

Appendix

Table of Contents

Overview

Letter from the Chairman

Company Profile

Stakeholder Engagement

Corporate Governance

A Great Place to Work

Customer Service and Supplier
Management

Social Participation

Environmental Protection

Appendix

Performance Summary

Assurance Statement

GRI G3.1 Index

ISO 26000 Index

United Nation Global Compact
Comparison Table

Contact Information



Table of Contents

Overview

Letter from the Chairman

Company Profile

Stakeholder Engagement

Corporate Governance

A Great Place to Work

Customer Service and Supplier Management

Social Participation

Environmental Protection

Appendix

[Performance Summary](#)

Assurance Statement

GRI G3.1 Index

ISO 26000 Index

United Nation Global Compact Comparison Table

Contact Information

TSMC CSR Performance Summary

Key Indicators	2009	2010	2011	2012	2013
Economic					
Revenue (Billion NT\$)	296	420	427	507	597
Net Income (Billion NT\$)	89	162	134	166	188
Income Tax Expense (Billion NT\$)	6	8	11	16	27
R&D Expenditures (Billion NT\$)	22	30	34	40	48
Capital Expenditures (Billion NT\$)	88	187	214	246	288
Environmental					
Greenhouse Gas Emission (Tons CO ₂ equivalent/8" Equivalent-Layer)	0.013	0.01	0.01	0.009	0.009
Greenhouse Gas Emission (Tons CO ₂ equivalent)	3,140,436	3,748,333	3,996,631	4,606,119	5,061,980
Scope 1	1,330,773	1,491,030	1,375,110	1,563,306	1,714,051
Taiwan Fabs	1,086,341	1,175,625	1,051,254	1,291,662	1,441,095
Overseas Fabs	244,432	315,405	323,856	271,644	272,956
Scope 2	1,772,147	2,217,794	2,580,521	3,042,814	3,347,929
Taiwan Fabs	1,632,421	2,048,718	2,345,625	2,738,598	3,051,981
Overseas Fabs	177,242	208,586	275,898	304,216	295,948
Energy Consumption (TJ – including electricity, nature gas and diesel)	12,437	16,188	18,407	21,052	25,799
Direct Energy Consumption (TJ – including nature gas and diesel)	880	1,028	1,177	1,208	1,365
Indirect Energy Consumption (TJ – electricity)	11,556	15,160	17,230	19,844	24,435
Water Consumption (Million m ³)	18.46	24.81	27.52	29.21	33.23
Taiwan Fabs	16.40	22.30	24.30	25.77	29.76
Overseas Fabs	2.06	2.51	3.22	3.44	3.47

(continues on next page)

Table of Contents

Overview

Letter from the Chairman

Company Profile

Stakeholder Engagement

Corporate Governance

A Great Place to Work

Customer Service and Supplier Management

Social Participation

Environmental Protection

Appendix

Performance Summary

Assurance Statement

GRI G3.1 Index

ISO 26000 Index

United Nation Global Compact Comparison Table

Contact Information

Key Indicators	2009	2010	2011	2012	2013
Process Water Recycling Rate (Taiwan Fabs) (%)	83.40	82.87	84.60	86.50	86.9
Process Water Saving (Taiwan Fabs) (Million m ³)	27.05	34.66	37.73	53.37	52.77
Waste Generated (Metric Tons)	50,199	89,536	97,981	129,921	149,951
General Waste Generated (Metric Tons)	19,080	27,453	29,270	37,459	47,336
Taiwan Fabs	17,278	24,690	25,523	33,158	42,180
Overseas Fabs	1,802	2,763	3,747	4,301	5,156
Hazardous Waste Generated (Metric Tons)	31,119	62,083	68,711	92,462	102,615
Taiwan Fabs	30,491	61,242	67,589	90,596	101,100
Overseas Fabs	628	841	1,122	1,866	1,515
Waste Recycling Rate (%)	89.55	90.88	90.47	92.74	92.22
Taiwan Fabs	91.17	91.88	91.37	93.42	92.89
Overseas Fabs	57.59	67.03	73.24	79	78.74
Social					
Numbers of Employee	24,466	33,232	33,669	37,149	40,483
Employee Training Hours	561,403	968,457	795,448	779,442	889,184
Safety – Injury Frequency Rate (Injury Number/Million Labor-hours) (Taiwan Fabs)	0.27	0.27	0.22	0.24	0.25
Safety – Injury Severity Rate (Lost Work Days/Million Labor-hours) (Taiwan Fabs)	4.11	2.56	1.97	5.19	1.34
Charity Donation (Million NT\$)	270	190	152	76.4	95.2

Table of Contents

Overview

Letter from the Chairman

Company Profile

Stakeholder Engagement

Corporate Governance

A Great Place to Work

Customer Service and Supplier Management

Social Participation

Environmental Protection

Appendix

Performance Summary

Assurance Statement

GRI G3.1 Index

ISO 26000 Index

United Nation Global Compact Comparison Table

Contact Information

ASSURANCE STATEMENT



Introduction

DNV Business Assurance Co. Ltd. Taiwan ('DNV') has been commissioned by the management of Taiwan Semiconductor Manufacturing Company Ltd. ('TSMC' or 'the Company') to carry out an assurance engagement on the Company's 2013 Corporate Responsibility Report ('the Report') against the AA1000 Assurance Standard (2008) ('AA1000AS 2008') and the Global Reporting Initiative 2011 Sustainability Reporting Guidelines Version 3.1 ('GRI G3.1').

