

Company Name Taiwan Semiconductor Manufacturing
Industry ICT (Own operations and Supply Chain)
Overall Score (*) 25.4 out of 100

Theme Score	Out of	For Theme
3.0	10	A. Governance and Policies
8.1	25	B. Embedding Respect and Human Rights Due Diligence
1.7	15	C. Remedies and Grievance Mechanisms
3.2	20	D. Performance: Company Human Rights Practices
5.1	20	E. Performance: Responses to Serious Allegations
4.3	10	F. Transparency

(*) Please note that any small differences between the Overall Score and the added total of Measurement Theme scores are due to rounding the numbers at different stages of the score calculation process.

Please note also that the "Not met" labels in the Explanation boxes below do not necessarily mean that the company does not meet the requirements as they are described in the bullet point short text. Rather, it means that the analysts could not find information *in public sources* that met the requirements *as described in full* in the CHRB 2019 Methodology document. For example, a "Not met" under "General HRs Commitment", which is the first bullet point for indicator A.1.1, does not necessarily mean that the company does not have a general commitment to human rights. Rather, it means that the CHRB could not identify a public statement of policy in which the company commits to respecting human rights.

Detailed assessment

A. Governance and Policies (10% of Total)

A.1 Policy Commitments (5% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.1.1	Commitment to respect human rights	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Met: General HRs commitment: The Company states that it upholds the human rights of workers, including regular, contract and temporary employees, and interns. It treats all workers with dignity and respects. [Human rights policy, 30/04/2019: tsmc.com] Met: UNGC principles 1 & 2: The Company lists the ten principles of the UN Global Compact on its website. [UN Global Compact comparison table, 30/04/2019: tsmc.com] Not met: UDHR Met: International Bill of Rights: The Company states that it treats all workers with dignity and respect as understood by the international human rights standards such as the International Bill of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, and Ten Principles of the United Nations Global Compact. [Human rights policy, 30/04/2019: tsmc.com] <p>Score 2</p> <ul style="list-style-type: none"> Not met: UNGPs Not met: OECD
A.1.2	Commitment to respect the human rights of workers	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Met: ILO Core: The Company states that it treats all workers with dignity and respect as understood by the international human rights standards such as the

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. [Human rights policy, 30/04/2019: tsmc.com]</p> <ul style="list-style-type: none"> • Met: UNGC principles 3-6: The Company lists the ten principles of the UN Global Compact on its website. [UN Global Compact comparison table, 30/04/2019: tsmc.com] • Not met: Explicitly list ALL four ILO for ICT suppliers: The CSR supplier code of conduct includes non-discrimination, forced labor, and child labour. In relation to freedom of association and collective bargaining, it states that: "In conformance with local law, suppliers shall respect the right of all workers to form and join trade unions of their own choosing, to bargain collectively and to engage in peaceful assembly as well as respect the right of workers to refrain from such activities". However, it is not clear whether the Company is requiring to respecting those rights in all contexts, as it indicates 'in conformance with local law'. [Supplier Code of Conduct, 30/04/2019: tsmc.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Explicit commitment to All four ILO Core: The Company explicitly lists the ILO Core Labour standards in the Human rights policy and CSR report, except for the right to collective bargaining. [Human rights policy, 30/04/2019: tsmc.com & CSR report, 31/12/2017: tsmc.com] • Met: Respect H&S of workers: The Company states that it is committed to breaking through the traditional occupational health and building a safe and healthy work environment. The Company has a specific health and safety policy that describes the guiding principles to be followed in terms of health and safety. [CSR report, 31/12/2017: tsmc.com] • Met: H&S applies to ICT suppliers: In the human rights policy, the Company states that it provides a safe and healthy work environment. And the supplier code of conduct requires its suppliers to follow the same standards. [Human rights policy, 30/04/2019: tsmc.com & Supplier Code of Conduct, 30/04/2019: tsmc.com] • Not met: working hours for workers • Not met: Working hours for ICT suppliers: The Company states in its supplier code of conduct that working hours are not to exceed the maximum set by local law. Further, a workweek should not be more than 60 hours per week, including overtime, except in emergency or unusual situations. Workers shall be allowed at least one day off every seven days'. In addition, the Company discloses in its CSR Report that provides quarterly audit on suppliers' employee working-hours management at TSMC factory sites to check if there is any issue of employees working consecutively for 7 days. However, the ILO convention limiting the hours of work in industrial undertakings to eight in the day and forty-eight in the week and no evidence found from Company explicitly committing to respect ILO conventions on working hours. [Supplier Code of Conduct, 30/04/2019: tsmc.com & CSR report, 31/12/2017: tsmc.com]
A.1.3.ICT.a	Commitment to responsible sourcing of minerals	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Responsible mineral sourcing in conflict areas: 'As a recognized global leader in the hi-tech supply chain, we acknowledge our corporate social responsibility to strive to procure only conflict-free minerals, based upon humanitarian and ethical social principles to protect the dignity of all persons'. It also adds that 'is our policy requirement that our suppliers source the tantalum, tin, tungsten and gold used in our products from facilities or smelters that have received a "conflict-free" designation by a recognized industry group such as the RMI'. However, no formal statement of commitment to responsible sourcing of minerals (respecting human rights and not benefiting armed groups) from conflict affected and high-risk areas could be found (high risk areas beyond Democratic Republic of Congo and adjoining countries). [Statement on Responsible sourcing of minerals, 30/04/2019: tsmc.com] • Met: Based on OECD Guidance: The Company has implemented a series of compliance safeguards in accordance with industry practices such as adopting the due diligence framework in the OECD's Model Supply Chain Policy for a Responsible Global Supply Chain of Minerals from Conflict-Affected and High Risk Areas. [Statement on Responsible sourcing of minerals, 30/04/2019: tsmc.com] • Not met: Requires responsible mineral sourcing from suppliers: The Company discloses that 'has adopted the RBA Code of Conduct which describes the RBA's general principle on the responsible sourcing of minerals. We have incorporated these principles into our Supplier Code of Conduct to which our suppliers must agree to adhere'. Also, the Company indicates [statement of responsible sourcing] that 'it is our requirement that our suppliers source the tantalum, tin, tungsten and gold used in our products from facilities or smelters that have received a conflict-free designation by a recognized industry group such as the RMI'. Finally, the CSR

