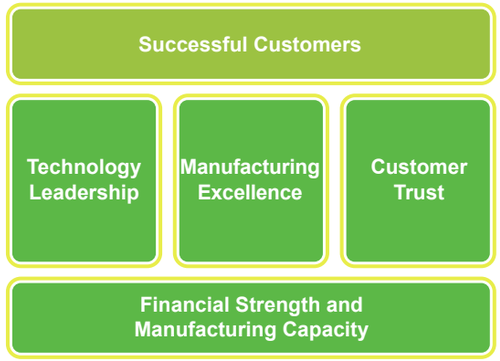
Customer Service and Supplier Management

Customer trust has always been one of TSMC's core values. At TSMC, our customers' success is our success, and we value our customers' ability to compete as we value our own. We strive to build deep and enduring relationships with our customers, who trust and rely on us to be part of their success over the long term.

TSMC's Value Proposition



TSMC has always treated suppliers as partners, and works together with them over the long term to build a stable and sustainable semiconductor supply chain. In addition to taking into account supply chain product quality, delivery, and cost, TSMC also works with our suppliers to protect the environment. We pay attention to the human rights, safety and health issues of our suppliers as well as business continuity and risk management, so that we can fulfill our corporate social responsibilities together. In 2013, TSMC was recognized by the Dow Jones Sustainability Indexes (DJSI) again as the Industry Group Leader. TSMC also scored highest in categories including Supply Chain Management, Environmental Policy and Management System, Operational Eco-Efficiency, Water-Related Risks, Human Capital Development, Labor Practice Indicators and Human Rights, Social Reporting, and Stakeholder Engagement.

TSMC has moved to localize raw materials, production equipment and spare parts in recent years. In addition to reducing carbon generation, reducing transportation cost, TSMC also hopes to enhance supply chain agility and ensure service to customers. For raw materials, TSMC's sourcing percentage from local Taiwan suppliers gradually increased to 41% in 2013.

To create a win-win situation for TSMC and suppliers, TSMC will continue supporting local companies and encourage localization by foreign suppliers. TSMC has set localization targets for purchases of each category for the next several years to drive for even lower production cost and supply risk as well as greater competitive advantage and supply chain sustainability.

41% For raw materials, TSMC's sourcing percentage from local Taiwan suppliers gradually increased to 41% in 2013.

6.1 Customer Service and Satisfaction

6.1.1 Customer Service

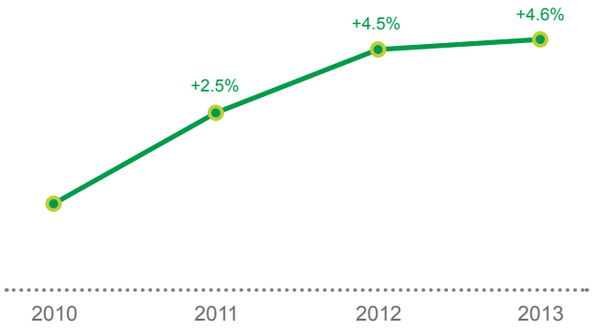
TSMC believes that providing superior customer service is critical to enhancing customer satisfaction and loyalty, which is the path to retaining existing customers, attracting new customers, and strengthening customer relationships. With a dedicated customer service team as a main contact window for coordination and facilitation, TSMC strives to provide world-class, high-quality, efficient and professional services in design support, masking, manufacturing, and backend to achieve optimum experience for our customers and, in return, to gain our customer's trust and sustain company profitability.

To facilitate customer interaction and information access on a real-time basis, the TSMC-Online services offer a suite of web-based applications that provide customers with a more active role in design, engineering, and logistics. Customers have 24-hour a day, seven-day-a-week access to critical information and can subscribe to customized reports through our TSMC-Online services. TSMC-Online Design Collaboration focuses on content availability and accessibility, with close attention to complete, accurate, and current information at each level of the wafer design life cycle. Engineering Collaboration includes online access to engineering lots, wafer yields, wafer acceptance test (WAT) analysis, as well as quality and reliability data. Logistics Collaboration provides access to data updated three times a day on any given wafer lot's status in order, fabrication, assembly and testing, and shipping.

