

Human Rights

Strategies

Enforce the TSMC Human Rights Policy

Comply with the United Nations Guiding Principles on Business and Human Rights (UNGPs) to monitor material human rights issues and minimize relevant risks

2030 Goals

Maintain Human Rights Related Issues in all fabs that implement the Validated Assessment Program (VAP) of the Responsible Business Alliance (RBA) at a zero-missing level

Optimize training and management systems to support zero sexual harassment, zero workplace bullying, work hour management, human rights of disabled employees, and proprietary information protection

2023 Targets


Maintain Human Rights Related Issues in all fabs that implement the VAP of the RBA at a zero-missing level


Organize a training program on TSMC Human Rights Policy: Say No to Sexual Harassment and Build Up a Friendly Workplace


- Completion rate >95%

- 100% pass rate in post-class tests




2022 Achievements

Maintained Human Rights Related Issues in all fabs that implement the VAP of the RBA at a zero-missing level
Target: Zero-missing 

Organized a training program on TSMC Human Rights Policy: Say No to Sexual Harassment and Build Up a Friendly Workplace 

- Completion rate 97%
Target: 95% 

- 100% pass rate in post-class tests
Target: 100%

 Exceeded  Achieved  Missed Target

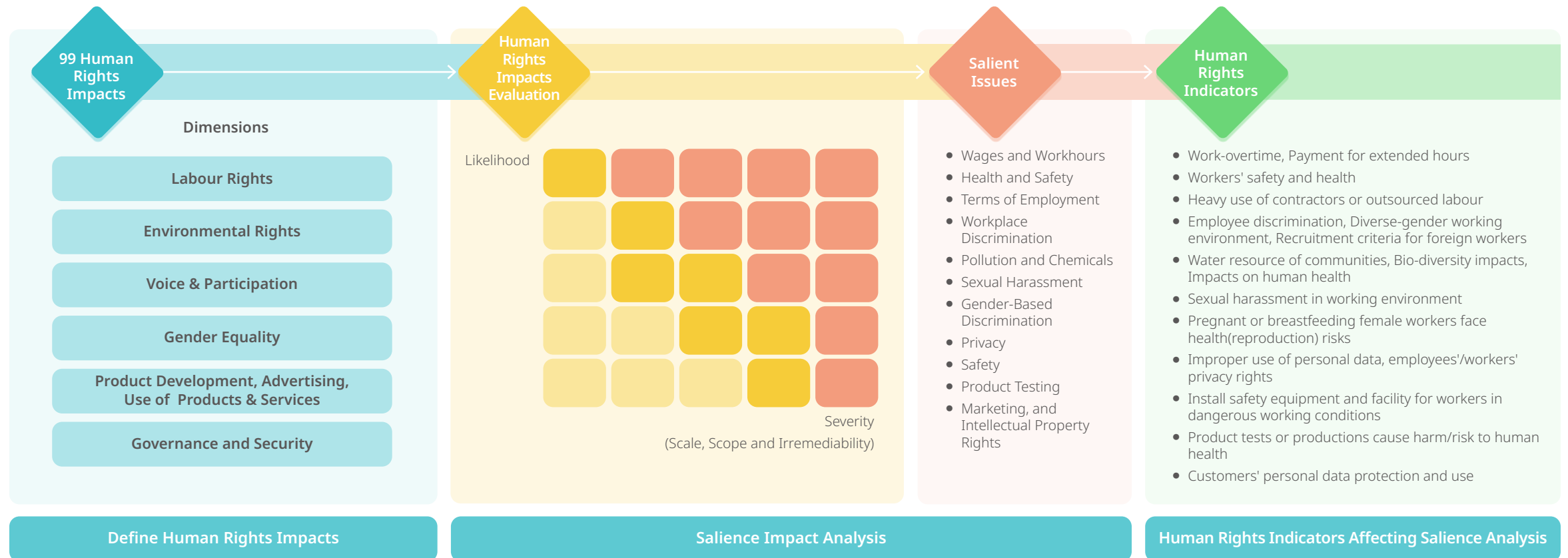
TSMC adopts the RBA Code of Conduct and the UNGPs approved by the United Nations Human Rights Council to manage the human rights issues of its operations, suppliers, and business partners, as well as formulate the [Human Rights Policy](#). Furthermore, TSMC abides by the local laws and regulations of the global regions in which it operates and stipulates clear implementation guidelines for various human rights concerns in an effort to minimize human rights risks.