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>report states that 'TSMC requires the suppliers [...] sign a statement of conflict-free mineral sourcing'. However, no requirement found for suppliers to make commitments to responsible sourcing of minerals in high-risk areas (but yes conflict-free) and basing its due diligence on OECD Guidance. [SD Form, 2017: tsmc.com & CSR Report 2018, 05/2019: tsmc.com]</p> <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Responsible conflict mineral sourcing covers all minerals: The Company states that all suppliers whose products contain gold, tantalum, tin and tungsten are required to source conflict-free raw materials from Responsible Minerals Assurance Process (RMAP) conformant smelters in compliance with its conflict-free sourcing policy and to sign a Letter of Assurance to assure their compliance. However, to award this indicator, all minerals from the conflict affected and high-risk areas should be covered. [CSR report, 31/12/2017: tsmc.com] • Not met: Suppliers expected to make similar requirements of their suppliers: The Company reports that 100% of suppliers required their direct suppliers to source the 3TG from smelters whose due diligence practices have been validated by an independent third party audit programme. To award this indicator, there must be an expectation of commitment to responsibly source (respecting human rights and not financing/benefiting armed groups in both conflict affected and high risk areas) all minerals for suppliers' suppliers. [CSR report, 31/12/2017: tsmc.com]
A.1.3.ICT.b	Commitment to respect human rights particularly relevant to the industry (ICT)	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Women's Rights • Not met: Children's Rights • Not met: Migrant worker's rights: The company requires its suppliers to comply with its Supplier Code of Conduct which contains a commitment to migrant workers rights. However there is no evidence of this commitment in the company's own Code of Conduct. [CSR policy, 30/04/2019: tsmc.com] • Met: Expecting suppliers to respect these rights: The company indicates that it has adopted the RBA Code of Conduct as its supplier Code of Conduct and requires its suppliers to comply with the Code. The RBA code contains the following commitment to migrant workers rights 'Participants are committed to uphold the human rights of workers, and to treat them with dignity and respect as understood by the international community. This applies to all workers including...migrant...and any other type of worker'. [Supplier Code of Conduct, 30/04/2019: tsmc.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: CEDAW/Women's Empowerment Principles • Not met: Child Rights Convention/Business principles • Not met: Convention on migrant workers • Not met: Expecting suppliers to respect these rights
A.1.4	Commitment to engage with stakeholders	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Regular stakeholder engagement: The Company conducts two-way communications with its six major stakeholders, including employees, shareholders / investors, customers, suppliers, government and society. It tries to incorporate their expectations into its internal sustainability management strategies and set goals to track execution and performance. Several issues, including human rights, occupational health and safety, supplier ethics and code of conducts, were raised by employees and suppliers. 640 communication meeting with employees took place last year. [CSR report, 31/12/2017: tsmc.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Regular stakeholder design engagement: The Company discloses its process of materiality analysis and stakeholder communication. This process is divided in three main phases, which are identification, analysis and confirmation, divided in seven steps. The first step is to identify its major categories of stakeholders, defined as internal and external groups or individuals who have impacts on or are affected by TSMC. Second step is to Identify sustainability issues, related to the Company's internal development goals and vision and communication with stakeholders. Third step is to Investigate the level of interest, which is collect valid feedback from stakeholders, the Company discloses that 'An online survey was conducted among the key stakeholders on their level of interest in different sustainability issues, and a total of 703 valid samples were collected'. Fourth step is to Analyze operational impact, which Takes into account economic, environmental, and social dimensions, TSMC measured the impact of the sustainability issues on the Company's operations. Fifth is to Draft materiality matrix based on the results of previous steps. Sixth is to determine disclosure boundaries that helps the Company understand the impact of sustainability issues on upstream operations,

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			and downstream stages and the Seventh is the review of disclosure content. [CSR Report 2018, 05/2019: tsmc.com]
A.1.5	Commitment to remedy	0	The individual elements of the assessment are met or not as follows: Score 1 • Not met: Commits to remedy Score 2 • Not met: Not obstructing access to other remedies • Not met: Collaborating with other remedy initiatives • Not met: Work with ICT suppliers to remedy impacts
A.1.6	Commitment to respect the rights of human rights defenders	0	The individual elements of the assessment are met or not as follows: Score 1 • Not met: Zero tolerance attacks on HRs Defenders (HRDs) Score 2 • Not met: Expects ICT suppliers to reflect company HRD commitments

A.2 Policy Commitments (5% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.2.1	Commitment from the top	0.5	The individual elements of the assessment are met or not as follows: Score 1 • Met: CEO or Board approves policy: The human rights policy was approved by the name of the chairperson. [Human rights policy, 30/04/2019: tsmc.com] • Not met: Board level responsibility for HRs: The Company maintains a Corporate Social Responsibility Committee, which serves as the highest-level CSR organisation and acts as a decision-making centre and communications platform for CSR. However, the committee is not at the board level. [Annual report, 31/12/2018: tsmc.com] Score 2 • Not met: Speeches/letters by Board members or CEO
A.2.2	Board discussions	1	The individual elements of the assessment are met or not as follows: Score 1 • Met: Board/Committee review of salient HRs: The Company states that the CSR committee reports annually to the Board of Directors on implementation results of the prior year and the work planned for the upcoming year by adhering to the vision and mission of its CSR policy. [Annual report, 31/12/2018: tsmc.com] • Not met: Examples or trends re HR discussion Score 2 • Not met: Both examples and process
A.2.3	Incentives and performance management	0	The individual elements of the assessment are met or not as follows: Score 1 • Not met: Incentives for at least one board member • Not met: At least one key ICT HR risk, beyond employee H&S Score 2 • Not met: Performance criteria made public

