

**Company Name** TSMC  
**Industry** ICT (Own operations and Supply Chain)  
**Overall Score** 23.9 out of 100

Theme Score	Out of	For Theme
2.0	10	A. Governance and Policies
5.8	25	B. Embedding Respect and Human Rights Due Diligence
7.0	20	C. Remedies and Grievance Mechanisms
4.3	25	D. Performance: Company Human Rights Practices
4.8	20	E. Performance: Responses to Serious Allegations

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 2022 Methodology document for the sector concerned. 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	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"> <li>Met: General HRs commitment: The Company's Human Rights policy indicates that it 'upholds the human rights of all workers, including regular, contract and temporary employees, and interns. (...) We support the UN Universal Declaration of Human Rights (UDHR), and are committed to treating all workers with dignity and respect as understood by international human rights standards'. [Human Rights Policy, N/A: <a href="https://www.tsmc.com">tsmc.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>Met: Commitment to the UNGPs: According to the Human Rights Policy, the Company is 'committed to treating all workers with dignity and respect as understood by international human rights standards, including [...] The UN Guiding Principles on Business and Human Rights (UNGPs), The OECD Guidelines for Multinational Enterprises'. [Human Rights Policy, N/A: <a href="https://www.tsmc.com">tsmc.com</a>] &amp; [2020 CSR Report, 2021: <a href="https://www.tsmc.com">esg.tsmc.com</a>]</li> <li>Not Met: Commitment to the OECD Guidelines for Multinational Enterprises: See above. No evidence found of a direct commitment to the OECD Guidelines document. [Human Rights Policy, N/A: <a href="https://www.tsmc.com">tsmc.com</a>]</li> </ul>
A.1.2.a	Commitment to respect the human rights of workers: ILO Declaration on Fundamental	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"> <li>Met: Company has a commitment to the ILO Core: The Company's Human Rights Policy indicates: '[we] are committed to treating all workers with dignity and respect as understood by international human rights standards including (...) The International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work'. [Human Rights Policy, N/A: <a href="https://www.tsmc.com">tsmc.com</a>]</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
	Principles and Rights at Work		<ul style="list-style-type: none"> <li>• Not Met: Company has a explicit commitment to All four ILO Core: The Company’s Human Rights Policy covers: ‘Eliminate unlawful discrimination and ensure equality in the workplace, Zero tolerance for child labor, Forbid forced labor’. However, no mention found of a commitment to the rights to freedom of association and collective bargaining. The 2021 CSR Report indicates: ‘TSMC respects employees' right to take part in collective bargaining and peaceful rallies’. However, according to CHRB standards, commitments are expected to be placed in Company policy documents, rather than annual reports. No policy statement found explicitly committing it to respecting the rights to freedom of association and the right to collective bargaining. [Human Rights Policy, N/A: <a href="https://www.tsmc.com">tsmc.com</a>] &amp; [2020 CSR Report, 2021: <a href="https://www.esg.tsmc.com">esg.tsmc.com</a>] Score 2</li> <li>• Not Met: Company expect suppliers to commit to ILO Core: Regarding the Supplier Code of Conduct indicates: ‘The provisions in this Code are derived primarily from the Responsible Business Alliance (RBA, Formerly EICC) Code of Conduct and are in alignment with the UN Guiding Principles on Business and Human Rights, as well as key international human rights standards including the ILO Declaration on Fundamental Principles and Rights at Work and the UN Universal Declaration of Human Rights’. However, it is not clear the Company expects suppliers to commit to respecting the human rights that the ILO has declared to be fundamental rights at work’ (see subindicator below). The Company has provided additional comments to CHRB regarding this indicator. However, evidence was not material. [Supplier Code of Conduct, 19/04/2021: <a href="https://www.esg.tsmc.com">esg.tsmc.com</a>]</li> <li>• Not Met: Company explicitly list All four ILO for suppliers: The Supplier Code of Conduct covers non-discrimination and forced and child labor. Regarding to the right to freedom of association and collective bargaining, it indicates: ‘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 requires to respect those rights in all contexts, as it indicates ‘in conformance with local law’. In these cases (companies referring to local laws in freedom of association and collective bargaining), companies are expected to require alternative mechanisms or equivalent workers bodies where the right to freedom of association and collective bargaining is restricted under law. [Supplier Code of Conduct, 19/04/2021: <a href="https://www.esg.tsmc.com">esg.tsmc.com</a>]</li> </ul>
A.1.2.b	Commitment to respect the human rights of workers: Health and safety and working hours	0.5	<p>The individual elements of the assessment are met or not as follows: Score 1</p> <ul style="list-style-type: none"> <li>• Met: Commitment to respect H&amp;S of workers: In its Safety and Health Policy, the Company indicates that part of its mission is 'Promoting employee health and achieving work/life balance'. It then discloses its guiding principles in relation to health and safety that include: 'Meeting or surpassing international safety and health regulations and standards. (...) Enhancing intrinsic safety of designs, adopting rigorous safety and health control measures, preventing occupational accident, and promoting employee safety and mental health. [...] Sharing safety and health expertise and experience, and collaborating with business partners, industry, government, academia, and all of society to build a safe and healthy workplace'. [Safety and Health Policy updated 2020, 05/2020: <a href="https://www.tsmc.com">tsmc.com</a>]</li> <li>• Not Met: Respect ILO labour standards on working hours or Commits to 48 hours regular work week: The Company’s Human Rights Policy indicates that 'Comply with all applicable wage laws and regulations, and legal limits to working hours' is one of its guiding principles. However, no evidence found of the Company explicitly committing to respect ILO conventions on working hours or that publicly states that workers are not required to work more than 48 hours as regular working week, and that overtime is consensual and paid at a premium rate. The 2021 CSR Report indicates its targets and actions related to working hours for the target group ‘all employees’: ‘Formulate Management Measures for Working Hours Procedure and build an Attendance Record System and Overtime System’. However, the reference came from a report. Only policy commitments are considered a suitable source for this indicator under CHRB revised approach. The Company has provided another source, however, its content was already in use. [Human Rights Policy, N/A: <a href="https://www.tsmc.com">tsmc.com</a>] Score 2</li> <li>• Met: Expect suppliers to commit to H&amp;S of their workers: The Supplier Code of Conduct indicates: 'Suppliers recognize that in addition to minimizing the incidence</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>of work-related injury and illness, a safe and healthy work environment enhances the quality of products and services, consistency of production and worker retention and morale. Suppliers also recognize that ongoing worker input and education is essential to identifying and solving health and safety issues in the workplace'. The health and safety standards include: Occupational Safety, Emergency Preparedness, Occupational Injury and Illness, Industrial Hygiene, Physically Demanding Work, Machine Safeguarding, Sanitation, Food, and Housing, Health and Safety Communication. [Supplier Code of Conduct, 19/04/2021: <a href="http://esg.tsmc.com">esg.tsmc.com</a>]</p> <ul style="list-style-type: none"> <li>• Not Met: Expect suppliers to commit to ILO labour standard or to 48 hours regular work week: The Supplier Code of Conduct indicates: '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. All overtime must be voluntary. Workers shall be allowed at least one day off every seven days'. However, no formal commitment about respecting the ILO conventions on working hours was found. Alternatively, the Company would achieve this by committing to a 48 hours regular working week, and consensual overtime paid at a premium rate. The Company provides, in its feedback to CHRB, an additional source to this indicator, however, the reference came from a report. Only policy commitments are considered a suitable source for this indicator under CHRB revised approach. [Supplier Code of Conduct, 19/04/2021: <a href="http://esg.tsmc.com">esg.tsmc.com</a>]</li> </ul>
A.1.3.a.ICT	Commitment to respect human rights particularly relevant to the industry – responsible sourcing of minerals (ICT)	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"> <li>• Met: Responsible mineral sourcing: According to the Human Rights Policy, one of the Company's guiding principles is: 'Commit to responsible sourcing of minerals'. [Human Rights Policy, N/A: <a href="http://tsmc.com">tsmc.com</a>]</li> <li>• Met: Based on OECD Guidance: The Supplier Code of Conduct indicates: 'Suppliers shall have a policy and exercise due diligence on the source and chain of custody of the tantalum, tin, tungsten, and gold in the products they manufacture to reasonably assure that they are sourced in a way consistent with the Organisation for Economic Co-operation and Development (OECD) Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas or an equivalent and recognized due diligence framework'. [Supplier Code of Conduct, 19/04/2021: <a href="http://esg.tsmc.com">esg.tsmc.com</a>]</li> <li>• Met: Requires suppliers to commit to responsible mineral sourcing: The Supplier Code of Conduct indicates: 'Suppliers shall have a policy and exercise due diligence on the source and chain of custody of the tantalum, tin, tungsten, and gold in the products they manufacture to reasonably assure that they are sourced in a way consistent with the Organisation for Economic Co-operation and Development (OECD) Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas or an equivalent and recognized due diligence framework'. [Supplier Code of Conduct, 19/04/2021: <a href="http://esg.tsmc.com">esg.tsmc.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Commits to follow OECD Guidance for all minerals</li> <li>• Not Met: Suppliers expected to make similar requirements of their suppliers: The 2021 Annual Report indicates: 'As a recognized global leader in the Hi-tech supply chain, we acknowledge our corporate social responsibility to strive to procure conflict-free minerals in an effort to recognize humanitarian and ethical social principles that protect the dignity of all persons. Meanwhile, we have implemented a series of compliance safeguards in accordance with industry leading practices, requesting suppliers to fill in the "Conflict Minerals Reporting Template" and sign the "TSMC Conflict-Free Minerals Declaration" every year. TSMC will continuously make progress to ensure a conflict-free supply chain'. However, it is not clear the Company expect suppliers to include a responsible sourcing policy statement to follow the OECD Guidance explicitly covers all minerals to their suppliers. [2021 Annual Report, 2022: <a href="http://investor.tsmc.com">investor.tsmc.com</a>]</li> </ul>
A.1.3.b.ICT	Commitment to respect human rights particularly relevant to the industry – vulnerable groups (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"> <li>• Not Met: Women's rights: The Company's Human Rights Policy indicates that one of its guiding principles is: 'Protect labor rights of vulnerable groups or marginalized groups such as (...) women, migrant workers'. However, 'considering protect a guiding principle' is not considered a formal statement of commitment according to CHRB wording criteria. The 2020 CSR Report indicates that it has as a target and action: 'Establish TSMC Recruitment Interview Internal Control Procedures and declare principles of non-discrimination and offer the Recruitment &amp; Selection training courses and suggestions/reminders to the hiring supervisors'. The target group for this action is: 'New hires; Indigenous peoples, women, migrant workers, contract employees, disabled workers, etc'. However, although the Company has a</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>target of non-discrimination that included women, no policy statement committing it to respecting women’s rights found. Commitments are expected to be placed in formal policy documents. [Human Rights Policy, N/A: <a href="https://www.tsmc.com">tsmc.com</a>] &amp; [2020 CSR Report, 2021: <a href="https://www.tsmc.com">esg.tsmc.com</a>]</p> <ul style="list-style-type: none"> <li>• Not Met: Children's rights</li> <li>• Not Met: Migrant worker's rights: The Company’s Human Rights Policy indicates that one of its guiding principles is: 'Protect labor rights of vulnerable groups or marginalized groups such as (...) women, migrant workers'. However, 'considering protect a guiding principle' is not considered a formal statement of commitment according to CHRB wording criteria. The 2020 CSR Report indicates that it has as a target and action: ‘Establish TSMC Recruitment Interview Internal Control Procedures and declare principles of non-discrimination and offer the Recruitment &amp; Selection training courses and suggestions/reminders to the hiring supervisors’. The target group for this action is: ‘New hires; Indigenous peoples, women, migrant workers, contract employees, disabled workers, etc’. However, although the Company has a target of non-discrimination that includes migrants, no policy statement committing it to respecting migrant workers’ rights found. Commitments are expected to be placed in formal policy documents. [Human Rights Policy, N/A: <a href="https://www.tsmc.com">tsmc.com</a>] &amp; [2020 CSR Report, 2021: <a href="https://www.tsmc.com">esg.tsmc.com</a>]</li> <li>• Met: Expects suppliers to respect at least one of these rights: The Supplier Code of Conduct indicates: 'Suppliers 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'. The Company has provided comments to CHRB regarding this indicator. However, the content of it was already in use. [Supplier Code of Conduct, 19/04/2021: <a href="https://www.tsmc.com">esg.tsmc.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: CEDAW/Women's Empowerment Principles</li> <li>• Not Met: Child Rights Convention/Business Principles</li> <li>• Not Met: Convention on migrant workers</li> <li>• Not Met: Expecting suppliers to respect these rights: The Company has provided additional comments to CHRB regarding this indicator. However, no evidence found that the Company expects suppliers to committing it to respect women’s rights also refers to the relevant part(s) of the Convention on the Elimination of Discrimination Against Women (CEDAW) or of the Women’s Empowerment Principles or the company’s publicly available policy statement committing it to respect children’s rights also refers to the relevant part(s) of the Convention on the Rights of the Child or of the Children’s Rights and Business Principles or the company’s publicly available policy statement committing it to respect migrant workers’ rights also refers to the relevant part(s) of the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families.</li> </ul>
A.1.4	Commitment to remedy	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"> <li>• Not Met: The Company commits to remedy: A chart with ‘Human Rights Policy Concerns and Practices in 2020’ is found in its 2020 CSR Report. It includes remedies for various Human Rights concerns. However, no publicly available statement found of a commitment it to remedy the adverse impacts on individuals and workers and communities that it has caused or contributed to. Moreover, commitments are expected to be placed in Company policy documents. [2020 CSR Report, 2021: <a href="https://www.tsmc.com">esg.tsmc.com</a>]</li> <li>• Not Met: Company expect suppliers to make this commitment: Regarding child labor, Supplier Code of Conduct indicates: ‘ If child labor is identified, assistance/remediation is provided’. However, it is not clear the Company expects suppliers to committing it to remedy the adverse impacts on individuals and workers and communities that it has caused or contributed to beyond child labor. [Supplier Code of Conduct, 19/04/2021: <a href="https://www.tsmc.com">esg.tsmc.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Collaborating with other remedy initiatives</li> <li>• Not Met: Work with suppliers to remedy impact: According to the 2020 CSR Report: ‘TSMC implements two of the action plans, Safeguard Labor Rights and Strengthen Supply Chain Resilience, through audits and consultations that urge suppliers to continuously improve, building a work environment that ensures the dignity of workers and business ethics. In 2020, TSMC initiated the S.H.A.R.P. program, in which TSMC and suppliers work closely and effectively. Such comprehensive, collaborative efforts continue to reduce supply chain risks’. However, this subindicator looks for an explicit commitment from the Company to work (collaborate) with suppliers to remedy adverse impacts linked to the</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			Company's operations, products or services. Also, commitments are expected to be placed in Company policy documents. No further evidence found. [2020 CSR Report, 2021: <a href="https://www.tsmc.com/eng/2021-csr-report">esg.tsmc.com</a> ]
A.1.5	Commitment to respect the rights of human rights defenders	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>Not Met: Zero tolerance attacks on HRs Defenders (HRDs): The Complaint Policy and Procedures for Certain Accounting &amp; Legal Matters indicates: 'any other third party with relevant evidence may submit in good faith any tip or complaint ("Complaint") with respect to issues of concern regarding Accounting &amp; Legal Matters of the Company without fear of dismissal or retaliation of any kind'. However, no evidence found of a commitment to neither tolerate nor contribute to threats, intimidation and attacks (both physical and legal) against human rights defenders. [Complaint Policy, 08/11/2010: <a href="https://www.tsmc.com/eng/2021-csr-report">investor.tsmc.com</a>]</li> <li>Not Met: Company expect suppliers to make this commitment</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Not Met: Work with HRD to create safe and enabling environment</li> </ul>