Enforce the TSMC Human Rights Policy

TSMC regards the Human Rights Policy as the overarching principle of human rights governance and aligns with international sustainability practices. As the scope of human rights-related issues is extensive, the United Nations Development Programme (UNDP) proposed a human rights framework with six major

dimensions—Labor Rights, Environmental Rights, Voice & Participation, Gender Equality, Product Development, Advertising, Use of Products & Services, and Governance & Security—with 99 indicators. This is complemented by a human rights risk matrix to identify salient human rights issues along the two

major axes of Severity and Likelihood, as well as to evaluate the potential impact of the human rights issues on the past, the present, and the future based on the three major factors of Scale, Scope, and Irremediability.



In 2022, TSMC launched the survey of salient human rights issues using the UNDP's human rights framework. A total of 73 managers and colleagues participated in the identification of human rights issues; the members included ESG committee members, the heads of sustainability

reports of various organizations, and ESG representatives. The importance and impact of various human rights indicators on TSMC and its value chain were measured from a cross-organizational perspective. Based on the investigation results, 11 salient human rights

issues were identified along with the targets that are impacted by the issues, including TSMC employees, employees of suppliers, employees of contractors, customers, and the community. In 2023, TSMC will use these results to build a cross-unit human rights taskforce, which will follow

the UNGPs framework to conduct due diligence, perform risk investigation and assessment, implement mitigation and remedial measures, launch human rights education and training, as well as disclose human rights management progress and goals to stakeholders.

Dimensions	Salient Issues	Indicators	Impacted Targets				
			TSMC Employees	Suppliers' Employees	Contractors' Employees	Customers	Community
Labour Rights	<ul style="list-style-type: none"> Wages and Workhours Health and Safety Terms of Employment Workplace Discrimination 	<ul style="list-style-type: none"> Work-overtime, Payment for extended hours Workers' safety and health Heavy use of contractors or outsourced labour Employee discrimination, Diverse-gender working environment, Recruitment criteria for foreign workers 	✓	✓	✓		
Environmental Rights	<ul style="list-style-type: none"> Pollution and Chemicals 	<ul style="list-style-type: none"> Water resource of communities, Bio-diversity impacts, Impacts on human health 					✓
Voice & Participation	<ul style="list-style-type: none"> Privacy 	<ul style="list-style-type: none"> Improper use of personal data, employees'/ workers' privacy rights 	✓	✓	✓		
Gender Equality	<ul style="list-style-type: none"> Sexual Harassment Gender-Based Discrimination 	<ul style="list-style-type: none"> Sexual harassment in working environment Pregnant or breastfeeding female workers face health(reproduction) risks 	✓	✓	✓		
Product Development, Advertising, Use of Products & Services	<ul style="list-style-type: none"> Product Testing Marketing, and Intellectual Property Rights 	<ul style="list-style-type: none"> Product tests or productions cause harm/risk to human health Customers' personal data protection and use 	✓	✓	✓		✓
Governance and Security	<ul style="list-style-type: none"> Safety 	<ul style="list-style-type: none"> Install safety equipment and facility for workers in dangerous working conditions 	✓	✓	✓		

TSMC Human Rights Management System



TSMC Facilities & Subsidiaries and Human Rights

Operations managers on site are jointly responsible with senior executives in HR, Information Technology, Materials Management & Risk Management, and Legal. The senior executive in HR is responsible for reporting major human rights topics in TSMC to the management team.



Employees and Human Rights


The HR Organization's Human Rights Operation Center is responsible for human rights topics of daily relevance to employees and ensuring the Company meets RBA or higher standards by compiling and carrying out the Measures for Human Resources Management System and the Internal Control Procedures for Human Resource Management System.



Suppliers and Human Rights

The IT Supply Chain Management Section of the Information Technology and Materials Management & Risk Management organization are responsible for all human rights issues related to suppliers and for managing the issues by compiling and carrying out TSMC Supplier Code of Conduct.