B. Embedding Respect and Human Rights Due Diligence (25% of Total)

B.1 Embedding Respect for Human Rights in Company Culture and Management Systems (10% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.1.1	Responsibility and resources for day-to-day human rights functions	1	The individual elements of the assessment are met or not as follows: Score 1 • Met: Commits to ILO core conventions: See indicator A.1.2 [Human rights policy, 30/04/2019: tsmc.com] • Met: Senior responsibility for HR: The Company operates the Corporate Social Responsibility Committee as the highest-level CSR decision-making centre. The committee is chaired by the CFO and serves as a cross-departmental communication platform for CSR of the Company. [Annual report, 31/12/2018: tsmc.com] Score 2 • Not met: Day-to-day responsibility: Under the CSR committee, there are seven sustainable-management competencies, including corporate ethics management, supply chain management, human resource management, etc. Human rights and occupational safety and health issues are covered by the competencies of human resources. However, no further details found on how this is managed day-to-day . [CSR report, 31/12/2017: tsmc.com]

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			<ul style="list-style-type: none"> • Not met: Day-to-day responsibility for ICT in supply chain: Under the CSR committee, there are seven sustainable-management competencies, including corporate ethics management, supply chain management, human resource management, etc. Human rights and occupational safety and health issues are covered by the competencies. However, no further details found on supply chain management. [CSR report, 31/12/2017: tsmc.com]
B.1.2	Incentives and performance management	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Senior manager incentives for human rights • Not met: At least one key ICT HR risk, beyond employee H&S <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Performance criteria made public
B.1.3	Integration with enterprise risk management	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: HR risks is integrated as part of enterprise risk system: The Company states that every year, it makes use of a standardised risk assessment template called the Self-Assessment Questionnaire (SAQ) developed by the Responsible Business Alliance (RBA) to identify the highest social, environmental and ethical risks in its operations. However, to award this indicator, human right risks need to be integrated in the company-wide risk management system. [CSR report, 31/12/2017: tsmc.com & Annual report, 31/12/2018: tsmc.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Audit Ctte or independent risk assessment
B.1.4.a	Communication /dissemination of policy commitment(s) within Company's own operations	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Commits to ILO core conventions: See indicator A.1.2 [Human rights policy, 30/04/2019: tsmc.com] • Not met: Communicates its policy to all workers in own operations: The Company discloses that 'Through close collaboration between organizations, TSMC effectively communicates its CSR policy, vision, and mission, and systematically implements them in the Company's daily operations. Each CSR issue in the Economic, Environmental, and Social dimensions have clearly identified owners in the CSR Committee, who are responsible for appropriate communication and response to global and social trends, the Company's current situation, and the needs of stakeholders'. However, there is no description about how human rights policy is communicated to all workers and also there is no mention if it is communicated in local languages where necessary. [CSR policy, 30/04/2019: tsmc.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Commits to all 4 ILO core conventions: See indicator A.1.2 [Human rights policy, 30/04/2019: tsmc.com] • Not met: Communication of policy commitments to stakeholder • Not met: How policy commitments are made accessible to audience
B.1.4.b	Communication /dissemination of policy commitment(s) to business relationships	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Commits to all 4 ILO core conventions for suppliers: See indicator A.1.2 [Human rights policy, 30/04/2019: tsmc.com] • Not met: Communicating policy down the whole ICT supply chain: The Company reports that 80% of the existing suppliers and 100% of the new suppliers are to sign supplier code of conduct. It is expecting that not only critical suppliers, but all suppliers, must complete the code compliance by 2025. No evidence found, however, on how the Company actively communicates its policies down the supply chain (or requires its suppliers to do so). [Supplier sustainability management, 30/04/2019: tsmc.com & CSR report, 31/12/2017: tsmc.com] • Not met: Requiring ICT suppliers to communicate policy down the chain <p>Score 2</p> <ul style="list-style-type: none"> • Not met: How HR commitments made binding/contractual: The Company states that it will assess its suppliers' compliance with the supplier code of conduct when making purchasing decisions and 100% of the new suppliers are to sign supplier code of conduct. However, it is not clear whether signing the code is a binding arrangement of contract. [Supplier Code of Conduct, 30/04/2019: tsmc.com & CSR report, 31/12/2017: tsmc.com] • Not met: Including on ICT suppliers
B.1.5	Training on Human Rights	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Scores at least 1 on A.1.2 • Not met: Trains all workers on HR policy commitments: The Company reports that it provides human rights protection related training to employees. In 2017, 68,624 hours of HR related training were conducted. Also, The Company promotes