## A.2 Policy Commitments (5% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.2.1	Commitment from the top	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>Not Met: Board level responsibility for HRs: The Company discloses its ESG Management Platform. It indicates: 'In compliance with the vision and mission of the TSMC ESG Policy, TSMC is fulfilling its responsibility as a corporate citizen and has established the ESG Steering Committee Note, the highest level ESG decision-making center. TSMC's Chairman [board member] chairs the ESG Steering Committee'. However, it is not clear the committee is tasked with specific governance oversight of respect for human rights as the ESG Policy does not include the Company's human rights commitments. [2020 CSR Report, 2021: <a href="https://www.tsmc.com/eng/2021-csr-report">esg.tsmc.com</a>]</li> <li>Not Met: Describe HR expertise of Board member</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Not Met: Speeches/letters by Board members or CEO: In its feedback to CHRB, the Company indicates the foreword found in its 2020 CSR Report written by the Chairman and ESG Steering Committee Chairperson, who is also a Board member. The letter touches issues such as Responsible Supply Chain, Diverse &amp; Inclusive Workplace, Talent Development, and Caring for the Disadvantaged among other topics. However, no details found in this presentation, including why human rights matter to the business or challenges to respecting human rights encountered by the Company.. It has also made reference another foreword, found in the same document, by the Senior Vice President and ESG Committee Chairperson. However, it is not clear the Senior Vice President and ESG Committee Chairperson is a Board member. [2020 CSR Report, 2021: <a href="https://www.tsmc.com/eng/2021-csr-report">esg.tsmc.com</a>]</li> </ul>
A.2.2	Board responsibility	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>Not Met: Board/Committee review HRs strategy: According to the 2020 CSR Report, the ESG Steering Committee, which includes the Company's Chairman [board member] meets quarterly. Its tasks involve: 'Chairman Liu and the management team will discuss and formulate the Company's ESG vision and strategies, collaborate with the ESG Committee for implementation, strive towards a culture of sustainability, and become a driver for positive change'. Also: 'The Board of Directors plays the role of overseeing and providing guidance to the Company's comprehensive sustainable management strategies. TSMC's Chairman chairs the ESG Steering Committee, and the Chairperson of the ESG Committee serves as its Executive Secretary and reports semi-annually to the Board of Directors on the implementation results and the future work plan. Starting from 2021, the reporting frequency to the Board of Directors has been increased to a quarterly basis'. However, no description is found in relation to how the Board of Directors or a Board of Directors' Committee review human rights strategy, policy or management processes. Current evidence seems to focus in executive management level. [2020 CSR Report, 2021: <a href="https://www.tsmc.com/eng/2021-csr-report">esg.tsmc.com</a>]</li> <li>Not Met: Examples/trends re HR discussion in the last reporting period</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Not Met: Meets both requirements under score 1</li> <li>Not Met: How affected stakeholders/HR experts informed discussions</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.2.3	Incentives and performance management	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not Met: Incentives for at least one board member</li> <li>• Not Met: At least one key HR risk, beyond employee H&amp;S</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not Met: Performance criteria made public</li> <li>• Not Met: Review of other board performance criteria</li> </ul>
A.2.4	Business model strategy and risks	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not Met: Board process to review business model and strategy: The 2020 CSR Report indicates: 'The Board of Directors plays the role of overseeing and providing guidance to the Company's comprehensive sustainable management strategies. TSMC's Chairman chairs the ESG Steering Committee, and the Chairperson of the ESG Committee serves as its Executive Secretary and reports semi-annually to the Board of Directors on the implementation results and the future work plan. Starting from 2021, the reporting frequency to the Board of Directors has been increased to a quarterly basis'. However, no description found of the process it has in place to discuss and review its business model and strategy for inherent risks to human rights at board level or a board committee. [2020 CSR Report, 2021: <a href="https://www.tsmc.com/esg">esg.tsmc.com</a>]</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not Met: Describe frequency and triggers for reviewing</li> <li>• Not Met: Meets both requirements under score 1</li> <li>• Not Met: Example of actions decided: The 2020 CSR Report indicates that a achievement in 2020 was: 'Launched Emotional Security Program for employees to create a diverse, inclusive workplace'. However, no example found of a action taken as a result of a discussion and review of its business model and strategy for inherent risks to human rights at board level or a board committee. The Company is expected to provide an example that reflects a change in organisation structure because of specific human rights inherit risk. [2020 CSR Report, 2021: <a href="https://www.tsmc.com/esg">esg.tsmc.com</a>]</li> </ul>