2022 Human Rights Policy Concerns and Practices

 High-risk Employees

		Targets and Actions	Risk Assessment	Mitigation Measures	Remedies	Reporting Channels
Provide a Safe, Healthy, and Harassment-Free Workplace	<p> All employees</p> <p> Please refer to Occupational Safety and Health for more information on special hazards and health management</p> <ul style="list-style-type: none"> Top 5% of employees with the highest level of stress recorded from the employee health survey 14 incidents verified by the Sexual Harassment Investigation Committee 	<ul style="list-style-type: none"> Formulate OSH Management Procedures and establish the Employee Health Management Program Meeting and Occupational Disease Investigation Committee Formulate a Sexual Harassment Prevention Policy and establish the Sexual Harassment Investigation Committee 	<ul style="list-style-type: none"> Investigate whether there are any occupational diseases from chemical exposure Increase voluntary participation rate for non-statutory employee health plans Case inquiry by the Sexual Harassment Investigation Committee and Ombudsman 	<ul style="list-style-type: none"> Quarterly meetings on occupational health management were held by senior executives to manage and control the <u>five major safety hazards</u> of occupational diseases <u>across departments</u> Advanced medical imaging checks every five years for new employees and non-management employees Follow-up with employees with top 5% stress levels by therapists and counseling services Offered classes to prevent harassment and bullying 	<ul style="list-style-type: none"> Immediate transfer from the original post Provide ample medical support Provide compensatory leave and subsidies according to laws and regulations Make necessary position or workstation changes depending on the situation For severe cases, the offender will be punished according to the TSMC Employee Reward and Punishment Measures 	<p>Occupational Disease Investigation Committee and Employee Voice Channels</p> <p>Sexual Harassment Investigation Committee</p>
Eliminate Discrimination and Ensure Equal Employment Opportunities	<p> New employees, indigenous peoples, women, migrant workers, contract employees, persons with disabilities, etc.</p> <p> 0</p>	<ul style="list-style-type: none"> Declare principles of <u>non-discrimination</u> in the TSMC Recruitment Interview Internal Control Procedures and offer Recruitment & Selection training courses and suggestions/reminders to hiring supervisors 	<ul style="list-style-type: none"> Eliminate discrimination in the workplace in compliance with internal control procedures starting from recruitment 	<ul style="list-style-type: none"> A total of 839 managers completed the Recruitment & Selection training course in 2022 	<ul style="list-style-type: none"> Violations of the non-discrimination principle by management shall be punished according to internal policies on rewards and punishment The Recruitment Division shall re-invite candidates into the interview process 	<p>Irregular Business Conduct Reporting System</p>
Prohibit Forced Labor and Child Labor	<p> New employees</p> <p> 0</p>	<ul style="list-style-type: none"> Comply with regulations on freely chosen employment in the RBA Code of Conduct Establish Recruitment & Hiring Measures to declare that TSMC does not employ forced labor and employees under the age of 18; detail employee rights, duties, and benefits in the Offer Letter to maintain fair and transparent employee relations 	<ul style="list-style-type: none"> Inquire about candidates' willingness to work during the interview Candidates must provide <u>proof of identification</u> for verification 	<ul style="list-style-type: none"> Oversaw the compliance of various procedures during employment through the prohibition of forced labor management procedures to eliminate child labor and forced labor-related problems 	<ul style="list-style-type: none"> Risk prevention through the regular VAP and Self-assessment Questionnaire (SAQ) from the RBA Code of Conduct If there is any evidence of forced labor, supervisors will be required to make the necessary improvements and restate the rights to which employees are entitled 	<p>Irregular Business Conduct Reporting System</p>
Manage Working Time	<p> All employees</p> <p> Please refer to Occupational Safety and Health for more information on the risks of overworking</p>	<ul style="list-style-type: none"> Formulate Management Measures for Work Hours Procedure and build an Attendance Record System and Overtime System 	<ul style="list-style-type: none"> Understand employee work hours through reporting channels, fab-level communication meetings, and management <u>systems</u> TSMC must first obtain employee consent for overtime requests and provide overtime pay or compensatory leave 	<ul style="list-style-type: none"> <u>Managed and analyzed</u> employee timesheets and provided early warnings to fab supervisors on work hour management Overall employee compensation is higher than the minimum wage and industry peers 	<ul style="list-style-type: none"> If there is any evidence of forced labor, supervisors will be required to make the necessary improvements and restate the rights to which employees are entitled 	<p>Employee Voice Channels</p>
Encourage Work-Life Balance	<p> All employees</p> <p> 0</p>	<ul style="list-style-type: none"> Provide a <u>variety</u> of activities and clubs to enrich the concept of work-life balance Offer childcare services & educational support/services 	<ul style="list-style-type: none"> Examine participation rates Increase quota for TSMC childcare facilities 	<ul style="list-style-type: none"> Collaborated with members of the TSMC Employee Welfare Committee and activity organizers to promote activities and encourage participation Optimized pay structure and offered an additional seven days of paid leave to attract and retain outstanding kindergarten teachers <u>Strengthened STEAM education at the TSMC kindergarten</u> 	<ul style="list-style-type: none"> Conduct questionnaires to make improvements in the future Move up the date to draw lots for the use of childcare facilities. This will allow those who did not draw a slot to have adequate time to find other childcare facilities Offer competitive compensation and benefits to kindergarten teachers 	<p>Employee Voice Channels</p> <p>Employee Voice Channels</p>
Responsible Mineral Sourcing	<p> All suppliers</p> <p> 0</p>	<ul style="list-style-type: none"> Require suppliers to comply with and sign the TSMC Statement on Responsible Sourcing of Minerals for products containing tantalum, tin, tungsten, and gold 	<ul style="list-style-type: none"> Establish a due diligence framework in compliance with the Model Supply Chain Policy for a Responsible Global Supply Chain of Minerals from Conflict-Affected and High-Risk Areas by the OECD 	<ul style="list-style-type: none"> Suppliers of products containing tantalum, tin, and tungsten, and gold were required to collaborate with more than one compliant smelter 	<ul style="list-style-type: none"> Suppliers will be asked to terminate sourcing if there is evidence of sourcing from non-compliant mines 	<p>Reporting Channels for Supply Chain Employees</p>