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			<p>regulatory compliance in New Employee Orientation contents include prohibition on forced labor and child labor, anti-discrimination, anti-sexual harassment, working hours management, and humane treatment. However, it is not clear whether all its workers are trained. [CSR report, 31/12/2017: tsmc.com & CSR Report 2018, 05/2019: tsmc.com]</p> <ul style="list-style-type: none"> • Not met: Trains relevant ICT managers including procurement <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Score of 2 on A.1.2 • Not met: Both requirements under score 1 met
B.1.6	Monitoring and corrective actions	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Scores at least 1 on A.1.2 • Met: Monitoring implementation of HR policy commitments: The Company reports that every year, it makes use of a standardised risk assessment template called the Self-Assessment Questionnaire (SAQ) developed by the RBA to identify the highest social, environmental and ethical risks in its operations. In addition, it has put together a plan to execute Validated Audit Process (VAP) audits for all its facilities over a two-year period starting 2016. The SAQ covers labour and ethics management issues. [CSR report, 31/12/2017: tsmc.com] • Met: Monitoring ICT suppliers: The Company states that it determines its supplier audit list annually based on Risk Assessment Considerations and makes the major suppliers assess with the SAQ. All suppliers' weaknesses were traced by the Corrective Action Request (CAR) system to manage the improvement progress accordingly. [CSR report, 31/12/2017: tsmc.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Score of 2 on A.1.2 • Not met: Describes corrective action process: The Company reports the six steps of Continuous Improvement Process of Labour conditions. After SAQ self assessment and VAP audit, the Responsible Business Alliance (RBA) task force reviews non-compliance, makes suggestions for improvement, monitors execution progress, and reports improvement results to relevant management level regularly. To award this indicator, the evidence needs to include the number of incidences. [CSR report, 31/12/2017: tsmc.com] • Not met: Example of corrective action • Met: Discloses % of ICT supply chain monitored: The Company reports that it has implemented 84 on-site supplier audits in 2017, out of total 3,038 suppliers. Regarding suppliers' Self-Assessment Questionnaire (SAQ), the proportion of the supply chain can be changed. [CSR report, 31/12/2017: tsmc.com]
B.1.7	Engaging business relationships	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: HR affects ICT selection of suppliers: The Company states that it will assess its suppliers' compliance with the supplier code of conduct when making purchasing decisions. The supplier code covers the four core ILO standards. However, it is not clear if human rights affect to the selection process of potential suppliers. [Supplier Code of Conduct, 30/04/2019: tsmc.com] • Met: HR affects on-going ICT supplier relationships: The Company states that it requires a responsible supply chain adhering to four major executional guidelines: code compliance, risk assessment, audit participation and keep improvement. The Company states that failure to comply with the code or cooperate with its auditors may result in termination of the business relationship. As indicated above, it assess supplier compliance with the code when making purchasing decisions. [Supplier Code of Conduct, 30/04/2019: tsmc.com & CSR report, 31/12/2017: tsmc.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Both requirement under score 1 met • Met: Working with ICT suppliers to improve performance: The Company states that it provides necessary counselling and training for suppliers and asks them to comply with the supplier code of conduct. It introduce external consultants to provide on-site counselling for suppliers performance elevation and continues to hold suppliers' environmental safety and health forum. The Company invited 12 suppliers to participate in the "Supply Chain Occupational Health promotion program" in cooperation with external expert: "By documentation review and on-site audit, we made suggestions for suppliers to improve the management procedure and working environment, hardware construction, and to facilitate labour health". [CSR report, 31/12/2017: tsmc.com]
B.1.8	Approach to engagement with potentially	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Stakeholder process or systems: The Company defined major stakeholders as 'internal and external groups or individuals who have an impact on or are

Indicator Code	Indicator name	Score (out of 2)	Explanation
	affected stakeholders		<p>affected by the Company'. By that definition, six major categories of stakeholders were identified: shareholders/investors, employees, customers, supplier/contractors, government, and society. It has communicated with each stakeholder using different channels, such as communication meeting, investor conferences, quarterly meeting with customers, industry association meetings, etc. [CSR report, 31/12/2017: tsmc.com]</p> <ul style="list-style-type: none"> • Not met: Frequency and triggers for engagement • Not met: Workers in ICT SC engaged • Not met: Communities in the ICT SC engaged <p>Score 2</p> <ul style="list-style-type: none"> • Met: Analysis of stakeholder views and company's actions on them: The Company reports that human rights are major issue with employees. It implemented automated overtime system in 2017 to reduce employees' time spent on tracking and claiming overtime pay. It also implemented annual training programme to prevent workplace bullying and increase personnel sensitivity of first-line managers in operations; adjusted training structure for technicians. [CSR report, 31/12/2017: tsmc.com]

B.2 Human Rights Due Diligence (15% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.2.1	Identifying: Processes and triggers for identifying human rights risks and impacts	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Identifying risks in own operations: Every year, the Company makes use of a standardised risk assessment template called the Self-Assessment Questionnaire (SAQ) to identify the highest social, environmental and ethical risks in its operations. The SAQ covers labour and safety issues. [CSR report, 31/12/2017: tsmc.com] • Met: Identifying risks in ICT suppliers: The Company requires suppliers to conduct the SAQ. In additions, all of its suppliers implemented due diligence measures for conflict-free sourcing. [CSR report, 31/12/2017: tsmc.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Ongoing global risk identification: As indicated above, the process is carried out every year. [CSR report, 31/12/2017: tsmc.com] • Not met: In consultation with stakeholders • Not met: In consultation with HR experts • Not met: Triggered by new circumstances
B.2.2	Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Salient risk assessment (and context): The Company describes risk assessment but evidence seems to refer to compliance monitoring rather than due diligence carried out to determine which are the human right issues it faces as a company taking into consideration social, economic, geographical and/or other factors. Evidence refers about RBA audits. [CSR report, 31/12/2017: tsmc.com] • Met: Public disclosure of salient risks: Although the Company does not describe a human rights assessment process followed including how different factors taken into account, it describes the policy concerns that resulted from its assessments, including health and safety work environment, physical and mental health, discrimination, child labour and forced labour. [CSR report, 31/12/2017: tsmc.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met
B.2.3	Integrating and Acting: Integrating assessment findings internally and taking appropriate action	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Action Plans to mitigate risks: For each human rights issue identified as concern, safe and healthy work environment, discrimination, child labour, forced labour and mental & physical health, the Company describes the actions taken to mitigate these risks. [CSR report, 31/12/2017: tsmc.com] • Not met: Including in ICT supply chain: Although the Company describes actions taken, this seem to focus on specific actions for specific non-compliances found rather than a company approach to mitigate risks identified and assessed as part of a wider diligence process. [CSR report, 31/12/2017: tsmc.com] • Met: Example of Actions decided: For instance, for health and safety, the Company describes that it "set zero accident as safety and health goal"; "adopt strict safety and health management procedures, maintain stringent standards for facility and hardware operations"; "conduct individual and group management by analysis of health examination and occupational factors to prevent potential health risks"; "provide health promotion activities and employee assistance programs based on employees' needs to help them implement a healthy lifestyle". [CSR report, 31/12/2017: tsmc.com]

Indicator Code	Indicator name	Score (out of 2)	Explanation
			Score 2 • Not met: Both requirements under score 1 met
B.2.4	Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts	0	The individual elements of the assessment are met or not as follows: Score 1 • Not met: System to check if Actions are effective • Not met: Lessons learnt from checking effectiveness Score 2 • Not met: Both requirement under score 1 met
B.2.5	Communicating : Accounting for how human rights impacts are addressed	0	The individual elements of the assessment are met or not as follows: Score 1 • Not met: Comms plan re identifying risks • Not met: Comms plan re assessing risks • Not met: Comms plan re action plans for risks • Not met: Comms plan re reviewing action plans • Not met: Including ICT suppliers Score 2 • Not met: Responding to affected stakeholders concerns • Not met: Ensuring affected stakeholders can access communications