6.1.2 Customer Satisfaction

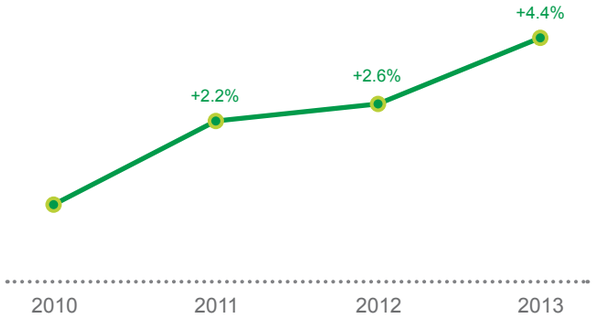
To assess customer satisfaction and to ensure that our customers' needs are satisfactorily addressed, TSMC conducts an annual customer satisfaction survey (ACSS) with all active customers, either by web or interview, through an independent consultancy.

QBR Technical Score 4-Year Trend



Note: Four-Year QBR Technical Score (Composite Index from QBR Technology, Quality and Reliability, Design Support scores) Trend

QBR Business Score 4-Year Trend



Note: Four-Year QBR Business Score (Composite Index from QBR Customer Service, Capacity and Delivery, Pricing scores) Trend

Complementary with the ACSS, the customer service team conduct Quarterly Business Reviews (QBRs) so that customers can give feedback to TSMC on a regular basis. Through both survey and intensive interaction with customers by the account teams, TSMC is able to stay in close touch with customers for better service and collaboration.

All customer feedback is routinely reviewed by TSMC's executives and developed into improvement plans to become an integral part of this survey process with a complete closed loop. TSMC has maintained a focus on customer survey data as one key indicator of corporate performance – not just of past performance, but also as a leading indicator of future performance. TSMC acts on the belief that satisfaction leads to loyalty, and customer loyalty leads to higher levels of retention and expansion.

WATCH VIDEO
At TSMC, our customers' success is our success, and we value our customers' ability to compete as we value our own.

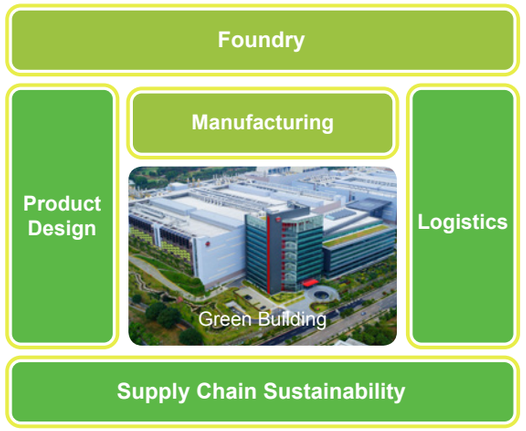
6.2 Supplier Management

6.2.1 Ensuring Supply Chain Sustainability

Green Procurement: Developing Suppliers' Green Standards

TSMC is committed to building a "green supply chain", attending to global environmental issues, and exerting its influence to encourage supply chain partners to follow.

TSMC Works with Suppliers to Build a Green Supply Chain



Our assessment of suppliers' green performance includes:

- **Code of Green Supply Chain**
  – Code Compliance in Environmental Protection: Suppliers must comply with local government regulations, including air pollution control, water pollution control, waste, and resource management. If there are violations of law or regulations, suppliers must take corrective action.
  – Energy Saving and Carbon Reduction Management: Suppliers are required to collect carbon inventory data in their manufacturing plants, develop a product-based carbon footprint, and provide carbon reduction performance data.
  – Water Resources and Water Management: Suppliers are required to collect water inventory data in their manufacturing plants to establish a water footprint, and to provide a specific water resource management plan.
  – Green Products and Hazardous Substances Control Specification: In response to global hazardous substance controls and eco-friendly product specifications, we ask suppliers to comply with PFOS/PFOA/RoHS/REACH and other global chemical control standards.
  – Waste Management: Suppliers need to continuously improve waste reduction performance and raise recycling and reuse ratios in their manufacturing facilities.
  – Tier-2 Suppliers' Green Supply Chain: Suppliers must work with their upstream suppliers on environmental protection, reduction of carbon emissions, and water conservation-related measures.
  – Environmental Management System and the Establishment of Environmental Objectives: Suppliers must have ISO 14001, RC 14001, or other relevant environmental management system certification.
  – Other Environmental Protection Standards: This includes the use of green procurement, adoption of green building designs, promotion of environmental education and others.
- **Requiring Raw Materials Suppliers to Eliminate Hazardous Substances**
  TSMC promotes "green procurement", and requires raw materials suppliers to provide a statement to ensure that their products do not contain internationally banned hazardous substances harmful to the environment to ensure that products meet customer requirements such as the EU RoHS Directive. If significant deficiencies are found in supplier environmental audits, the supplier will be reviewed and asked to improve at a quarterly meeting chaired by a purchasing group manager.
- **Green Requirements for Process Tool Vendors**
  TSMC requires equipment vendors to consider water, power, and material conservation when designing new generations of equipment, and also requires a long-term blueprint for carbon reduction and future environmental strategy. TSMC also verifies that the energy performance of each tool meets or exceeds conditions set in the procurement contract after tool installation is completed.