The management of TSMC is responsible for the collection, analysis, aggregation and presentation of information within the Report. Our responsibility in performing this work is to the management of TSMC only and in accordance with terms of reference agreed with the Company. The management of TSMC are the intended users of this statement. The assurance engagement is based on the assumption that the data and information provided to us is complete and true.

Scope of Assurance

The scope of work agreed upon with TSMC included the following:

- The social, environmental and economic indicators presented in the Report, for the period of 12 months ending on 31 December 2013 and covering data on the company's head-office as well as the manufacturing sites in Taiwan, China and the United States.
- Evaluation of the reporting principles for defining the sustainability report content and the quality as expressed in the Sustainability Reporting Guidelines GRI G3.1.
- Evaluation of Accountability Principles and Performance Information (Type 2) with a **High level of assurance**, according to AA 1000 Accountability Principles Standard 2008 and AA1000 AS 2008. Evaluation of **specific sustainability performance information**:
 - reported progress against the company's 2013 environmental commitments;
 - the core indicators set forth in the GRI G3.1.

Our verification has not covered data and information related to the financial and Green House Gases data. The data and information of financial data and Green House Gases emission/reduction data has been acquired from the certified balance sheet and GHG Inventory report.

Verification Methodology

The verification was conducted by DNV on March 2014, by suitably qualified and experienced professionals, and in accordance with the DNV Protocol for Verification of Sustainability Reporting. The verification was conducted based only on the Chinese version Report.

The Report has been evaluated against the following criteria:

- Adherence to the principles of Inclusivity, Materiality and Responsiveness, as well as reliability of the specified sustainability performance information mentioned above, as set out in the AA1000AS 2008,
- Adherence to additional principles of Completeness and Neutrality, as set out in DNV's Protocol,
- Adherence to principles and requirements of the GRI G3.1 for an application level A+.

As part of the verification, DNV has challenged the statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls. For example, we have:

- Examined and reviewed documents, data and other information made available to DNV by TSMC;
- Visited the head-office and 4 production sites located in Taiwan;
- Conducted interviews with 50 company representatives, including senior managers, line manager and employees of various functions of the company, as well as NGOs involved in TSMC philanthropic activities;
- Consulted with external stakeholders, Taiwan Semiconductor Industry Association (TSIA);
- Performed sample-based reviews of the mechanisms for implementing the Company's own corporate responsibility-related policies, as described in the Report;
- Performed sample-based checks of the processes for generating, gathering and managing the quantitative and qualitative data included in the Report.

Conclusions

In our opinion, the TSMC 2013 Corporate Responsibility Report meets the content requirements of the GRI Application Level A+, and provides an accurate and fair representation of the level of implementation of related Corporate Social Responsibility (CSR) policies. We have evaluated the Report's adherence to the following principles on a scale of 'Good', 'Acceptable' and 'Needs Improvement':

Page 1 of 2

This Assurance Statement is based on the information made available to us and the engagement conditions detailed above. Hence, DNV can not guarantee the accuracy or correctness of the information. DNV can not be held liable by any party relying or acting upon this Assurance Statement.
立思威國際驗證股份有限公司, 新北市 220 板橋區文化路 2 段 293 號 29 樓

AA1000 AS 2008 principles:

Inclusivity: Acceptable. The Company has identified the expectations of stakeholders through internal mechanisms in dialogue with different groups of stakeholders. The key CSR issues identified through this process are reflected in the Report.

Materiality: Acceptable. The process developed internally has not missed out any significant, known material issues, and these issues are fairly covered in the Report. The Company has continued to adopt the materiality review process over the past year to identify more specific CSR issues. And a risk matrix has been developed to evaluate the priority of these issues.

Responsiveness: Good. The Company has adequately responded to stakeholder concerns through its policies, CSR Committee, and management systems, and this is reflected in the Report.

Additional principles:

Completeness: Good. The Report covers performance against the GRI G3.1 core indicators that are material within the Company's reporting boundary. The information in the Report includes the company's most significant initiatives or events that occurred in the reporting period.

Neutrality: Good. DNV considers that the information contained in the Report is balanced. The emphasis on various topics in the Report is proportionate to their relative materiality.

Finally, in accordance with Type 2, high level assurance requirements, we conclude that the specified CSR data and information presented in the Report is reliable. The Company has developed its own data management system for capturing and reporting its CSR performance. No systematic errors were detected.

Limitations

This statement is based upon the application of sample principles and professional judgment to certain facts, with resulting subjective interpretations. Professional judgments expressed herein are based upon the facts currently available within the limits of the existing data, scope of work, the budget and time schedule. Therefore we cannot provide guarantees that further relevant aspects may not arise in the future which were not known to us during the investigation.

Opportunities for improvement

The following is an excerpt from the observations and opportunities reported back to the management of TSMC. However, these do not affect our conclusions on the Report, and they are indeed generally consistent with the management objectives already in place.

- The improvement can be made to enhance the data collection and analysis from different stakeholder communication channels to identify the key issues.
- We see tsmc is ready to apply GRI G4 guideline in next CR report.
- It is suggested to proactively encourage employee to explore tsmc CR report and to provide feedbacks. We found from employee interview that most of them did not read tsmc CR report; and most of them recognize CSR activities as the philanthropic activities only.

DNV's Competence and Independence

DNV is a global provider of sustainability services, with environmental and social assurance specialists working in over 100 countries. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this Assurance Statement.