C. Remedies and Grievance Mechanisms (15% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
C.1	Grievance channel(s)/mechanism(s) to receive complaints or concerns from workers	1	The individual elements of the assessment are met or not as follows: Score 1 • Met: Channel accessible to all workers: The Company operates various communication channels for employees, such as employee opinion box, ombudsman system, SMS, dedicated hotline, etc. [CSR report, 31/12/2017: tsmc.com] Score 2 • Not met: Number grievances filed, addressed or resolved: The Company reports the number of cases raised through internal communication channels. However it is not clear how many cases are related to human right issues. [CSR report, 31/12/2017: tsmc.com] • Not met: Channel is available in all appropriate languages • Not met: Expect ICT supplier to have equivalent grievance systems • Not met: Opens own system to ICT supplier workers
C.2	Grievance channel(s)/mechanism(s) to receive complaints or concerns from external individuals and communities	0	The individual elements of the assessment are met or not as follows: Score 1 • Not met: Grievance mechanism for community: Although the Company provides reporting channels to suppliers with anti-retaliation protections, it is not sufficient to award this indicator, as it needs to go beyond suppliers. [CSR report, 31/12/2017: tsmc.com] Score 2 • Not met: Describes accessibility and local languages • Not met: Expects ICT supplier to have community grievance systems • Not met: ICT supplier communities use global system
C.3	Users are involved in the design and performance of the channel(s)/mechanism(s)	0	The individual elements of the assessment are met or not as follows: Score 1 • Not met: Engages users to create or assess system • Not met: Description of how they do this Score 2 • Not met: Engages with users on system performance • Not met: Provides user engagement example on performance • Not met: ICT suppliers consult users in creation or assessment
C.4	Procedures related to the mechanism(s)/channel(s) are publicly available and explained	0	The individual elements of the assessment are met or not as follows: Score 1 • Not met: Response timescales • Not met: How complainants will be informed • Not met: Who is handling the complaint Score 2 • Not met: Escalation to senior/independent level

Indicator Code	Indicator name	Score (out of 2)	Explanation
C.5	Commitment to non-retaliation over complaints or concerns made	1	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Met: Public statement prohibiting retaliation: The Company states that any form of retaliation against an individual who in good faith reports a suspected violation or participates in an investigation is prohibited. External parties are covered in this statement. [CSR report, 31/12/2017: tsmc.com] • Met: Practical measures to prevent retaliation: The Company discloses that 'allow employees or any whistleblowers with relevant evidence to report any financial or ethical irregularities anonymously through either the Ombudsman or directly to the Audit Committees'. [Annual Report 2018, 2018: tsmc.com] Score 2 <ul style="list-style-type: none"> • Not met: Has not retaliated in practice • Not met: Expects ICT suppliers to prohibit retaliation
C.6	Company involvement with State-based judicial and non-judicial grievance mechanisms	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Won't impede state based mechanisms • Not met: Complainants not asked to waive rights Score 2 <ul style="list-style-type: none"> • Not met: Will work with state based or non judicial mechanisms • Not met: Example of issue resolved (if applicable)
C.7	Remedying adverse impacts and incorporating lessons learned	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Describes how remedy has been provided • Not met: Says how it would remedy key sector risks Score 2 <ul style="list-style-type: none"> • Not met: Changes introduced to stop repetition • Not met: Approach to learning from incident to prevent future impacts • Not met: Evaluation of the channel/mechanism

D. Performance: Company Human Rights Practices (20% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.4.1.a	Living wage (in own production or manufacturing operations)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Living wage target timeframe: The Company discloses that 'The average total compensation of direct labor is about 27 months of base salary, and the average monthly salary is three times higher than Taiwan's minimum wage. TSMC's total compensation for employees outperforms our industry peers'. However, to state that the average salary is three times higher than Taiwan's wage does not mean that all workers receive a living wage. Also, we look for evidence of living wage sufficient to cover food, water, clothing, transport, education, health care and other essential needs for workers and their officially entitled dependents and provide some discretionary income. [CSR report, 31/12/2017: tsmc.com] • Not met: Describes how living wage determined Score 2 <ul style="list-style-type: none"> • Not met: Achieved payment of living wage • Not met: Regularly review definition of living wage with unions
D.4.1.b	Living wage (in the supply chain)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Living wage in supplier code or contracts: The Company states about compensation for workers in supplier code of conduct. However, to get this indicator, the Company needs to state about living wage issues, not only compensation. [Supplier Code of Conduct, 30/04/2019: tsmc.com] • Not met: Improving living wage practices of suppliers Score 2 <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met • Not met: Provide analysis of trends demonstrating progress
D.4.2	Aligning purchasing decisions with human rights	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Avoids business model pressure on HRs • Not met: Positive incentives to respect human rights Score 2 <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.4.3	Mapping and disclosing the supply chain	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: Identifies suppliers back to product source: The Company discloses that achieved 100% completion rate for communicating Supplier Code of Conduct with 1,229 Tier 1 suppliers'. And identified, among them, a total of 321 of critical suppliers. However, its is not clear if it is included direct and indirect suppliers, and if it is included all manufacturing sites. [CSR report, 31/12/2017: tsmc.com] Score 2 <ul style="list-style-type: none"> Not met: Discloses significant parts of supply chain and why
D.4.4.a	Prohibition on child labour: Age verification and corrective actions (in own production or manufacturing operations)	1	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Met: Does not use child labour: In its human rights policy, the Company states that it abolishes child labour. [Human rights policy, 30/04/2019: tsmc.com] Met: Age verification of job applicants and workers: The Company states that it amended and implemented candidate interview process control instruction to comply with its human rights policy. It only accepts applicants over the age of 18 and exam employments to avoid any omissions. [Human rights, 30/04/2019: tsmc.com] Score 2 <ul style="list-style-type: none"> Not met: Remediation if children identified
D.4.4.b	Prohibition on child labour: Age verification and corrective actions (in the supply chain)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: Child Labour rules in codes or contracts: In the supplier code of conduct, child labour is not to be used in any stage of manufacturing. However, the Company does not explicitly state about remediation programmes in case child labour is found and age verification procedures. [Supplier Code of Conduct, 30/04/2019: tsmc.com] Score 2 <ul style="list-style-type: none"> Not met: How working with suppliers on child labour Not met: Both requirements under score 1 met Not met: Provide analysis of trends demonstrating progress
D.4.5.a	Prohibition on forced labour: Debt bondage and other unacceptable financial costs (in own production or manufacturing operations)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: Pays workers in full and on time Not met: Payslips show any legitimate deductions Score 2 <ul style="list-style-type: none"> Not met: How these practices are implemented and monitored for agencies, labour brokers or recruiters
D.4.5.b	Prohibition on forced labour: Debt bondage and other unacceptable financial costs (in the supply chain)	1	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Met: Debt and fees rules in codes or contracts: In the supplier code of conduct, the Company states that workers shall not be required to pay employers' or agents' recruitment fees or other related fees for their employment. If any such fees are found to have been paid by workers, such fees shall be repaid to the worker. [Supplier Code of Conduct, 30/04/2019: tsmc.com] Score 2 <ul style="list-style-type: none"> Not met: How working with suppliers on debt & fees: The Company found its suppliers charged recruiting fees to foreign workers. Through counselling, employers returned NTD 5.5 million recruiting fees to 360 foreign workers. To award this indicator, information about how the Company works with suppliers to improve their practices and prevent related risks are needed. [CSR report, 31/12/2017: tsmc.com] Score 2 <ul style="list-style-type: none"> Not met: Both requirements under score 1 met Not met: Provide analysis of trends in progress made
D.4.5.c	Prohibition on forced labour: Restrictions on workers (in own production or manufacturing operations)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: Does not retain documents or restrict movement: In its human rights policy, the Company states that it eliminates forced labour. Also, in its CSR report the Company discloses that 'In strict compliance with government labor laws, international labor standards, and the "TSMC Human Rights Policy," TSMC will not force nor threaten any non-willing personnel to carry out work-related tasks'. However, no evidence found on document retention or other practices that restrict movement. [Human rights policy, 30/04/2019: tsmc.com & CSR report, 31/12/2017: tsmc.com]

