

Export Controls of Texas Instruments

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Stress Test

- The picture in next slide has 2 identical dolphins in it. It was used in a case study on stress levels at St. Mary's Hospital, London.
- Look at both dolphins jumping out of the water. The dolphins are identical. A closely monitored scientific study revealed that, in spite of the fact that the dolphins are identical; a person under stress would find differences in the two dolphins. The more differences a person finds between the dolphins, the more stress that person is experiencing. Look at the photograph and if you find more than one or two differences you need to go on vacation....



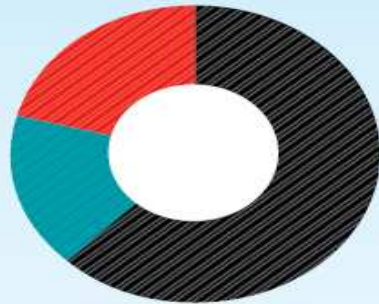
So... are you STRESSED?

TI @ a Glance



Revenue in 2014:

Total: **\$13.0 billion**



(in billions of dollars)



Capital expenditures: \$385 million

R&D: \$1.4 billion

Fortune 500 ranking: No. 227*

About TI:

TI is a global semiconductor design and manufacturing company

- Operating in **35 countries**
- Serving more than **100,000 customers** worldwide
- Innovating for **85 years**
- Offering nearly **100,000 analog ICs and embedded processors**, along with software and tools
- Providing the industry's **largest sales and support staff**

Learn more at www.ti.com

Employee information:

Approximately **31,000** worldwide

13,000 in the Americas

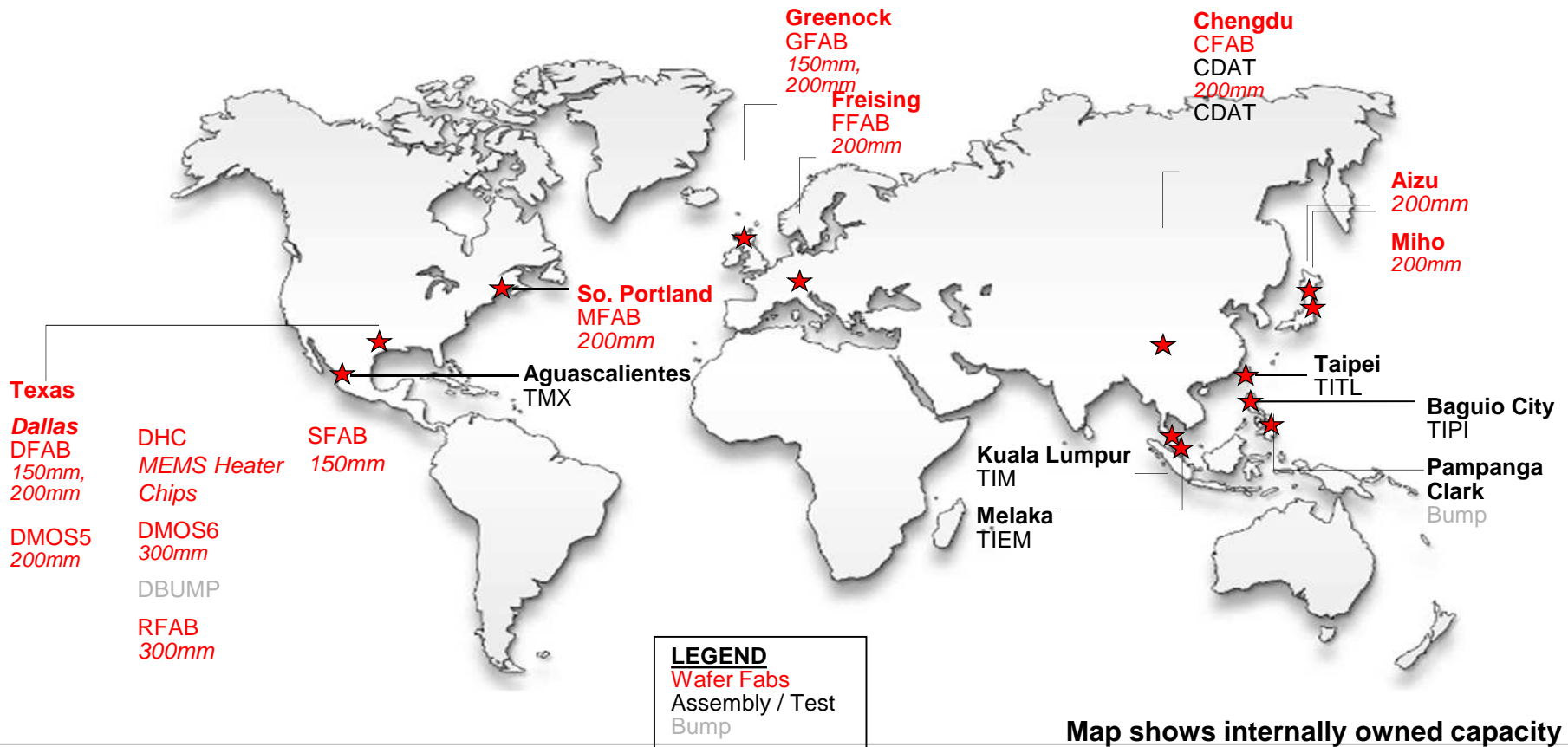
3,000 in Europe

14,000 in Asia

1,000 in Japan

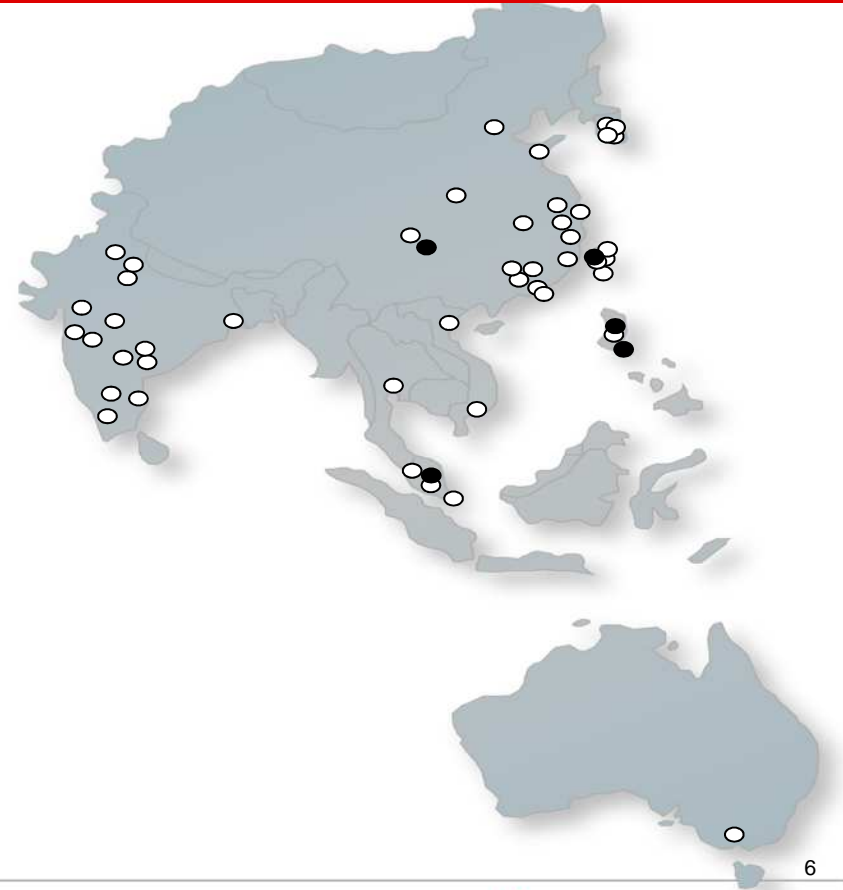
TI “Most Ethical Company” globally - Ethisphere

TI Global Manufacturing Footprint



TI Asia @ a Glance

- **47 Years – Presence in Asia**
- **A/T sites - TIM, TITL, TIPI, Clark, TIEM, Chengdu**
- **Wafer Fab – Chengdu FAB (China)**
- **Multiple PDC's**
- **Multiple Sales Offices**
- **R&D Centers**
 - **India**
 - **China**



TI Philippines @ a Glance



- 37 years in operation – Baguio
- 7 years in operation - Clark
- Top Philippine Exporter
- Two sites
 - **Baguio**
 - Assembly & Test
 - **Clark**
 - Bump
 - Probe
 - Assembly Test & PDC

T.I. PHILIPPINES - BAGUIO



T.I. PHILIPPINES - CLARK



7

Why Export Compliance Matters ?