## 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	0.5	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not Met: Score of 1 on A.1.2.a: See indicator A.1.2.a</li> <li>• Met: Senior responsibility for HR implementation and decision making: It indicates: 'The highest HR executive will be responsible for managing/ coordinating and reporting major human rights topics in TSMC to management'. [2020 CSR Report, 2021: <a href="https://www.tsmc.com/esg">esg.tsmc.com</a>]</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Met: How it assigns Day-to-day responsibility: It indicates: 'The Human Rights Operation Center of HR organizations will be responsible for human rights topics that have daily relevance to employees. Regulations should be formulated and implemented in accordance with Measures for Human Resources Management System and the Internal Control Procedures for Human Resource Management System to ensure that the Company meets Responsible Business Alliance (RBA) or higher standards. The IT Supply Chain Management Section of the Information Technology and Materials Management &amp; Risk Management organization will be responsible for all human rights topics related to suppliers'. [2020 CSR Report, 2021: <a href="https://www.tsmc.com/esg">esg.tsmc.com</a>]</li> <li>• Met: Day-to-day resources and expertise allocation in own ops: See above. In addition, the 2020 CSR Report indicates: 'Human Rights Policy is the highest guiding principle for planning, execution, review, and action for all human rights governance in TSMC. Across all global sites and facilities, operational supervisors shall work with senior executives in HR, Information Technology and Materials Management &amp; Risk Management, and Legal organization and take charge of human rights topics'. [2020 CSR Report, 2021: <a href="https://www.tsmc.com/esg">esg.tsmc.com</a>]</li> <li>• Not Met: Resources and expertise allocation in the supply chain: Although the Company indicates, in its feedback to CHRB regarding this indicator, that it has a TSMC Supplier Sustainability Academy, no further evidence found of how it allocates resources and expertise for the day-to-day management of relevant human rights issues within its supply chain. [2020 CSR Report, 2021: <a href="https://www.tsmc.com/esg">esg.tsmc.com</a>]</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
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"> <li>• Not Met: Senior manager incentives for human rights: The 2020 CSR Report indicates: 'Human Rights Policy is the highest guiding principle for planning, execution, review, and action for all human rights governance in TSMC. Across all global sites and facilities, operational supervisors shall work with senior executives in HR, Information Technology and Materials Management &amp; Risk Management, and Legal organization and take charge of human rights topics. The highest HR executive is responsible for managing/ coordinating and reporting major human rights topics'. Regarding its supply chain: 'All regulations shall be formulated and implemented in compliance with the TSMC's Supplier Code of Conduct to ensure proper supplier management'. Also, 'As a full member of the Responsible Business Alliance (RBA), TSMC will conduct due diligence in compliance with the RBA Code of Conduct to ensure that TSMC either meets or exceeds the standard'. However, it is not clear the Company has an incentive or performance management scheme linked to its human rights policy commitment(s) for at least one senior manager. No further evidence found. [2020 CSR Report, 2021: <a href="https://www.tsmc.com/sg/en/our-commitment-to-human-rights">esg.tsmc.com</a>]</li> <li>• Not Met: At least one key HR risk, beyond employee H&amp;S</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Performance criteria made public</li> <li>• Not Met: Review of other senior management performance</li> </ul>
B.1.3	Integration with enterprise risk management	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"> <li>• Met: HR risks is integrated as part of enterprise risk system: Among its operational risks, included in the general risk management, the Company points out, in its 2021 Annual Report: 'Risks Associated with Purchasing Concentration'. It then explains: '[...] The Company has established a supply chain risk assessment to ensure that critical suppliers meet various standards in labor, ethics, ESH (environmental, safety and health) and BCP (business continuity plan)'. The CSR report 2020 explicitly includes human rights within risks identified. [2021 Annual Report, 2022: <a href="https://www.tsmc.com/sg/en/investor-relations">investor.tsmc.com</a>] &amp; [2020 CSR Report, 2021: <a href="https://www.tsmc.com/sg/en/our-commitment-to-human-rights">esg.tsmc.com</a>]</li> <li>• Met: Provides an example: As indicated above: '[...] The Company has established a supply chain risk assessment to ensure that critical suppliers meet various standards in labor, ethics, ESH (environmental, safety and health) and BCP (business continuity plan). Onsite audits are conducted regularly to encourage suppliers to take responsibility for their supply chain, as any regulatory violations or adverse environmental impact event, or failure to meet sustainability requirements could result in business reduction or termination'. The risks identified in the CSR rereport indicate that 'inability to protect the human rights of TSMC employees and suppliers may impact company reputation, employee morale and talent recruitment'. [2021 Annual Report, 2022: <a href="https://www.tsmc.com/sg/en/investor-relations">investor.tsmc.com</a>] &amp; [2020 CSR Report, 2021: <a href="https://www.tsmc.com/sg/en/our-commitment-to-human-rights">esg.tsmc.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Audit Ctte or independent risk assessment: The Company has provided an additional source to this indicator, however, no material evidence was found as the Company is expected to describe how it assesses the adequacy of the enterprise risk management system(s) in managing human rights during the company's last reporting year. The assessment has either to be overseen by the Board Audit Committee or conducted by an independent third party.</li> </ul>
B.1.4.a	Communication /dissemination of policy commitment(s) to workers and external stakeholders	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"> <li>• Not Met: Score of 1 on A.1.2.a: See indicator A.1.2.</li> <li>• Met: Communicates its policy to all workers in own operations: The 2020 CSR Report indicates: 'In 2020, TSMC provided employees with a total of 93,822 hours of human rights protection training. In total, 55,031 employees (107,057 training attendances) completed the training program, accounting for 96.8% of TSMC's total employees. Going forward, TSMC will continue to focus on human rights protection and offer training programs to raise human rights awareness among employees to minimize risks'. [2020 CSR Report, 2021: <a href="https://www.tsmc.com/sg/en/our-commitment-to-human-rights">esg.tsmc.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Communication of policy commitments to stakeholder: The 2020 CSR Report indicates: 'TSMC values employee opinions/interests and therefore offers several communication channels. The highest level executives of the HR organization are responsible for many of the channels, ensuring that matters are handled in an efficient and confidential manner as we continue to strive towards an open and transparent environment for employees/managers and colleagues to communicate'. However, it is not clear how it communicates its policy</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>commitments to affected stakeholders, including local communities and other groups. [2020 CSR Report, 2021: <a href="https://www.tsmc.com/sg/en/ir/2021-esg-report">esg.tsmc.com</a>]</p> <ul style="list-style-type: none"> <li>• Not Met: How policy commitments are made accessible to audience</li> </ul>
B.1.4.b	Communication /dissemination of policy commitment(s) to business relationships	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"> <li>• Not Met: Meets ILO requirement for suppliers on A.1.2.a: See indicator A.1.2.a</li> <li>• Met: Requires suppliers to communicate policy requirements: The 2020 CSR Report indicates: 'All tier 1 suppliers have signed the TSMC Supplier Code of Conduct'. The Supplier Code of Conduct notes: 'TSMC established this Supplier Code of Conduct ("Code") and requires our suppliers to operate in accordance with the principles outlined in this Code and in full compliance with the laws, rules and regulations of the countries in which they operate. In addition, TSMC also expects our suppliers to hold their suppliers, contractors, and service providers to the standards defined in this Code'. It also states that as part of its management system, it should have 'a process for communicating clear and accurate information about supplier's policies, practices, expectations and performance to workers, suppliers and customers'. [2020 CSR Report, 2021: <a href="https://www.tsmc.com/sg/en/ir/2021-esg-report">esg.tsmc.com</a>] &amp; [Supplier Code of Conduct, 19/04/2021: <a href="https://www.tsmc.com/sg/en/ir/2021-esg-report">esg.tsmc.com</a>] <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: How HR commitments made binding/contractual: It indicates that 'All suppliers are required to adhere to the TSMC Supplier Code of Conduct, taking actions to improve labor rights, safety and health, environmental protection, business ethics, and the efficiency of their management systems, and reduce disruption risk for business operations'. Moreover, in 2020 it achieved: 'All Tier 1 suppliers signed the TSMC Supplier Code of Conduct for a completion rate of 100%'. Finally, 'New suppliers must sign the TSMC Supplier Code of Conduct to be eligible for partnership'. [2020 CSR Report, 2021: <a href="https://www.tsmc.com/sg/en/ir/2021-esg-report">esg.tsmc.com</a>]</li> <li>• Met: Company requires suppliers to cascade down to their suppliers: The supplier code states that 'passing on obligations under a contract or purchase order for products or services to another party, that TSMC expects you to perform, or providing products or services without a properly executed purchase order, supply contract or service contract is prohibited'. The supplier code (which is contractual for direct suppliers) requires the supplier to have a 'process to communicate Code requirements to next-tier suppliers and to monitor their compliance to the Code'. [2020 CSR Report, 2021: <a href="https://www.tsmc.com/sg/en/ir/2021-esg-report">esg.tsmc.com</a>]</li> </ul> </li></ul>
B.1.5	Training on Human Rights	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"> <li>• Not Met: Scores at least 1 on A.1.2.a: See indicator A.1.2.a</li> <li>• Met: How workers are trained on HR policy commitments: The Company reports, in its 2019 CSR Report, that it provides human rights protection related training to employees. In 2019, 116,907 hours of HR related training were conducted. It states that 48,763 employees, or 95% of the workforce, was trained. In addition, the Company promotes 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. The 2021 Annual Report indicates: 'In 2021, TSMC held a course on "TSMC Human Rights Policy: Anti-Harassment." A total of 58,904 colleagues completed the training with the pass rate for the post-exam of 100%. The total number of training hours for all human rights related training in 2021 was 181,314 hours with a total of 62,822 colleagues completed the training, accounting for 96% of all employees. As for the person-times of participants, the total number is more than 150,000'. [Corporate Social Responsibility Report 2019, 2020: <a href="https://www.tsmc.com/sg/en/ir/2021-esg-report">tsmc.com</a>] &amp; [2021 Annual Report, 2022: <a href="https://www.tsmc.com/sg/en/ir/2021-esg-report">investor.tsmc.com</a>]</li> <li>• Not Met: Trains relevant managers including procurement: Regarding Non-discrimination &amp; Equal Employment Opportunity, the 2020 CSR Report indicates: 'A total of 730 managers completed the Recruitment &amp; Selection training course in 2020'. However, although the Company indicates that various managers participated in a Recruitment &amp; Selection training, it is not clear how relevant managers and workers, including those working on procurement, receive specific human rights training relevant to their role. [2020 CSR Report, 2021: <a href="https://www.tsmc.com/sg/en/ir/2021-esg-report">esg.tsmc.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Score of 2 on A.1.2.a: See indicator A.1.2.a</li> <li>• Not Met: Meets both requirements under score 1</li> <li>• Met: Trains suppliers to meet company's HR commitment: The 2020 CSR Report indicates: 'The first courses launched for the TSMC Supplier Sustainability Academy revolved around the TSMC Supplier Code of Conduct. There were five interactive, compulsory courses on labor, safety and health, environmental protection, and ethics. Each course was designed to contain an exam upon completion to ensure</li> </ul>



Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>the quality of learning. All tier 1 suppliers are asked to complete 100% of the training in 2021'. The Supplier Code of Conduct contains the suppliers' human rights provisions. [2020 CSR Report, 2021: <a href="https://www.tsmc.com/sg/en/our-business/2020-csr-report">esg.tsmc.com</a>]</p> <ul style="list-style-type: none"> <li>• Not Met: Disclose % trained</li> </ul>
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"> <li>• Not Met: Scores at least 1 on A.1.2.a: See indicator A.1.2.a</li> <li>• Met: Monitoring implementation of HR policy commitments across global ops and supply chain: Regarding the monitoring of its own operations, it indicates: 'As a full member of the Responsible Business Alliance (RBA), TSMC will conduct due diligence in compliance with the RBA Code of Conduct to ensure that TSMC either meets or exceeds the standard. Using RBA's self assessment questionnaire (SAQ), TSMC conducts annual assessments to identify internal operations bearing the highest social, environmental, and moral hazards'. As for its supply chain: 'Suppliers evaluate their compliance via Sustainability Self-Assessment Questionnaire (SAQ) or are evaluated by the TSMC Team. (...) Critical suppliers receive third-party audits by RBA-certified institutions or on-site audits by the TSMC S.H.A.R.P. Team'. The SAQ covers labour and ethics management issues. [2020 CSR Report, 2021: <a href="https://www.tsmc.com/sg/en/our-business/2020-csr-report">esg.tsmc.com</a>]</li> <li>• Not Met: Proportion of supply chain monitored: The 2020 CSR Report indicates: 'All suppliers are required to adhere to the TSMC Supplier Code of Conduct'. Also, 'In 2020, Tier 1 Suppliers in Taiwan, where TSMC is headquartered, completed 1,144 SAQs, in which the five major categories of the TSMC Supplier Code of Conduct were covered'. Also, 'In 2020, the TSMC S.H.A.R.P. Team collaborated with third-party institutions certified by the RBA and completed 24 on-site audits for critical high-risk suppliers, assessed actual risks, and improve supplier performance on sustainability'. However, it is not clear the proportion of its supply chain that these figures represent. [2020 CSR Report, 2021: <a href="https://www.tsmc.com/sg/en/our-business/2020-csr-report">esg.tsmc.com</a>]</li> <li>• Not Met: Describe how workers are involved in monitoring</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Score of 2 on A.1.2.a: See indicator A.1.2.a</li> <li>• Not Met: Describes corrective action process: In the case of non-compliances within its supply chains, it indicates: 'Suppliers implement improvement measures according to the audit results and receive relevant consultation'. The management measures in these cases are: 'TSMC provides consultation or assistance and arranges for follow up inspections for improvement. TSMC may reduce the trade volume or terminate trade with suppliers that fail to meet the requirements. Provide business operations and sustainability training programs free of charge, and require suppliers to complete the programs'. However, it is not clear its corrective action process, no further description found. [2020 CSR Report, 2021: <a href="https://www.tsmc.com/sg/en/our-business/2020-csr-report">esg.tsmc.com</a>]</li> <li>• Not Met: Disclose findings and number of corrective action: The Company discloses the findings of its Tier 1 suppliers in Taiwan: 'The assessment results show that, for the Labor category, suppliers often have no specified protocols to monitor the work environment of their supply chain. For Safety and Health, suppliers lack identification and risk planning for environmental protection laws, operations in confined space, and operations involving hazardous materials. For the Code of Business Ethics, SAQ results show that 21% of the suppliers do not have a business ethics management system'. It also discloses the findings of its Critical High-risk Suppliers Audits. As for its own operations: 'Between 2016 and 2018, TSMC commissioned a third-party institute trained in social and environmental audit to conduct RBA's Validated Assessment Program (VAP) on all fabs in addition to TSMC's annual SAQ assessment. Of the 16 fabs assessed, 14 fabs received full marks'. However, it is not clear the number of corrective action processes as a result of the monitoring. [2020 CSR Report, 2021: <a href="https://www.tsmc.com/sg/en/our-business/2020-csr-report">esg.tsmc.com</a>]</li> </ul>
B.1.7	Engaging and terminating business relationships	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"> <li>• Not Met: HR affects selection of suppliers: The Supplier Code of Conduct indicates that: 'As a member of the Responsible Business Alliance, RBA, TSMC sets its Supplier Code of Conduct according to RBA's Code of Conduct. [...]. New suppliers must sign the TSMC Supplier Code of Conduct to be eligible for partnership. The new suppliers must undergo regular risk assessments and audits in future partnerships and continue to improve according to audit results'. The supplier code covers has the Company's human rights expectations. The 2020 CSR Report indicates: 'As a member of the Responsible Business Alliance, RBA, TSMC sets its Supplier Code of Conduct according to RBA's Code of Conduct. It requires suppliers to comply with the Code of Conduct'. However, it is not clear if, and how, human</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>rights affect to the selection process of potential suppliers. The Company is expected to describe how human rights performance is considered when choosing their suppliers. This subindicator focuses on the selection process. The Company has provided comments to CHRB regarding this indicator. However, the content of it was already in use. [Supplier Code of Conduct, 19/04/2021: <a href="http://esg.tsmc.com">esg.tsmc.com</a>] &amp; [2020 CSR Report, 2021: <a href="http://esg.tsmc.com">esg.tsmc.com</a>]</p> <ul style="list-style-type: none"> <li>• Met: HR affects on-going supplier relationships: The Supplier Code of Conduct indicates: 'TSMC will assess its suppliers' compliance with this Code when making purchasing decisions'. The 2929 Annual Report also notes: 'The Company has established a supply chain risk assessment to ensure critical suppliers meet standards in labor, ethics, ESH (Environmental, Safety and Health) and BCP (Business Continuity Plan). Onsite audits are conducted regularly to empower these suppliers to take responsibility for their supply chain as any regulatory violations or adverse environmental impact event, or failure to meet sustainability requirements could result in business reduction or termination'. [Supplier Code of Conduct, 19/04/2021: <a href="http://esg.tsmc.com">esg.tsmc.com</a>] &amp; [2020 Annual Report, 2021: <a href="http://investor.tsmc.com">investor.tsmc.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Describe positive incentives offered to respect human rights</li> <li>• Met: Working with suppliers to meet HR requirements: The 2020 CSR Report indicates: 'The first courses launched for the TSMC Supplier Sustainability Academy revolved around the TSMC Supplier Code of Conduct. There were five interactive, compulsory courses on labor, safety and health, environmental protection, and ethics. Each course was designed to contain an exam upon completion to ensure the quality of learning. All tier 1 suppliers are asked to complete 100% of the training in 2021. As the curriculum required integration of internal resources, the Material Supply Chain Management Section convened a TSMC Supplier Sustainability Academy Steering Committee, organizing 7 major courses across the organization. With the online learning platform, the Company will continue to advance supplier capabilities in operations and quality management to further deepen its sustainability impact'. The Supplier Code covers has the Company's human rights expectations. [2020 CSR Report, 2021: <a href="http://esg.tsmc.com">esg.tsmc.com</a>]</li> </ul>
B.1.8	Approach to engagement with affected stakeholders	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"> <li>• Not Met: Stakeholder process or systems to identify and engage with workers/communities in the last two years: The Company defines the categories of stakeholders, in its 2020 CSR Report: 'The six major stakeholders that TSMC should engage with are employees, shareholders/investors, customers, suppliers/vendors, government &amp; society (community, academic institutions, media, NGO/NPO)'. In the webpage section Stakeholder Engagement, it discloses different stakeholder channels, issues raised, focus areas and responses from TSMC by stakeholders categories. However, it is not clear how the Company has identified, and engaged with affected stakeholders in the last two years. It should include workers or local communities in its supply chain. The Company has provided additional comments to CHRB regarding this indicator, however, no evidence found to meet the indicator's requirement. [2020 CSR Report, 2021: <a href="http://esg.tsmc.com">esg.tsmc.com</a>] &amp; [Stakeholder Engagement (web), N/A: <a href="http://esg.tsmc.com">esg.tsmc.com</a>]</li> <li>• Not Met: Discloses stakeholders that HRs may be affected</li> <li>• Not Met: Provides two examples of engagement with stakeholders</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Analysis of stakeholder views on company's HR issues: Previous assessment was based on "CSR Report 2017" which is now out of the three-year timeframe that the methodology requires.</li> <li>• Not Met: Describe how views influenced company's HR approach</li> </ul>