Indicator Code	Indicator name	Score (out of 2)	Explanation
			Score 2 • Not met: How sure about agencies or brokers
D.4.5.d	Prohibition on forced labour: Restrictions on workers (in the supply chain)	1	The individual elements of the assessment are met or not as follows: Score 1 • Met: Free movement rules in codes or contracts: In the supplier code of conduct, the Company states that all work must be voluntary and workers shall be free to leave work at any time or terminate their employment. Employers and agents may not hold or otherwise destroy, conceal, confiscate or deny access by employees to their identity or immigration documents, such as government-issued identification, passports or work permits, unless such holdings are required by law. [Supplier Code of Conduct, 30/04/2019: tsmc.com] • Not met: How these practices are implemented and monitored for agencies, labour brokers or recruiters Score 2 • Not met: Both requirements under score 1 met • Not met: Provide analysis of trends in progress made
D.4.6.a	Freedom of association and collective bargaining (in own production or manufacturing operations)	0	The individual elements of the assessment are met or not as follows: Score 1 • Not met: Commits not to interfere with union rights and collective bargaining and prohibits intimidation and retaliation: The Company discloses that 'respects employee rights for collective bargaining and participation in peaceful assembly activities'. However, to state that respect a right does not imply in a real commitment to not interfere with union rights and collective bargaining. [CSR Report 2018, 05/2019: tsmc.com] • Not met: Discloses % covered by collective bargaining Score 2 • Not met: Both requirement under score 1 met
D.4.6.b	Freedom of association and collective bargaining (in the supply chain)	0	The individual elements of the assessment are met or not as follows: Score 1 • Not met: FoA & CB rules in codes or contracts: In the supplier code of conduct, the Company states that "In conformance with local law, suppliers shall respect the right of all workers to form and join trade unions of their own choosing, to bargain collectively and to engage in peaceful assembly as well as respect the right of workers to refrain from such activities. Workers and/or their representatives shall be able to openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, reprisal, intimidation or harassment". However, it is not clear whether the Company is requiring to respecting those rights in all contexts, as it indicates "in conformance with local law". [Supplier Code of Conduct, 30/04/2019: tsmc.com] • Not met: How working with suppliers on FoA and CB Score 2 • Not met: Both requirements under score 1 met • Not met: Provide analysis of trends in progress made
D.4.7.a	Health and safety: Fatalities, lost days, injury rates (in own production of manufacturing operations)	2	The individual elements of the assessment are met or not as follows: Score 1 • Met: Injury Rate disclosures: The Company reports that the Disabling Injuries Frequency Rate in 2018 was (FR)= 0.80 and the Work-relative Disabling Injuries Frequency Rate = 0.47. [CSR Report 2018, 05/2019: tsmc.com] • Met: Lost days or near miss disclosure: Lost days occurred to male employees over a period of 828 cumulative days, and to female employees over a period of 416 cumulative days. [CSR Report 2018, 05/2019: tsmc.com] • Met: Fatalities disclosures: The Company reports that there was no death due to occupational disease or work-relative death in 2018. [CSR Report 2018, 05/2019: tsmc.com] • Met: Occupational disease rates: The Company discloses that there was 'zero cases of occupational hazards caused by exposure to chemicals'. [CSR Report 2018, 05/2019: tsmc.com] Score 2 • Met: Set targets for H&S performance: The Company has set 2019 targets for health and safety issues, such as disabling frequency rate and severity rate. It also has health and safety management target for 2020 and 2025. It also has a target of "zero accident" as safety and health goal. [CSR Report 2018, 05/2019: tsmc.com]

