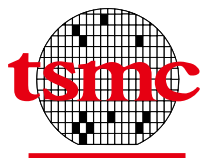


Supplier Sustainability Standards

Version 3.0
July 6th, 2026



**Taiwan Semiconductor
Manufacturing Company, Ltd.**

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Preface

TSMC is committed to ensuring that working conditions in its supply chains are safe, and that business is conducted responsibly, ethically, and with respect for human rights and the environment. To this end, TSMC established “TSMC’s Supplier Code of Conduct” (“TSMC Supplier Code”) and requires our suppliers to operate in accordance with the principles outlined in this Code and in full compliance with the laws, rules and regulations of the countries in which they operate. In addition, TSMC also expects our suppliers to hold their suppliers, contractors, and service providers to the standards defined in this Code. TSMC is committed to obtaining regular input from stakeholders in the continued development and implementation of the Code. The provisions in this Code are derived primarily from the Responsible Business Alliance (RBA, Formerly EICC) Code of Conduct and the provisions of this Code are derived from and respect internationally recognized standards and drawing upon best practices in global supply chains, including:

- OECD Guidelines for Multinational Enterprises
- UN Guiding Principles on Business and Human Rights
- ILO Declaration on Fundamental Principles and Rights at Work
- ILO Fundamental Conventions
- UN Universal Declaration of Human Rights
- EU Forced Labor Regulation (EUFLR)
- Ministry of Labor: Reference Guidelines for Enterprises on the Prevention of Forced Labor
- ISO 14001 Environmental Management System
- ISO 45001 Occupational Safety and Health Management System
- ISO 50001 Energy Management System
- ISO 14064-1 Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals
- GRI 101 Biodiversity 2024
- GRI 102 Climate Change 2025
- GRI 103 Energy 2025

To help TSMC suppliers with the implementation and compliance with the “TSMC Supplier Code”, TSMC specifically developed the “TSMC Supplier Sustainability Standards” (“Standards”). These Standards are made up of five sections. Sections A, B, C, D, and E outline standards for A. Labor, B. Safety & Health, C. Environment, D. Ethics, and E. Supply Chain Management.

TSMC looks forward to working closely with suppliers on improving labor, ethics, environmental, safety and health performance to reduce the risk of operational disruption and maintain the stability of material supply and service. While fulfilling our corporate social responsibilities, TSMC guides suppliers to reduce environmental impact, establish safe workplaces and protect workers’ health in a mutually beneficial manner.

A. LABOR

“TSMC Supplier Code” Labor Preamble: Suppliers commit to respect the human rights of workers, and to treat them with dignity and respect as understood by the international community. This applies to all workers including temporary, migrant, student, contract, direct employees, and any other type of worker.

A1 Prohibition of Forced Labor

Elements to Demonstrate Compliance to “TSMC Supplier Code”:

A1.1 Forced labor in any form, including but not limited to bonded (including debt bondage) or indentured labor, involuntary or exploitative prison labor, slavery, or trafficking of persons, is not permitted.

A1.2 Terms and conditions of employment are provided in writing and in their native language, or a language the worker can understand, before employment (foreign and internal migrant workers: before leaving their home country/region) and the key terms and conditions of employment are explained verbally in a language workers can understand, so workers understand what the terms and conditions of employment state.

A1.3 The worker’s government-issued identification and personal documentation originals are not held by their employer, agents and sub-agents.

1. Policy: Have a detailed, comprehensive documented policy prohibiting the use of any type of forced, bonded (including debt bondage) or indentured labor, involuntary or exploitative prison labor, slavery, or trafficking of persons. This policy would contain specific elements including:
 - a. No levies, recruiting, hiring or placement fees or costs, even if allowed by local law.
 - b. No fees or costs charged to workers as defined by the RBA Definition of Fees
 - c. No deposits, mandatory saving, or any other financial obligation are required to obtain or keep a job.
 - d. If fees and costs were found to be charged, workers must be repaid within 90 days.
 - e. No holding original identification documents of workers
 - f. Overtime is to be voluntary (i.e., workers can always refuse overtime)
 - g. Resignation must be voluntary, and the required notice period cannot exceed one month.
 - h. The penalty for not serving notice cannot exceed 60% of one month’s wages.
2. Procedures & Practices are in place such that:
 - a. Workers are not required to pay any deposit or employment fee to the supplier, labor recruiter or employment agency to get or keep their job (See RBA Definition of Fees).
 - b. No control of or access to workers’ banking or financial accounts (direct deposit is allowed).
 - c. Workers are informed before employment of the key employment terms and conditions in writing in their native language or in a language that the worker can understand.
 - i. Allowed fees (e.g., housing), deductions (e.g., taxes, social insurance) are disclosed to the workers.
 - ii. No detrimental changes to the contract or work conditions
 - d. Signed employment contracts or agreements are in place between the worker and the facility, to ensure the worker is provided with documentation of their legal rights and

- responsibilities. All terms required by law are in the employment contracts.
- e. Verbal explanation to workers of the key components of the employment conditions in the worker's native language, or in a language the worker can understand AND gaining their acknowledgement this has happened.
 - i. Nature of work including what PPE is required to be worn.
 - ii. Working hours (which do not exceed 60 hours, 6 consecutive workdays), personal leave allowance and public holidays.
 - iii. Benefits (housing, transportation, uniforms, etc.)
 - iv. What allowed fees the worker shall be charged and the amount(s)
 - v. Wages and wage deductions (including all components of tax and social insurance(s)) and how these are calculated including premiums for overtime (which must be at least 125% of standard pay), working rest days and statutory holidays.
 - vi. Other non-legally required benefits provided (pension, insurances, etc.)
 - vii. Information concerning the general conditions of life and work.
 - f. Offer letter / Contract terms should include:
 - i. Name and address of the employer.
 - ii. Worker's full name
 - iii. Workers' start date and duration of contract.
 - iv. Contract termination requirements include a notice period not to exceed one month, or less per local law and a penalty for early contract termination.
 - v. Contract renewal provisions (if applicable).
 - vi. Description of the location and nature of work to be performed.
 - vii. Regular work hours and shifts and anticipated overtime hours with total working hours not to exceed 60 hours per week or local law, whichever is lower.
 - viii. Regular, overtime, and holiday wage rates and estimated monthly base and total pay.
 - ix. Any bonuses and conditions for earning them.
 - x. Any allowances granted (e.g., food, accommodation)
 - xi. Full listing of all deductions including specification of the type and amount of each deduction and which, if any, are optional.
 - xii. Method and frequency of wage payment
 - xiii. Description of additional benefits including medical insurance coverage, accident/injury, insurance, holidays, annual leave, sick leave, and/or any other applicable benefits
 - xiv. If accommodation is provided include detailed description of living conditions and breakdown of any deductions for accommodations, meals, transportation, or other services provided or offered by the employer and/or their labor agent or other representative or service provider.
 - xv. Any other terms required by applicable laws and regulations.
 - xvi. Clear prohibition on charging of recruitment or placement fees
 - xvii. Note: there should be no terms
 - 1. Requiring overtime
 - 2. Restricting movements
 - 3. Restricting a worker's rights to freedom of association and collective bargaining consistent with local law.
 - g. Worker handbook or similar document should include the items above and also:
 - i. Discipline process (note this cannot include any threat of punishment, fines, violence, or withholding wages)
 - h. For Migrant Workers
 - i. Terms and conditions of employment shall be delivered to the migrant workers before departure indicating the conditions of work and remuneration (minimum wage which is guaranteed).
 - ii. Description of repatriation process and specification of the costs to be borne by the employer and the worker.

- iii. Transportation to the receiving country and repatriation as well as between living accommodations and the work facility
 - iv. Ability to return home during annual leave and family emergencies without penalty.
 - v. No substitution or change(s) allowed in the employment contract / agreement upon arrival in the receiving country/region unless these changes are made to meet local law and provide equal or better terms.
 - i. Workers are not subject to any deductions from their pay other than legally required deductions and agreed upon fees for meals, lodging, uniforms, etc. The amounts of such deductions are communicated to workers at time of hire.
 - j. Original personal identification such as government issued identification, passports or work permits, certifications, or educational documents such as diplomas are in the possession of the workers unless specifically required by local law.
 - i. Only copies should be retained to use as verification of age and right-to-work.
 - ii. Where holding documents is required by local law it must be done with the full knowledge, permission and participation of the worker and procedures are in place to ensure proper handling and immediate access if requested by the worker.
 - iii. It is acceptable for employers to be in temporary possession of original personal documents only for the time when they are helping to obtain or renew work permits and other legal documents. Provide proper documentation receipt stating the reason for holding of passport/ travel document and expected duration to hold such documents.
 - iv. In no case shall there be a fee for the possession of government-issued identification, passports, or work permits.
 - v. Personal documents shall not be tampered with or damaged in any way.
 - vi. Secure personal storage is required when living accommodations are provided directly or indirectly.
 - k. Ensure workers are free to use bathrooms, drinking water, and medical facilities, as needed.
 - l. Reasonable restrictions linked to health and safety, and IP restrictions can exist.
 - m. Workers are allowed to leave the workplace location or dormitory outside of their normal work hours (i.e., no curfews unless dictated by law).
 - n. Freedom to enter and leave the site does not apply to prison labor.
 - o. Doors can be locked from the outside only for normal business and housing security reasons and do not prevent emergency egress.
 - p. Workers may choose to use external medical facilities for personal health care even when onsite infirmaries or other medical facilities exist.
 - q. Personal loans are no greater than 60% of 1-month gross base salary, have a maximum repayment maximum of 10% of the worker's gross base wage per month for maximum of 6 months. Charging interest is not permitted.
 - r. Education loans are no greater than 120% of 1-month gross base salary, have a maximum repayment maximum of 10% of the worker's gross base wage per month for maximum of 12 months. Charging interest is not permitted.
 - s. The termination notice period is not stricter than 1 month and is noted in their contract/ agreement and explained at the time of hiring. The penalty for leaving without reasonable notice cannot exceed 60% of 1 month of gross base wages. Terminating employment is voluntary with no explicit threat of punishment, fines, violence, or withholding wages.
3. Controls & Monitoring should include:
- a. Cascade this policy and the "TSMC Supplier Code" to suppliers, contractors, subcontractors, and labor recruiters noted the expectation that they adopt it, put in place procedures to follow it.
 - b. Conformance to the policy is regularly monitored.
 - c. When engaging with recruiters and labor agents determine the specific amount of any fees and expenses that are required to recruit, hire and onboard each individual (which varies if they are local, internal migrant, or foreign migrant worker) prior to commencement of work and ensure that is part of contract and sub-contracts and paid to reduce risk of workers incurring fees.

d. Actively verify compliance through monitoring labor recruiters, brokers, and agents.