Human Rights Protection Training Programs

In 2022, TSMC launched a wide range of human rights protection training programs on fab ESH, emergency response, first-aid training, and a friendly workplace. TSMC offered a total of 205,342.1 training hours to 70,008 employees, which was 95.7% of all TSMC employees. A total of 190,312 employees attended the human rights protection training programs. Furthermore, TSMC launched the TSMC Human Rights Policy: Say No to Sexual Harassment and Build Up a Friendly Workplace training program, which saw the participation of 63,550 employees and achieved a 100% pass rate for the post-class test.

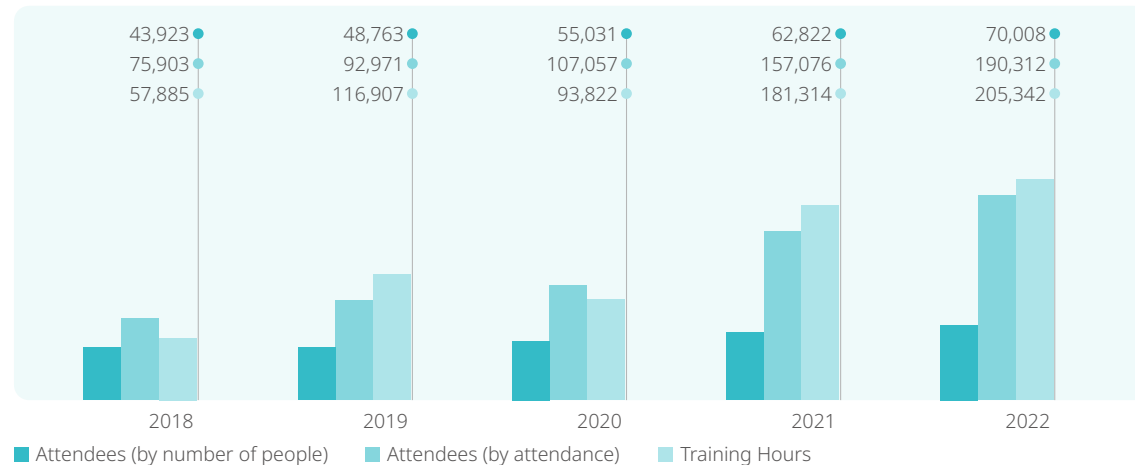
Risk Assessment & Management






















































As a full member of the RBA, TSMC conducts





due diligence in compliance with the RBA Code of Conduct to ensure that TSMC either meets or exceeds the standard.

TSMC uses the RBA SAQ as a template to identify the practices, risks, and management systems of the four major aspects of labor, health and safety, environment, and ethics in business operations. In 2022, all TSMC fabs in Taiwan scored 88 or more on the SAQ, which qualifies as Low Risk (85 or higher is considered Low Risk). To comply with customer requests, TSMC also commissioned a third-party institute to carry out the RBA VAP for seven TSMC fabs, which all received full marks on the VAP. The complete audit report will be disclosed to customers and related stakeholders on RBA-Online.

Human Rights Protection Training



Region	SAQ Assessment Scores 2022	VAP Score				
		2016-2018	2019	2020	2021	2022
Taiwan						
Corporate HQ	97.3 	-	-	-	-	-
Fab 2	92.6 		-	-	-	-
Fab 3	91.9 			-	-	-
Fab 5	92.1 			-		-
Fab 6	92.4 			-	-	-
Fab 8	92.1 		-	-	-	-
Fab 12A	92.9 	193.3		-		-
Fab 12B	92.1 		-		-	
Fab 14A	92.2 	182.4	-	-	-	
Fab 14B	92.9 			-		-
Fab 15A	92.6 			-		-
Fab 15B	93.4 		-	-		
Fab 18	92.4 		-	-		-
Advanced Backend Fab 1	93.5 		-	-	-	-
Advanced Backend Fab 2	93.6 		-	-	-	-
Advanced Backend Fab 3	95.5 		-	-		-
Advanced Backend Fab 5	91.6 	-	-	-	-	-
Subsidiaries						
VisEra	93.6 	-	-	-	-	-
TSMC (China)	93.0 		-	-	-	-
TSMC (Nanjing)	91.5 	-	196.5	-	-	-
WaferTech	88.7 		-	-	-	-

SAQ :  Low Risk (≥85)  Medium Risk (≥65 & <85)  High Risk (<65)
 VAP :  Full marks (200)