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<ul style="list-style-type: none"> • Met: Met targets or explains why not: The Company reports the structure of safety and hygiene achievements in 2017. This includes various issues such as safety and health policy, hazard identification, emergency response, tool safety management, etc. It failed to achieve its target the injury frequency rate (FR) and the injury severity rate (SR) in 2017. It will proceed the root cause review and improvement on a quarterly basis. [CSR report, 31/12/2017: tsmc.com]
D.4.7.b	Health and safety: Fatalities, lost days, injury rates (in the supply chain)	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Sets out clear Health and Safety requirements: The Company clearly includes health and safety policies in the supplier code of conduct. These cover various issues, such as occupational safety, emergency preparedness, occupational injury and illness, industrial hygiene, etc. [Supplier Code of Conduct, 30/04/2019: tsmc.com] • Not met: Injury rate disclosures • Not met: Lost days or near miss disclosures • Not met: Fatalities disclosures • Not met: Occupational disease rates <p>Score 2</p> <ul style="list-style-type: none"> • Met: How working with suppliers on H&S: The Company reports that it continues to hold suppliers' environmental safety and health forum. In 2017, it invited 12 suppliers to participate in the supply chain occupational health promotion programme, in cooperation with the Occupational Safety and Health Administration of the Ministry of Labour. By documentation review and on-site audit, it made suggestions for supplier to improve the management procedure and working environment. [CSR report, 31/12/2017: tsmc.com] • Not met: Provide analysis of trends in progress made
D.4.8.a	Women's rights (in own production or manufacturing operations)	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Process to stop harassment and violence • Not met: Working conditions take account of gender • Met: Equality of opportunity at all levels: The Company states that it eliminates unlawful discrimination and ensures equal employment opportunity. Its total compensation is non-discriminatory without regard to gender, religion, race, nationality or political affiliation. It also has monitored the percentage of females in all levels. [Human rights policy, 30/04/2019: tsmc.com & CSR report, 31/12/2017: tsmc.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Meets all of the requirements under score 1
D.4.8.b	Women's rights (in the supply chain)	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Women's rights in codes or contracts • Not met: How working with suppliers on women's rights <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Both requirement under score 1 met • Not met: Provide analysis of trends in progress made
D.4.9.a	Working hours (in own production or manufacturing operations)	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Respects max hours, min breaks and rest periods in its own operations: Although the Company discloses that uses a internal systems to control and monitor working hour and conduct monthly inspections of working hours in Company facilities, there is no description of a commitment to respect applicable international standards, national laws and regulations concerning maximum hours and rest periods. [CSR Report 2018, 05/2019: tsmc.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: How it implements and checks this
D.4.9.b	Working hours (in the supply chain)	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Working hours in codes or contracts: In the supplier code of conduct, the Company states that working hours are not to exceed the maximum set by local law. A workweek should not be more than 60 hours per week, including overtime, except in emergency or unusual situations. Workers shall be allowed at least one day off every seven days. Also, in its CSR report the Company provides a 'quarterly audit on suppliers' employee working-hours management at TSMC factory sites to check if there is any issue of employees working consecutively for 7 days'. However, no evidence found of references to standard weekly hour excluding overtime, and not clear about the 60 hour limit given the waivers to the rule. [Supplier Code of Conduct, 30/04/2019: tsmc.com & CSR Report 2018, 05/2019: tsmc.com]

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<ul style="list-style-type: none"> • Not met: How working with suppliers on working hours Score 2 <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met • Not met: Provide analysis of trends in progress made
D.4.10.a	Responsible Mineral Sourcing: Arrangements with Suppliers and Smelters/Refiners in the Mineral Resource Supply Chains	0.5	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Responsible mineral sourcing due diligence in supplier contracts: The Company discloses that 'requires that any of our potential suppliers or contractors adhere to our Policy Statement on Responsible Sourcing of Minerals. These documents serve as the basis for our strong internal corporate management system with respect to conflict-free sourcing. Secondly, TSMC adheres to the humanitarian and ethical principles contained in the Organization for Economic Co-operation and Development Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas, including the related supplements on gold, tin, tantalum and tungsten (the "OECD Guidance") to supplement its policies and procedures on conflict-free sourcing'. In addition, in its CSR report, the Company states that requires the suppliers whose products contain 3TG minerals to 'follow the conflict-free minerals sourcing policy, and sign a statement of conflict-free mineral sourcing'. However, despite evidence of contractual requirements, policy must be clear in relation to responsible sourcing (respecting human rights and not financing conflict) covering both conflict affected and high risk areas (company's policy that suppliers are required to adhere to already contains due diligence based on OECD Guidance). [Statement on Responsible sourcing of minerals, 30/04/2019: tsmc.com & SD Form, 2017: tsmc.com] Score 2 <ul style="list-style-type: none"> • Not met: Builds capacity with smelters/refiners • Met: Disclosure of smelter information in supplier requirements: The Company indicates in its SD Disclosure that 'we have incorporated these principles [RBA] into our supplier code of conduct to which our suppliers must agree to adhere'. Supplier code requires suppliers to assure that 3TG minerals 'in the products their manufacture does not directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses in the Democratic Republic of the Congo or an adjoining country. Suppliers shall exercise due diligence on the source and chain of custody of these minerals and make their due diligence measures available to customers upon customer request'. Therefore, measures have to be disclosed if the Company requires (Also, as complementary evidence to the one showed above, supplier code is explicit only about financing/benefiting armed groups in Democratic Republic of the Congo or adjoining countries). [CSR report, 31/12/2017: tsmc.com & SD Form, 2017: tsmc.com] • Not met: Responsible conflict mineral sourcing covers all minerals
D.4.10.b	Responsible Mineral Sourcing: Risk Identification in Mineral Supply Chain	0.5	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Risk identification and disclosure in line with OECD Guidance: 'To identify risks in its supply chain, the Task Force through the contact window of the Procurement team contacted and requested its Suppliers and Contractors to complete the Dashboard and include information regarding the source and chain of custody of Covered Minerals in its supply chain. The Dashboard indicates both the country of origin and name and addresses of smelters and refiners used. Written instructions and recorded training illustrating use of the Dashboard are available on RMI's website. The Task Force reviews the responses, checks the RCOI Data provided by RMI, looks for inconsistencies or other apparent inaccuracies, and follows up (through e-mail communication or conference call as necessary) to identify and escalate any issues associated with non-responsive or problematic responses to its inquiry'. However, no further details found, including which are the risks identified. [2018 Conflict Minerals Report, 2018: tsmc.com] • Met: Identification of smelter/refiners and OECD due diligence: As indicated above, Procurement team contacted and requested suppliers information regarding the source and chain of custody of Covered Minerals in its supply chain. It includes country, name and addresses of smelters and refiners. 'Through our RMI membership from 2016, we also have been obtaining country of origin information (the "RCOI Data") compiled by RMI for those smelters in our supply chain that have been validated as conformant to the RMAP. This information, together with the country of origin information provided by our Suppliers and Contractors assists us in identifying whether the smelters and refiners in our supply chain source from the Covered Countries. [2018 Conflict Minerals Report, 2018: tsmc.com & CSR report, 31/12/2017: tsmc.com]