- **It's The Law**
- **It's Good Business**
- **It Ensures TI's Competitive Advantage**
- **It Ensures TI's Customers' Satisfaction**
- **Serious Consequences Occur for Failing to Comply!**



Why Comply with Export Control ?

- US export control regulations have an **extraterritorial reach**, meaning they apply anywhere in the world.
- As a major global company, **TI must be able to export** its products, software and technology in order to meet its major objectives and to effectively implement its key business strategies.
- Having a basic understanding of export control compliance is “good business”.
- These controls affect hardware, software, technology, deemed exports
- Emphasis on export controls is **not unique to the U.S.** - legislation expanding in UK, Germany, Israel, Hong Kong, Singapore, Malaysia, Taiwan, South Korea , India , **Thailand** and **Philippines** .. etc

9

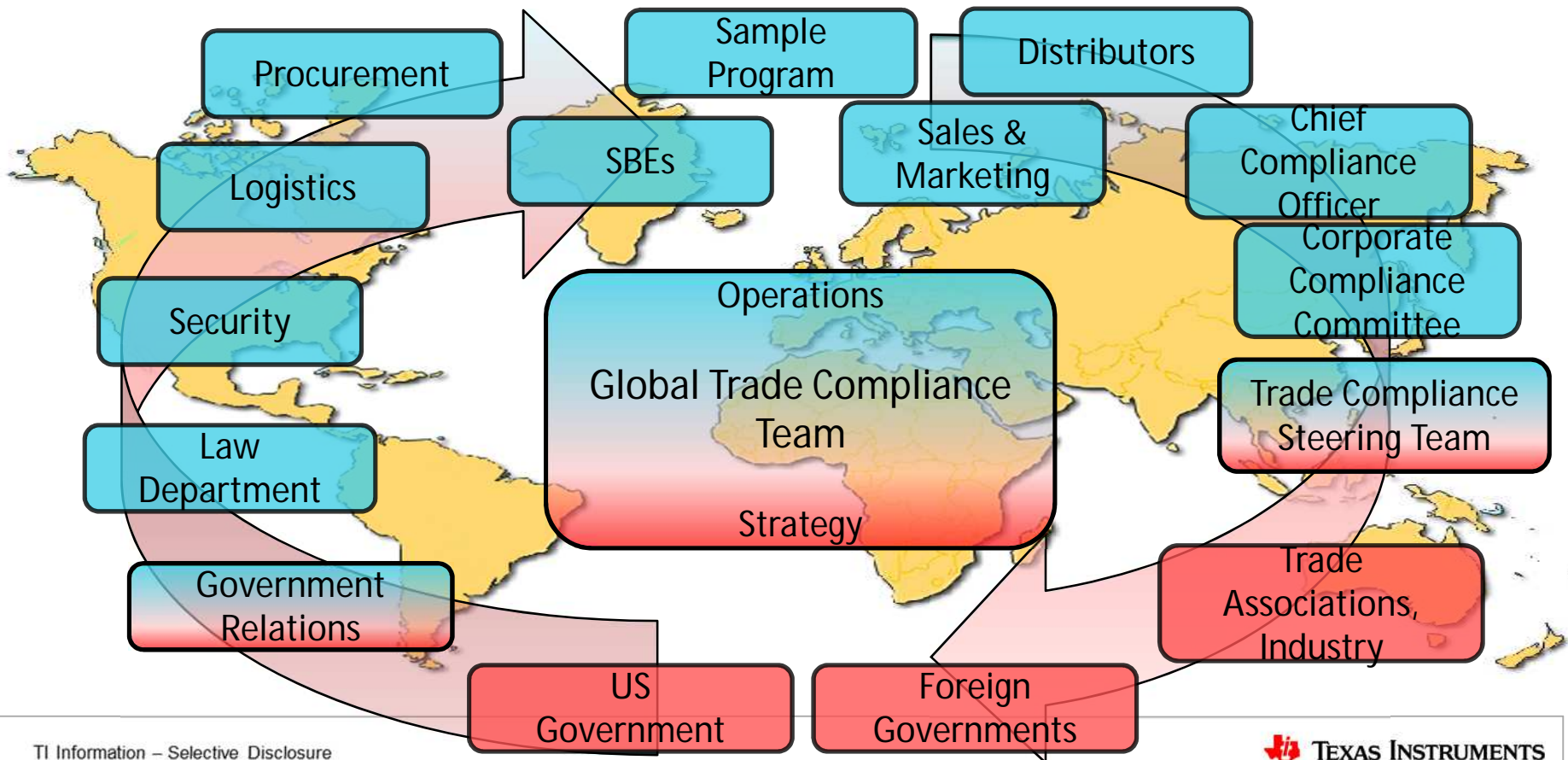
Why “ Trade Compliance ” Exist as a function ?