Employee Voice Channels and Case Management

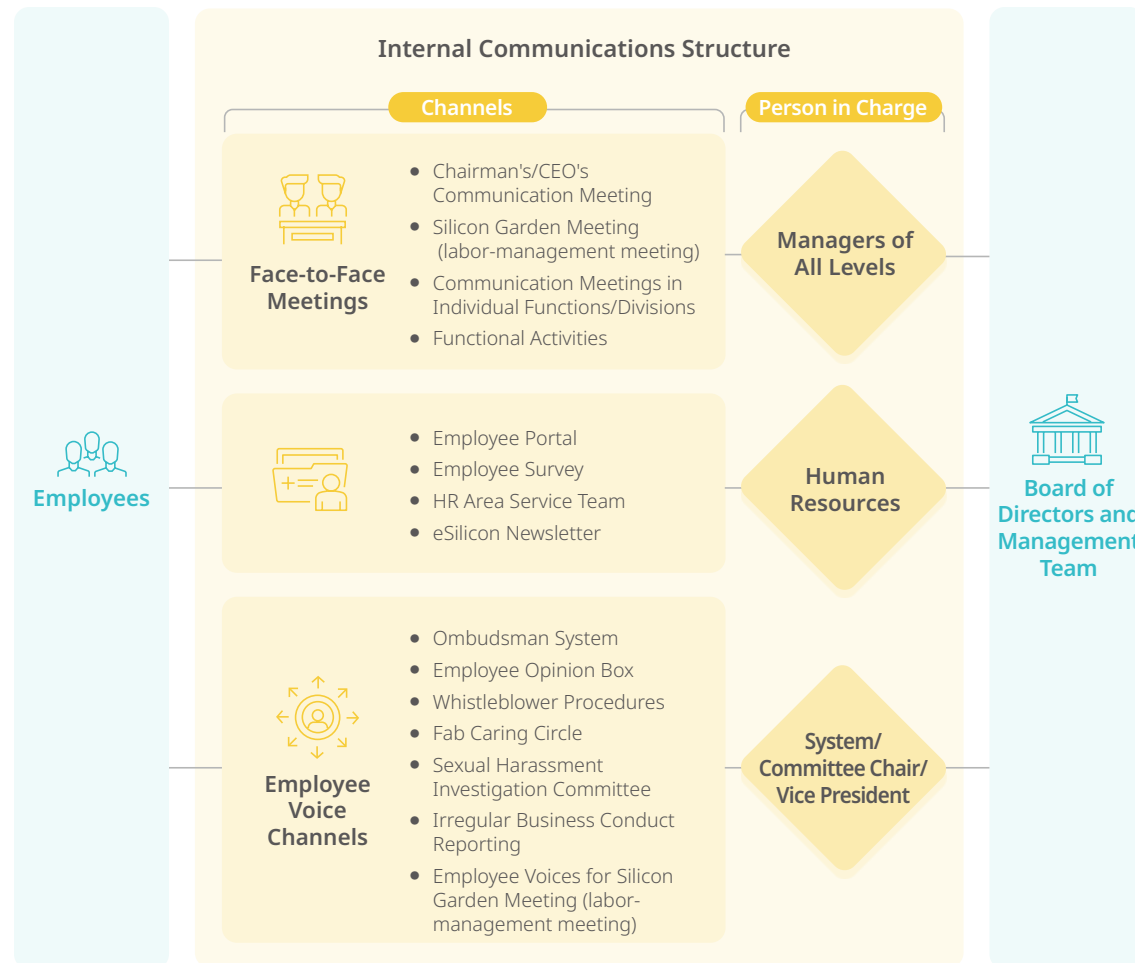
TSMC values employee opinions and interests. To protect the human rights of employees, TSMC has constructed a robust system for employee feedback that includes face-to-face communication

meetings, employee opinion surveys, Silicon Garden Meeting, and various employee feedback channels such as employee suggestion boxes, the Ombudsman System managed directly by a senior