Supply Chain Risk Management

- **Code of Supply Chain Risk Management**
  TSMC views supply chain risk management as part of the Company's competitive advantage. In a globalized world, any major natural disaster or accident can have an impact on TSMC. Therefore we pay close attention to any risk to our supply chain partners, and take the initiative to provide assistance when necessary. Our concerns include:

– Business Continuity Plan: TSMC requires our suppliers to establish their own business continuity plans for a variety of potential natural or man-made threats. Appropriate plans, procedures, actions and periodic drills are required to ensure continuous operations and reduce the impact of accidents on TSMC.

– Geographical Risk: TSMC analyses the geographic location of manufacturers in our global supply chain using mapping tools. When a major accident or natural disaster occurs around the world, we can immediately begin business continuity plans and take the initiative to provide our supplier business partners with the resources needed to resume production.

– Earthquake Risk Management: TSMC proactively helps companies that need assistance by teaching them how to strengthen their anti-earthquake engineering.

– Climate Change Risk Management: Due to the increased risk of water shortage and flooding in recent years resulting from global climate change, we require our suppliers to prepare contingency plans, such as support from overseas production, to reduce the impact of such an event.

– Fire Risk Management: We believe that fires can be prevented, and share our own loss prevention and fire protection management experience with our suppliers.

– General Environmental, Safety and Health Management: TSMC requires major suppliers to obtain OHSAS 18001 certification or other health and safety management system certification.

– New Influenza Pandemic Response and Prevention: TSMC shares its experience in corporate pandemic response and prevention with our major suppliers.

– Transportation Risk: Suppliers must manage the quality of their transportation or logistic service and vehicles. In particular, appropriate training and contingency plans are required in the transport of dangerous or hazardous chemicals.

– Suppliers' Supply Chain Risk Management: In addition to requiring suppliers to manage their supply chain risk, we also require suppliers to have the ability to review their suppliers' risk management and to enhance the reliability of the supply chain.

– Interruption of Information Systems Risk Management: Some suppliers are highly dependent on IT systems in their production. TSMC asks that they have mechanisms for remote backup of information systems. Computer server rooms are also required to have fire and earthquake protection to reduce the impact of accidents.

- **Developing a Supply Chain Sustainability Risk Map**
  TSMC's efforts in sustainable supply chain management in the past several years have answered our customers increased concerns in this area. Despite the difficult and forward-looking nature of some of our measures, we are dedicated to continuing our efforts. In 2009, TSMC developed a Sustainability Evaluation Score to assess suppliers' supply chain risk and sustainability. We use this score, combined with delivery, quality, financial, operational, and other risks, to form a supply chain risk map. TSMC refers to these maps as an important basis for procurement strategy.

Supply Chain Risk Management

Labor Right & Ethics Requirement in Supply Chain

TSMC requires its suppliers to comply with applicable rules and regulations regarding labor rights and conditions as well as those on conflict minerals.

Our suppliers must obey the following codes of conduct.

- Suppliers shall comply with the most updated version of relevant worldwide rules and regulations issued by governmental entities or private and public institutions

such as the EICC (Electronic Industry Citizenship Coalition) Standards and implement relevant protocols to enforce ethical labor rights and conditions such as those regarding Freely Chosen Employment, Child Labor Avoidance, Working Hours, Wages and Benefits, Humane Treatment and Non-Discrimination to better protect labor rights. Our suppliers are required to ask its sub-suppliers to comply with such rules and regulations.

