
TEXAS INSTRUMENTS INCORPORATED

GLOBAL TAX STRATEGY

1. Introduction

Texas Instruments' global tax strategy is a key component of achieving the company's overarching ambitions to: i) act like owners who will own the company for decades; ii) adapt and succeed in a world that is everchanging, and iii) be a company we are personally proud to be a part of and would want as a neighbor.

Our tax strategy is designed to deliver on these ambitions in a sustainable way, and our tax principles are informed by the impact that our tax strategy has on our employees, customers, communities and shareholders.

Our global tax strategy applies to all of TI's global group entities and subsidiaries in all jurisdictions.

The company's global tax strategy is owned by our chief financial officer (CFO) and is reviewed annually.

Adherence to the global tax strategy is monitored by the Tax Review Committee (TRC) comprised of the CFO, chief accounting officer (CAO), controller, treasurer and the director of corporate audits.

2. Our tax principles

The key components of our tax strategy are our tax principles, which define our approach to tax, the types of transactions we will engage in, and what tax risks are acceptable.

Our tax principles are:

- i. We will abide by all applicable tax laws and regulations in the jurisdictions in which we operate.
- ii. We will seek to timely and accurately file all tax returns and other tax-related compliance documents.
- iii. We will seek to support sustainable growth while ensuring we operate in a tax efficient manner.
- iv. We do not condone, encourage or support tax evasion, nor do we engage in abusive tax planning strategies.

Our commitment to these principles is operationalized through our approach to tax governance, tax risk management and tax planning.

3. Approach to tax governance and tax risk management

As a premier global company, TI seeks to uphold its global reputation for integrity in its tax practices, consistent with the integrity with which it operates across the entirety of its global operations.

Our tax risk management procedures are informed by our tax principles and are designed to ensure the organization lives by them. Our tax risk management procedures are integrated within the organization's broader business risk framework.

TI's tax risk management is organized around multiple tax governance and risk management procedures designed to ensure that the company's tax and tax-related financial statement data is accurately and timely reported and that the company engages in transactions, structures or other tax planning that are aligned with our tax principles.

A key part of these procedures is the oversight by the TRC. This committee conducts reviews of material transactions, significant tax risks and legislative developments as part of its monitoring and approval activities.

TI seeks advice from qualified third-party tax experts when interpreting and implementing either new tax law or newly issued guidance on existing tax law. TI also seeks advice from these tax experts when taking certain tax return positions.

3.1 Tax risk appetite

Our tax risk appetite is defined through our tax principles. Simply put, we do not engage in tax planning that violates our tax principles.

3.2 Tax risk management

Tax risks across the global organization are identified through regular tax review meetings in which global tax matters are reviewed and evaluated. Tax risks identified are included in a tax risk register and monitored centrally to ensure timely mitigation or resolution. Tax risks are elevated to the appropriate decision maker based upon the company's internal tax risk management policy, which guides tax risk escalation and mitigation actions. The tax risk management policy and the organization's overall tax risk management is incorporated into the company's broader business risk framework, which is reviewed by the Audit Committee of the board of directors. The company's vice president and tax director makes periodic presentations to the Audit Committee of the board of directors, which include financial updates as well as tax risks generally. The company's chief financial officer also makes periodic presentations to the board of directors to discuss financial updates, including updates relating to tax.

The tax function is staffed by appropriately qualified and trained tax professionals who are subject to requirements to maintain professional licenses and participate in TI's global tax training program.

These tax professionals receive annual training on anti-money laundering laws pursuant to the Foreign Corrupt Practices Act. Furthermore, the company's Living our Values document and the Audit Committee's Complaint Procedures for Accounting, Internal Accounting Controls and Auditing Matters provide whistleblower channels to report unethical behavior, including any concerns regarding tax practices. And, in addition to other TI policies and procedures that apply to TI employees, TI's chief executive officer, CFO, and CAO also abide by the company's Code of Ethics for TI Chief Executive Officer and Senior Financial Officers.

4. Approach to tax planning

4.1 Tax planning

We believe that all tax planning should be business-led and business-aligned. The company's approach to tax planning follows our tax principles. Our tax principles inform the following tax planning commitments:

- i. We will not enter into transactions that lack commercial or economic substance.
- ii. We only apply tax incentives and exemptions available to all market participants or where intended to benefit similarly situated companies.
- iii. We do not make use of tax haven jurisdictions for purposes of tax avoidance.
- iv. We follow the arm's length principle in our approach to transfer pricing.
- v. We will pursue advance certainty and agreements with tax authorities regarding significant transactions and significant tax jurisdictions where reasonable.

5. Relationship with tax authorities

The company is committed to an open and fair dialogue with tax authorities. TI has and will continue to fully cooperate with relevant tax authorities to support compliance with applicable tax laws and to protect both the company's business reputation and the interests of all stakeholders.

The company is proactive in its dealings with tax authorities and communicates in an open and honest manner while seeking to address uncertainty in advance. To the extent we seek rulings from tax authorities to confirm applicable tax treatment, we seek to do so under full disclosure of all relevant facts and circumstances. We seek to resolve tax disputes in a timely manner and by mutual agreement with tax authorities, where possible.