NOTE: reimbursement is not the desired model (no fees to workers is) and therefore it is a non-conformance to the RBA Code of Conduct albeit a lesser one.

4. Records are maintained including:
 - a. Personnel files for all workers are maintained and include:
 - i. All versions of employment contract / agreement
 - ii. All items to ensure regulatory compliance.
 - iii. They are maintained with appropriate access and retention controls (on and/or off site) and confidentiality to protect privacy.
 - iv. Documentation on their leaving conditions and end of contract of workers
 - v. Workers' documentation must be retained for at least 5 years or as required by law whichever is longer.
 - b. Contracts with service providers, recruiters, labor agents and labor contractors and evidence that they have acted in compliance with the contract/agreement requirements.
 - c. Records on allowed fees are maintained and disclosed to the worker.
5. Serious conditions that will result in a severe finding:
 - a. Restricting workers from voluntary employment termination.
 - b. Imposing any penalty for resignation that is >3 months of gross base wages.
 - c. Creating a situation that puts workers at risk such as locking exit doors in the factory or dormitories while the workers are inside.
 - d. Any action that would be considered coercive or restrictive to reasonable movement by the to use of threats such as firing, "sending home," reporting immigration status authorities or similarly severe activities.
 - e. Use or employment of non-voluntary labor.
 - f. Changing the terms and conditions of employment to be materially worse than originally agreed.
 - g. Not communicating employment terms and conditions before employment.
 - h. Keeping, destroying, concealing, or confiscating original personal identification documents such as passports, work permits, identity, or travel papers.
 - i. If in the rare case where local law requires an employer to store personal identification
 - j. documents, tampering with or restricting access for more than 12 hours or charging a fee to access them.
6. Leading Practices include:
 - a. Contract or offer letter detailing the level of physical work and what personal protective equipment is required to be worn. If this is impractical for a contract or offer letter, a separate document can suffice.
 - b. Contract or employment agreement includes the worker's date of birth.
 - c. Foreign and internal migrant workers should be interviewed when they join the company to learn if any of the policies were violated, in which case remedy must be provided, and they must be informed of the grievance mechanism. If fees and costs were found to be charged, workers must be repaid within 90 days.
7. Fees evaluation criteria:

Rating:

Scenario 1 - Prohibited recruitment and hiring fees that were paid and not reimbursed within 90 days or as soon as practicable upon discovery.

Frequency \ Severity in monthly gross base wages	0-<5%* (<1-month gross base salary)	5%-<100%* (<1-month gross base salary)	100-<150%* (>1 month – 1.5-month gross base salary)	150%* (>1.5-month gross base salary)
<1% or 3 workers or fewer (whichever is greater)	Minor	Minor	Major	Priority
>1%-5% or more than 3 workers but less than 7 workers	Major	Major	Major	Priority
>5%-40% or more than 7 workers	Major	Major	Priority	Priority
>40%	Major	Priority	Priority	Priority

Scenario 2 - Prohibited recruitment and hiring fees that were paid and reimbursed within 90 days before or after commencement of employment.

Frequency \ Severity in monthly gross base wages	0-<5%* (<1-month gross base salary)	5%-<100%* (<1-month gross base salary)	100* (1-month gross base salary)
<1% or 3 workers or fewer (whichever is greater)	Minor	Minor	Major
>1% or 3 workers or fewer (whichever is greater)	Minor	Major	Major

**Total of all fees charged during recruitment and employment*

A2 Young Workers

A2.1 Workers are not below the minimum age.

A2.2 Workers under the age of 18 are not allowed to perform work that is likely to jeopardize the health or safety of these young workers, including night work or overtime.

A2.3 Apprentice/Intern/Student Worker employment conforms with learning objectives

Elements to Demonstrate Compliance to “TSMC Supplier Code”:

1. Policy: Have a detailed, comprehensive documented young worker policy with elements including:
 - a. Child labor prohibition: setting a minimum working age that is no lower than the greater of local law, 15 years of age, or customer expectations.
 - b. Do not refuse a previous applicant if they now meet company policy and the corresponding legal requirements.
 - c. If underage labor is identified, assistance/remediation is provided and should include:
 - i. Health exam and appropriate action if necessary.
 - ii. Aid to and through completion of compulsory schooling.
 - iii. Maintaining the child's income until legally eligible to work.
 - iv. When they exist, and are acceptable by law, to move underage workers into proper apprenticeship positions, restricting their hours and type of work to accommodate educational needs, as required, rather than discharging or fining these workers.
 - d. When young workers are employed, policies shall include:
 - i. Health checks if required by law.
 - ii. Identification and assignment of young workers to non-hazardous positions.
 - iii. Restriction on time of day worked (young workers are not allowed night work <generally means any consecutive period of at least 7 hours between 10 PM and 7 AM> or overtime).

- e. When employing learners (apprentices, interns, student workers) a policy shall include:
 - i. A commitment to only providing internships/student workers assignments and apprenticeships that complement their course of study field or learning of a new vocation.
 - ii. Follow a principle of equal pay for equal work (if performing same/similar work/level as regular workers then the pay should be the same).
 - iii. Ensure working hours shall not conflict with any of the learner's school attendance.
 - iv. Be clear and limit the duration of the training period, and the number of times the same worker can be classified as a trainee.
 - v. Do not require and ensure that there is not any placement, onboarding, or other fees paid by the learner to gain or retain employment.
 - vi. Do not allow deduction for educational fees from the student worker's wages.
 - vii. If there is a period where wages can be below minimum wage as per law it should be limited and reasonable in duration or not longer than 6 months, whichever is stricter.
 - viii. Ensure that no agency or intermediary is used in connection with the recruitment, hiring, arrangement, and management of student workers, interns, or apprentices.
 - ix. Ensure that all work is voluntary (including choice of learning placement assignment).
 - x. Do not use student workers, interns, or apprentices to simply fill a labor shortage.
 - xi. When employing apprentices, the maximum duration of apprenticeship (not more than 6 months if worker is paid below minimum wage).
 - xii. When employing Student workers policy shall include:
 - 1. A three-way agreement is required between the student workers (and/or legal guardian), school and supplier that includes the terms.
 - 2. Ensure that the student worker is insured against accidents or liability and that the student worker is fully covered for any other forms of insurance required by law or regulation.
 - 3. Due Diligence: verify that worker is actively enrolled in a valid program of study at an educational institution.

Note: If learners are NOT to be hired a learner policy is not needed, however a note stating that the supplier does not hire apprentices/interns/student workers is required to be in place.

- 2. Procedures & Practices are in place such that:
 - a. You only employ workers above the legal/hiring policy age for employment.
 - b. There is a formal documented process to verify the age of each worker prior to employment with procedures to ensure that workers are of legal age and that documentation is genuine. The process includes inspection and cross-reference to verify the validity of at least two types of official ID* and periodically evaluating the documentation for a random sample of workers.
 - c. ID types for initial and ongoing verification and cross-reference include.
 - i. Matching photographic ID to worker's face
 - ii. Verification through third-party resources where available, such as Internet resources or local government offices
 - iii. Affidavit from local government representative
 - iv. Birth certificate
 - v. Government-issued personal identification card
 - vi. Driver's license
 - vii. Voting registration card
 - viii. "Official stamped" copy of a school certificate
 - ix. Foreign or internal work permit or other government recognized record.
 - x. Finger printing or ID card with owner's photograph to prevent under-age workers entering the facility by using another person's ID who may have been vetted or hired.
 - d. Ensure that young workers are working within the appropriate conditions of employment: including legal working hours, not working overtime, not working nights, not working within school hours, and not working in hazardous conditions or roles.