Reasons USG & Other Governments Drive Compliance:

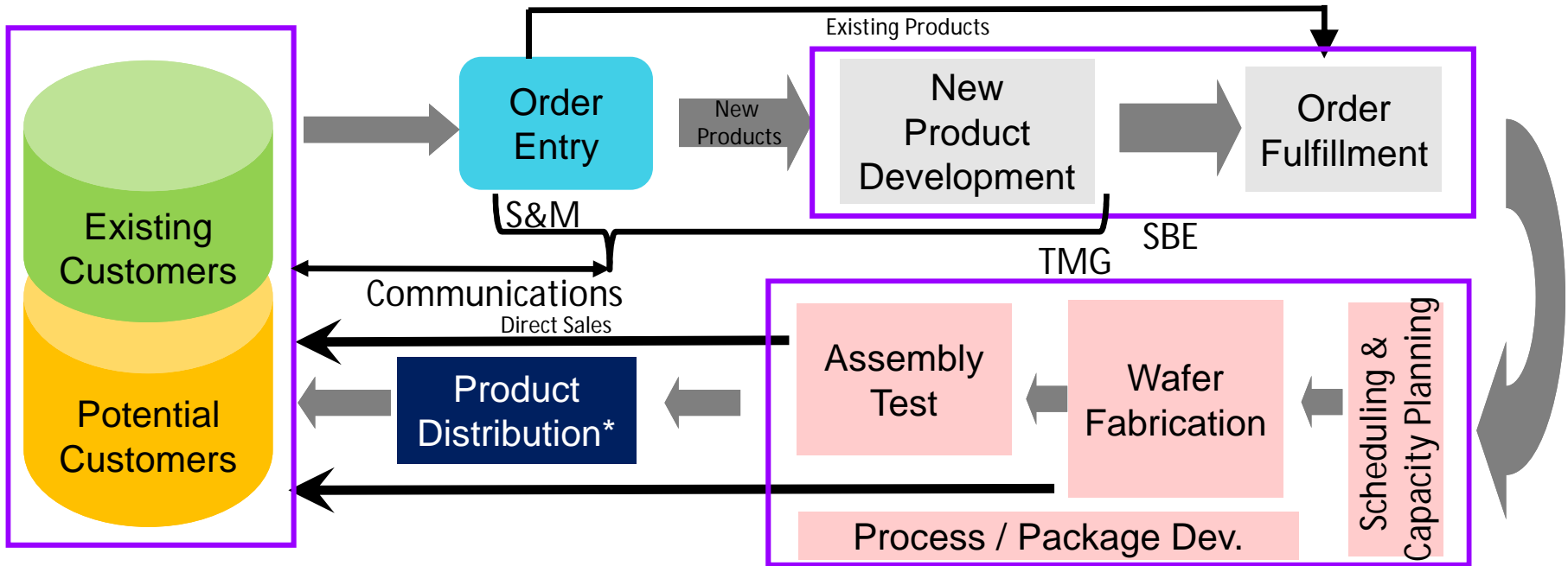
- National Security
 - Mitigate WMD Proliferation
 - Anti - Terrorism
 - Promote Regional Stability
 - Foreign Policy & Economic Objectives
- GTC provides an effective export control & compliance system to ensure “restricted parties” do not have access to our controlled technology; **WHILE** *keeping TI material flowing and ensuring all regulatory requirements are met!*

** GTC : Global Trade Compliance

Trade Compliance Partners & Positioning



Trade Compliance Controls - Everywhere



Automated Shipping Process Screening/Customer Screening, NDA Approvals, Foreign Visitors, Classification, Export Licenses, Tech Transfer, Order Screening
 Customs & Imports, GTS, Export Documents, End User Certifications, Asset Transfer Approvals, PG Table, 3rd Party Risk Assessments, Sample Program, ITAR Material Handling

- What's New
- Search
- References
- Help
- Document Management

Worldwide Policies & Rules

Helping you do business better. Click on a selection below.