- TSMC requires its suppliers to keep in place policies, procedures and due diligence measures that will enable us to reasonably assure that products manufactured for us or raw materials supplied to us containing conflict minerals do not directly or indirectly finance or benefit armed groups that are perpetrators of any human rights abuses in the Democratic Republic of the Congo or an adjoining country or such other geographic regions as may be stipulated in relevant rules and regulations. TSMC also requires its suppliers to comply with the Electronic Industry Citizenship Coalition (EICC) Code of Conduct and conduct their affairs consistent with TSMC's expectations on responsible sourcing of conflict minerals.

TSMC Suppliers' Sustainability Requirements

TSMC set up solid supplier code of sustainability for suppliers. The sustainability requirements of the code include regulatory compliance and practical management of Environmental Protection, Safety, Hygiene, Risk Management, Labor Right and Ethics.

Supplier Code of Sustainability

Green Supply Chain (Weighting: 40%)	
Code Compliance	The suppliers should follow the requirement of local environmental law.
Energy Saving & Carbon Reduction	Suppliers should collect carbon inventory data in their manufacturing facilities, develop product-based carbon footprint and provide carbon reduction performance results.
Water Management	Suppliers should collect water inventory data in their manufacturing facilities, brief water saving results as well as risk mitigation plans for water scarcity if the suppliers located within water risk sensitive regions.
Waste Management	Improvement of waste reduction in suppliers' manufacturing facilities should be continuously executed.
Green Product	Suppliers' product must comply with environmental codes those may apply including PFOS/PFOA/RoHS/REACH and others in response to global trends.
Environmental Management System	Recognized environmental standard (e.g. ISO 14001, RC14001) should be adopted as the management framework to reduce environmental impact from product/material manufacturing, comply with applicable laws, regulations and requirements and conduct continuous improvement.
Other Environmental Activities	Pursuit of green Innovation & green award is encouraged.
Safety, Hygiene and Risk Management (Weighting: 40%)	
Code Compliance	The suppliers should follow the requirement of local safety, hygiene & fire protection laws.
Safety & Hygiene Management System	Recognized occupational safety & hygiene (OSH) standard (e.g. TOSHMS 18001, RC14001) should be adopted as the management framework to reduce OSH impact from product/material manufacturing, comply with applicable laws, regulations and requirements and conduct continuous improvement.
Safety Management	The procedure preparation, training conducting and engineering improvement for mitigate workers' exposure to potential safety hazards (e.g., electrical and other energy sources, fire, vehicles, and fall hazards) are required.
Hygiene Management	• The physical, chemical and biological exposures in workplace should be evaluated and controlled. Management measures or engineering improvement have to be implemented. • Supplier shall identify, evaluate and reduce ergonomic risk of workers.

(continues on next page)

Fire Protection	• Suppliers should identify fire hazards when using dangerous chemicals and facilities. Plans need to be in place to prevent fire. • The fire protection systems should be set up and maintained properly.
Emergency Response	• Emergency response procedure and organization should be set up. • The emergency response drill should be conducted annually.
Business Continuity Plan	• Suppliers should establish business continuity plans with risk identification, risk controls and recovery procedures. • The drill of Business Continuity Plan should be executed periodically.
Natural Disaster Management	The suppliers located in earthquake, tsunami, flood and wind etc. hazard area have to develop risk mitigation procedure, install hardware for impact reduction and prepare alternate manufacturing facilities distantly separated.
Pandemic Preparedness	A formal pandemic preparedness procedure and relevant hardware preparation to protect your personnel and/or limit the spread-out of disease during Pandemic outbreak are required.
IT Risk Mitigation	The measures for ensuring stability of suppliers' IT system are essential.
Transportation Management	Suppliers should check and reduce transportation risk.
Suppliers' suppliers Management	Suppliers are requested to audit and support their upstream suppliers for the similar efforts of what TSMC requests including environmental protection, safety, Hygiene, risk management, labor right, and conflict mineral.
Labor Right & Ethics (Weighting: 20%)	
Code Compliance	The suppliers should follow the requirement of labor laws.
Labor Right	The behaviors including child labor employment, exceeding working hour, harsh/ inhumane treatment and discrimination are prohibited. The legal requirements of over time compensation, minimum wage and mandated benefits should be followed.
Conflict Mineral	The metal defined as Conflict Mineral (Gold, Tin, Tantalum and Tungsten) cannot be sourced and imported from DRC and its adjoining countries.