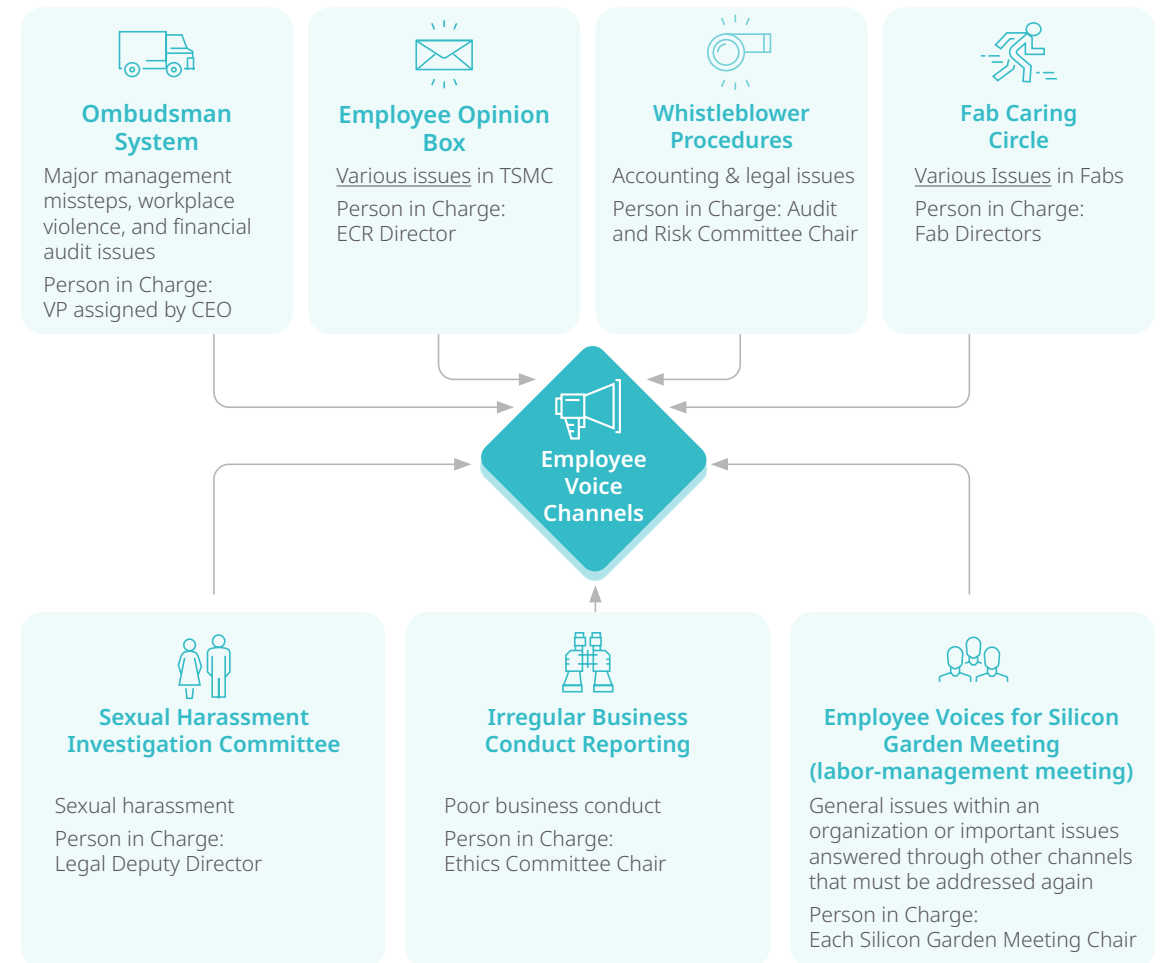
executive appointed by the CEO, the whistleblower procedures, and the Irregular Business Conduct Reporting System available to external parties on the TSMC website. Employees may express

their opinions through any of the aforementioned channels, and the Company can also respond to the opinions collected as well as conduct necessary interviews and investigations.

Internal Communications Structure



Employee Voice Channels



In 2022, TSMC's internal communication channels handled a total of 4,818 cases of employee opinions and complaints, including 19 through the Sexual Harassment Investigation Committee, 251 through the Ombudsman