Policies

Principles of how TI does business.



Business Rules

Guidelines and regulations to help people do their jobs correctly.



Chart of Accounts

The account structure for recording TI's financial transactions.

Welcome to the Worldwide Policies & Rules website. This site serves as a resource guide to TI business practices and policy issues.

Hand Carrying Material Between Countries

U.S. Export Control

Corporate Customs Policy

Foreign Corrupt Practice Act (FCPA)

Participation In or Cooperation with International Boycotts

Policies & Procedures

Policies & Procedures

Policies & Procedures

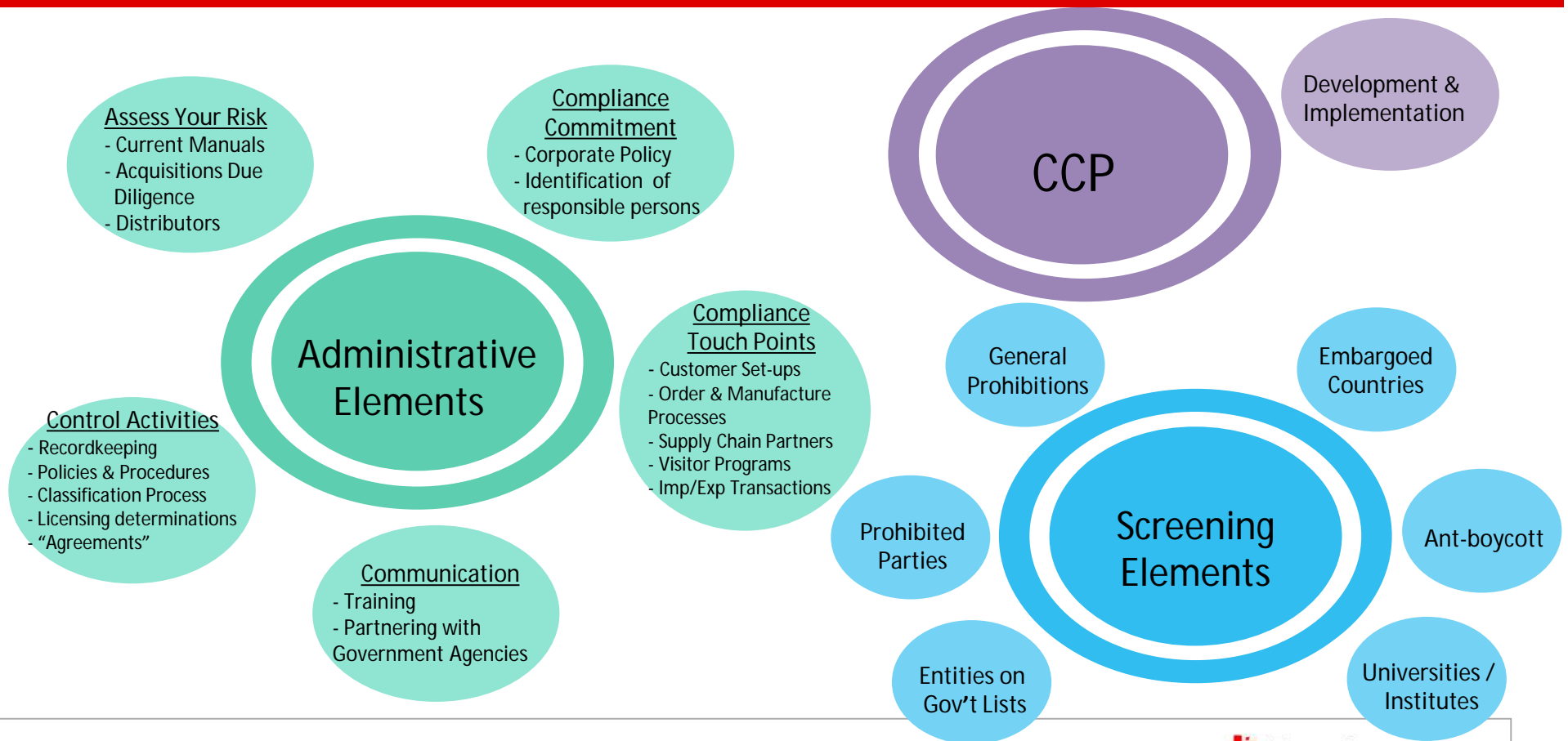
Policies & Procedures