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

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.2.1	Identifying human rights risks and impacts	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"> <li>• Not Met: Identifying risks in own operations: The 2020 CSR Report indicates: 'As a full member of the Responsible Business Alliance (RBA), TSMC will conduct due diligence in compliance with the RBA Code of Conduct to ensure that TSMC either meets or exceeds the standard. Using RBA's self-assessment questionnaire (SAQ), TSMC conducts annual assessments to identify internal operations bearing the highest social, environmental, and moral hazards. Between 2016 and 2018, TSMC commissioned a third-party institute trained in social and environmental audit to conduct RBA's Validated Assessment Program (VAP) on all fabs in addition to TSMC's annual SAQ assessment. Of the 16 fabs assessed, 14 fabs received full marks Note. Responding to customer demand, TSMC conducted VAP audits on Fab 12b in 2020. The complete audit report will be made available to customers on RBA-Online in 2021'. The Human Rights Policy indicates its guiding principles, among which the following is found: 'Monitor and assess relevant risks, practices, and impacts regularly to respond to evolving situations and stakeholders' needs'. However, it is not clear the proactive process the Company has to identify potential risks it faces in specific locations or activities, as the process described above seems to be compliance monitoring. It is not clear if the Company informs (and how) a due diligence process based on the results of monitoring compliance. [2020 CSR Report, 2021: <a href="https://www.tsmc.com/sg/en/our-commitment/2020-csr-report">esg.tsmc.com</a>] &amp; [Human Rights Policy, N/A: <a href="https://www.tsmc.com/sg/en/our-commitment/2020-csr-report">tsmc.com</a>]</li> <li>• Not Met: Identifying risks through relevant business relationships: The 2020 CSR Report indicates: 'To deepen its understanding of the supply chain's development and identify potential risks, TSMC adopted a three-phase risk assessment process in 2020'. Phase 1: 'For the preliminary assessment, examine the category and source of origin of all supply products based on suppliers' business relations with TSMC to analyze potential risks'. Phase 2: 'Based on SAQ results and trading amount, TSMC categorizes Tier 1 suppliers into critical/non-critical and different risk levels. TSMC then implements supplier management according to the Supplier Risk Matrix and supplier classification'. Phase 3: 'For critical high-risk suppliers in the Supplier Risk Matrix, whose management is more urgent, TSMC conducts on-site audits to identify the actual risk status and provides consultation to reduce risks for the suppliers'. It is not clear, however, if this process informs a due diligence system to identify specific risks and impacts. Current evidence seems to focus in identifying suppliers at risk, rather than risks faced (human rights risk based approach instead of supplier-risk based approach). The Company indicated, in its feedback to CHRB, that the 2020 CSR Report reports on different Human Rights Policy Concerns and Practices in 2020, including targets and actions, risk assessment, target group, high-risk employees, mitigation measures and remedies. However, no specific evidence found of its process to identify human rights risks. [2020 CSR Report, 2021: <a href="https://www.tsmc.com/sg/en/our-commitment/2020-csr-report">esg.tsmc.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Describe ongoing global risk identification in consultation with stakeholder/HR experts: As indicated above, regarding its supply chain due diligence, it 2020 CSR Report indicates: 'To deepen its understanding of the supply chain's development and identify potential risks, TSMC adopted a three-phase risk assessment process in 2020'. Moreover, 'Critical suppliers receive third-party audits by RBA-certified institutions or on-site audits by the TSMC S.H.A.R.P. Team'. However, it is not clear the Company has a global system in place, which includes its own operations, to identify its human rights risks and impacts on a regular basis, involving consultation with affected stakeholders and human rights experts. [2020 CSR Report, 2021: <a href="https://www.tsmc.com/sg/en/our-commitment/2020-csr-report">esg.tsmc.com</a>]</li> <li>• Not Met: Triggered by new circumstances</li> <li>• Not Met: Describes risks identified</li> </ul>
B.2.2	Assessing human rights risks and impacts	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"> <li>• Not Met: Describe process for assessment of HR risks and discloses salient HR issues: The Company describes, in its 2020 CSR Report, its 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. The Company indicated, in its feedback to CHRB, that the 2020 CSR Report reports on different Human Rights Policy Concerns and Practices in 2020, including targets and actions, risk assessment, target group, high-risk employees, mitigation measures and remedies. It also highlighted that the Human Rights Policy indicates its guiding principles, among which the following is found: 'Monitor and assess relevant risks,</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>practices, and impacts regularly to respond to evolving situations and stakeholders' needs'. However, no specific evidence describing the process it follows to determine which are the potential human rights it faces, and their saliency, based on an assessments that takes factors such as social, geographical, economical or others into account. Evidence seems to focus in individual suppliers risk rather in a broad assessment that allows the Company being aware of which are their main issues. No description was found on whether supplier risk assessments and compliance monitoring inform this part of the due diligence process. [2020 CSR Report, 2021: <a href="https://www.tsmc.com">esg.tsmc.com</a>] &amp; [Corporate Social Responsibility Report 2019, 2020: <a href="https://www.tsmc.com">tsmc.com</a>]</p> <ul style="list-style-type: none"> <li>• Not Met: How process applies to supply chain: Regarding its supply chain risk management, it indicates: 'TSMC categorizes critical suppliers according to indicators such as procurement amount, supplier product criticality, and business relation with TSMC and determines risk levels referring to SAQ results and priority violation records. Using the two dimensions of criticality and risk levels, TSMC establishes a Supplier Risk Matrix that classifies suppliers annually. This classification is then used in determining specific sustainability management actions to continuously enhance supplier understanding of the five major categories defined by the RBA. TSMC aims to improve supplier capabilities and effectively track sustainability risks in the supply chain'. Among the issues found in its Critical High-risk Suppliers Audits were: labor, supply chain risks, safety and health. However, as indicated in B.2.1, this seems an individual supplier risk based approach. This indicator looks for a broader process to identify which are the potential risks and impacts that the Company faces, and then evaluate saliency of risks and impacts considering factors such as geographical, political, economic or other factors. [2020 CSR Report, 2021: <a href="https://www.tsmc.com">esg.tsmc.com</a>]</li> <li>• Met: Public disclosure of the results of HR assessment: 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 supplier assessments, including health and safety work environment, physical and mental health, discrimination, child labour and forced labour. [Corporate Social Responsibility Report 2019, 2020: <a href="https://www.tsmc.com">tsmc.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Meets all requirements under score 1</li> <li>• Not Met: How it involved affected stakeholders in the assessment</li> </ul>
B.2.3	Integrating and acting on human rights risks and impact assessments	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"> <li>• 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 &amp; physical health, the Company describes the actions taken to mitigate these risks. For example, for child labour, it discloses 'From the beginning of recruitment, all TSMC hiring procedures are to comply with the law and eliminate child labor issues' as a risk reduction measure. For forced labour, 'Set a reminder function in both time clock and overtime systems. Conduct monthly inspections of working hours in company facilities'. Finally, for a Safe and Healthy Workplace, it states 'Allocate exemplary-qualified medical personnel to provide a wide spectrum of 24/7 health services, including special protection, healthcare services, health promotion, and employee assistance services' as a measure to reduce risk. [Corporate Social Responsibility Report 2019, 2020: <a href="https://www.tsmc.com">tsmc.com</a>]</li> <li>• Met: Description of how global system applies to supply chain: The Company describes the actions taken to safeguard labor rights in the supply chain. Problems identified included 'Employees working consecutively for seven days; Insufficient workplace safety rules for contractors and subcontractors at TSMC factory sites'. The Company describes the following tactics/actions: 'Quarterly review on supplier employees working for seven consecutive days at TSMC factory sites: occurrence decreased by 50% in 2019; Strengthen workplace safety management for contractors, especially on-site operational subcontractors and downstream subcontractors, and specify penalties and fines for workplace safety violations'. [Corporate Social Responsibility Report 2019, 2020: <a href="https://www.tsmc.com">tsmc.com</a>]</li> <li>• Met: Example of actions decided on at least 1 salient HR issues: It indicates: 'To enhance environment, safety and health and loss prevention capabilities, TSMC divides its supply chain environment, safety and health training into two aspects: experience-sharing and on-site audits. In 2020, for experience sharing, TSMC illustrated the content and implementation guidelines for the Supplier Sustainability Standard and shared case studies on common violations in sustainability audits, such as failure to wear personal protective equipment properly, deficiency of the management procedures of fire protection system impairment/ hot work operation, and failure to turn on the valves of fire protection</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>systems. TSMC recommended measures for improvement and shared tangible, actionable solutions to reduce energy and water consumption in the experience sharing forum. The forum elevated the soft power of suppliers, and a total of 347 people from 147 suppliers attended. (...) In 2020, TSMC continued to strengthen experience sharing by inviting suppliers to the Facility services Academy at Fab 15, offering effective training by detailing the operation, maintenance, and testing procedures of fire protection equipment on-site. In 2020, TSMC held observations of emergency response drills in factories for local raw materials suppliers for the fifth consecutive year. A total of 21 suppliers observed the drills on-site, with a cumulative total of 111 people attending'. Health and safety is one of the Company's salient issues. [2020 CSR Report, 2021: <a href="https://www.tsmc.com/sg/en/ir/2021-esg-report">esg.tsmc.com</a>]</p> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Meets all requirements under score 1: See above.</li> <li>• Not Met: Involve stakeholders in decisions about actions: The Human Rights Policy indicates its guiding principles, among which the following is found: 'Monitor and assess relevant risks, practices, and impacts regularly to respond to evolving situations and stakeholders' needs'. However, no further description found of how it involves affected stakeholders in decisions on actions to be taken to prevent or mitigate risks and impacts. [Human Rights Policy, N/A: <a href="https://www.tsmc.com/sg/en/ir/2021-esg-report">tsmc.com</a>]</li> </ul>
B.2.4	Tracking the effectiveness of actions to respond to human rights risks and impacts	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"> <li>• Not Met: System for tracking or monitor if actions taken are effective: As part of its management measures, the 2020 CSR Report indicates: 'Monitor suppliers with serious violations, tracking their continuous improvement to reduce risks'. The 2021 Annual Report indicates: 'In 2021, the Company used the Responsible Business Alliance's Self-Assessment Questionnaire (SAQ) to identify the greatest risks regarding "labor, health and safety, environment, and ethics" matters and to formulate substantive actions and managerial response'. Also, 'Internally, TSMC provides multiple courses about legal and regulatory compliance'. Finally, 'To expand our influence in our massive global supply chain, we established the TSMC Supplier Sustainability Academy through our Supply Online 360 platform. The platform provides free learning resources to suppliers, and avails those resources to the general public. By designating required courses and tracking training status, the Company was able to ensure that tier-1 suppliers continued to improve their sustainability management capabilities, and help our suppliers adhere to their labor rights'. However, although the Company indicates various steps it takes towards an improvement on compliance, it is not clear the system for tracking or monitoring the actions taken in response to human rights risks and impacts and for evaluating whether the actions have been effective or have missed key issues or not produced the desired results [2020 CSR Report, 2021: <a href="https://www.tsmc.com/sg/en/ir/2021-esg-report">esg.tsmc.com</a>] &amp; [2021 Annual Report, 2022: <a href="https://www.tsmc.com/sg/en/ir/2022-investor-report">investor.tsmc.com</a>]</li> <li>• Not Met: Lessons learnt from checking system effectiveness</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Meets both requirements under score 1</li> <li>• Not Met: Involve stakeholders in evaluation of actions taken</li> </ul>
B.2.5	Communicating on human rights impacts	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"> <li>• Not Met: Provides two examples of comms with stakeholders</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Describe challenges to effective comms and how it is working to address them</li> </ul>