For DNV Business Assurance Co. Ltd. Taiwan,

Signed: 	Signed:
Name of Lead Verifier: Chun-Nan Lin	Name of Reviewer: David Hsieh District Manager

DNV Business Assurance Co. Ltd.,
Taiwan, R.O.C., 3 April 2014
Statement Number: 00001-2014-ACSR-TWN



Page 2 of 2

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Table of Contents

Overview

Letter from the Chairman

Company Profile

Stakeholder Engagement

Corporate Governance

A Great Place to Work

Customer Service and Supplier Management

Social Participation

Environmental Protection

Appendix

Performance Summary

Assurance Statement

GRI G3.1 Index

ISO 26000 Index

United Nation Global Compact Comparison Table

Contact Information

GRI G3.1 Index

● Fully disclosed ● Partially disclosed

Profile Disclosure	Description	Extent of reporting	Related TSMC CSR Report Section	Page(s)	Explanatory Notes
Strategy and Analysis					
1.1	Statement from the most senior decision-maker of the organization.	●	1. Letter from the Chairman	<u>10</u>	
1.2	Description of key impacts, risks, and opportunities.	●	1. Letter from the Chairman 4.9 Risk Management	<u>10</u> <u>38</u>	
Organizational Profile					
2.1	Name of the organization.	●	2. Company Profile	<u>13</u>	
2.2	Primary brands, products, and/or services.	●	2. Company Profile	<u>13</u>	
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	●	2. Company Profile	<u>13</u>	
2.4	Location of organization's headquarters.	●	Contact Information	<u>141</u>	
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	●	2. Company Profile	<u>13</u>	
2.6	Nature of ownership and legal form.	●	2. Company Profile	<u>13</u>	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	●	2.1 Market/Business Summary	<u>14</u>	
2.8	Scale of the reporting organization.	●	2.6 Financial Highlights 5.1.1 Stable and Healthy Workforce	<u>24</u> <u>40</u>	
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	●	2. Company Profile 2.1 Market/Business Summary	<u>13</u> <u>14</u>	No significant changes
2.10	Awards received in the reporting period.	●	Awards and Recognitions	<u>6</u>	
Report Parameters					
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	●	Overview	<u>1</u>	
3.2	Date of most recent previous report (if any).	●	Overview	<u>1</u>	
3.3	Reporting cycle (annual, biennial, etc.)	●	Overview	<u>1</u>	

(continues on next page)

● Fully disclosed ● Partially disclosed

Profile Disclosure	Description	Extent of reporting	Related TSMC CSR Report Section	Page(s)	Explanatory Notes
3.4	Contact point for questions regarding the report or its contents.	●	Contact Information	<u>141</u>	
3.5	Process for defining report content including: Determining materiality; Prioritizing topics within the report; and Identifying stakeholders the organization expects to use the report.	●	3 Stakeholder Engagement	<u>26</u>	
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	●	Overview	<u>1</u>	
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	●	Overview	<u>1</u>	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	●	Overview 2 Company Profile	<u>1</u> <u>13</u>	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	●	Overview	<u>1</u>	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	●	Overview	<u>1</u>	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	●	Overview	<u>1</u>	
3.12	Table identifying the location of the Standard Disclosures in the report.	●	GRI Index	<u>124</u>	
3.13	Policy and current practice with regard to seeking external assurance for the report.	●	Overview Independent Assurance Report	<u>1</u> <u>123</u>	

(continues on next page)

Table of Contents

Overview

Letter from the Chairman

Company Profile

Stakeholder Engagement

Corporate Governance

A Great Place to Work

Customer Service and Supplier Management

Social Participation

Environmental Protection

Appendix

Performance Summary

Assurance Statement

[GRI G3.1 Index](#)

ISO 26000 Index

United Nation Global Compact Comparison Table

Contact Information

● Fully disclosed ◐ Partially disclosed

Profile Disclosure	Description	Extent of reporting	Related TSMC CSR Report Section	Page(s)	Explanatory Notes
Governance, Commitments, and Engagement					
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	●	4 Corporate Governance 4.1 Governance Structure 4.2 Board of Directors 4.3 Audit Committee 4.4 Compensation Committee 4.5 Corporate Responsibility Committee	<u>32</u> <u>32</u> <u>33</u> <u>34</u> <u>34</u>	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	●	4.2.1 Board Structure	<u>33</u>	
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	●	4.2.1 Board Structure	<u>33</u>	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	●	5.3.2 Open Communication Channels, Unobstructed Employee Participation, Harmonious Labor Relations	<u>50</u>	Our AGM is presided by the Chairman of the Board. Shareholders can provide recommendations or direction to the Board at AGM.
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	◐	4.2 Board of Directors 4.4 Compensation Committee 4.5 Corporate Responsibility Committee	<u>33</u> <u>34</u> <u>34</u>	Currently, TSMC Directors' compensation consists exclusively of fixed compensation in principle. TSMC's Articles of Incorporation restricts the amount of compensation payable to its directors that the Company may make from its distributable earnings (defined as net income after required regulatory provisions). Over the years, TSMC directors' compensation declined from 1% of TSMC's distributable earnings to 0.3%, before being capped to no more than 0.3% of its distributable compensation. Corporate governance is essential in the Company's operation by the Board of Directors and the Management Team. Social is also regarded as an integral part of corporate governance by TSMC.
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	●	4.2.5 Avoiding Conflicts of Interests 4.7 Code of Ethics and Business Conduct	<u>34</u> <u>35</u>	