- e. If young workers found to be working in prohibited times or in hazardous roles, immediate containment not termination is to occur putting on day shift only which does not conflict with compulsory education, moved to non-hazardous positions, elimination of future overtime.
 - f. A documented process is in place to assist any underage workers found working in the facility. This does not include discharging or fining underage workers, but rather provides ways to move them into proper apprenticeship positions, restricts their work hours and type of work as well as accommodating their educational needs (see Policy section above).
 - g. Ensure that any children present in the facility are allowed only in approved areas, separate from the work area, such as day care facilities.
 - h. If apprentices are employed, there is a clear program for training and promotion, with specific limits on the number of hours worked, duration of training period, and number of times the same worker can be classified as a trainee.
3. Controls & Monitoring should include:
- a. Applicable laws and regulations ensuring protection of learners' rights (e.g., working conditions, health & safety) are identified and enforced.
 - b. Perform due diligence on, monitor and take corrective actions to address any non-conformance by an involved educational institution and establish sanctions as appropriate, including termination of the relationship.
 - c. Periodically verify the reliability of age records. Age verification shall include visual verification of a government recognized photographic identification record. Maintain a reliable ID verification system to control the workers' access into the facility.
 - d. Periodically verify young workers are not working overtime, nights, or in hazardous conditions/roles.
 - e. Ensure underage labor assistance/remediation process is designed to provide for the welfare of the individual.
 - f. Ensure that the three-way agreement required between the student workers (and/or legal guardian), school and supplier include:
 - i. Student worker's full name
 - ii. Student worker's emergency contact information
 - iii. The name and address of the student worker's school
 - iv. The name and address of the reviewee.
 - v. Living conditions (if applicable)
 - vi. Wages and benefits
 - vii. Costs (if any) for meals and accommodation (shall be no higher than a fair market rate)
 - viii. Working hours
 - ix. Nature of work and place where it shall be performed.
 - x. Signed in three copies.
4. Records are maintained including:
- a. Due diligence reports on educational partners
 - b. Maintain verification of worker age and right-to-work status until at least 12 months or as required by law whichever is longer.
 - c. After the worker departs the company.
 - d. Learner records are maintained, accurate, complete, and up to date.
 - e. Maintenance of student worker/intern or apprentices' records in personnel files (includes agreement if applicable, learning objectives, evaluations, reference to training material, assignment, etc.)
 - f. Details on promotion/hiring opportunities after successful apprenticeship, eligibility, recruitment, employment agreement, nature of work, working hours, wages, and benefits.
5. Serious conditions that will result in a severe finding:
- a. Underage workers are present.
 - b. Young workers performing inherently hazardous work.

A3 Working Hours

A3.1 Hours worked in a workweek does not exceed 60 hours.

A3.2 Workers receive at least one (1) day off every seven (7) days.

A3.3 Workers are allowed mandated breaks, holidays and vacation days, including time off when ill or for maternity leave.

Elements to Demonstrate Compliance to “TSMC Supplier Code”:

1. Policy: Have a detailed, comprehensive documented working hour policy with elements including:
 - a. Standard hours worked, days off, sick leave allowance, holidays, leave/vacation allowance, and paternity/maternity leave, in conformance to local law.
 - b. Meal and rest breaks, overtime policy and limits; in conformance to local law and good safety practices. These shall include gender-responsive measures and other accommodations.
 - c. Note limits on
 - i. Working hours in the facilities designated standard workweek (e.g. Sunday to Saturday, Monday to Sunday): must not be more than 60 including overtime.
 - ii. Consecutive working days after which a day of rest is granted with no company work or obligations (e.g., training, being on call): must not be more than 6
 - iii. Overtime.

NOTE: Unless specified otherwise by local legal requirements, this provision does not apply to exempt workers, including those in executive, managerial, or professional positions.

2. Procedures & Practices are in place such that:
 - a. The work hours and time off policy is communicated to workers at the time of hire and in an employee handbook.
 - b. There is a process to remain aware of and in compliance with local and national laws and regulations regarding working hours.
 - c. You have obtained any necessary permission from authorities/unions on work schedule (e.g., comprehensive work week / work hour schedule)
 - d. “TSMC Supplier Code” requires that companies comply with local laws or Code, whichever is more stringent. If the company has a valid and current government waiver (e.g., Comprehensive Work Hour System in China, which allows shifting of overtime limits), this waiver is considered “local law.” Regardless of the waiver, the 60 hours/week limit is in place.
 - e. Any legal non-conformance is rated a major non-conformance. An exception to this rule is if weekly working hours are below or equal to 60h/week but above local law for less than 40% of the reviewed working hours.
 - f. There is a process to track and analyze hours over time, including identification of capacity constraints, and is taking action to reduce overtime to target level.
 - g. You have a work hours management system to ensure that workers do not work overtime in excess of legal limits. Work weeks do not exceed than 60 hours, including overtime, except in Emergency or Unusual Situations.

NOTE: “TSMC Supplier Code” recognizes truly unpredictable events that may require overtime in excess of “TSMC Supplier Code” limits. These are Emergency or Unusual Situations which cannot be planned for or foreseen. Such situations are uncommon and do not become standard operating procedure. Examples include:

- i. Equipment breakdown, power failure or other emergency resulting in prolonged shutdown of a production line.
- ii. Unforeseen raw material or component shortages or quality issues shut down production. Excessive overtime is then needed in both situations to recoup lost production time and meet customer commitments.
- iii. In all of these cases evidence of FEWER hours worked before a period of excessive production due to an Emergency or Unusual Situation is present and documented. The site has a documented plan to recover from the emergency situation and bring working hours back into conformance.

NOTE: the types of situations are NOT Emergency or Unusual Situations include:

- iv. Holidays, peak season production demands and new product ramps. These are predictable and proper planning can minimize overtime requirements.
 - v. Contract change orders that significantly increase order volumes or shorten delivery timelines. This should be negotiated in good faith between the client and the location and should never exceed the capacity of the location at a rate of 60 hours per week or the legal maximum work hour requirement for the location.
 - h. Workers may refuse overtime without threat of retaliation, penalty, or dismissal.
 - i. The facility provides meal breaks, rest breaks, rest days, leave periods, holidays, and vacation days per local legal requirements (most countries require workers to be given a 15-to-30-minute break every so many hours, as well as defined meal breaks).
 - j. Legal working hours are communicated to workers (worker handbook, notice board, orientation training, and other means).
 - k. Workers are not required to work on their designated day off.
3. Controls & Monitoring should include:
 - a. Ensure there is a strong tracking and recording system which will allow for accurate reporting, record keeping allowing for investigation, and visibility to those planning workload to avoid going over limits if not actively limit planning work beyond work hour and workday limits.
 - b. Ensure awareness of requirements of compliance with local and national/regional laws and regulations including any approved comprehensive work week / work hour schedule, "TSMC Supplier Code" requirements and any customer requirements regarding working hours, workdays, and overtime
 - c. Develop and implement a planning, training, staffing and work assignment strategy to ensure conformance with all requirements.
 - d. Train and then refresh train planning and manufacturing staff on limits of working hours and days worked including the limits of any Young Workers and Learners present.
 - e. Monitor actual performance and actively adjust and control working hours including overtime and days worked to ensure conformance to policy.
 - f. Supplier monitors hours for any workers of on-site supplier / subcontractor / agent to ensure they meet the stricter of local law, "TSMC Supplier Code", customer requirements, or company policy.
 4. Records are maintained including:
 - a. Accurately determine and record days, time and overtime worked to ensure conformance and then provide accurate due monetary compensation.
 - b. Exceptional circumstances shall be recorded at the time of the Emergency or Unusual Situation along with the plan to recover. Not after the event.
 - c. Leave records are securely kept, accurate and consistent with medical certificates, actual leave (including maternity/paternity) and holidays.
 5. Serious conditions that will result in a severe finding:
 - a. Not allowing worker to take time off for illness or maternity when they present a valid medical certificate or recognized notification.

6. Evaluation criteria for working hours:

Work Hours/Week	% Of Sample Work Weeks (Total or Specific Area or Function or Nationality/region of origin)				
	≤1%	>1% to ≤5%	>5% to ≤15%	>15% to ≤40%	>40%
>84 hours/week	Priority				
>72 hours/week to ≤84 hours/week	Conformance	Minor	Major	Priority	Priority
>60 hours/week to ≤72 hours/week	Conformance	Opportunity for Improvement	Minor	Major	Priority
>Local law to ≤60 hours/week	Conformance	Opportunity for Improvement	Minor*	Minor*	Major
< Local law AND ≤60 hours/week	Conformance				
1. Young workers are found to be working in excess of the stricter of law or 60 hours per week 2. Young workers are working overtime 3. Young workers are doing night work	Priority				

7. Evaluation criteria for consecutive days of work

Consecutive Days	% Of Sampled Workers (Total or Specific Area, Function or Nationality/region of origin)			
	≤1%	>1% to ≤5% of sampled workers	>5% to ≤40%	>40%
≥24 Consecutive Days	Priority			
>12 to <24 Consecutive Days	Minor	Minor	Major	Priority
>6 (or local law if stricter) to ≤12 Consecutive Days	Conformance	Minor	Minor	Major
≤6 (or local law if stricter) Consecutive Days	Conformance			
Workers under the age of 18 are found to be working consecutive days in excess of the stricter of law or 6 consecutive days	Priority			

A4 Wages and Benefits

A4.1 Wages for regular and overtime hours are meeting “equal pay for equal work and qualification”, correctly calculated, and paid timely to all workers.

A4.2 For each pay period, workers are provided with understandable wage statements that include sufficient information to verify accurately work performed.

A4.3 Deductions or withholdings are calculated correctly and submitted to the appropriate government agency within the local law time frame.

Elements to Demonstrate Compliance to “TSMC Supplier Code”:

1. Policy: Have a detailed, comprehensive documented wage and benefits policy with elements including:

- a. "Pay equals time worked" applies for any company-required activity (e.g., work, training)
- b. "Equal pay for equal work and qualification" applies to prohibit discrimination.
- c. All workers shall be paid no less than the greater of agreed and legal wage for all hours.
- d. Overtime and other compensation and benefits are paid and are on top of the agreed wage for regular hours at a rate which is the stricter of local law or 125% of the standard rate.
- e. Prohibit unauthorized deductions, including for disciplinary measures, company assets, tools, PPE, or any other item.
- f. The wage payment schedule is regular and documented.
- g. Full payment made to leavers (resigned workers) in compliance with the law and not later than one month after the final day on the job.