Policies & Procedures

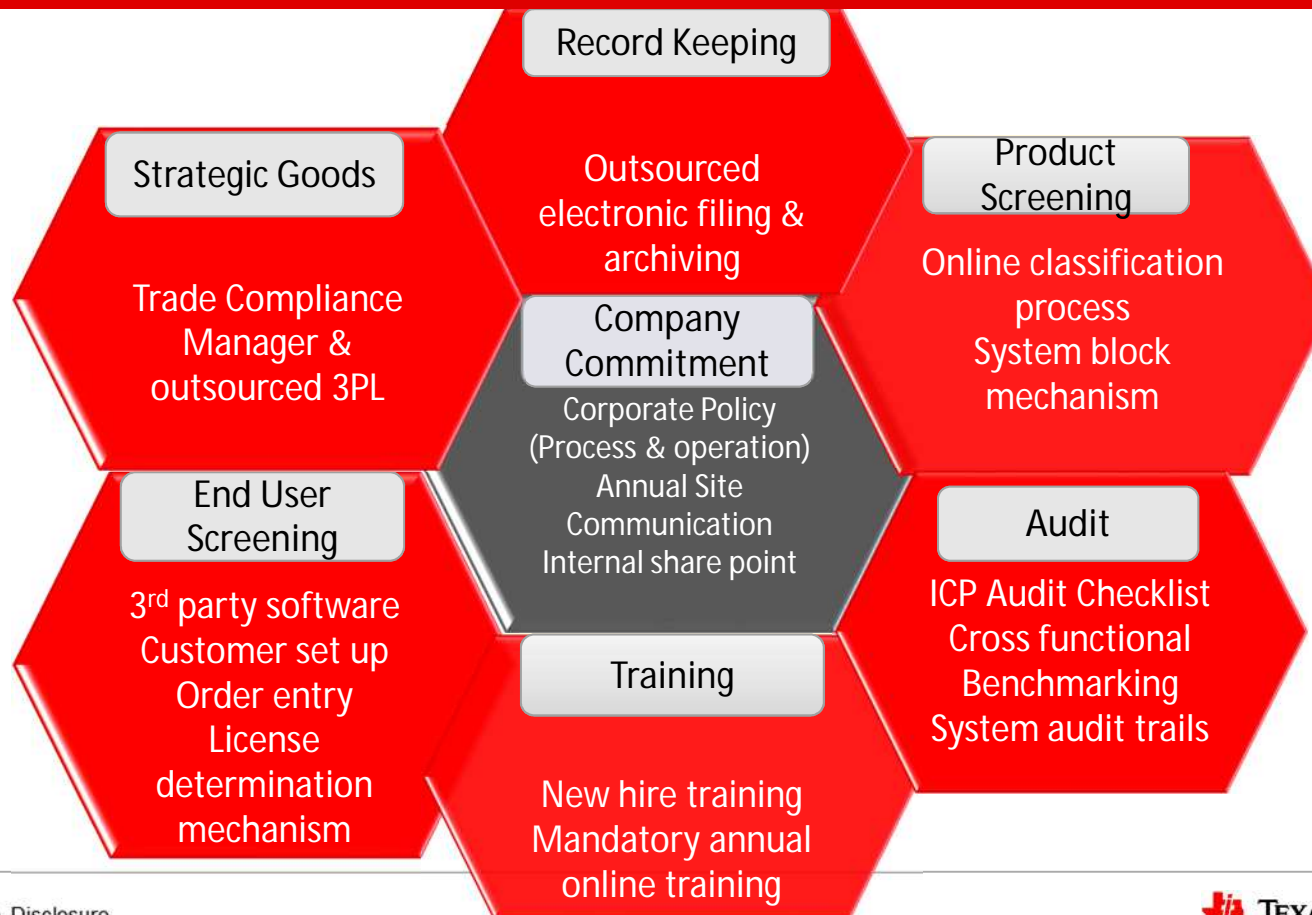
What is an export control ICP ?

- Other names:
 - Internal control plans (ICPs)
 - Export management systems
 - Export compliance programs
 - Global trade compliance plans
 - CCP Compliance Control Program
 - “Code of Conduct”
- An export control internal compliance program **a set of procedures** that company officials must satisfy **before an item leaves the company** to ensure that the company is completing legal transactions and obeying the export control regulations enacted by the government
 - Such procedures include a thorough examination of the buyer and end-user prior to the shipment of a purchased item off-site.