(continues on next page)

Table of Contents

Overview

Letter from the Chairman

Company Profile

Stakeholder Engagement

Corporate Governance

A Great Place to Work

Customer Service and Supplier Management

Social Participation

Environmental Protection

Appendix

Performance Summary

Assurance Statement

[GRI G3.1 Index](#)

ISO 26000 Index

United Nation Global Compact Comparison Table

Contact Information

● Fully disclosed ◐ Partially disclosed

Profile Disclosure	Description	Extent of reporting	Related TSMC CSR Report Section	Page(s)	Explanatory Notes
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	●	4.2 Board of Directors 4.3 Audit Committee 4.4 Compensation Committee 4.5 Corporate Responsibility Committee	<u>33</u> <u>34</u> <u>34</u> <u>34</u>	TSMC considers the member of the highest governance body and its committees focusing on his or her qualifications and expertise, regardless of race or gender.
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	●	4.7 Code of Ethics and Business Conduct	<u>35</u>	
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	●	1 Letter from the Chairman 4.2.2 Board Responsibilities 4.3 Audit Committee 4.5 Corporate Responsibility Committee	<u>10</u> <u>33</u> <u>34</u> <u>34</u>	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	◐	4.3 Audit Committee	<u>34</u>	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	◐	4.2.2 Board Responsibilities 4.3 Audit Committee 4.5 Corporate Responsibility Committee 4.7.2 Code Administration and Disciplinary Action 4.9 Risk Management	<u>33</u> <u>34</u> <u>34</u> <u>35</u> <u>38</u>	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	●	1 Letter from the Chairman 8.3.2 Climate Change Mitigation	<u>10</u> <u>96</u>	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	●	2.4 Membership in Industry Associations	<u>22</u>	
4.14	List of stakeholder groups engaged by the organization.	●	3 Stakeholder Engagement	<u>26</u>	
4.15	Basis for identification and selection of stakeholders with whom to engage.	●	3 Stakeholder Engagement	<u>26</u>	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	●	3 Stakeholder Engagement	<u>26</u>	

(continues on next page)

Table of Contents

Overview

Letter from the Chairman

Company Profile

Stakeholder Engagement

Corporate Governance

A Great Place to Work

Customer Service and Supplier Management

Social Participation

Environmental Protection

Appendix

Performance Summary

Assurance Statement

GRI G3.1 Index

ISO 26000 Index

United Nation Global Compact Comparison Table

Contact Information

● Fully disclosed ◐ Partially disclosed

Table of Contents

Overview

Letter from the Chairman

Company Profile

Stakeholder Engagement

Corporate Governance

A Great Place to Work

Customer Service and Supplier Management

Social Participation

Environmental Protection

Appendix

Performance Summary

Assurance Statement

[GRI G3.1 Index](#)

ISO 26000 Index

United Nation Global Compact Comparison Table

Contact Information

Profile Disclosure	Description	Extent of reporting	Related TSMC CSR Report Section	Page(s)	Explanatory Notes
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	●	3 Stakeholder Engagement	<u>26</u>	
Management Approach and Performance Indicators					
Economic					
DMA	Disclosures on Management Approach	●	2 Company Profile	<u>13</u>	
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	◐	2.6 Financial Highlights	<u>24</u>	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	◐	8.3 Climate Change	<u>94</u>	
EC3	Coverage of the organization's defined benefit plan obligations.	●	5.2.4 Benefits –Safeguarding Employees' Rights	<u>47</u>	
EC4	Significant financial assistance received from government.	●	2.6 Financial Highlights	<u>24</u>	
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	●	5.1.3 Compensation and Rewarding People for Long-Term Growth	<u>43</u>	Taiwan's law regulates that the lowest rate of monthly salary is NT\$19,047. The compensation provided by TSMC is much higher than the figure for both male and female employees.
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	◐	6.2 Supplier Management	<u>63</u>	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	◐	5.1.1 Stable and Healthy Workforce 5.1.2 Recruiting the Right People	<u>40</u> <u>41</u>	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	◐			No related investments and services
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	◐	6.1 Customer Service and Satisfaction 6.2 Supplier Management	<u>62</u> <u>63</u>	

(continues on next page)

● Fully disclosed ◐ Partially disclosed

Table of Contents

Overview

Letter from the Chairman

Company Profile

Stakeholder Engagement

Corporate Governance

A Great Place to Work

Customer Service and Supplier Management

Social Participation

Environmental Protection

Appendix

Performance Summary

Assurance Statement

[GRI G3.1 Index](#)