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>Score 2</p> <ul style="list-style-type: none"> • Met: Discloses smelters/refiners judged in line with OECD due diligence: The Company provides a list of smelters and refiners. It also states that 'During the reporting period, we are pleased to report that RCOI due diligence measures indicate to us that 100% of the smelters and refiners from which our Suppliers and Contractors source the Covered Minerals have been fully audited, betted and certified under the RMAP'. [2018 Conflict Minerals Report, 2018: tsmc.com] • Not met: Responsible conflict mineral sourcing covers all minerals: Although the Company reports being expanding the scope to cobalt ore, no evidence found that the risk identification process covers all minerals.
D.4.10.c	Responsible Mineral Sourcing: Risk Management in the Mineral Supply Chain	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Describes mineral risk management plan for supply chain: The Company discloses actions to improve due diligence and further mitigate risks of products potentially financing or benefiting armed groups. Some actions of the list include: 'conduct conflict minerals compliance training as applicable and needed; research publicly available information to check whether high risk smelters or refiners identified by the Task Force indirectly or directly finance or benefit armed groups in the Covered Countries'; 'Watch out for warning flags'; 'enhance supplier or contractor communication, escalation process, if needed, to improve due diligence data accuracy and completion;' etc. [CSR report, 31/12/2017: tsmc.com & 2018 Conflict Minerals Report, 2018: tsmc.com] • Not met: Monitoring, tracking and whether better risk prevention/mitigation over time <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Supplier and stakeholders engaged in risk management strategy: In 2017, the Company set up responsible sourcing standards higher than regulatory requirements, requiring its cobalt suppliers to disclose the smelters from which they sourced in order to ensure that the sources of cobalt contained in its products are not involved in mining activities which cause human rights violations. However, it is not clear whether it consults suppliers and affected stakeholders to agree in risk management strategy [CSR report, 31/12/2017: tsmc.com] • Not met: Responsible conflict mineral sourcing covers all minerals

E. Performance: Responses to Serious Allegations (20% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
E(1).0	Serious allegation No 1		No allegations meeting the CHRB severity threshold were found, and so the score of 20.33 out of 80 points scored in themes A-D & F has been applied to produce a score of 5.08 out of 20 points for theme E.

F. Transparency (10% of Total)

Indicator Code	Indicator name	Score	Explanation
F.1	Company willingness to publish information	1.92 out of 4	Out of a total of 52 indicators assessed under sections A-D of the benchmark, Taiwan Semiconductor Manufacturing made data public that met one or more elements of the methodology in 25 cases, leading to a disclosure score of 1.92 out of 4 points.
F.2	Recognised Reporting Initiatives	2 out of 2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 2</p> <ul style="list-style-type: none"> • Met: Company reports on GRI: The Company lists GRI index on its website with relative CSR report pages. [GRI Index, 30/04/2019: tsmc.com]
F.3	Key, High Quality Disclosures	0.4 out of 4	<p>Taiwan Semiconductor Manufacturing met 1 of the 10 thresholds listed below and therefore gets 0.4 out of 4 points for the high quality disclosure indicator.</p> <p>Specificity and use of concrete examples</p> <ul style="list-style-type: none"> • Not met: Score 2 for A.2.2 : Board discussions • Not met: Score 2 for B.1.6 : Monitoring and corrective actions • Not met: Score 2 for C.1 : Grievance channel(s)/mechanism(s) to receive complaints or concerns from workers • Not met: Score 2 for C.3 : Users are involved in the design and performance of the channel(s)/mechanism(s) <p>Discussing challenges openly</p> <ul style="list-style-type: none"> • Not met: Score 2 for B.2.4 : Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts • Not met: Score 2 for C.7 : Remedying adverse impacts and incorporating lessons learned <p>Demonstrating a forward focus</p>

Indicator Code	Indicator name	Score	Explanation
			<ul style="list-style-type: none"> • Not met: Score 2 for A.2.3 : Incentives and performance management • Not met: Score 2 for B.1.2 : Incentives and performance management • Not met: Score 1 for D.4.1.a: Living wage (in own production or manufacturing operations) • Met: Score 2 for D.4.7.a: Health and safety: Fatalities, lost days, injury rates (in own production of manufacturing operations)

Disclaimer

A score of zero for a particular indicator does not mean that bad practices are present. Rather it means that we have been unable to identify the required information in public documentation.

See the 2019 Key Findings report and technical annex for more details of the research process.

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As CHRB Ltd, we want to emphasise that the results will always be a proxy for good human rights management, and not an absolute measure of performance. This is because there are no fundamental units of measurement for human rights. Human rights assessments are therefore necessarily more subjective than objective. The Benchmark also captures only a snap shot in time. We therefore want to encourage companies, investors, civil society and governments to look at the broad performance bands that companies are ranked within rather than their precise score because, as with all measurements, there is a reasonably wide margin of error possible in interpretation. We also want to encourage a greater analytical focus on how scores improve over time rather than upon how a company compares to other companies in the same industry today. The spirit of the exercise is to promote continual improvement via an open assessment process and a common understanding of the importance of the UN Guiding Principles on Business and Human Rights.