2. Procedures & Practices are in place such that:

- a. The facility has a system to pay workers for both regular work hours and overtime in accordance with applicable law. Workers are compensated at the minimum wage or greater for regular work hours, and at a premium rate for work over the number of hours in a standard work week (overtime and holidays) which is the stricter of local law or 125% of standard rate.
- b. If there is a period where wages can be below minimum wage as per law it should be limited and reasonable in duration or not longer than 6 months, whichever is stricter.
- c. Correctly calculate wages, benefits, and overtime and maintain detailed accurate pay records.
- d. Provide all legally mandated benefits to workers, including contract elements.
- e. Pay all mandated withholdings to the appropriate government agency (taxes, social insurance, etc.)
- f. Records are maintained to verify these payments for both regular and contract workers.

NOTE: Neither the workers nor the supplier is allowed to "waive" any required mandatory deductions/contributions such as social insurance

- g. Pay (including overtime, others) should be timely per published schedule.
- h. Ensure proper wage rate for learners as follows:
 - i. Intern: at least the minimum wage, unless their performance is significantly below expectation for that wage cycle,
 - ii. Apprentice: at least the minimum wage unless the local law specifically defines a lower wage for this type of worker. Agreed apprentice wage increase when meeting new skills requirements. Workers after a successful apprenticeship have clearly recorded promotion and wage adjustment.
 - iii. No financial/scholastic penalty (note scholastic penalty is allowed only if directly related to underperformance on educational component of program) (student worker and intern).
- i. Medical (including maternity) or sick leave absences do not incur a financial penalty if within the more generous of the law, employment contract/agreement or company policy at the time.
- j. Workers are not to be kept on trainee wages beyond legally specified durations.
- k. Workers are paid directly without any intermediary (except bank) with no unauthorized or prohibited deductions (including for disciplinary measures, PPE, educational fees for learners), in a timely manner.
- l. Workers are provided with pay slips/receipts which clearly list the
 - i. Hours worked in separate categories: regular, overtime, holiday, rest day, and others.
 - ii. Wage rates and wages by category: regular and overtime/holiday/rest/other rate.
 - iii. Legally required withholdings: taxes, deductions and any other previously agreed upon deductions or contributions (e.g., housing, food, social insurance, etc.).
 - iv. Show employer contributions.
 - v. Pay should be shown in a manner which allows workers to "check" that their pay is accurate.

- m. Company, labor agents, and any other 3rd party do not have access to workers' bank or financial accounts even if the workers would allow it.
- n. Withholdings for taxes and other government programs made promptly to the applicable agency.

NOTE: In cases where a worker is permanently transferred to a different state, region, country employment site, the minimum wage and other benefits and entitlements shall be paid according to the legal provisions and standards where workers are now deployed. That is regardless of whether the facility or a third-party service provider, labor agent, vocational school or sub-contractor is their employer. Longer term but not permanent stays/visits must conform to local law in terms of right to work and workers need to be provided with sufficient wages and benefits to maintain a comparable or better standard of living than they have in their permanent place of employment.

- 3. Controls & Monitoring should include:
 - a. Ensure wage rates are equal or higher to local law, agreement.
 - b. Workers (both regular and contract) are provided with information and training at the time of hire to fully comprehend how wages are calculated and what to expect when they receive payment.
 - c. You must monitor pay for any workers of on-site supplier, subcontractor, agent to ensure accurate and timely payment, contributions and deductions are occurring.
 - d. Workers are made aware of the process to raise a concern over pay. These concerns are reviewed promptly, and workers are provided additional payment / changes to rates when issues.
- 4. Records are maintained including:
 - a. Wages, benefits, and overtime are correctly calculated, and accurate pay records are maintained.
 - b. Records of employee concerns, result of self-assessment and adjustments to pay or rates.

Note: "TSMC Supplier Code" does not accept any agreement with workers that allows for anything except compliance to local law including social insurance.

- 5. Serious conditions that will result in a severe finding:
 - a. Delaying payments to workers for more than 1 month beyond the regular payment cycle.
 - b. If workers' wages are deducted for payment of the government or regulatory deductions, such payment have not been made or auditee's payment is least 3 months overdue.

A5 Non-Discrimination / Non-Harassment / Humane Treatment

A5.1 No evidence of discrimination, harassment, inhumane treatment, or threat of these exists.

A5.2 Disciplinary actions are recorded and reviewed by management.

A5.3 Reasonable accommodation for religious practices is provided.

A5.4 Reasonable accommodation for disability is provided.

Elements to Demonstrate Compliance to "TSMC Supplier Code":

- 1. Policy: Have a detailed, comprehensive documented non-discrimination and non-harassment policy with elements including:

- a. No discrimination or harassment based on race, color, age, gender, sexual orientation, gender identity or expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information or marital status in hiring and employment practices such as wages, promotions, rewards, and access to training.
- b. No harsh or inhumane treatment including violence, gender- based violence, sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, bullying, public shaming, or verbal abuse of workers; nor is there to be the threat of any such treatment.
- c. Decisions in hiring, employing (such as compensation, promotion, access to training, ...), or terminating workers are based solely on the candidate's ability to perform the job's requirements.
- d. Prohibition of disciplinary wage deductions are in place including "Pay equals time worked."
- e. Health tests, pregnancy testing, or contraception are not used as a condition of employment.

NOTE: Pregnant and nursing workers should be moved from hazardous to non-hazardous roles or remove the hazards from their roles; in either case while keeping the same pay and all other benefits.

- f. There should be no termination of a worker's employment based on the worker's pregnancy, virginity, or parental status.

NOTE: In some cases, health tests are required by local governments for foreign migrant workers prior to issuance of work visas.

- g. Reasonable accommodation is provided including:
 - i. For requested religious practices
 - ii. For disability including all required by local law.

2. Procedures & Practices are in place such that:

- a. Clear communication to workers happens at the time of hire and is immediately accessible to all workers (e.g. worker training, handbooks, noticeboard postings, etc.) including communication and training on conflict management.
- b. Provides managers and supervisors with training on the company's policies and procedures for disciplinary action. The training clearly communicates proper treatment of workers and prohibits any and all forms of abuse and harassment including communication and training on conflict management.
- c. No discrimination or harassment against a worker in eligibility for another position based on the worker's refusal to take a medical test where there is no required medical test for such position.
- d. All disciplinary actions are taken when discrimination and/or mistreatment occurs.
- e. Establish a disciplinary process which is humane.
- f. Disciplinary records do not show inhumane disciplinary measures.
- g. There are no groups inappropriately exempted from discipline process (policies applied equally).
- h. All records of disciplinary action against workers shall be reviewed by management and verifiably communicated to them.
- i. Formal policies and procedures exist for sick leave and maternity leave.
 - i. Workers receive a reasonable amount of time off for sickness without job loss or financial penalty.
 - ii. Workers are able to take time off for legally allowable maternity leave without loss of their job or seniority.
- j. Provide adequate compensation for lost income to workers injured at work or suffering from occupational disease, in accordance with local requirements.

- k. Establish a confidential communication system where workers can raise issues of concern including treatment by their supervisors or coworkers without fear of reprisal.
- l. Accommodations
 - i. Establish a process and group to review requests for religious practices and disability accommodation.
 - ii. Review and decide upon and provide reason of decision of accommodation (or no accommodation) to the requestor in a timely manner.
 - iii. The religious accommodation element of the process shall reasonably accommodate group or individual religious practice requests made to management and may include:
 - 1. Scheduling Changes
 - 2. Voluntary Substitutes and Shift Swaps
 - 3. Change of Job Tasks and Lateral Transfer
 - 4. Dress and Grooming Standards
 - 5. Use of Employer Facilities
 - 6. Tests and Selection Process
 - iv. Accommodation requests may be refused for safety and security concerns, after seeking alternatives (including off-site options) and/or a significant impact on business operations, operating costs, or other workers.
 - v. Reasonable accommodation for worker's disability is provided; Perform assessments using legal, customer and worker situations to identify gaps that should be addressed, e.g., missing ramps for those using wheelchairs or insufficient and inappropriate workstation tools.
- 3. Controls & Monitoring should include:
 - a. Periodically reviews hiring practices, compensation records, and benefits to determine that there is no prohibited discrimination.
 - b. Hiring agents and supplier management are trained in non-discrimination and applicable non-discrimination laws.
 - c. Ensuring workers are aware of the existing and planned accommodations as well as channel to request accommodations.
 - d. No security policies, procedures, or their implementation shall result in any discriminatory conduct, including discriminatory hiring practices implemented to comply with such security policies and procedures.
- 4. Records are maintained including:
 - a. Have written job descriptions for worker roles that focus solely on "occupational qualifications," not personal characteristics.
 - b. Investigations, results, and actions related to allegations and discriminatory actions observed and/or mistreatment of workers.
 - c. Records of all cases of disciplinary decisions are available and show any disciplinary actions with signature or confirmation of worker.
 - d. Accommodation records (helps with consistency as well)
 - i. Religious accommodation requests and decisions are recorded and maintained.
 - ii. Disability access, assessment, and other reports for all identified disabilities
 - iii. Disability effectiveness evaluation reports are available for all identified disabilities.
 - iv. Corrective action plans are available for all identified disabilities for any disability accommodation deemed ineffective.
- 5. Serious conditions that will result in a severe finding:
 - a. Discrimination, harassment, or inhumane treatment case without action taken.
 - b. An inhumane, discriminatory, or harassing disciplinary action.
 - c. Reasonable Religious Accommodation requests are refused by management without justification.
 - d. Disability accommodation requests are refused by management without justification.

6. Leading Practices include:
 - a. The disciplinary policy includes the following elements:
 - i. Graduated/Progressive – “First time” or small offenses might involve training/retraining or verbal discussions between the worker and supervisor in private - not in front of other workers. Major or re-occurring offenses would involve more serious disciplinary written warning or re-assignment, etc., according to the documented process.
 - ii. Constructive- Feedback is timely, targeted, and intended to motivate improvement in worker behavior and performance.
 - iii. Balanced - discipline applied consistently to all individuals and groups.
 - b. Facilities proactively equipped to accommodate disabled persons (e.g., wheelchair ramps; elevators; visual evaluation alarms; etc.).
 - c. Having policies and taking actions to hire and promote a diverse workforce.