ISO 26000 Index

United Nation Global Compact Comparison Table

Contact Information

Profile Disclosure	Description	Extent of reporting	Related TSMC CSR Report Section	Page(s)	Explanatory Notes
Environmental					
DMA	Disclosures on Management Approach	●	8 Environmental Protection	<u>88</u>	
EN1	Materials used by weight or volume.	◐	8.6.1 Source Reduction – Raw Materials Usage Reduction 8.3.2 Climate Change Mitigation 8.4 Water Resource Management	<u>109</u> <u>96</u> <u>100</u>	
EN2	Percentage of materials used that are recycled input materials.	◐	8.6 Pollution Prevention 8.6.1 Source Reduction – Raw Materials Usage Reduction	<u>108</u> <u>109</u>	
EN3	Direct energy consumption by primary energy source.	●	8.3.2 Climate Change Mitigation	<u>96</u>	
EN4	Indirect energy consumption by primary source.	●	8.3.2 Climate Change Mitigation	<u>96</u>	
EN5	Energy saved due to conservation and efficiency improvements.	◐	8.3.2 Climate Change Mitigation 8.2 From Green Buildings to Green Sustainability	<u>96</u> <u>91</u>	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	●	8.3.2 Climate Change Mitigation 8.2 From Green Buildings to Green Sustainability	<u>96</u> <u>91</u>	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	●	8.3.2 Climate Change Mitigation 8.2 From Green Buildings to Green Sustainability	<u>96</u> <u>91</u>	
EN8	Total water withdrawal by source.	●	8.4 Water Resource Management	<u>100</u>	Our water source is 100% from city water.
EN9	Water sources significantly affected by withdrawal of water.	●	8.4 Water Resource Management	<u>100</u>	
EN10	Percentage and total volume of water recycled and reused.	●	8.5 Green Product (Water Footprint)	<u>107</u>	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	●	8.8 Green Promotion and Ecological Preservation	<u>117</u>	WaferTech site has 8 acres wetland preservative area.

(continues on next page)

● Fully disclosed ◐ Partially disclosed

Profile Disclosure	Description	Extent of reporting	Related TSMC CSR Report Section	Page(s)	Explanatory Notes
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	◐	8.2 From Green Buildings to Green Sustainability 8.8 Green Promotion and Ecological Preservation	<u>91</u> <u>117</u>	
EN13	Habitats protected or restored.	◐	8.8 Green Promotion and Ecological Preservation	<u>117</u>	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	◐	8.2 From Green Buildings to Green Sustainability 8.8 Green Promotion and Ecological Preservation	<u>91</u> <u>117</u>	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	●			TSMC's operational areas have no IUCN Red List species and national conservation list species.
EN16	Total direct and indirect greenhouse gas emissions by weight.	●	8.3.2 Climate Change Mitigation (Greenhouse Gas Inventory)	<u>96</u>	
EN17	Other relevant indirect greenhouse gas emissions by weight.	◐	8.5 Green Product (Carbon Footprint)	<u>107</u>	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	●	8.3.2 Climate Change Mitigation (GHG Emission Reduction)	<u>97</u>	
EN19	Emissions of ozone-depleting substances by weight.	●			TSMC does not use Montreal Protocol class 1 or 2 ozone-depleting substances.
EN20	NO _x , SO _x and other significant air emissions by type and weight.	●	8.6.3 Air Pollution Control	<u>112</u>	
EN21	Total water discharge by quality and destination.	◐	8.5 Green Product (Water Footprint) 8.6.2 Water Pollution Control	<u>107</u> <u>110</u>	
EN22	Total weight of waste by type and disposal method.	●	8.6.4 Waste Reduction and Resource Recycling	<u>113</u>	
EN23	Total number and volume of significant spills.	●	8.7.2 Environmental Compliance Record	<u>116</u>	
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	●	8.6.4 Waste Reduction and Resource Recycling	<u>113</u>	TSMC is compliant with environmental laws for hazardous waste disposal.

(continues on next page)

Table of Contents

Overview

Letter from the Chairman

Company Profile

Stakeholder Engagement

Corporate Governance

A Great Place to Work

Customer Service and Supplier Management

Social Participation

Environmental Protection

Appendix

Performance Summary

Assurance Statement

[GRI G3.1 Index](#)

ISO 26000 Index

United Nation Global Compact Comparison Table

Contact Information

● Fully disclosed ◐ Partially disclosed

Profile Disclosure	Description	Extent of reporting	Related TSMC CSR Report Section	Page(s)	Explanatory Notes
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	◐	8.6.4 Waste Reduction and Resource Recycling 8.2 From Green Buildings to Green Sustainability	<u>113</u> <u>91</u>	TSMC's treated wastewater is discharged to the Science Park wastewater treatment plant, there is no significant environmental impact.
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	◐	8.5 Green Product	<u>104</u>	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	◐	8.5 Green Product	<u>104</u>	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	●	8.7.2 Environmental Compliance Record	<u>116</u>	
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	◐	8.3.2 Climate Change Mitigation (Greenhouse Gas Inventory) 8.5 Green Product	<u>96</u> <u>104</u>	There is no significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.
EN30	Total environmental protection expenditures and investments by type.	●	8.7 Environmental Management System	<u>114</u>	
Social: Labor Practices and Decent Work					
DMA	Disclosures on Management Approach	●	5 A Great Place to Work	<u>39</u>	
LA1	Total workforce by employment type, employment contract, and region broken down by gender.	●	5.1.1 Stable and Healthy Workforce	<u>40</u>	
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	●	5.1.1 Stable and Healthy Workforce 5.1.2 Recruiting the Right People	<u>40</u> <u>41</u>	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	◐	5.1.3 Compensation and Rewarding People for Long-Term Growth 5.2.4 Benefits –Safeguarding Employees' Rights	<u>43</u> <u>47</u>	TSMC is dedicated to fulfill its commitment to employees by providing them with good compensation and benefits. For a small amount of temporary employees that are hired due to specific needs, the Company is committed to providing them the compensation and benefits that comply to Taiwan's law.
LA4	Percentage of employees covered by collective bargaining agreements.	◐	5.3.2 Open Communication Channels, Unobstructed Employee Participation, Harmonious Labor Relations	<u>50</u>	TSMC has no union, no employees covered by collective bargaining agreements.

