate Citizenship Report, with regards to types of assessments employed by TI, including internally developed and external RBA SAQ assessments (reference link, click [here](#))

11.2 the findings of monitoring reports, including details regarding any violations revealed in relation to forced labour and indicators of forced labour, across supply chain tiers; and

TI Comment: TI provides evidence of such on Page 29 of the 2020 TI Corporate Citizenship Report, exert below from assessment findings section (reference link, click [here](#))

Exert from the 2020 TI Corporate Citizenship Report – Assessment Findings

In 2020, TI assessed more than 250 suppliers. Of those assessments, we evaluated 140 production suppliers that support our manufacturing operations with 332 factory locations; 95% met our expectations. The remaining 5% required corrective actions, including additional training and engagement with workers to explain pay checks and wage withholdings, improve dormitory conditions, enhance policies and recordkeeping, or improve work schedule and timekeeping management.

11.3 the use of worker-driven monitoring (i.e., monitoring undertaken by independent organisations that includes worker participation and is guided by workers’ rights and priorities).

INDICATOR 12: REMEDY AND RESPONSE TO ALLEGATIONS

A(1) a process for responding to potential complaints and/or reported violations of policies that address forced labour and how it engages affected stakeholders as part of this process; and

TI Comment: In Section 4 of the TI Anti-Human Trafficking Statement it is stated that Business relationships with suppliers that do not immediately remedy any non-conformances with regard to slavery and human trafficking are subject to review and possible termination” – this statement in itself means there is a process in place, is monitored and appropriate measures are taken if correction action does not meet TI standards/expectations. (reference link, click [here](#))

A(2) at least two examples of outcomes of its remedy process in practice, covering different supply chain contexts, for its suppliers' workers.

In addition, where an allegation is identified in a company’s supply chains:

B.1.1 that it engages in a dialogue with the stakeholders reportedly affected in the allegation(s)

B.1.2 outcomes of the remedy process in the case of the allegation(s); and

B.1.3 evidence that remedy(ies) are satisfactory to the victims or groups representing the victims.

Where an allegation is identified in the company’s supply chains, but is denied by the company:

B.2.1 a description of what actions it would take to prevent and remediate the alleged impacts; and
B.2.2 as part of this process, it would engage with affected stakeholders and their representatives.

NON-SCORED RESEARCH

Reporting Legislations

UK Modern Slavery Act: Where applicable, the company discloses at least one statement under the UK Modern Slavery Act.

Yes/No. Please provide link to a publicly available statement.

California Transparency in Supply Chains Act: Where applicable, the company has a disclosure under the California Transparency in Supply Chains Act.

Yes/No. Please provide link to a publicly available statement.

Australia Modern Slavery Act: Where applicable, the company discloses at least one statement under the Australia Modern Slavery Act.

Yes/No. Please provide link to a publicly available statement.

High Risk Sourcing

Please indicate whether your company sources from China or Malaysia. Note where a company does not provide this information, KnowTheChain will review the company's website as well as third party sources to identify relevant information.