A6 Freedom of Association and Collective Bargaining

A6.1 Suppliers shall respect the right of all workers to participate in various forms of organizations and activities on a free and voluntary basis.

A6.2 Suppliers shall respect the right of all workers to freely choose whether or not to participate.

A6.3 All workers shall be able to communicate openly and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, retaliation, intimidation, or harassment.

Elements to Demonstrate Compliance to “TSMC Supplier Code”:

1. Policy: Have a detailed, comprehensive documented freedom of association and collective bargaining policy with elements including:
 - a. Respect of the right of workers to participate in various forms of organizations and activities on a free and voluntary basis. ^{Note2}
 - b. As open communication and direct engagement between workers and management are the most effective ways to resolve workplace issues, where the right of freedom of association is restricted by applicable laws and regulations, workers shall be allowed to freely choose whether or not to participate.
 - c. Non-interference, restrain, or coercion of workers in the exercise of their right to individually or collectively to express, promote, pursue, and defend their concerns or ideas or to refrain from doing so.
 - d. Non-interference with and no financing of a various forms of organizations and activities unless required by law.
 - e. Recognize and respect the right of all workers to freely choose whether or not to participate.
 - f. Respect the legal rights of all workers to participate communication, or refrain from doing so.
 - g. Commitment to participate communication request by the various forms of organizations.
 - h. Commitment to participate in good faith in the communication process with the various forms of organizations.
 - i. Respect the legal right of all workers to participate in various forms of organizations' activities. ^{note3}

2. Procedures & Practices are in place such that:
 - a. Ensure the policies and procedures regarding workers' rights to freely participate in various forms of organizations and activities are communicated to all managers, supervisors, and workers.
 - b. Any worker's participation in various forms of organizations and activities reflects the interests of those workers who chose to be represented without the interference of management.
 - c. Do not dismiss, discipline, coerce or threaten workers as a result of exercising their right to participate in various forms of organizations and activities.
 - d. Do not discriminate in employment decisions against workers because of their affiliation with any worker groups.
 - e. Employee representative(s) and other workers are treated equally.

note2 The reviewee company is responsible for ensuring their workers can exercise their rights to organize in a climate free of violence, pressure, fear, and threats. reviewee is not required to take an active role in supporting workers' participation in various forms of organizations and activities.

note3 Company may place reasonable time, place, and manner controls regarding assembly for purposes of maintaining a healthy, safe, and productive work environment.

- f. Enact, within the scope of national law and practice, a mutually agreed process between the company and workers to facilitate regular discussion on matters of mutual concern.
 - g. Ensure company management conducts regular sessions with workers to discuss their issues or concerns.
 - h. Open feedback channels exist for workers to bring issues to the attention of management for resolution. Communications are kept confidential for the protection of workers.
 - i. All workers' participation in various forms of organizations and activities terms and conditions are implemented.
 - j. Granting religious accommodation should be evaluated against requirements in any workers' participation in various forms of organizations and activities and may vary from the workers' participation in various forms of organizations and activities. A dialogue with worker representatives is held if there is a difference between an accommodation request and the workers' participation in various forms of organizations and activities, if this does not violate the privacy of the Accommodation requestor.
3. Controls & Monitoring should include:
 - a. Management contributions are limited to providing meeting space and/or meeting materials (such as note taking material) unless required by law.
 - b. Management should not dominate or interfere with the formation or administration of any workers' participation in various forms of organizations (or alternate lawful forms where the right of workers' participation in various forms of organizations and activities is restricted by applicable laws and regulations) or contribute support, either financial or human resources. Where legally required, management shall allow the workers' participation in various forms of organizations and activities.
 - c. Review payroll records to confirm that workers' participation in various forms of organizations are paid the same as other workers in similar job functions.
 - d. Get worker feedback as to how communications might be improved between them and management and make adjustment.
4. Records are maintained including:
 - a. Workers' participation in various forms of organizations' meeting minutes and financial records, if available, to determine source of funding and materials.
 - b. Records are maintained on workers' participation in various forms of organizations' related grievances and show how the grievance was investigated and acted upon including communication to workers.

A7 Human Rights Policy

A7.1 Suppliers shall uphold core values, support the United Nations Universal Declaration of Human Rights (UDHR), the regulations of the International Labor Organization (ILO) and relate international concepts of respect for human rights, and at the same time abide by local laws and regulations, treat and respect all employees with dignity.

1. Suppliers shall establish appropriate and effective processes to implement this standard.
“Human rights-related issues” concerning all employees (full-time and part-time) and workers (including temporary workers, agency workers, student workers, workers placed through labor agencies, and key suppliers, on-site contractors, and subcontractors) regarding “human rights-related issues,” maintaining a zero-deficiency standard. In addition, training and management mechanisms should be optimized to “eliminate sexual harassment and power abuse, ensure proper working hour management, enhance the human rights of persons with disabilities, and protect personal privacy.”
2. Suppliers shall regularly evaluate the human rights risk assessment and management related to control, audit and review the human rights policies and management processes, and appropriately disclose them to stakeholders to enhance and continuously improve the human rights performance of suppliers, including all employees and temporary workers, workers (including major suppliers at the next level of the supply chain, on-site contractors, contractors) and protection of vulnerable or marginalized groups (including aboriginals, migrant workers, contract personnel, LGBTQ-owned, minority-owned, ethnicity, veterans-owned, women-owned, people with disabilities-owned and small businesses),
3. These critical concerns include but are not limited to integrating respect for economic, social, cultural, civil and political rights and development into operations, providing safety and health and zero harassment safe working environment, eliminating illegal discrimination to ensure equal job opportunities, prohibiting forced labor and prohibiting child labor, abiding by all applicable wage and working hours regulations, assisting employees to freedom of Association, maintain physical and mental health and work-life balance, responsible mineral procurement, and diversification of labor rights Human rights concerns and practices of non-discrimination and harassment,
4. Suppliers shall support and assist employees to maintain physical and mental health and work-life balance, provide multiple open communication channels including but not limited to anonymous reporting methods, and allow suppliers, business partners and other interests stakeholders are able to give feedback or report suspected violations.
5. At the same time, suppliers should regularly review and evaluate relevant risks and practices in response to changing internal and external situations and stakeholders’ needs, establish complaints, investigations and remedial procedures, and take timely actions to mitigate any adverse human rights impacts.

A8 Diversity and inclusive culture

A8.1 Suppliers shall firmly believe in the value of diverse workplaces

1. Suppliers shall cultivate future talents under the premise of mutual tolerance, so that the industry can benefit from the greatest potential of global human resources.
2. Fair employment opportunities are the source of the company’s competitiveness; suppliers should respect differences, regardless of their gender, religion, race, nationality or political affiliation, whether in the hiring or promotion process.

A9 Accessibility Culture

A9.1 Suppliers shall be committed to a workplace with an accessible culture

1. Suppliers shall foster an inclusive employment environment for workers of all abilities, including labor rights for persons with disabilities, disadvantaged or marginalized groups.
2. Suppliers shall support and empower people with different skills and functions or work create an accessible workplace, design and build a functional team for an accessible culture.

A.M Labor Management System

“TSMC Supplier Code” Management Systems Preamble: Suppliers shall adopt or establish a management system with a scope that is related to the content of this Code. The management system shall be designed to ensure: (a) compliance with applicable laws, regulations and customer requirements related to the participant’s operations and products; (b) conformance with this Code; and (c) identification and mitigation of operational risks related to this Code. It shall also facilitate continual improvement.

A.M.1 Risk Assessment

Elements to Demonstrate Compliance to “TSMC Supplier Code”

A.M.1.1 An adequate and effective labor compliance process is established to monitor, Aidentify, understand, and ensure compliance with applicable laws, regulations, and customer requirements.

1. Process, Practices, Controls:

Establish a quarterly process to update and maintain a current understanding of and compliance to all applicable legal and customer requirements. The process should include:

- a. Identification of requirements which apply to the company; be sure to look for emerging and new requirements. This can be done via a legal department with an understanding of the “TSMC Supplier Code”, subscriptions to 3rd party reports on regulations, sales & marketing who agree to customer terms, etc.
- b. A means to track these requirements, staying current as
 - i. The requirements may change (including the “TSMC Supplier Code” and RBA code of conduct).
 - ii. Your operations may change and bring the facility in scope of requirements or create a gap.
- c. Assess facility operations against these requirements to identify gaps.
- d. Develop updated policy, procedure, training, communication, recording and reporting to close the gaps.
- e. Implement the changes and test them for compliance.

NOTE: Ensure the company adds any new and changed permitting, licensing, testing, reporting and disclosure requirements to the compliance register noting sufficient time to renew or published before they expire or are due.

2. Records are maintained including:

- a. A compliance calendar with owner, reminders, calendar appointments via e-mail.
- b. Summaries of applicable laws and regulations and requirements and how they apply to facility’s operations.
- c. Review of the key customer requirements that apply to or impact on facility’s operations.
- d. Analysis of recent “TSMC Supplier Code” changes.
- e. Minutes from meetings or other that demonstrate the process is conducted quarterly.

A.M.1.2 An adequate and effective due diligence process is established to identify and assess the most significant actual and potential labor risks where the facility caused or contributed to adverse labor impacts (including applicable requirements).