(continues on next page)

Table of Contents

Overview

Letter from the Chairman

Company Profile

Stakeholder Engagement

Corporate Governance

A Great Place to Work

Customer Service and Supplier Management

Social Participation

Environmental Protection

Appendix

Performance Summary

Assurance Statement

[GRI G3.1 Index](#)

ISO 26000 Index

United Nation Global Compact Comparison Table

Contact Information

● Fully disclosed ◐ Partially disclosed

Profile Disclosure	Description	Extent of reporting	Related TSMC CSR Report Section	Page(s)	Explanatory Notes
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	●			TSMC complies with notification process regulations. If an employee has been employed continuously between three months and one year, 10 days advance notice will be given. For those employed continuously between one year and three years, 20 days advance notice will be given. For those employed continuously for at least three years, 30 days advance notice will be given.
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	●	5.5 Safety and Health (Safety and Health Committee)	55	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	◐	5.5 Safety and Health (Occupational Injury and Illness Statistics)	56	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	◐	5.5 Safety and Health (Corporate New Contagious Disease Prevention Program)	58	
LA9	Health and safety topics covered in formal agreements with trade unions.	◐			TSMC has no union, no related agreements.
LA10	Average hours of training per year per employee by gender and by employee category.	◐	5.1.4 The Engine of Employee Growth	44	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	●	5.1.4 The Engine of Employee Growth	44	
LA12	Percentage of employees receiving regular performance and career development reviews by gender.	●	5.1.4 The Engine of Employee Growth	44	
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	◐	5.1.1 Stable and Healthy Workforce	40	
LA14	Ratio of basic salary of women to men by employee category, by significant locations of operation.	●	5.1.3 Compensation and Rewarding People for Long-Term Growth	43	
LA15	Return to work and retention rates after parental leave, by gender.	●	5.2.4 Benefits – Safeguarding Employees' Rights	47	

(continues on next page)

Table of Contents

Overview

Letter from the Chairman

Company Profile

Stakeholder Engagement

Corporate Governance

A Great Place to Work

Customer Service and Supplier Management

Social Participation

Environmental Protection

Appendix

Performance Summary

Assurance Statement

[GRI G3.1 Index](#)

ISO 26000 Index

United Nation Global Compact Comparison Table

Contact Information

● Fully disclosed ◐ Partially disclosed

Profile Disclosure	Description	Extent of reporting	Related TSMC CSR Report Section	Page(s)	Explanatory Notes
Social: Human Rights					
DMA	Disclosures on Management Approach	●	5 A Great Place to Work	<u>39</u>	
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns or that have undergone human rights screening.	●			We don't have related clause in investment agreements and contracts.
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone screening on human rights and actions taken.	◐	6.2 Supplier Management	<u>63</u>	We don't apply the requirements to our contractors in our contract.
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	●	5.3.2 Open Communication Channels, Unobstructed Employee Participation, Harmonious Labor Relations	<u>50</u>	
HR4	Total number of incidents of discrimination and corrective actions taken.	●	5.3.2 Open Communication Channels, Unobstructed Employee Participation, Harmonious Labor Relations	<u>50</u>	There were no discrimination case in 2013.
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	●	6.2 Supplier Management	<u>63</u>	No significant risk according to our supplier sustainability questionnaire survey.
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	●	6.2 Supplier Management	<u>63</u>	No significant risk according to our supplier sustainability questionnaire survey.
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	●	6.2 Supplier Management	<u>63</u>	No significant risk according to our supplier sustainability questionnaire survey.
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	●			All security personnel of tsmc are required to complete training regarding legal awareness, working guideline and reception courtesy.
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	●			There were no violations involving rights of indigenous people in 2013.

(continues on next page)

Table of Contents

Overview

Letter from the Chairman

Company Profile

Stakeholder Engagement

Corporate Governance

A Great Place to Work

Customer Service and Supplier Management

Social Participation

Environmental Protection

Appendix

Performance Summary

Assurance Statement

[GRI G3.1 Index](#)

ISO 26000 Index

United Nation Global Compact Comparison Table

Contact Information

● Fully disclosed ◐ Partially disclosed

Profile Disclosure	Description	Extent of reporting	Related TSMC CSR Report Section	Page(s)	Explanatory Notes
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	◐			We don't have related assessment. However, our new sites are in Science Park and compliant with Science Park's Environmental Impact Assessment commitments and legal requirements.
HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms.	●	5.3.2 Open Communication Channels, Unobstructed Employee Participation, Harmonious Labor Relations	50	There were no grievances related to human rights filed in 2013.
Social: Society					
DMA	Disclosures on Management Approach	●	4 Corporate Governance 4.2.2 Board Responsibilities 4.5 Corporate Responsibility Committee	32 33 34	
SO1	"Percentage of operations with implemented local community engagement, impact assessments, and development programs."	◐			Our fabs are all in Industry Park and compliant with its Environmental Impact Assessment commitments.
SO2	Percentage and total number of business units analyzed for risks related to corruption.	●	4.7 Code of Ethics and Business Conduct	35	It is stated in 6.2.3 of TSMC Ethics and Business Conduct Policy that employees with a job grade 36 and above must declare the status of conflicts of interest on a yearly basis. For Employees below job grade 36 in the purchasing or sales/marketing functions or any other sensitive functions as determined by the functional Vice Presidents, the respective Vice President will decide on which positions will be required to declare on a yearly basis. Business units of risks related to corruption are defined, and 100% of them have completed 2013 annual declaration of conflicts of interest.
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	◐	4.7 Code of Ethics and Business Conduct 4.8 Regulatory Compliance	35 36	New Employee Orientation delivers TSMC core values and shapes simulated scenarios of the Company's work environment; furthermore, the Company continues to strengthen employees mindset that, with suppliers, one should maintain an objective, consistent, and impartial attitude.
SO4	Actions taken in response to incidents of corruption.	●	4.7.2 Code Administration and Disciplinary Action	35	