Note: The content and weighting will be reviewed and modified annually.

Managing Contractors' ESH

TSMC endeavors to be a good corporate citizen and meet its social responsibilities. We believe in going beyond providing a safe workspace for employees to establish a higher ESH standard with our partners in all industries. TSMC is committed to communicating with suppliers and contractors on environmental, safety, and health issues and encouraging them to improve their ESH performance. TSMC treats contractors like our employees and works together with them to adopt good safety protection, and leads members of our supply chain to reduce their environmental impact.

- **Identifying High-risk Work for Priority Management**
  TSMC has established standards for high-risk work to strengthen contractor safety management. TSMC began adopting high-risk work management and self-management to govern work performed by contractors in 2005. TSMC's high-risk work management classifies work that may cause injuries, casualties or major property damage as level-1 high-risk operations. These include work in confined spaces, work with electrical shock risk, hot work, or disconnection of gas or chemical piping. Work that may result in system shutdowns or production interruptions are classified as level-2 high-risk operations. TSMC explicitly defines safety precautions and control procedures to be taken by personnel according to different operations.

- **Contractor OHSAS 18001 Requirement and Worker Skill Certification**
  In terms of self-management, TSMC requires that contractors performing level-1 high-risk work must complete worker certification and establish their own OHSAS 18001 safety and health management system before they are eligible to bid on contracts. This self-management is aimed at increasing contractors' sense of ownership and responsibility with the goal of promoting safety awareness and technical improvement for all contractors in the industry. Workplace accidents have decreased by half since these requirements were implemented in 2005.

  In addition to routine audits by third party certification agencies, TSMC has also conducted audits of OHSAS 18001-certified contractors since 2008. If an audit finds that a contractor is not qualified, the contractor's level-1 high-risk work qualification may be revoked.

TSMC believes that we can help the community and the environment by leading our contractors to reach higher standards of environmental, safety, and health protection and create a better workplace.

Management, Audit and Assistance

- **Quarterly Business Review**
  TSMC conducts quarterly meetings with our suppliers' senior managers to review performance, including quality, delivery and sustainability performance. We ensure suppliers comply with TSMC requirements through semi-annual or quarterly monitoring of key indicators through a scorecard and checklist.
- **Certification for Management Systems**
  TSMC encourages its suppliers to be certified for ISO 14001, OHSAS 18001 or other environmental and ESH management systems.
- **Site Audit and Assistance**
  TSMC visits our suppliers and performs audits according to an annual plan. When special concerns arise from these audits, we work with suppliers to develop appropriate solutions and provide support to meet our expectations. These solutions are executed by specified sponsors with a clear goal and time frame.
- **Intelligent Information**
  TSMC provides a comprehensive web-based service platform to collaborate with TSMC suppliers. It supports new supplier registration, qualification, forecast, supply chain inventory visibility, quotation, purchasing orders processing, quality collaboration, shipment confirmation, and payment status inquiry for suppliers. This platform enables transactions and supply chain information to be managed in real time through a user-friendly B2B interface. TSMC has worked closely with raw material suppliers to exchange inventory information, so that in-bound supply chain inventories are transparent and demand fluctuations can be detected early. TSMC encourages our suppliers to implement ePO, eInvoice, and advanced shipping notice and inventory information in an integrated platform. The platform speeds up information flow, increases people efficiency, reduces human error, and also decreases overall supply chain cost. More than three thousand suppliers use TSMC's Supply Online system for data exchange, covering 90% of total purchasing value. All these efforts mitigate the risk of supply interruption and prevent manufacturing of surplus materials.

90% **More than 3,000 suppliers use TSMC's Supply Online system for data exchange, covering 90% of total purchasing value.**

6.2.2 Supply Chain Sustainability Management Achievements

In recent years, global consumers increasingly feel that corporations have a responsibility to supervise their suppliers. As a global leader in the semiconductor industry, TSMC has an ongoing commitment to improve the sustainability performance of suppliers and work with them to create sustained value. We supervise and collaborate with our suppliers in a number of sustainability fields, including Green supply chain, Restriction of Hazardous Substances, climate risk management, earthquake risk response, fire prevention, occupational safety and health management, and business continuity plans. These efforts can reduce the risk of interruption to our supply chain, and are also part of our corporate social responsibility.