System, one through the Whistleblower Procedures, and 83 cases through the Irregular Business Conduct Reporting System. All cases reported by employees were processed and addressed immediately and confidentially.

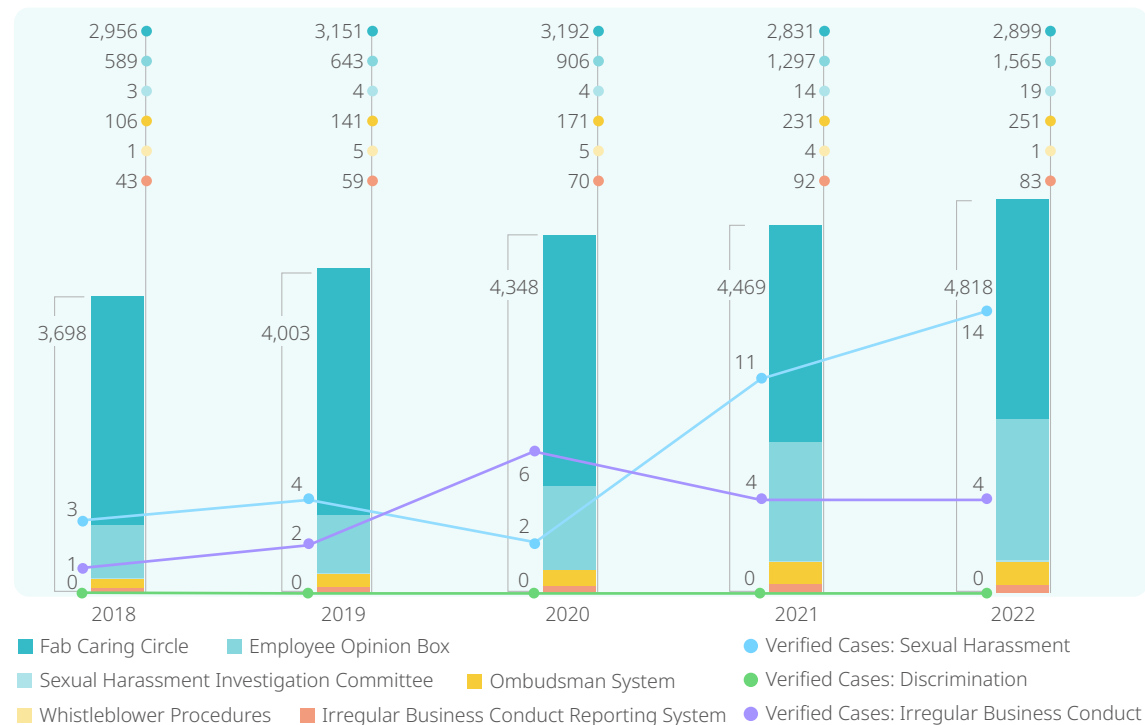
- The Sexual Harassment Investigation Committee verified 14 cases of sexual harassment; the perpetrating employees were punished according to the severity of the situation, and the informers were offered assistance programs including but not limited to psychological counseling. As the cases involved unwanted attention and verbal/ physical harassment, TSMC has added a section on the different forms of sexual harassment and