### C. Remedies and Grievance Mechanisms (20% 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	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Channel accessible to all workers: The Company operates various 'Employee Voice Channels', such as employee opinion box, ombudsman system, SMS, dedicated hotline, etc. [Corporate Social Responsibility Report 2019, 2020: <a href="https://www.tsmc.com/sg/en/ir/2021-esg-report">tsmc.com</a>]</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Channel is available in all appropriate languages and workers aware: The 2020 CSR Report indicates: 'In 2020, TSMC provided employees with a total of 93,822 hours of human rights protection training. In total, 55,031 employees (107,057 training attendances) completed the training program, accounting for 96.8% of TSMC's total employees. Going forward, TSMC will continue to focus on human rights protection and offer training programs to raise human rights awareness among employees to minimize risks'. However, it is not clear the topic 'Whistleblower Procedures' is included in the training, hence it is not clear how workers are made aware of the channel. The Company has provided additional comments regarding this indicator. However, no evidence found that the grievance channels are available in all appropriate languages. [2020 CSR Report, 2021: <a href="http://esg.tsmc.com">esg.tsmc.com</a>]</li> <li>• Met: Describe how workers in the supply chain have access to grievance mechanism: According to its Supplier Code of Conduct, the management system should contain the following elements: 'Worker Feedback, Participation and Grievance. Ongoing processes, including an effective grievance mechanism, to assess employees' understanding of and obtain feedback on or violations against practices and conditions covered by this Code and to foster continuous improvement'. [Supplier Code of Conduct, 19/04/2021: <a href="http://esg.tsmc.com">esg.tsmc.com</a>]</li> <li>• Met: Expect Suppliers to convey expectation to their own suppliers: According to its Supplier Code of Conduct, the management system should contain the following elements: 'Worker Feedback, Participation and Grievance. Ongoing processes, including an effective grievance mechanism, to assess employees' understanding of and obtain feedback on or violations against practices and conditions covered by this Code and to foster continuous improvement'. It also notes that it should have: 'A process to communicate Code requirements to next-tier suppliers and to monitor their compliance to the Code'. [Supplier Code of Conduct, 19/04/2021: <a href="http://esg.tsmc.com">esg.tsmc.com</a>]</li> </ul>
C.2	Grievance channel(s)/mechanism(s) to receive complaints or concerns from external individuals and communities	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"> <li>• Met: Grievance mechanism for community: The 2021 Annual Report notes: 'TSMC has established and published its "Complaint Policy and Procedure for Certain Accounting &amp; Legal Matters" and pledges to comply with the relevant regulations in the policy. Open and multiple reporting channels are available for internal and external voices to protect the rights and interests of stakeholders and the Company. All reported incidents collected from reporting channels inside or outside of TSMC are properly recorded and traced'. As indicated, it protects rights of stakeholders. The Company has indicated to CHRB that Human rights are included within 'legal'. The Company has indicated to CHRB the following: 'The definition of Accounting &amp; Legal Matters broadly covers compliance with all laws and regulations, which would clearly include human rights laws and regulations. Therefore, we believe we make it clear that everyone will be protected from retaliation when reporting an incident or concern to TSMC'. [2021 Annual Report, 2022: <a href="http://investor.tsmc.com">investor.tsmc.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Describes accessibility and local languages and stakeholder awareness</li> <li>• Not Met: Communities access mechanism direct or through suppliers: The Company indicates on its Supplier Code of Conduct that its suppliers shall adopt or establish a management system that should contain as an element: 'Ongoing processes, including an effective grievance mechanism, to assess employees' understanding of and obtain feedback on or violations against practices and conditions covered by this Code and to foster continuous improvement'. However, it needs to be accessible to more than just employees. [Supplier Code of Conduct, 19/04/2021: <a href="http://esg.tsmc.com">esg.tsmc.com</a>]</li> <li>• Not Met: Expect supplier to convey expectation to their own suppliers: Although indirect suppliers are required to comply with the Code, as indicated above, no evidence was found that the Code requires grievance mechanisms to be open to external stakeholders. [Supplier Code of Conduct, 19/04/2021: <a href="http://esg.tsmc.com">esg.tsmc.com</a>]</li> </ul>
C.3	Users are involved in the design and performance of the channel(s)/mechanism(s)	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"> <li>• Not Met: Engages users to create or assess system</li> <li>• Not Met: Examples (at least two) of how they do this</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Engages with potential or actual users on the improvement of the mechanism</li> <li>• Not Met: Provides user engagement example (at least two) on improvement</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
C.4	Procedures related to the mechanism(s)/channel(s) are equitable, publicly available and explained	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"> <li>• Not Met: Response timescales and how complainants will be informed: The Company indicates the following: 'Upon the receipt of a complaint or a Government Agency Notice, the Ombudsman or chairman of the Audit Committee, as the case may be, shall make a written record of the receipt of the complaint and mark and treat it as secured information to ensure its confidentiality. The Ombudsman or Audit Committee chairman shall acknowledge to the complainant receipt of the complaint wherever possible. Immediately upon receipt, the receiving party should conduct an initial preliminary investigation and, if applicable, establish a plan with the relevant government agency as how to best proceed to handle the Government Agency Notice and the nature of authority required to bind the Company to agency actions, if any. [...] The Ombudsman or Audit Committee chairman shall notify the Audit Committee members, in writing, of the receipt of such complaint and the result of the initial investigation or results of discussions with the relevant government agency within thirty (30) days of receipt of the relevant complaint or notice. The person should also report such information at the next regularly scheduled Audit Committee meeting. [...] The chairman of the Audit Committee shall recommend to the Board of Directors the actions to be taken with respect to the handling and resolution of any Government Agency Complaint, when appropriate. [...] Prompt and appropriate corrective action will be taken when and as warranted in the judgment of the Audit Committee'. However, no further details found, including procedures for informing the complainant. [Complaint Policy, 08/11/2010: <a href="http://investor.tsmc.com">investor.tsmc.com</a>]</li> <li>• Not Met: Describe support (technical, financial, etc) available for equal access by complainants</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Describe types of outcome to complainant through use of mechanism</li> <li>• Not Met: Escalation to senior/independent level</li> </ul>
C.5	Prohibition of retaliation for raising complaints or concerns	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"> <li>• Met: Public statement prohibiting retaliation: The 2020 CSR Report indicates: 'TSMC also prohibits any form of retaliation by providing proper protection for any individual who in good faith reports a suspected violation or participates in an investigation'. The Complaint Policy and Procedures for Certain Accounting &amp; Legal Matters states: 'Any (i) employee, agent, consultant, officer, director of the Company; (ii) any relevant stakeholder of the Company (such as its major suppliers, creditors, shareholders, contractors, contracting counterparty, business partners, etc.); and (iii) any other third party with relevant evidence may submit in good faith any tip or complaint ("Complaint") with respect to issues of concern regarding Accounting &amp; Legal Matters of the Company without fear of dismissal or retaliation of any kind'. The Company has indicated to CHRB the following: 'The definition of Accounting &amp; Legal Matters broadly covers compliance with all laws and regulations, which would clearly include human rights laws and regulations. Therefore, we believe we make it clear that everyone will be protected from retaliation when reporting an incident or concern to TSMC'. [2020 CSR Report, 2021: <a href="http://esg.tsmc.com">esg.tsmc.com</a>] &amp; [Complaint Policy, 08/11/2010: <a href="http://investor.tsmc.com">investor.tsmc.com</a>]</li> <li>• 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'. [2019 Annual Report, 2020: <a href="http://tsmc.com">tsmc.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Company indicate it will not retaliate against workers/stakeholders</li> <li>• Not Met: Expects suppliers to prohibit retaliation against workers/stakeholders: The Supplier Code of Conduct indicates: 'Workers must be given a safe environment to provide grievance and feedback without fear of reprisal or retaliation'. However, it is not clear the Company also expects its suppliers to prohibit retaliation against other stakeholders (including those that represent them) for raising human rights related concerns, as it only mentions suppliers' workers. [Supplier Code of Conduct, 19/04/2021: <a href="http://esg.tsmc.com">esg.tsmc.com</a>]</li> </ul>
C.6	Company involvement with state-based judicial and non-judicial	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"> <li>• Not Met: Complainants not asked to waive rights: The Complaint Policy and Procedures for Certain Accounting &amp; Legal Matters states: 'Any government or quasi-government regulatory or administrative agency ("Government Agency") from time-to-time may contact the Company or the Company's Audit Committee to discuss any matters relating to complaint(s) that had been submitted directly to the Government Agency by whistleblower(s) who choose to provide complaints to the</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
	grievance mechanisms		<p>relevant government agency and not to the Company'. However, although the Company indicates that it may be contacted by Government Agencies because of complaints raised directly to these agencies, it is not clear does not require affected individuals or communities participating in a grievance process to permanently waive their legal rights to bring a claim through a judicial or non-judicial process as a condition of participating in the grievance process. [Complaint Policy, 08/11/2010: <a href="http://investor.tsmc.com">investor.tsmc.com</a>]</p> <ul style="list-style-type: none"> <li>• Not Met: Company does not require confidentiality provisions</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Will work with state based non judicial mechanisms: As indicated above: 'Any government or quasi-government regulatory or administrative agency ("Government Agency") from time-to-time may contact the Company or the Company's Audit Committee to discuss any matters relating to complaint(s) that had been submitted directly to the Government Agency by whistleblower(s) who choose to provide complaints to the relevant government agency and not to the Company'. Moreover, 'Upon the receipt of a complaint or a Government Agency Notice, the Ombudsman or chairman of the Audit Committee, as the case may be, shall make a written record of the receipt of the complaint and mark and treat it as secured information to ensure its confidentiality. The Ombudsman or Audit Committee chairman shall acknowledge to the complainant receipt of the complaint wherever possible. Immediately upon receipt, the receiving party should conduct an initial preliminary investigation and, if applicable, establish a plan with the relevant government agency as how to best proceed to handle the Government Agency Notice and the nature of authority required to bind the Company to agency actions, if any'. [Complaint Policy, 08/11/2010: <a href="http://investor.tsmc.com">investor.tsmc.com</a>]</li> <li>• Not Met: Example of issue resolved (if applicable)</li> </ul>
C.7	Remedying adverse 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"> <li>• Met: Says how it would provide remedy for victims if no adverse impact identified: The Company provides the following examples for remedy: In the case of health and safety, 'Immediate Removal from current position; Provide adequate medical assistance; Provide compensatory leave and subsidies according to laws and regulations; Prevent disease recurrence' and for forced labour, 'If there is any evidence of forced labor, supervisors will be required to make the necessary improvements and re-institute the rights to which employees are entitled'. [Corporate Social Responsibility Report 2019, 2020: <a href="http://tsmc.com">tsmc.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Changes to systems, processes and practices to stop similar impact: The 2021 Annual Report indicates various fines received by the Company 'due to clerical errors resulting in wages not being paid in full directly to an employee', 'overtime wages not being timely paid, for overtime applications not being timely processed', 'for the extension of working hours combined with the regular working hours exceeding twelve hours a day', 'for employees not having a break for at least thirty minutes after having worked for four consecutive hours, for overtime applications not being timely processed and the extension of working hours combined with the regular working hours exceeding twelve hours a day'. As a result: 'According to the labor inspection results, TSMC has reviewed its working hour management process, established working hour management indices, additionally defined break time in Work Rules to provide flexibility for employees, and strengthened the communication of these matters and promotion of the policies to managers and employees'. [2021 Annual Report, 2022: <a href="http://investor.tsmc.com">investor.tsmc.com</a>]</li> <li>• Not Met: Describe approach to monitoring implementation of agreed remedy</li> <li>• Not Met: Approach to learning from incident to prevent future impacts</li> </ul>
C.8	Communication on the effectiveness of grievance mechanism(s) and incorporating lessons learned	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"> <li>• Not Met: Number grievances filed, addressed or resolved and outcome achieved: The Company reports, in its 2020 CSR Report, the Number of Cases Reported through Internal Communication Channels: 'In 2020, TSMC's internal communication channels handled a total of 4,343 cases of employee opinions and complaints, including 4 through the Sexual Harassment Investigation Committee, 171 through the Ombudsman System, 906 through the Employee Opinion Box, 3,192 through the Fab Caring Circle, and 70 cases through the Irregular Business Conduct Reporting System'. The 2021 Annual Report indicates: 'In 2020, the incidents reported through the Audit Committee Whistleblower System, Ombudsman System, and Irregular Business Conduct Reporting System totalled 246. Among them, 155 cases were related to employee relations, 69 cases were categorized as others (e.g. asking personal questions or private matters), and 22</li> </ul>



Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>cases were related to ethics. Six incidents were verified upon investigation and determined for disciplinary action by the Ethics Committee. In 2020, TSMC leveraged the six violations to strengthen ethics promotion for all employees in supplier-related activities'. However, it is not clear how many cases related to human right issues were filed, addressed or resolved and the outcomes achieved for its own workers, for external individuals and communities that may be adversely impacted by the Company. [2020 CSR Report, 2021: <a href="https://www.tsmc.com/sg/en/2021-esg-report">esg.tsmc.com</a>] &amp; [2021 Annual Report, 2022: <a href="https://www.tsmc.com/sg/en/2022-investor-report">investor.tsmc.com</a>]</p> <ul style="list-style-type: none"> <li>• Not Met: How lessons from mechanism improve management system</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Evaluation of the channel/mechanism and changes made as result</li> <li>• Not Met: Describes procedures to address delays of outcomes agreed with stakeholders</li> </ul>

## D. Performance: Company Human Rights Practices (25% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.4.1.a	Living wage (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"> <li>• Not Met: Pays living wage or sets target date: The Company's human rights policy has among its guiding principles: 'Provide fair living wage'. The 2021 Annual Report indicates: 'TSMC employees enjoy a comprehensive compensation and benefits program above the industry average. TSMC provides a diversified compensation program that is competitive externally, fair internally, and adapted locally. TSMC adheres to the philosophy of sharing wealth with employees in order to attract, retain, develop, motivate and reward employees. Thanks to solid business results over the past years, the actual total compensation received by employees has stayed above the industry average. TSMC's compensation program includes a monthly salary, business performance bonuses based on quarterly business results, and profit sharing based on annual profits'. However, although the Company indicates it has a diversified and competitive compensation program and providing a living wage is among its guiding principles, it is not clear the Company has a time bound target for paying all workers a living wage or that it pays all workers a living wage. A living wage should include basic needs plus some discretionary for employees and his/her family and/or depends. [Human Rights Policy, N/A: <a href="https://www.tsmc.com/sg/en/human-rights-policy">tsmc.com</a>] &amp; [2021 Annual Report, 2022: <a href="https://www.tsmc.com/sg/en/2022-investor-report">investor.tsmc.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Paying living wage</li> <li>• Not Met: Definition of living wage reviewed with unions</li> </ul>
D.4.1.b	Living wage (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"> <li>• Not Met: Discloses living wage requirements 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, 19/04/2021: <a href="https://www.tsmc.com/sg/en/supplier-code-of-conduct">esg.tsmc.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Improving living wage practices of suppliers</li> <li>• Not Met: Assessment of number affected by payment below living wage</li> <li>• Not Met: Provides analysis of trends demonstrating progress: Although the Company discloses, in its 2020 CSR Report, some of the results of its 2020 Critical High-risk Suppliers Audits, no evidence found of an analysis of trends demonstrating progress in living wages. [2020 CSR Report, 2021: <a href="https://www.tsmc.com/sg/en/2021-esg-report">esg.tsmc.com</a>]</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.4.2	Aligning purchasing decisions with 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"> <li>• Not Met: Avoids business model pressure on HRs (purchasing practices): The 2021 Annual Report indicates: 'We expect and assist our customers, suppliers, business partners, and any other entities with whom we deal (such as consultant or third party agents who act for or on behalf of TSMC) to understand and act in accordance with TSMC's ethical standards. For instance, we require all of our suppliers to declare in writing that they will respect and comply with TSMC's ethical standards and culture. In addition to periodic audit, we provide training and communicate our ethical culture to our suppliers through live seminars or online programs to prevent any unethical conduct. We exchange views on appropriate business conduct and TSMC's ethical standards with our customers as part of customer audit programs'. However, it is not clear the practices it adopts to avoid price or short notice requirements or other business considerations undermining human rights. [2021 Annual Report, 2022: <a href="https://investor.tsmc.com">investor.tsmc.com</a>]</li> <li>• Not Met: Practices adopted to pay suppliers in line with agreed timeframes</li> <li>• Not Met: Review own operations to mitigate negative impact</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Meets all requirements under score 1</li> <li>• Not Met: Examples of how it assessed, addressed and change purchasing practices</li> </ul>
D.4.3	Mapping and disclosing 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"> <li>• Not Met: Identifies direct and indirect suppliers back to manufacturing sites (factories or fields): Although the Company discloses, in its 2020 CSR Report, some of the results of its 2020 Critical High-risk Suppliers Audits, no evidence found that it identifies its suppliers, including direct and indirect suppliers. This needs to include the product source (e.g. farm, fishery, factories, manufacturing sites for components, mills, etc.). [2020 CSR Report, 2021: <a href="https://esg.tsmc.com">esg.tsmc.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Discloses names and locations of significant parts of SP and why</li> <li>• Not Met: Discloses which direct or indirect suppliers is involved in higher-risk activities</li> </ul>
D.4.4.a	Prohibition of child labour: Age verification and corrective actions (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"> <li>• Met: Does not use child labour: The Company's human rights policy has among its guiding principles: 'Zero tolerance for child labor'. [Human Rights Policy, N/A: <a href="https://tsmc.com">tsmc.com</a>]</li> <li>• Met: Age verification of workers recruited: The Company states that it amended and implemented candidate interview process control instruction to comply with its human rights policy. It indicates: 'Applicants are required to provide identity documents, such as a National Identification Card, driver's license, National Health Insurance Card, or a diploma, to prove they are over 18 years old'. [Corporate Social Responsibility Report 2019, 2020: <a href="https://tsmc.com">tsmc.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Remediation if children identified: Regarding Prohibit Forced Labor and Child Labor, the 2020 CSR Report indicates the following remedies: 'Risk prevention through regular VAP and SAQ mechanisms from the RBA Code of Conduct. [...] If there is any evidence of forced labor, supervisors will be required to make the necessary improvements and retribute the rights to which employees are entitled'. However, although the Company discloses its child labor related remediation plans, no description found of how it develops, participates in or contributes to programmes for transition from employment to education, enabling children to attend and remain in education, if and when child labour is found in its operations and how it improves working conditions for young workers where relevant. [2020 CSR Report, 2021: <a href="https://esg.tsmc.com">esg.tsmc.com</a>]</li> </ul>
D.4.4.b	Prohibition of child labour: Age verification and corrective actions (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"> <li>• Met: Child Labour rules in codes or contracts: The Supplier Code of Conduct indicates: 'Child labor is not to be used in any stage of manufacturing. (...) Suppliers shall implement an appropriate mechanism to verify the age of workers. (...) If child labor is identified, assistance/remediation is provided'. [Supplier Code of Conduct, 19/04/2021: <a href="https://esg.tsmc.com">esg.tsmc.com</a>]</li> <li>• Not Met: How working with suppliers on child labour</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Assessment of number affected by child labour in supply chain</li> <li>• Not Met: Analysis of trends in progress made</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.4.5.a	Prohibition of forced labour: Recruitment fees and costs (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"> <li>• Met: Job seekers and workers do not pay recruitment fee: The 2020 CSR Report indicates 'TSMC (...) take actions according to "TSMC Human Rights Policy" and "Responsible Business Alliance Code of Conduct [RBA]"'. The RBA Code states: 'Workers shall not be required to pay employers' agents or sub-agents' recruitment fees or other related fees for their employment'. [2020 CSR Report, 2021: <a href="http://esg.tsmc.com">esg.tsmc.com</a>] &amp; [RBA Code v.7.0, 01/2021]</li> <li>• Met: Commits to fully reimbursing if they have paid: As it is mentioned above, the 2020 CSR Report indicates 'TSMC (...) take actions according to "TSMC Human Rights Policy" and "Responsible Business Alliance Code of Conduct [RBA]"'. The RBA Code states: 'If any such fees are found to have been paid by workers, such fees shall be repaid to the worker'. [2020 CSR Report, 2021: <a href="http://esg.tsmc.com">esg.tsmc.com</a>] &amp; [RBA Code v.7.0, 01/2021]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: How practices are implemented and monitored for agencies, labour brokers or recruiters: Regarding to the prohibition of Forced Labor and Child Labor Risk within its own operations, the Company indicates remediation procedures: 'prevention through regular VAP and SAQ mechanisms from the RBA Code of Conduct'. However, no further information found on how it implements and monitors this practice [the prohibition of recruitment fees and the commitment to full reimbursement] in its own operations, particularly with employment agencies/labour brokers/recruitment intermediaries. [2020 CSR Report, 2021: <a href="http://esg.tsmc.com">esg.tsmc.com</a>]</li> </ul>
D.4.5.b	Prohibition of forced labour: Recruitment fees and costs (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"> <li>• Met: Debt and fees rules in codes or contracts: The Supplier Code of Conduct indicates: 'Workers shall not be required to pay employers' agents or sub-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, 19/04/2021: <a href="http://esg.tsmc.com">esg.tsmc.com</a>]</li> <li>• Not Met: How working with suppliers on debt &amp; fees</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Assessment of the number affected by payment of recruitment fees</li> <li>• Not Met: Analysis of trends in progress made</li> </ul>
D.4.5.c	Prohibition of forced labour: Wage practices (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"> <li>• Met: Pays workers in full and on time: The Company's human rights policy has among its guiding principles: 'pay in full and on time with pay slips to state legitimate deductions'. The 2020 CSR Report indicates 'TSMC (...) take actions according to "TSMC Human Rights Policy" and "Responsible Business Alliance Code of Conduct [RBA]"'. The RBA Code states: 'Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. (...) Deductions from wages as a disciplinary measure shall not be permitted'. [Human Rights Policy, N/A: <a href="http://tsmc.com">tsmc.com</a>] &amp; [RBA Code v.7.0, 01/2021]</li> <li>• Met: Payslips show any legitimate deductions: The Company's human rights policy has among its guiding principles: 'pay in full and on time with pay slips to state legitimate deductions'. [Human Rights Policy, N/A: <a href="http://tsmc.com">tsmc.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: How these practices are monitored for agencies, labour brokers or recruiters: Regarding to the prohibition of Forced Labor and Child Labor Risk within its own operations, the Company indicates, in its 2020 CSR Report, its remediation procedures: 'prevention through regular VAP and SAQ mechanisms from the RBA Code of Conduct'. It also indicates that as part of its risk-assessment it 'Inquire[s] candidate regarding willingness-to-work during interviews'. The RBA Self Assessment Questionnaire includes questions on how employees are paid. However, no evidence was found that the Questionnaire checks on how it implements and monitors these practice particularly with employment agencies/labour brokers/recruitment intermediaries. No further evidence found. The Company has provided comments to CHRB regarding this indicator. However, the content of it was already in use. [2020 CSR Report, 2021: <a href="http://esg.tsmc.com">esg.tsmc.com</a>]</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.4.5.d	Prohibition of forced labour: Wage practices (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"> <li>• Not Met: Requirement for suppliers to pay workers in full and on time in codes or contracts: The Supplier Code of Conduct indicates: 'Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. (...) Deductions from wages as a disciplinary measure shall not be permitted'. The 2020 CSR Report notes: 'As a full member of the Responsible Business Alliance (RBA), TSMC will conduct due diligence in compliance with the RBA Code of Conduct to ensure that TSMC either meets or exceeds the standard. Using RBA's self assessment questionnaire (SAQ), TSMC conducts annual assessments to identify internal operations bearing the highest social, environmental, and moral hazards'. Although the RBA's self-assessment questionnaire contains questions related to wage practices, it is not clear the Company requires the suppliers to pay workers in full and on time in its contractual arrangements with suppliers or supplier code of conduct. [Supplier Code of Conduct, 19/04/2021: <a href="https://www.esg.tsmc.com">esg.tsmc.com</a>] &amp; [2020 CSR Report, 2021: <a href="https://www.esg.tsmc.com">esg.tsmc.com</a>]</li> <li>• Not Met: How working with supply chain to pay workers regularly and on time</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Assessment of the number affected by failure to pay directly</li> <li>• Not Met: Provides analysis of trends demonstrating progress</li> </ul>
D.4.5.e	Prohibition of forced labour: Restrictions on workers (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"> <li>• Met: Does not retain documents or restrict movement: The 2020 CSR Report indicates 'TSMC (...) take actions according to "TSMC Human Rights Policy" and "Responsible Business Alliance Code of Conduct [RBA]". The RBA Code states: 'Employers, agents, and sub-agents' may not hold or otherwise destroy, conceal, or confiscate identity or immigration documents, such as government-issued identification, passports, or work permits. Employers can only hold documentation if such holdings are required by law. In this case, at no time should workers be denied access to their documents'. [Human Rights Policy, N/A: <a href="https://www.tsmc.com">tsmc.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: How these practices are monitored for agencies, labour brokers or recruiters: The 2020 CSR Report indicates: 'Between 2016 and 2018, TSMC commissioned a third party institute trained in social and environmental audit to conduct RBA's Validated Assessment Program (VAP) on all fabs in addition to TSMC's annual SAQ assessment. Of the 16 fabs assessed, 14 fabs received full marks Note . Responding to customer demand, TSMC conducted VAP audits on Fab 12b in 2020. The complete audit report will be made available to customers on RBA-Online in 2021'. It also indicates the remedies to Prohibit Forced Labor and Child Labor: 'Risk prevention through regular VAP and SAQ mechanisms from the RBA Code of Conduct, [...] If there is any evidence of forced labor, supervisors will be required to make the necessary improvements and retribute the rights to which employees are entitled'. However, although the Company indicates how it checks on compliance, it is not clear how it implements and checks specifically the practice of stopping restrictions on workers in its operations, particularly with employment agencies/labour brokers/recruitment intermediaries. [2020 CSR Report, 2021: <a href="https://www.esg.tsmc.com">esg.tsmc.com</a>]</li> </ul>
D.4.5.f	Prohibition of forced labour: Restrictions on workers (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"> <li>• Met: Free movement rules in codes or contracts: The Supplier Code of Conduct indicates: 'Employers, agents, and sub-agents' may not hold or otherwise destroy, conceal, or confiscate identity or immigration documents, such as government-issued identification, passports, or work permits. Employers can only hold documentation if such holdings are required by law. In this case, at no time should workers be denied access to their documents'. The Company has provided an additional source to this indicator, however key information was already in use. [Supplier Code of Conduct, 19/04/2021: <a href="https://www.esg.tsmc.com">esg.tsmc.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: How working with suppliers on free movement</li> <li>• Not Met: Assessment of the number affected by retaining docs or restricting movement</li> <li>• Not Met: Provides analysis of trends demonstrating progress</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.4.6.a	Freedom of association and collective bargaining (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"> <li>• Not Met: Commits not to interfere with union rights / Steps to avoid intimidation or retaliation: The 2020 CSR Report indicates 'TSMC[...] take actions according to "TSMC Human Rights Policy" and "Responsible Business Alliance Code of Conduct [RBA]"'. The RBA Code states: 'In conformance with local law, participants 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'. The 2020 CSR Report also notes: 'TSMC respects employees' right to take part in collective bargaining and peaceful rallies. In accordance with legal requirements in Taiwan, the Company regularly holds labor-management meetings to brief employees on Company operations and invite employees to engage in discussions on labor conditions and benefits'. However, it is not clear whether the requirement of allowing the exercise of these rights 'without fear of discrimination, reprisal, intimidation or harassment' is also made extensive to equivalent worker bodies where the right to freedom of association and collective bargaining is restricted under law. [2020 CSR Report, 2021: <a href="https://www.tsmc.com/eng/2021csr">esg.tsmc.com</a>] &amp; [RBA Code v.7.0, 01/2021]</li> <li>• Not Met: Discloses % total direct operations covered by collective CB agreements</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Meets both requirements under score 1</li> </ul>