1. Process, Practices, Controls:
 - a. A due diligence process focused on human rights. It should be designed to identify and assess the most significant actual and potential labor risks where the facility could cause or contribute to adverse human rights impacts of internal and external rights holders.
 - b. The risk assessment is updated when there is a significant change.
 - c. Ensure the scope of the risk assessment is broad including:
 - iii. Every site operation/process producing products and supplying the services offered by the company.
 - iv. All identified internal and external stakeholders, including at a minimum:
 1. Direct and indirect workers
 2. Young workers, Learners
 3. Foreign and internal migrant workers
 4. Worker representatives
 5. Staff functions
 6. On-site service providers, Suppliers
 7. Customers
 8. Stakeholders in the community next to or near the facility which may be impacted.
2. Records are maintained including:
 - a. Stakeholder identification reports.
 - b. Risk assessment reports.
 - c. Mitigation plans.

A.M.2 Control Process Labor

Elements to Demonstrate Compliance to “TSMC Supplier Code”

A.M.2.1 Labor responsibilities and authorities are adequately and effectively defined and assigned for all employee levels (senior managers to workers) for the implementation of management systems, and for compliance with laws, regulations, and codes.

1. Process, Practices, Controls:
 - 1). Have a senior representative assigned responsibility for implementing social responsibility programs in the facility and supply chain. Their scope should include:
 - a. Understanding and assessing facility’s compliance with laws and regulations, customer requirements and the “TSMC Supplier Code”.
 - b. Developing and implementing (likely with other subject matter experts) necessary changes to policies, programs, processes, training, reporting and disclosure as needed to be in legal and customer compliance and “TSMC Supplier Code” conformance.
 - 2). Responsibilities and authority of each organizational level are recorded in position plans, job descriptions and/or the facility’s management system documentation.
 - a. For normal situations.
 - b. For emergency situations which would include where serious adverse impact has been identified.

A.M.2.2 Adequate and effective labor policies and control processes are established.

1. Process, Practices, Controls:

Policies: The facility shall establish policy statements aligned with law and the “TSMC Supplier Code” are in place including:

 - a. Each of the policy requirements has an effective implementation control process.
 - b. Mitigating processes are in place for all significant actual and potential risks identified, tracking implementation, and resulting adverse impact reduction identified in the risk assessment.

2. Records are maintained including:
 - a. Current and past policies and procedures, specifications.
 - b. Results and reports from review and control steps.
 - c. Corrective action plans, plans for improvement.□

A.M.2.3 An adequate and effective training process is established for all managers/workers on all policy/process/job-related aspects and performance targets.

1. Policy, Practices, Controls:
An adequate and effective training program for workers/managers:
 - a. New employee orientation plan
 - b. Training needs analysis
 - c. Training plan with frequency
 - d. Training material
 - e. Training records with effectiveness evaluation or verification

NOTE: Ensure these minimum training topics are included: risk, policy, process, controls, responsibilities, grievance, communication and training in conflict management are covered.

2. Records are maintained including:
 - a. Training records include a verification of training effectiveness.
 - b. Educational materials.
3. Serious conditions that will result in a severe finding:
 - a. Educational materials. are not trained within 30 days of the hire date.

A.M.3 Communications Labor

Elements to Demonstrate Compliance to “TSMC Supplier Code”

A.M.3.1 An adequate and effective ongoing two-way communication process with workers and internal and external stakeholders, where relevant or necessary, is established to obtain feedback on operational labor practices and conditions and to foster continuous improvement.

1. Policy, Practices, Controls:
A healthy and effective ongoing two-way communication process with workers, other internal and external stakeholders, where relevant or necessary, to obtain their feedback on operational labor practices and conditions and to foster continuous improvement.
 - a. Examples of worker participation mechanisms: worker surveys, suggestions boxes, worker focus groups, joint worker-management committees, worker/union representatives, process improvement teams.
 - b. Examples of two-way communication: face-to-face meetings, town halls, worker focus groups, joint worker-management committees, process improvement team, message groups (WhatsApp, Line, WeChat, etc.), brown bag lunches
 - c. Examples of stakeholder engagement mechanisms: newsletters with request for feedback, message groups (WhatsApp, Line, WeChat, etc.), social media, neighborhood or community meetings, drop-in sessions, focus groups, feedback, and impact discussions (data/study driven)

NOTE: Ensure the following topics are included or asked about to promote comprehensive dialogue: risk, policy, process, controls, responsibilities, grievance are covered.

- d. Minimum internal and external stakeholders should include:
 - i. Direct and indirect workers
 - ii. Young workers, Learners
 - iii. (Foreign and internal) migrant workers
 - iv. Worker representatives
 - v. Staff functions
 - vi. On-site service providers, Suppliers
 - vii. Customers: to whom the facility should share detailed recruitment practices and performance (including freely chosen employment, e.g., Demographics of labor and list of labor agents/ contractors with the percentage of the workforce, costs to workers (in total absolute numbers and per contract base), and labor agent/contractor fees).

NOTE: Submitting SAQ to customers does not qualify as communication with customers

- 2. Records are maintained including:
 - a. Communications records include a verification of communication effectiveness.
 - b. Input/feedback records.
 - c. Written information to workers on how to provide input/feedback for improvement.
 - d. Correspondence to supplier management.
 - e. Communications/Presentations to internal and external stakeholders.

A.M.3.2 An adequate and effective process is established to anonymously report grievances confidentially without fear of reprisal or intimidation.

- 1. Policy, Practices, Controls:
 - 1). Process:
 - a. Comprehensive functioning process to anonymously report grievances without fear of reprisal, which is internal (for workers and staff) and external (for workers of suppliers, local community, or interested actors and Whistleblowers).
 - b. Clear grievance channels so anyone is comfortable reporting grievances and so that reporting is encouraged.
 - 2). Investigation and actions:
 - a. Promptly investigate the validity of any grievance.
 - b. Ensure the investigation and remediation is impartial, non-discriminatory, and where applicable, consistent with previous actions.
 - c. Communicate back to those involved, where possible, the outcome of the investigation and next steps, while maintaining appropriate privacy for those involved.
 - d. Remind Suppliers and Their Workers that there is to be no retribution for making the grievance. Furthermore, suppliers shall continue to provide workers with education, training, and awareness programs regarding the TSMC's Supply Chain Worker Grievance Channel at <https://cld.supply.tsmc.com/supply360/dist/GrievanceFile> and the Supplier Grievance Channel, while regularly reviewing these grievance mechanisms to ensure their appropriateness and effectiveness.
 - 3). Records are maintained including:
 - a. Grievance records
 - b. Investigation records
 - c. Workers are provided with written information on how to report grievances.
- 2. Serious conditions that will result in a severe finding:
 - a. Grievances not being investigated and addressed within 3 months of being received.
 - b. Not putting in place and actioning a corrective action plan after confirming a grievance.

A.M.4 Performance review and continuous improvement labor

Elements to Demonstrate Compliance to “TSMC Supplier Code”

A.M.4.1 An adequate and effective labor management performance review and continuous improvement process is established.

1. Policy, Practices, Controls:
 - 1). Process elements should include:
 - a. Annual or more frequent review of objectives and systems.
 - i. Management system review
 - ii. Performance review
 - b. Formal and communicated goals, indicators, objectives, and targets.
 - c. Goals shall clearly define the period considered; each goal shall include:
 - i. Time Period: (between base date and target date) shall be forward-looking.
 - iii. Base date: Date from which the goal is being measured.
 - iv. Target date: Date in the future when the goal is intended to be achieved.
 - v. Baseline: the value of what is being measured at the start
 - vi. Targeted improvement value: The quantitative value of the goal (numeric and greater than 0)
 - d. Assignment of owners, implementation plans with completion dates.
 - e. Additional action plans if goal, indicator, objective, or target is off track.
 - f. Communication of the goals and progress to workers (as appropriate).
 - 2). Evaluation:
 - a. Regularly not exceeding 2 years but earlier if there is a Significant Change.
 - b. Effectiveness of controls (including control processes)
 - c. Should include every related program whose scope include:
 - i. Consideration of risk assessment results
 - ii. Legal and regulatory requirements
 - iii. Company standards/requirements.
 - iv. Achieving continual improvement
2. Records are maintained including:
 - a. System review meetings
 - b. Management review meeting presentation materials/analysis/data. Be sure to include:
 - i. Date, agenda, attendees (including senior manager)
 - ii. Presentation material (references)
 - iii. Progress towards objectives
 - iv. Results of assessments
 - v. Completion of corrective/preventive actions
 - vi. Risks/issues
 - vii. Other information that was used to determine the effectiveness of the management system and identify improvement opportunities.
 - viii. Agreed preventive/corrective actions.
 - a. Formal target, indicator, and objective tracking
 - b. Regular progress reporting
 - c. Evaluation reports for (at least)
 - i. Control effectiveness.
 - ii. Training and Communication
 - iii. Grievances related to labor concerns.
 - iv. HR practices (hiring, compensation, promotion, nondiscrimination and harassment, humane treatment, ...)

A.M.4.2 An adequate and effective labor self-assessment process is established to assess conformance with the “TSMC Supplier Code” and customer requirements periodically.

1. Policy, Practices, Controls:
 - 1). An adequate and effective self-assessment process to periodically assess conformance with:
 - a. Applicable legal regulatory requirements.
 - b. Customer requirements.
 - c. “TSMC Supplier Code” requirements.
 - d. Own policies, standards, management system, requirements to which the facility subscribes to.
 - 2). The assessment scope should include:
 - a. All areas of the facility.
 - b. All policies, processes, physical conditions, and work practices.
 - c. Review of records.
 - d. Interviews with individuals responsible for compliance and conformance
 - i. Workers (direct and indirect)
 - ii. Staff and management
 - iii. Supplier management
 - 3). Assessment findings should be reviewed by senior management.
2. Records are maintained including:
 - a. Self-assessment reports
 - b. Results of management reviews
 - c. Corrective action plans

A.M.4.3 An adequate and effective labor corrective action process is established to rectify and close non- conformances.