The establishment of a sustainable supply chain is a win-win strategy, which enhances the safety of our suppliers, their employees, and their property, and indirectly enhances the competitiveness of TSMC. The Company will continue its efforts to reduce supply chain risk and contribute to customers, investors, and society.

Summary of Achievements of TSMC's Supply Chain Sustainability Management in 2013

Item	Goal	Result Summary
Green supply chain – Product carbon footprint	Complete carbon inventory and carbon resource management survey for 52 major suppliers in Japan, the United States, and Taiwan to encourage energy saving and carbon reduction in 2013.	Achieved
Green supply chain – Water resource and water saving	Complete water management survey for 52 major suppliers in Japan, the United States, and Taiwan to encourage water saving in 2013.	Achieved
Green supply chain – Product water footprint	Collaborate with 20 major suppliers to develop a product supply chain water footprint for 300mm fabs (FAB12P1) based on "the water footprint assessment manual (1011). Water footprint network, as well as obtain IC PCR for EPD (2009, ver. 01) 3rd party certification	Achieved
Green supply chain – Product water footprint	Collaborate with 20 major suppliers to develop a product supply chain water footprint for 200mm fabs (Fab 3) based on "The Water Footprint Assessment Manual (2011), wafer Footprint Network, as well as obtain IC PCR for EPD (2009, ver. 01)" 3rd party certification before 2013	Achieved
Green supply chain – PFOA hazardous substance management	Complete verification of replacements for products containing PFOA photo resist before the end of 2013	Ongoing
EICC 4.0 compliance on labor, environment protection, safety and health, human right and social standard	Verify that major suppliers are compliant with EICC 4.0 standards	Confirmed through questionnaires, on-site audits, and quarterly business reviews that 52 major suppliers are in line with EICC 4.0 requirements in labor, environmental protection, health and safety, human rights and social standards
Supply chain risk – Business continuity plan	Confirm that 52 major suppliers maintain basic business continuity plans (as per the BS25999 standard and customer requests)	Achieved
Supply chain risk – Anti-quake risk management	Assist 3 re-claim wafer suppliers to enhance the anti-quake engineering	Achieved

Supplier Performance Management

TSMC focuses on supply chain sustainability management by setting ongoing targets and scoring suppliers on quality, cost, delivery, service and sustainability. TSMC periodically audits suppliers and encourages them to comply with TSMC purchasing strategies. In 2013, TSMC continued its survey and performance measurement on silicon wafers, reclaim wafers, gas, chemicals, quartz parts, masks and other raw materials suppliers, covering more than 90% of our total raw material purchase value. TSMC also encourages suppliers who collaborate with TSMC to diversify risk factors. We welcome all qualified suppliers to join and strengthen the TSMC supply chain.

Supplier ESH Audit and Assistance

In 2013, TSMC continued to audit major suppliers through questionnaires or on-site audits. If major shortfalls in environmental protection, safety, or health are discovered, we require that senior management commit to improvement. For suppliers lacking resources for self-improvement, we organize experience-sharing meetings or perform on-site counseling to improve their performance.

Supplier Quality Improvement and Auditing

To continuously improve material quality and strengthen statistic processing, TSMC held a Supplier Quality System seminar in Aug. 2013. All invited suppliers are required to begin internal training for their employees to improve quality, in order to establish a more reliable and sustainable raw materials supply chain for TSMC. TSMC also performs annual on-site audits to major and critical suppliers. If particular shortfalls are discovered, we provide specific goals and clear timetables to meet TSMC's expectations.

Supply Chain Risk Management

To reduce supply chain risk and to actively manage cost, TSMC commits resources toward developing new supply sources. In addition, the Company encourages its suppliers to reduce their supply chain risk by decentralizing production plants, and to intensify their cost competitiveness by moving their production site to Taiwan from high-cost areas. The Company believes this benefits both suppliers and TSMC. TSMC actively addresses supply chain issues and brought together fab operations, materials management, quality systems and the risk management team to mitigate potential supply chain risks and enhance supply chain agility. Furthermore, The Company continually refines its collaboration platform with suppliers to respond to changes in demand and supply and monitors its inventory and replenishment on a daily basis so as to sustain an optimal level at rational cost.