D.4.6.b	Freedom of association and collective bargaining (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"> <li>• Not Met: FoA &amp; CB rules in codes or contracts: The Supplier Code of Conduct indicates: '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'. In these cases (companies referring to local laws in freedom of association and collective bargaining), companies are expected to require alternative mechanisms or equivalent workers bodies where the right to freedom of association and collective bargaining is restricted under law. [Supplier Code of Conduct, 19/04/2021: <a href="https://www.tsmc.com/eng/2021csr">esg.tsmc.com</a>]</li> <li>• Not Met: How working with suppliers on FoA and CB</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Assessment of the number affected by restrictions to FoA and CB in the SP</li> <li>• Not Met: Provides analysis of trends demonstrating progress</li> </ul>
D.4.7.a	Health and safety: Fatalities, lost days, injury, occupational disease rates (in own production of manufacturing operations)	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"> <li>• Met: Describes process to identify H&amp;S risks and impacts: It indicates: 'In 2020, all TSMC's fabs in Taiwan received ISO 45001 certifications and, in response to ISO 45001 system updates, TSMC assisted TSMC (China), TSMC (Nanjing), WaferTech, and VisEra obtain ISO 45001 certifications to comply with the latest international standards on occupational safety and health, and to ensure the safety and health of all TSMC employees. TSMC also established a Disease Control Committee in response to the COVID-19 pandemic'. Regarding its Safety Performance Index, it states: 'The TSMC Safety Performance Index (SPI) was classified into four levels [excellent, good, warning and alarm] and two subtypes—active index and passive index. The active index encourages employees to participate in health &amp; safety programs and raise suggestions for safety improvements while the passive index shows the number of safety-related failures and false alarms'. As for its Occupational Diseases Prevention, it notes: 'Moving beyond traditional approaches to occupational health, TSMC has been committed to building a safe and healthy workplace where each work item is assessed with risk identification to uncover five major potential risks, including chemical, physical, ergonomic, biological, and social/psychological, and to design preventive measures accordingly. In 2020, TSMC continued to work with Professor Peng-Chi Tsai from National Cheng Kung University to monitor chemical workstations and analyze results'. [2020 CSR Report, 2021: <a href="https://www.tsmc.com/eng/2021csr">esg.tsmc.com</a>]</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<ul style="list-style-type: none"> <li>• Met: Injury Rate or Lost days or Near Miss disclosures for last reporting period: The Company reports that the Disabling Injuries Frequency Rate in 2021 was 0.38. [2021 Sustainability Report, 2022: <a href="https://www.tsmc.com/esg">esg.tsmc.com</a>]</li> <li>• Met: Discloses Fatalities for last reporting period: The Company reports that there was no death due to occupational disease or work-related death in 2021. [2021 Sustainability Report, 2022: <a href="https://www.tsmc.com/esg">esg.tsmc.com</a>]</li> <li>• Met: Occupational disease rate for last reporting period: The 2021 Annual Report indicates: 'There were a total of 44 occupational injuries in 2021, with 44 people, representing approximately 0.08% of the total number of employees'. No evidence was found, however, on occupational disease rate. [2021 Annual Report, 2022: <a href="https://www.tsmc.com/investor">investor.tsmc.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Set targets for H&amp;S performance: The 2021 Sustainability Report indicates its 2022 Targets: 'Incident Rate per 1,000 Employees: &lt;0.2; Disabling Injury Frequency Rate (FR): &lt;0.4; Disabling Severity Rate (SR): &lt;4; 0 cases of occupational disorders caused by exposure to chemicals'. However, although the Company sets various health and safety targets, no evidence found of a fatality target and occupational disease target. [2021 Sustainability Report, 2022: <a href="https://www.tsmc.com/esg">esg.tsmc.com</a>]</li> <li>• Met: Met targets or explain why not or what is doing to improve management systems: The 2021 Sustainability Report indicates its 2021 achievements: 'Incident Rate per 1,000 Employees: 0.252 Target: &lt;0.2; Disabling Injury Frequency Rate (FR): 0.38 Target: &lt;0.4; Disabling Severity Rate (SR): 7 Target: &lt;4'. Although it does not meet the Incident Rate and the Disabling Severity Rate, it discloses different health and safety efforts in 2021, covering Regulatory Updates, Standardized Management Procedures; Safety and Health Education; Hazard Identification and Assessment; Management of Change; Chemical Management; Tool Management; Contractor Management; Compliance Audit; Emergency Response; Occupational Injury Prevention. [2021 Sustainability Report, 2022: <a href="https://www.tsmc.com/esg">esg.tsmc.com</a>]</li> </ul>
D.4.7.b	Health and safety: Fatalities, lost days, injury, occupational disease 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"> <li>• Met: Sets out clear Health and Safety requirements: The Supplier Code of Conduct indicates: 'Suppliers recognize that in addition to minimizing the incidence of work-related injury and illness, a safe and healthy work environment enhances the quality of products and services, consistency of production and worker retention and morale. Suppliers also recognize that ongoing worker input and education is essential to identifying and solving health and safety issues in the workplace. Recognized management systems such as ISO 45001 and ILO Guidelines on Occupational Safety and Health were used as references in preparing the Code and may be useful sources of additional information'. The health and safety standards include: Occupational Safety, Emergency Preparedness, Occupational Injury and Illness, Industrial Hygiene, Physically Demanding Work, Machine Safeguarding, Sanitation, Food, and Housing, Health and Safety Communication and Natural Disaster Risk Mitigation. [Supplier Code of Conduct, 19/04/2021: <a href="https://www.tsmc.com/esg">esg.tsmc.com</a>]</li> <li>• Not Met: Injury rate disclosures and lost days (or near miss disclosures) for the last reporting period: The Company discloses health and safety rates for contractors, however, it is not clear it covers suppliers employees. [2020 CSR Report, 2021: <a href="https://www.tsmc.com/esg">esg.tsmc.com</a>]</li> <li>• Not Met: Fatalities disclosures for lasting reporting period</li> <li>• Not Met: Occupational disease rates for the last reporting period</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: How working with suppliers on H&amp;S: It indicates: 'To enhance environment, safety and health and loss prevention capabilities, TSMC divides its supply chain environment, safety and health training into two aspects: experience-sharing and on-site audits. In 2020, for experience sharing, TSMC illustrated the content and implementation guidelines for the Supplier Sustainability Standard and shared case studies on common violations in sustainability audits, such as failure to wear personal protective equipment properly, deficiency of the management procedures of fire protection system impairment/ hot work operation, and failure to turn on the valves of fire protection systems. TSMC recommended measures for improvement and shared tangible, actionable solutions to reduce energy and water consumption in the experience sharing forum. The forum elevated the soft power of suppliers, and a total of 347 people from 147 suppliers attended. (...) In 2020, TSMC continued to strengthen experience sharing by inviting suppliers to the Facility services Academy at Fab 15, offering effective training by detailing the operation, maintenance, and testing procedures of fire protection equipment on-site. In 2020, TSMC held observations of emergency response drills in factories for local raw materials suppliers for the fifth consecutive year. A total of 21 suppliers observed the drills on-site, with a cumulative total of 111 people attending'. [2020 CSR Report, 2021: <a href="http://esg.tsmc.com">esg.tsmc.com</a>]</li> <li>• Not Met: Assessment of the number affected by H&amp;S issues in the SP</li> <li>• Not Met: Provide analysis of trends in progress made</li> </ul>
D.4.8.a	Women's rights (in own production or manufacturing operations)	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"> <li>• Met: Process to stop harassment and violence against women: The human rights policy indicates that its guidelines provisions include: 'Provide a safe and secure work environment that is free of harassment'. According to its 2020 CSR Report, the Company has a channel where workers can report Sexual Harassment [Sexual Harassment Investigation]. It also indicates: 'In 2020, there were 2 verified cases of sexual harassment as confirmed by the Sexual Harassment Investigation Committee. The perpetrating employees received severe punishments and one was dismissed from the Company. As both cases involved social software abuse, TSMC has reinforced the social software section in the 2020 sexual harassment prevention courses to raise awareness among employees'. It also indicates risk assessment measures related to 'Non-discrimination &amp; Equal Employment Opportunity': 'Eliminate discrimination in the workplace in compliance with Internal Control Procedures starting from recruitment'. [Human Rights Policy, N/A: <a href="http://tsmc.com">tsmc.com</a>] &amp; [2020 CSR Report, 2021: <a href="http://esg.tsmc.com">esg.tsmc.com</a>]</li> <li>• Met: Working conditions take account of gender: The 2020 CSR Report indicates 'TSMC (...) take actions according to "TSMC Human Rights Policy" and "Responsible Business Alliance Code of Conduct [RBA]"'. The RBA Code states: 'Reasonable steps must also be taken to remove pregnant women and 'nursing mothers from working conditions with high hazards, remove or reduce any workplace health and safety risks to pregnant women and nursing mothers, including those associated with their work assignments, and provide reasonable accommodations for nursing mothers'. [2020 CSR Report, 2021: <a href="http://esg.tsmc.com">esg.tsmc.com</a>] &amp; [RBA Code v.7.0, 01/2021]</li> <li>• Not Met: Measures and steps to address gender pay gap at all levels of employment</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Meets all requirements under score 1</li> <li>• Not Met: Provides analysis of trends demonstrating closing gender pay gap</li> </ul>
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"> <li>• Not Met: Women's rights in codes or contracts: The Supplier Code of Conduct indicates: 'Reasonable steps must also be taken to remove pregnant women/nursing mothers from working condition with high hazards, remove or reduce any workplace health and safety risks to pregnant women and nursing mothers, including those associated with their work assignments, and provide reasonable accommodations for nursing mothers'. However, no evidence found of a requirement to provide equal pay for equal work and to introduce measures to ensure equal opportunities throughout all levels of employment. [Supplier Code of Conduct, 19/04/2021: <a href="http://esg.tsmc.com">esg.tsmc.com</a>]</li> <li>• Not Met: How working with suppliers on women's rights</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Assessment on the number affected by discrimination or unsafe working conditions</li> <li>• Not Met: Provide analysis of trends in progress made</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.4.9.a	Working hours (in own production or manufacturing operations)	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"> <li>• Not Met: Respects max hours, min breaks and rest periods in its own operations: The human rights policy has among its guiding principles: 'Comply with all applicable wage laws and regulations, and legal limits to working hours'. However, it is not clear it respects applicable international standards concerning maximum hours and minimum breaks and rest periods in its own operations. [Human Rights Policy, N/A: <a href="https://www.tsmc.com">tsmc.com</a>]</li> <li>• Not Met: Assesses ability to comply with its commitments when allocating work/targets: The 2020 CSR Report indicates its targets and actions regarding working time: 'Formulate Management Measures for Working Hours Procedure and build an Attendance Record System and Overtime System'. It also comments on its risk assessment on the same matter: 'Understand employee work hours through reporting channels, facility- level communication meetings, and management systems; Employees must agree to overtime requests and TSMC shall provide overtime pay or compensatory leave'. However, no further evidence found of how the Company assesses the ability of workers within its factories to comply with its commitments to respect working hours and minimum breaks and rest periods when allocating work or setting targets. [2020 CSR Report, 2021: <a href="https://www.esg.tsmc.com">esg.tsmc.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Meets both requirements under score 1</li> <li>• Met: How it implements and checks this in its operations: One of its human rights related actions for 2020 to mitigate working hour issues is: 'Managed and analyzed employee timesheets and provided early warnings to facility supervisors on work hour management'. The Company has provided an additional source to this indicator, however key information was already in use. [2020 Annual Report, 2021: <a href="https://investor.tsmc.com">investor.tsmc.com</a>]</li> </ul>
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"> <li>• Not Met: Working hours in codes or contracts: The Supplier Code of Conduct indicates: '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. All overtime must be voluntary. Workers shall be allowed at least one day off every seven days'. However, no supplier requirement to respect applicable international standards concerning maximum hours and minimum breaks and rest periods found. Moreover, the 2020 CSR Report notes: 'As a full member of the Responsible Business Alliance (RBA), TSMC will conduct due diligence in compliance with the RBA Code of Conduct to ensure that TSMC either meets or exceeds the standard. Using RBA's self assessment questionnaire (SAQ), TSMC conducts annual assessments to identify internal operations bearing the highest social, environmental, and moral hazards'. Although the RBA's self-assessment questionnaire contains questions related to working hours, it is not clear the Company requires the suppliers to comply with international standards in its contractual arrangements with suppliers or supplier code of conduct. [Supplier Code of Conduct, 19/04/2021: <a href="https://www.esg.tsmc.com">esg.tsmc.com</a>] &amp; [2020 CSR Report, 2021: <a href="https://www.esg.tsmc.com">esg.tsmc.com</a>]</li> <li>• Not Met: How working with suppliers on working hours</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Assessment of number affected by excessive working hours</li> <li>• Not Met: Provide analysis of trends in progress made</li> </ul>
D.4.10.a	Responsible mineral sourcing: Arrangements with suppliers and smelters/refiners in the mineral resource supply chains	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"> <li>• Met: Due diligence in accordance with OECD Guidance in supplier contracts: The Supplier Code of Conduct indicates: 'Suppliers shall have a policy and exercise due diligence on the source and chain of custody of the tantalum, tin, tungsten, and gold in the products they manufacture to reasonably assure that they are sourced in a way consistent with the Organisation for Economic Co-operation and Development (OECD) Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas or an equivalent and recognized due diligence framework'. The 2020 CSR Report indicates: 'All tier 1 suppliers have signed the TSMC Supplier Code of Conduct'. The Supplier Code of Conduct notes: 'TSMC established this Supplier Code of Conduct ("Code") and requires our suppliers to operate in accordance with the principles outlined in this Code and in full compliance with the laws, rules and regulations of the countries in which they operate. [Supplier Code of Conduct, 19/04/2021: <a href="https://www.esg.tsmc.com">esg.tsmc.com</a>] &amp; [2020 CSR Report, 2021: <a href="https://www.esg.tsmc.com">esg.tsmc.com</a>]</li> <li>• Not Met: Works with smelters/refiners and suppliers to build capacity</li> </ul>



Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Contractual requirement to disclosure smelter/refiner information: The 2020 Form SD indicates: 'TSMC's Task Force takes the following actions, among others, to improve its due diligence measures, increase supply chain transparency and further mitigate the risk that the Covered Minerals contained in its products may finance or benefit armed groups in the Covered Countries. These actions taken serve as control points in our compliance effort. [...] design a compliance framework in accordance with the OECD Guidance; [...] request relevant parties sign representation letter confirming their compliance with our conflict mineral program, and requiring them to conduct similar inquiries in their supply chain; [...] request our relevant Suppliers and Contractors use only smelters and refiners certified under the RMAP; [...] check whether the smelters our Suppliers and Contractors source from are listed as certified under the RMAP (such as consulting the RMI's website and referring to the updated RCOI Data and due diligence documents provided by RMI)'. However, it is not clear it incorporates into commercial contracts/written agreements with suppliers' requirements to disclose to the company (as necessary on a confidential basis) updated smelter/refiner information for any 3TG mineral used in the production of its parts, materials, components and products. [2020 Form SD, 25/05/2021: <a href="https://investor.tsmc.com">investor.tsmc.com</a>]</li> <li>• Not Met: Contractual requirement covers all minerals</li> </ul>
D.4.10.b	Responsible mineral sourcing: Risk identification and responses in 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"> <li>• Not Met: Risk identification and disclosure in line with OECD Guidance: The 2020 Form SD indicates that 'TSMC's due diligence measures have been designed to conform, in all material respects, to the framework described in the OECD Guidance, consistent with TSMC's position as a downstream company. To guide its due diligence, TSMC has established a due diligence compliance process that includes a documentation and record maintenance mechanism performed in accordance with TSMC's records retention policy to ensure the retention of relevant documentation'. Also, '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. (...) 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'. Regarding its Assessment of Risks, it notes: 'the Task Force conducts due diligence of identified smelters or refiners by examining the information provided in Dashboard to determine if the smelter or refiner has been validated under the RMAP as "conflict-free", assess potential risks in our supply chain, and take subsequent actions. The RMAP provides information regarding those smelters or refiners that, following an independent third-party audit, have been found to be conformant to the RMAP's assessment protocols to assure continued sourcing of only conflict-free materials. During the Reporting Period, as a result of our risk assessment, the Task Force required our suppliers to remove from our supply chain those smelters identified as non-conformant to RMAP. To ensure a conflict-free supply chain, the Task Force also took proactive steps to require our suppliers to urge those smelters which risk losing the RMAP-conformant status to participate in the re-audit as soon as possible'. However, although the Company clearly describes the risk identification process, no details found on the actual risks identified. [2020 Form SD, 25/05/2021: <a href="https://investor.tsmc.com">investor.tsmc.com</a>]</li> <li>• Met: Identification of smelter/refiners and OECD Guidance: As indicated above: '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. (...) Upon receipt of completed Dashboards from our Suppliers and Contractors, the Task Force conducts due diligence of identified smelters or refiners by examining the information provided in Dashboard to determine if the smelter or refiner has been validated under the RMAP as "conflict-free", assess potential risks in our supply chain, and take subsequent actions'. [2020 Form SD, 25/05/2021: <a href="https://investor.tsmc.com">investor.tsmc.com</a>]</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Discloses smelters/refiners judged in line with OECD Guidance: It indicates: ‘we are pleased to report that 100% of the smelters and refiners from which our Suppliers and Contractors sourced the Covered Minerals, including the 47 smelters and refiners which may have sourced directly or indirectly from Covered Countries, have been fully audited, vetted and certified under the RMAP’. It discloses a list of smelters and refiners. [2020 Form SD, 25/05/2021: <a href="http://investor.tsmc.com">investor.tsmc.com</a>]</li> <li>• Not Met: Risk identification and disclosure covers all minerals</li> </ul>
D.4.10.c	Reporting on 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"> <li>• 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 as identified in Exhibit III attached hereto; enhance Supplier or Contractor communication, training and escalation process, if needed, to improve due diligence data accuracy and completion; etc. [2020 Form SD, 25/05/2021: <a href="http://investor.tsmc.com">investor.tsmc.com</a>]</li> <li>• Not Met: Monitoring, tracking and whether better risk prevention/mitigation over time</li> <li>• Not Met: Disclose better risk prevention/mitigation over time</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not Met: Suppliers and stakeholders engaged in risk management strategy: Although the 2020 Form SD contains some information on supplier engagement, it is not clear how it engages with suppliers and affected stakeholders to agree on its strategy for risk management. It has provided additional comment regarding this indicator, however, no further evidence found. [2020 Form SD, 25/05/2021: <a href="http://investor.tsmc.com">investor.tsmc.com</a>]</li> <li>• Not Met: Risk management and response processes cover all minerals</li> </ul>

## 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 19.10 out of 80 points scored in themes A-D has been applied to produce a score of 4.77 out of 20 points for theme E.

### 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 2020 Key Findings report and the 2019 technical annex for more details of the research process.

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As WBA, 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.

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