(continues on next page)

Table of Contents

Overview

Letter from the Chairman

Company Profile

Stakeholder Engagement

Corporate Governance

A Great Place to Work

Customer Service and Supplier Management

Social Participation

Environmental Protection

Appendix

Performance Summary

Assurance Statement

[GRI G3.1 Index](#)

ISO 26000 Index

United Nation Global Compact Comparison Table

Contact Information

● Fully disclosed ◐ Partially disclosed

Table of Contents

Overview

Letter from the Chairman

Company Profile

Stakeholder Engagement

Corporate Governance

A Great Place to Work

Customer Service and Supplier Management

Social Participation

Environmental Protection

Appendix

Performance Summary

Assurance Statement

[GRI G3.1 Index](#)

ISO 26000 Index

United Nation Global Compact Comparison Table

Contact Information

Profile Disclosure	Description	Extent of reporting	Related TSMC CSR Report Section	Page(s)	Explanatory Notes
SO5	Public policy positions and participation in public policy development and lobbying.	●	4.8.1 Major Accomplishments 8.3.1 TSMC's Climate Change Response Strategy 8.4 Water Resource Management	<u>37</u> <u>94</u> <u>100</u>	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	●	4.6 Political Contributions	<u>34</u>	
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	●	4.7 Code of Ethics and Business Conduct 4.8 Regulatory Compliance	<u>35</u>	
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	●	4.8 Regulatory Compliance	<u>36</u>	No significant fine
SO9	Operations with significant potential or actual negative impacts on local communities.	●			No significant impact.
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	●			No significant impact.
Social: Product Responsibility					
DMA	Disclosures on Management Approach	●	8.5 Green Product	<u>104</u>	
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	●			Not applicable due to we are not end-product manufacturer.
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	●			Not applicable due to we are not end-product manufacturer.
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	●			Not applicable due to we are not end-product manufacturer.
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	●			There were no non-compliance cases with regulations and voluntary codes concerning product and service information and labeling in 2013.

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● Fully disclosed ● Partially disclosed

Profile Disclosure	Description	Extent of reporting	Related TSMC CSR Report Section	Page(s)	Explanatory Notes
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	●	6.1 Customer Service and Satisfaction	62	
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	●			Not applicable due to we are not end-product manufacturer.
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	●			Not applicable due to we are not end-product manufacturer.
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	●			No case in 2013.
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	●			There were no fines for non-compliance with laws and regulations concerning the provision and use of products and services.

Table of Contents

Overview

Letter from the Chairman

Company Profile

Stakeholder Engagement

Corporate Governance

A Great Place to Work

Customer Service and Supplier Management

Social Participation

Environmental Protection

Appendix

Performance Summary

Assurance Statement

[GRI G3.1 Index](#)

ISO 26000 Index

United Nation Global Compact Comparison Table

Contact Information

Table of Contents

Overview

Letter from the Chairman

Company Profile

Stakeholder Engagement

Corporate Governance

A Great Place to Work

Customer Service and Supplier Management

Social Participation

Environmental Protection

Appendix

Performance Summary

Assurance Statement

GRI G3.1 Index

[ISO 26000 Index](#)

United Nation Global Compact Comparison Table

Contact Information

ISO 26000 Index

Core Subjects and Issues		Related CSR Report Section	Page(s)	Explanatory Notes
Organizational Governance	Decision-making processes and structures	3 Stakeholder Engagement	<u>26</u>	
		4 Corporate Governance	<u>32</u>	
Human Rights	Due diligence			We don't have related assessment. However, our new sites are in Science Park and compliant with Science Park's Environmental Impact Assessment commitments and legal requirements.
	Human rights risk situations			TSMC complies with law and respects each employee's human rights.
	Avoidance of complicity	4.7 Code of Ethics and Business Conduct	<u>35</u>	
	Resolving grievances	5.3.2 Open Communication Channels, Unobstructed Employee Participation, Harmonious Labor Relations	<u>50</u>	
	Discrimination and vulnerable groups			TSMC carries out its human resources policy and practice without the consideration of race, gender, age, religion, nationality, or political affiliation.
	Civil and political rights	4.6 Political Contributions 5.3.2 Open Communication Channels, Unobstructed Employee Participation, Harmonious Labor Relations	<u>34</u> <u>50</u>	
	Economic, social and cultural rights	5.2 Encouraging a Balanced Life	<u>46</u>	
	Fundamental principles and rights at work	5.2.4 Benefits – Safeguarding Employees' Rights	<u>47</u>	
	Employment and employment relationships	5.1.2 Recruiting the Right People	<u>41</u>	
	Conditions of work and social protection	5.2 Encouraging a Balanced Life 5.3 Employee Engagement	<u>46</u> <u>49</u>	
Labor Practices	Social dialogue	3. Stakeholder Engagement	<u>26</u>	
	Health and safety at work	5.4 Employees' Physical and Mental Well-being 5.5 Safety and Health	<u>51</u> <u>54</u>	
	Human development and training in the workplace	5.1.4 The Engine of Employee Growth	<u>44</u>	