1. Policy, Practices, controls:

Ensure there is a Corrective Action Process (CAP) in place, which contains the following:

 - a. Core elements of root cause analysis, specific corrective actions, owners, due dates, tracking process.
 - b. Additional actions when a corrective action is off-track.
 - c. A link demonstrated between the CAP and the performance management objectives and targets.
 - d. Review action items by management representative after verification by the appropriate person.
 - e. Any issues/concerns noted in the insurance inspection report regarding people, fire, or facility have an agreed corrective action plan.
2. Records are maintained including:
 - a. Original non-conformance.
 - b. CAP for each non-conformance.
 - c. Progress reports.
 - d. Closure verification reports (with management confirmation)
 - e. Copies of any regulatory citations/violation notices received in the past three years, including any communications with the agencies, and follow-up review or inspection.

B. Health and Safety

“TSMC Supplier Code” Health & Safety Preamble: Suppliers recognize that in addition to minimizing the incidence of work-related injuries and illnesses, a safe and healthy working environment enhances the quality of products and services, consistency of production and worker retention and morale. Suppliers also recognize that ongoing worker input and education are essential to identifying and solving health and safety issues in the workplace.

B1 Occupational Health and Safety

Elements to Demonstrate Compliance to “TSMC Supplier Code” are here below and also in the Health & Safety Checklist “B1 Occupational Health Safety: Pregnant and Nursing Mothers” later in this document.

- B1.1 All required permits, licenses, and test reports for Occupational Health and Safety are in place and communicated timely to the government (if required).**
- B1.2 Occupational health & safety hazards are identified, assessed, and mitigated using the Hierarchy of Controls, which includes eliminating, substituting, and controlling through proper design, process and administrative controls, and appropriate Personal Protective Equipment (PPE) which is consistently and correctly used.**
- B1.3 Gender-responsive measures are taken to ensure pregnant women and nursing mothers are not in working conditions, which could be hazardous to them or their child, and provide reasonable accommodations for nursing mothers.**

- 1. Policy: Have a detailed, comprehensive documented occupational health and safety policy with elements including:
 - a. All required permits, licenses, and test reports for occupational health and safety are in place and communicated timely to the government (if required).
 - b. Occupational health & safety hazards are identified, assessed, and mitigated using the Hierarchy of Controls, which includes eliminating, substituting, and controlling through proper design, process and administrative controls, and appropriate Personal Protective Equipment (PPE) which is consistently and correctly used.
 - c. Gender-responsive measures are taken to ensure pregnant women and nursing mothers are not in working conditions, which could be hazardous to them or their child, and provide reasonable accommodations for nursing mothers.

NOTE: All efforts must apply to all types of workers (direct, indirect, dispatched, young, interns, apprentices.

- 2. Procedures & Practices are in place such that:
 - a. The facility keeps a registry or inventory of health and safety permits, licenses and certifications including their monitoring and reporting requirements, expiration dates, etc.
 - b. Permits, licenses, and certifications are kept current and updated as necessary as operations changes occur.
 - c. All health and safety violations have been remediated and are considered closed by the proper authorities.
 - d. All government reporting is on time and correct.
 - e. Assessments occur:
 - i. An adequate and effective risk assessment process is in place to identify the most significant actual and potential occupational health and safety risks,

- including specific risks of relevant demographics, such as gender and age, where the facility caused or contributed to adverse health and safety impacts for internal and external stakeholders (including applicable requirements).
- ii. An adequate and effective process is implemented to eliminate or reduce worker safety hazards and determine proper PPE for specific job tasks and/or areas of the facility where it cannot be eliminated.
- iii. A safety hazard assessment is performed for all machinery and equipment before purchase, installation and start up. Controls are implemented for the identified hazards.
- iv. Hazards such as high noise, chemical use, heavy equipment use, awkward positions, work at heights, overhead hazards, etc. should all be evaluated.
- v. Buildings are structurally sound and conform to local building code requirements.
- vi. The risk assessment is updated when there is a Significant Change.

NOTE: Young workers, expectant and nursing mothers, others must be considered in a separate and unique category.

NOTE: Exposure to multiple chemicals can be either exposure to multiple chemicals by a single route or exposure to multiple chemicals by multiple routes. A route can be inhalation, ingestion, skin exposure, etc.

- f. Risks are addressed through the Hierarchy of Controls
 - i. Elimination
 - ii. Substitution
 - iii. Engineering controls
 - iv. Process and Administrative controls.
 - v. Adequate and effective PPE
- g. Examples of areas to assess and steps are provided here; however, this is not comprehensive:
 - i. Stairways and elevated work areas are provided with appropriate guardrails and handrails.
 - ii. Aisles, stairways, and work areas are free of tripping hazards (stored materials, electrical cords, etc.).
 - iii. Health and safety education, both general and job-specific, is provided during initial orientation and on an ongoing basis.
 - iv. Precautions are taken to ensure safety in construction areas, including limiting vehicle speeds, scaffolding to prevent injury from falling objects and controls of electrical hazards.
 - v. In areas where powered industrial vehicles are used, pedestrian walkways are clearly delineated and physically separated, where possible, from vehicle operation areas.
 - vi. Electrical installations and wiring are regularly inspected and maintained to prevent electrical shock hazards (damaged cords and plugs, frayed wiring, missing protective barriers, etc.).
 - vii. Hazards are identified by appropriate signs, placards, and labels in the local language of workers.
 - viii. Energized parts are protected from accidental contact by enclosures and barriers.
 - ix. Operating procedures for equipment and machinery posing electrical hazards include electrical safety precautions.
 - x. Lockout/Tagout program is in place for work on equipment where stored energy (electrical, pneumatic, mechanical, etc.) or inadvertent start-up could injure workers.
 - xi. Confined spaces are identified, and hazards are evaluated before workers are allowed to enter. Hazard controls (e.g. mechanical ventilation, personal protective equipment, etc.) are implemented and maintained for the entire duration of the confined space work.

- h. Fire hazards are controlled:
 - i. Combustible storage is minimized and limited to areas with adequate fire detection and protection.
 - ii. Flammable and combustible materials are properly stored to prevent the accumulation of vapors.
 - iii. Ignition hazards (e.g. smoking, electrical sparks, open flames, etc.) are eliminated in areas where combustible and flammable materials are stored or used or if there is a flammable atmosphere.
 - iv. The facility controls the risks associated with fire hazards (e.g., replacing frayed electrical wiring, avoiding open flames, containing flammable vapors, etc.).
 - v. A hot work permit system is in place for welding, cutting, brazing, and similar activities.
- i. Only specially trained and licensed drivers are permitted to operate industrial powered vehicles.
- j. Workers are provided with appropriate fall protection for work in elevated work areas (e.g., roof work, heights, forklifts trucks, towers, etc.).
- k. PPE. Where hazards cannot be eliminated, there should be proper PPE requisition and renewal process. Adequate and effective notification and enforcement process for PPE use is in place including:
 - i. Worker training
 - ii. Signs and labels
 - iii. Regular enforcement by supervisors
 - iv. Work area inspections.
 - v. PPE inspections and maintenance and renewal/replacement
- l. Gender-responsive measures for pregnant women and nursing mothers
 - i. General risk assessment of roles and areas must include potential hazards to expecting and nursing mothers. Those include but are not limited to these elements:
 1. Lifting/carrying heavy loads.
 2. Workstations and posture.
 3. Standing or sitting still for extended lengths of time.
 4. Exposure to infectious diseases
 5. Exposure to lead, organic mercury, other toxic chemicals, radioactive material.
 6. Work-related stress.
 7. Threat of violence in the workplace.
 8. Long working hours and/or night shifts.
 9. Extreme heat and/or noise
 - ii. When an expectant or nursing mother makes their situation known,
 1. A worker-specific risk assessment of the worker's job to assess risk to the mother and fetus.
 2. They must either be moved to a role that has been assessed and determined not to be hazardous to them or their children OR the hazardous elements of their role are removed.
 3. Health checks, if required by law, for pregnant workers and nursing mothers
 - iii. After the mother returns to work: a worker-specific post-natal risk assessment of the worker's job to assess risk to the mother and possible impacts on the baby through breastfeeding.
 - iv. Provide reasonable break time and location for a worker to express and store breast milk for nursing child.
 1. Location does not need to be a separate dedicated area.
 2. It cannot be a toilet stall or a bathroom.
 3. It must be private, secure, and close to the workspace.
 4. Clean, access to water and hygienic storage (e.g., a closed, clean cupboard)
 5. A refrigerator is considered a non-essential reasonable accommodation.

NOTE: Workers have the freedom to refuse tasks that the worker believes to be hazardous without penalty or termination.

- m. Rented apartments shall be permitted by the local government.
- n. Food, sanitation and housing permits and licenses
- o. Canteen/kitchen workers have valid health certificates.
- p. If local regulations require facility health inspections or other tests or certificates, these are available and valid.

NOTE: All permits, licenses, certifications, and reporting data are posted as required by law in required or conspicuous locations

NOTE: Drinking water testing is not required if local water utility company can attest water meets World Health Organization (WHO) Guidelines for Drinking-water Quality or equivalent standard

5. Leading Practices include:
 - a. Taking efforts, through communication, small group dialogue, other, to encourage expectant and nursing mothers to disclose their situation occur through communication and education.
6. Serious conditions that will result in a severe finding:
 - Not properly reporting occupational accidents, injuries, and illnesses to the governing agency as required by law; those that are deemed reportable by the authorities.
 - Delay in mandatory government reporting in excess of 3 months from the due date.
 - Workers wearing the wrong type of PPE or not at all WHEN there is an immediate risk to them.
 - Not having PPE available for the ERT
 - The ERT PPE is in poor condition, not working, insufficient, not visible nor easily accessible.
 - Poor or improper use, handling or storing of hazardous substances (including waste) in a way that poses imminent harm or could lead to immediate risk to life, limb, or the facility.
 - Having pregnant workers/nursing mothers in conditions that pose an immediate risk to them or their child.