Promoting Green Label Purchasing

TSMC encourages the use of computer servers, network equipment as well as office equipment and supplies with green labels, including computers and peripherals, recycled printer paper, recycled paper towels, and environmentally friendly cleaning supplies. The purchasing value of supplies and equipment with eco-labels was more than NT$2.4 billion in 2013, reaching 50% of spending on computer servers, network equipment and office supplies.

90% **In 2013, TSMC continued its survey on silicon wafers, reclaim wafers, gas, chemicals, quartz parts, masks and other raw materials suppliers, covering more than 90% of our total raw material purchase value.**

Concern for Supply Chain Labor Standards

Over the past several years, the Electronics Industry Citizenship Coalition (EICC) has continuously expressed concern for labor rights and working conditions. As a member of the electronics industry supply chain, TSMC has adopted EICC standards for protection of labor rights and taking care of the working conditions of employees, requiring its own supply chain manufacturers to comply with environmental, health and safety, labor rights and working conditions standards.

Suppliers Responsibilities: Sourcing Conflict-free Materials

TSMC is subject to the new U.S. SEC disclosure rule on conflict minerals released under Rule 13p-1 of the U.S. Securities Exchange Act of 1934. As a recognized global leader in the hi-tech supply-chain, we at TSMC acknowledge our corporate social responsibility to procure our minerals from conflict-free areas.

TSMC is one of the strongest supporters of the Electronic Industry Citizenship Coalition (EICC) and the Global e-Sustainability Initiative (GeSI), which will help our suppliers source conflict-free materials. TSMC in general supports the humanitarian and ethical principles contained in the OECD's Model Supply Chain Policy for a Responsible Global Supply Chain of Minerals from Conflict-Affected and High Risk Areas issued in 2011. We encourage our suppliers to source from facilities or smelters that have received a "conflict-free" designation by a recognized industry group (such as the EICC), and also required suppliers to disclose information on smelters and mines since 2011. TSMC adopts and follows global semiconductor industry conflict minerals procurement practices such as sourcing from the same suppliers used by other semiconductor companies. To date, TSMC is conflict-free for gold, tantalum, tin and tungsten because according to the results of our reasonable inquiry into the country of origin of these minerals as defined under relevant law, TSMC has not used any of these conflict minerals from the Democratic Republic of Congo and/or its surrounding countries. It is TSMC's goal to strive use tantalum, tin, tungsten and gold in our products that are DRC conflict-free. For further information, please see our Form SD to be filed within the applicable deadline with the U.S. Securities & Exchange Commission." We will continue to renew our supplier survey annually and require our suppliers to improve and expand their disclosure to fulfill regulatory and customer requirements.

15 **Completed smelter information survey for 15 identified raw material suppliers in 2013**

Note: For purposes of this section, "conflict-free" products means those that are manufactured with metals from smelters that have been validated by the EICC and GeSI CFS program, or other country of origin reasonable inquiry determination and due diligence to be "DRC conflict free" as that term is used under U.S. law.

TSMC Supply Chain Management Forum and Excellent Supplier Award

TSMC held its 13th annual Supply Chain Management forum on Dec. 12, 2013, and the theme of the forum was "Collaborate and Win Together". To show appreciation for the support and contributions of its suppliers during the past year, TSMC recognized and awarded 9 outstanding equipment and materials suppliers. Over 500 suppliers around the world in the fields of equipment, materials, packaging, testing, facilities, IT systems and services, and environmental and waste management services participated in the forum.

"TSMC's strategy is to grow together with our partners," said TSMC Co-Chief Executive Officer Dr. Mark Liu. "We collaborate with customers and suppliers through the Grand Alliance to forge closer bonds and harvest the rewards of growth together. We look forward to working hand in hand with our supplier partners to push technology forward with fresh innovations, and do our part for the continued development of the semiconductor industry."

"TSMC's growth relies on the resolute support of our supplier partners," said Dr. Steve Tso, TSMC's Senior Vice President of Materials Management and Risk Management. "With this solid partnership, TSMC will keep growing and winning together with our customers and supplier partners."

TSMC Co-Chief Executive Officer Dr. Mark Liu gave a keynote speech in 2013 TSMC 13th annual Supply Chain Management Forum.