(continues on next page)

Table of Contents

Overview

Letter from the Chairman

Company Profile

Stakeholder Engagement

Corporate Governance

A Great Place to Work

Customer Service and Supplier Management

Social Participation

Environmental Protection

Appendix

Performance Summary

Assurance Statement

GRI G3.1 Index

[ISO 26000 Index](#)United Nation Global Compact
Comparison Table

Contact Information

Core Subjects and Issues		Related CSR Report Section	Page(s)	Explanatory Notes
The Environment	Prevention of pollution	8.6 Pollution Prevention	<u>108</u>	
	Sustainable resource use	8.4 Water Resource Management	<u>100</u>	
	Climate change mitigation and adaptation	8.3 Climate Change	<u>94</u>	
	Protection of the environment, biodiversity and restoration of natural habitats	8.2 From Green Buildings to Green Sustainability 8.8 Green Promotion and Ecological Preservation	<u>91</u> <u>117</u>	
Fair Operating Practices	Anti-corruption	4.7 Code of Ethics and Business Conduct	<u>35</u>	
	Responsible political involvement	4.6 Political Contributions	<u>34</u>	
	Fair competition	4.7 Code of Ethics and Business Conduct	<u>35</u>	
	Promoting social responsibility in the value chain	6. Customer Service and Supplier Management	<u>61</u>	
	Respect for property rights			
Consumer Issues	Fair marketing, factual and unbiased information and fair contractual practices	4.7 Code of Ethics and Business Conduct	<u>35</u>	
	Protecting consumers' Health and safety			TSMC is a wafer foundry. We don't provide final products to consumers.
	Sustainable consumption	6.2.1 Ensuring Supply Chain Sustainability	<u>63</u>	
	Consumer service, support, and complaint and dispute resolution	6.1 Customer Service and Satisfaction	<u>62</u>	
	Consumer data protection and privacy	2.3 Trade Secret Protection	<u>21</u>	
	Access to essential services	6.1 Customer Service and Satisfaction	<u>62</u>	
	Education and awareness	6.1 Customer Service and Satisfaction	<u>62</u>	

(continues on next page)

Table of Contents

Overview

Letter from the Chairman

Company Profile

Stakeholder Engagement

Corporate Governance

A Great Place to Work

Customer Service and Supplier
Management

Social Participation

Environmental Protection

Appendix

Performance Summary

Assurance Statement

GRI G3.1 Index

[ISO 26000 Index](#)United Nation Global Compact
Comparison Table

Contact Information

Core Subjects and Issues		Related CSR Report Section	Page(s)	Explanatory Notes
Community Involvement and Development	Community involvement	7 Social Participation	<u>71</u>	
	Education and culture	7.1 TSMC Education and Culture Foundation	<u>73</u>	
	Employment creation and skills development	5.1.2 Recruit the Right People	<u>41</u>	
	Technology development and access	2.2 Innovation Management	<u>15</u>	
	Wealth and income creation	2.5 Investor Engagement	<u>22</u>	
	Health	5.5 Safety and Health	<u>54</u>	
	Social investment			We don't have related investment.

Table of Contents

Overview

Letter from the Chairman

Company Profile

Stakeholder Engagement

Corporate Governance

A Great Place to Work

Customer Service and Supplier Management

Social Participation

Environmental Protection

Appendix

Performance Summary

Assurance Statement

GRI G3.1 Index

ISO 26000 Index

[United Nation Global Compact Comparison Table](#)

Contact Information

United Nation Global Compact Comparison Table

Category	10 Principles	Related CSR Report Section	Page(s)	Explanatory Notes
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights;			TSMC complies with law and respects each employee's human rights.
	Make sure that they are not complicit in human rights abuses.	4.7 Code of Ethics and Business Conduct 6.2.1 Ensuring Supply Chain Sustainability	<u>35</u> <u>63</u>	
Labor	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	5.3.2 Open Communication Channels, Unobstructed Employee Participation, Harmonious Labor Relations	<u>50</u>	
	The elimination of all forms of forced and compulsory labor;	5.3.2 Open Communication Channels, Unobstructed Employee Participation, Harmonious Labor Relations	<u>50</u>	
	The effective abolition of child labor; and	5.1.2 Recruiting the Right People	<u>41</u>	
	The elimination of discrimination in respect of employment and occupation.	5.1.2 Recruiting the Right People	<u>41</u>	
Environment	Businesses should support a precautionary approach to environmental challenges;	8 Environmental Protection 8.7 Environmental Management System	<u>88</u> <u>114</u>	
	Undertake initiatives to promote greater environmental responsibility; and	8.7 Environmental Management System	<u>114</u>	
	Encourage the development and diffusion of environmentally friendly technologies.	8.5 Green Product	<u>104</u>	
Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery.	4.7 Code of Ethics and Business Conduct	<u>35</u>	

Table of Contents

Overview

Letter from the Chairman

Company Profile

Stakeholder Engagement

Corporate Governance

A Great Place to Work

Customer Service and Supplier Management

Social Participation

Environmental Protection

Appendix

Performance Summary

Assurance Statement

GRI G3.1 Index

ISO 26000 Index

United Nation Global Compact Comparison Table

[Contact Information](#)



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