what constitutes sexual harassment in the annual sexual harassment prevention courses. Moreover, the Company has reinforced the explanation of the new Stalking and Harassment Prevention Act in 2022, reminding employees that continuous or repeated surveillance, observation, stalking, and other behaviors constitute elements of harassment.

- There were four violations of business ethics and all employees have been punished or dismissed in compliance with the Company's regulations. TSMC continues to advocate important business ethics concepts in relevant training programs. In 2022, 67,922 employees participated in the annual business ethics and regulatory compliance training (including Personal Data Protection Act-related contents), achieving a 99.9% completion rate.

In 2022, to promptly listen to the voices of employees, on top of the 13 existing fabs, TSMC went beyond legal requirements and subdivided non-fab colleagues into ten labor-management meetings with Organizations as the unit. Furthermore, the labor-management meetings were renamed Silicon Garden Meetings to bring the Company and employees closer, and electronic voting was implemented to elect representatives from various organizations. Additionally, a feedback channel for Silicon Garden Meetings has also been created, allowing employees to entrust organization representatives to voice their opinions at labor-management meetings and convey their suggestions 24 hours a day. Such information is sent to the relevant units through the system immediately for them to respond.

Cases Reported through Employee Voice Channels



Note 1: The figures for Ombudsman System, Sexual Harassment Investigation Committee, Irregular Business Conduct Reporting System, and Employee Opinion Box cover all TSMC facilities, while the figure for Fab Caring Circle covers only TSMC's Taiwan fabs

Note 2: Cases reported through the Irregular Business Conduct Reporting System are from external parties and internal employees

Freedom of Association and Labor-Management Meetings

To create a communicative workplace and enforce an open-style management system, offer diverse internal communication channels, and respect employees' freedom of association, TSMC fabs in Taiwan regularly host labor-management meetings for 89.9% of the Company's global employees in compliance with local laws and regulations. TSMC management appoints a representative to explain recent developments in TSMC operations to employee representatives. At the meetings, management and employee representatives discuss topics of concern in an attempt to strengthen communication between management and employees.

Long-term Commitment

To realize the Human Rights Policy, TSMC has implemented the VAP of the RBA in all fabs. The Human Rights Related Issues have reached the faultless level as well as better governance and training on zero sexual harassment, zero workplace bullying, work hour management, human rights of disabled employees, and proprietary information protection. TSMC launched new training programs on Say No to Workplace Harassment, Workplace Bullying, and Proprietary Information Protection in 2022 to educate management and employees about human rights. TSMC will also assemble a task force of experts to inspect processes and advise better practices for a concrete work plan on annual human rights protection plans from 2023 to 2030.