The Structure of a Compliance Control Program



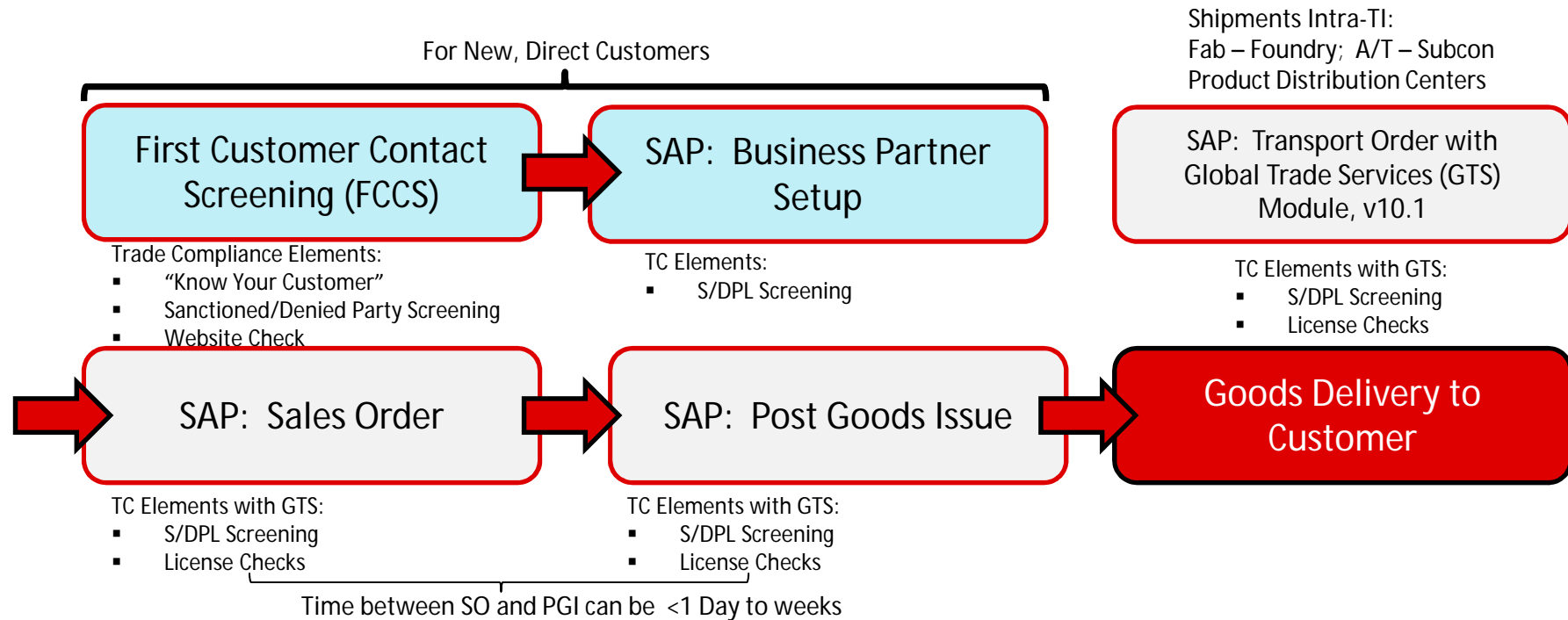
ICP Best Practices



Compliance Awareness – Posters



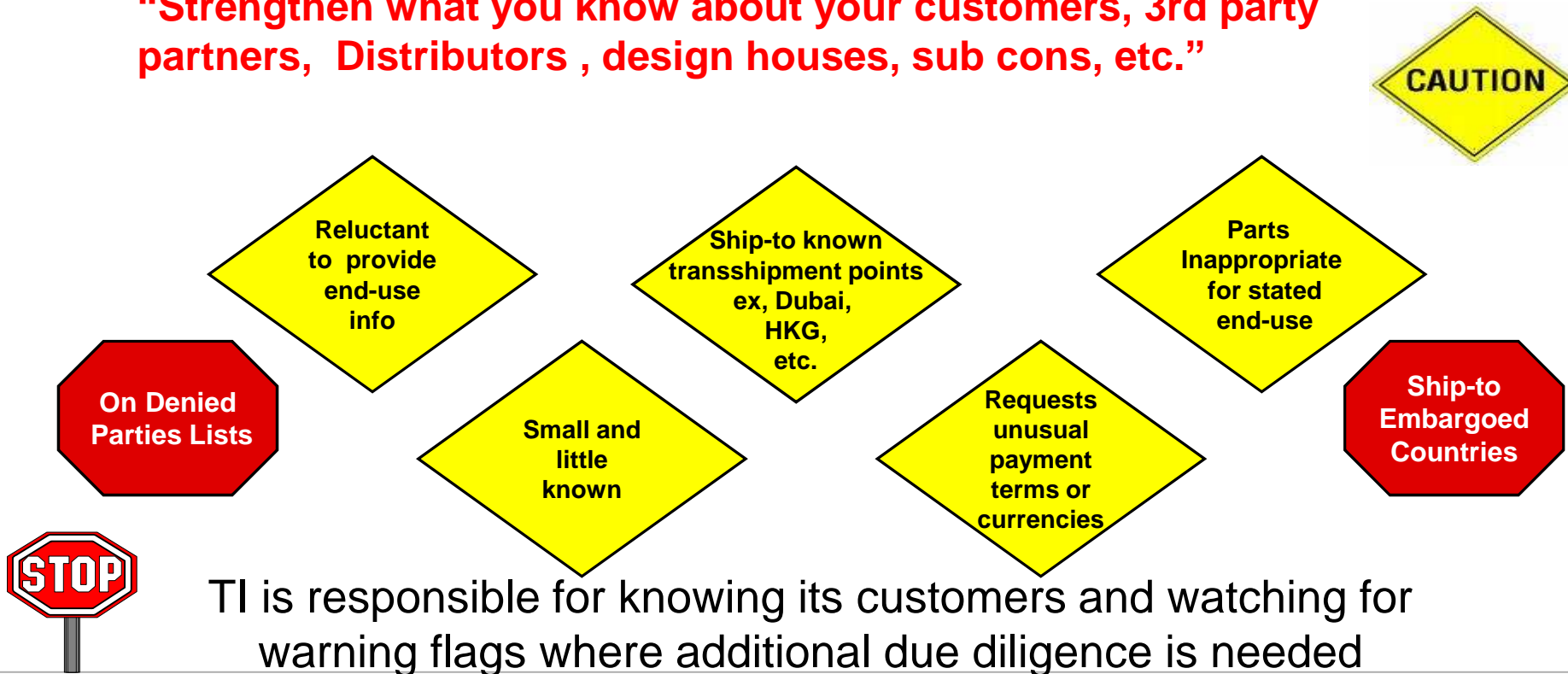
Customer & Product Screening-Automation



TI has a single instance of SAP WW. This when coupled with GTS and 3rd Party Screening Services, provides a robust, automated mechanism designed to efficiently provide Trade Compliance checks on TI Shipments.

Third Party – Warning Flags

“Strengthen what you know about your customers, 3rd party partners, Distributors , design houses, sub cons, etc.”



CCP & Risk Assessment

- All sites are required to have a CCP along with Local ICP (Local ICP + US)
- Ensure there are written procedures that are aligned with the Bureau of Industry and Security 10 Elements for a Compliance Program
- 10 Elements
 - Management Commitment
 - Responsible Personnel and Tasks
 - Distribution of Regulatory Material
 - Training Programs
 - Screening (Customer)
 - Product / Country Compliance (ECCN / License)
 - Notification of Non-Compliance
 - Compliance Review Program
 - Recordkeeping
 - Order Process and Technology Transfers (Risk)

Risk Assessment Tactics

- **Discuss** – compliance program at site
- **Evaluate** – CCP elements with guidelines requirements
- **Interview** – export personnel; others involved in export related activities
- **Review** – export process and documentation, training, programs, etc.
- **Verify** – communication records, internal review programs, etc.



Expectations - STMA

- Similar to Other Asian Countries
 - ICP based should have provision for Bulk License
- Provision for Automation
- Facilitate Trade
 - Streamlined process & procedures
 - Quick decision on license approval
 - Minimal Cost & Minimal intervention on operation
- Provision for Voluntary Self Disclosure
- 12-18 Months Grace period for implementation
- STMA should focus only on export

Thank You Questions?

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Note: Several of the statements contained in this presentation are the presenter's personal views and may not necessarily reflect the position of Texas Instruments.

23