B2 Emergency Preparedness

B2.1 Adequate and effective fire detection, alarm and suppression systems are in place.

B2.2 Effective emergency preparedness and response programs (plans/ processes) are established.

B2.3 Effective emergency exit access, exits, and exit discharge are adequate in number and location, readily accessible, and properly maintained.

B2.4 Adequate and effective fire and other identified emergency evacuation drills are conducted with all workers and people on site.

Elements to Demonstrate Compliance to "TSMC Supplier Code" include those below and the health and safety checklists "B2 Emergency preparedness: Fire Detection, alarm, and suppression" and "B2 Emergency preparedness: Fire exits" later in this document.

1. Policy: Have a detailed, comprehensive documented emergency preparedness policy with elements including:
 - a. Commitment that site will comply with the stricter of local law, "TSMC Supplier Code", insurance company requirement, or customer requirements regarding emergency preparedness, equipment, training, and response.
 - b. Ensure that there is proper budget and staffing allocated to install and maintain the exit, detection, alarm, detection, response, and suppression systems as well as training of individuals and coordination with local authorities.

2. Procedures & Practices are in place such that:
- a. Equipment
 - i. Detection: Automatic heat and/or smoke detection as required by law or the insurance company. Detection devices and systems are functioning and well-maintained.
 - ii. Alarm: All buildings have a manual or automatic fire alarm and notification system, and the system is functioning normally. Fire alarm manual call points or pull-stations are provided at or along egress routes to exits.
 - iii. Fire suppression:
 - 1. Portable fire extinguishers are installed, with unimpeded access and current inspection tags.
 - 2. Automatic fire sprinklers as required by law or insurance company.
 - iv. Fire hoses (if present) with unimpeded access and inspection tags. The fire water tank and water pressure are normal.
 - v. Asbestos-containing fire-suppression materials (e.g., blankets) are prohibited.
 - b. Facility staff or a consultant has performed an assessment of potential emergency situations.
 - c. Emergency Preparedness
 - i. Emergency response plans have been developed and implemented to address the potential emergency events identified in the assessment (e.g., chemical spill, equipment malfunction, occupational injury, fire, earthquake, weather event, violence)
 - ii. The facility has implemented emergency reporting procedures, including training for workers on how to report an emergency.
 - iii. The facility maintains alarms and/or a public address system to notify workers of an emergency.
 - iv. The facility has implemented evacuation and relocation procedures, and the procedures are tested on a regular basis.
 - v. Workers are trained in emergency reporting, notification and evacuation and relocation.
 - d. Emergency evacuation drills are conducted regularly for all work areas and shifts. Specifically:
 - i. Fire evacuation Drills ^{Note 4}
 - 1. Over the past two years, all staff members (including direct and indirect employees as well as on-site contractors) have been required to participate in evacuation drills.
 - 2. All work shifts must have been part of an evacuation drill.
 - 3. At least one evacuation drill is conducted while it is dark outside (this helps to identify access, lighting, and other gaps).
 - 4. Drills should include every area (including dormitory, cafeteria, warehouse, office areas, production floors, research, development laboratories, shipping/receiving)
 - ii. Other identified emergency evacuations: scope, frequency and process should be determined through risk assessment, local law, or customer requirement.
 - iii. The notification process and level shall be clearly planned, and periodically tested and reviewed. The emergency notification process shall include notification to TSMC within 4 hours of the incident.

Note: When there is high staff turnover, a significant increase in business volume, and/or major changes to operations (such as the construction of a new building or changes to equipment or warehouse layouts), a new drill should be conducted within one month of the facility becoming operational or within one month of such major changes occurring.

Note 4: Fire evacuation drills must be conducted at least once every 365 days, not "once a year."

- e. The facility provides an adequate number of exits and maintains exit aisles and passageways free of obstructions, locked doors and other impediments to easy egress including:
 - i. Clear and unobstructed egress (i.e., exit access, exit, and exit discharge)
 - 1. An adequate number of effective exit routes from every area
 - 2. An appropriate distance separates exit routes and does not share a common exit.
 - 3. Exit routes are clear of obstructions.
 - 4. Exit discharges discharge to open space/parking lot and do not discharge to an enclosed/gated/locked area.
 - 5. Exits are free of material storage, and enclosures are not used for any other purpose except for egress.
 - 6. All exit route doors (i.e., exit access doors, exit discharge doors) that serve high occupancy (≥ 50), or hazardous areas open in the direction of egress.
 - 7. All Exit Route doors (i.e., Exit Access doors and Exit Discharge doors) should open without using a key, badge, code, special knowledge, or effort.
 - 8. All Exit Discharge doors shall be a single motion exit, or have Listed Panic Hardware installed, which is pushed open in a single motion.
 - ii. Exit signs:
 - 1. Exit signs are provided to mark exits on every floor.
 - 2. Exit signs are illuminated and/or lighted in the event of a power failure.
 - 3. Additional exit and/or directional signs are provided at main passageways/ aisles, long corridors, and other locations where the way to the nearest exit is unclear.
 - iii. Emergency lighting:
 - 1. Emergency lighting is provided and installed to illuminate means of egress in the event of a power failure.
 - 2. Lighting shall provide adequate, functional emergency lighting in stairs, aisles, corridors, ramps, passageways leading to exits, and other areas as required by applicable laws.
 - 3. Either battery or backup generator may power emergency lighting.
 - iv. Separation:
 - 1. Penetrations are limited to sprinkler pipes, standpipes, electrical services, pipe, and duct installation serving the enclosures.
 - 2. Openings into the enclosures are protected by fire-rated doors or windows.

Note 4: Fire evacuation frequency is at least every 365 days not "1 time per year."

- 3. Fire doors are in good condition, self-closing, or automatic closing (upon fire alarm or detection of smoke).
 - 4. The integrity of exit enclosures is maintained.
 - v. Muster points / Assembly Point (Safe Assembly Point)
 - 1. Muster points have been established in safe locations to enable employee accountability during an emergency.
 - 2. The assembly point shall be located outdoors (for fires and chemical spills) and indoors (in the event of extreme weather conditions).
 - 3. Emergency response kits
 - 4. Emergency response kits are easily located and accessible near muster points.

NOTE: Non-conforming situations for Exit Route doors include:

- 1. Multiple steps are required to open doors.
 - 2. Anything requiring a tight grasp.
 - 3. Rolling doors that open vertically.

NOTE: On designated Exit Routes, rolling doors shall not be adopted as the designated / marked emergency Exit Doors. On designated Exit Routes, sliding doors shall only be adopted as the designated/marked emergency Exit Doors if there is a safety feature to be demonstrated in the assessment, which allows the doors to swing to a full-open position in the direction of travel.

- f. The facility maintains adequate first aid supplies or other provisions for emergency care.
- g. Efforts are made to reduce risk such as
 - i. Combustible storage is minimized and limited to areas with adequate fire detection and protection.
 - ii. Flammable and combustible materials are properly stored to prevent the accumulation of vapors. Ignition hazards (e.g., smoking, electrical sparks, open flames, ...) are eliminated in areas where combustible and flammable materials are stored or used or if there is a flammable atmosphere.

3. Controls & Monitoring should include:

- a. Inspections, maintenance, testing and replacement to the stricter of local law, insurance, or the following:

NOTE: Portable fire extinguishers shall be inspected at least monthly, Single-unit smoke/fire detectors shall be inspected and tested at least every 6 months.

- i. All other fire safety equipment, the frequency shall not be less than that required/ recommended by the manufacturer or insurance company, whichever is more stringent.
- ii. All facilities to identify gaps, risks which might lead to an emergency and/or impede the ability to respond and/or evacuate efficiently and safely.
- b. Periodically select and follow egress routes out of the building to the assembly/ shelter point to confirm conformance.
- c. Documenting of evacuation drills followed by analysis and reporting to management on results and plans for improvement.

4. Records are maintained including:

- a. Business continuity and business resumption plans are available, current, and adequate.
- b. The emergency response plan (ERP) is available, current, adequate, and reflects the risk assessment, including contact information for emergency responders.
- c. A post-emergency plan is available, current, and adequate, which includes incident reporting, root cause investigation, and corrective/preventative actions.
- d. Inspection, maintenance, test and replacement records of equipment and infrastructure including but not limited to fire extinguishers, smoke/fire detectors, alarm, sprinklers, exits (including routes, doors)
- e. Evaluation drill plans and then reports of the drills including date, time began/ended, shift, area, metrics (e.g., time to evacuate), gaps, Corrective action plan that is tracked and reported to completion.

5. Serious conditions to ensure do not occur include.

- Not having firefighting equipment available
- Not having sprinkler or automatic detection systems when they are required by law or insurance or other.
- Not having alarm and notification system in place throughout the facilities
- The fire alarm control system disengaged, not functioning properly.
- Having firefighting equipment, automatic Detection System or alarm or notification systems are in place, however their function or effectiveness is diminished in such a way that there would be an immediate risk to life during an emergency.

- Not having a comprehensive and up to date Emergency Response Plan.
- Any emergency support facilities present or poor operating condition such that their function or effectiveness is diminished.
- Emergency exit that is blocked, has restricted egress, or is lacking easy means of egress (i. e., key, badge, code) which would pose an immediate risk to life during an emergency.
- No notification procedures or hierarchical responsibilities were established, and no regular testing or reviews were conducted. The emergency notification procedure did not include a requirement to notify TSMC within four hours of an incident occurring.
- No updated business continuity and recovery procedures were established.
- No evacuation drills have been conducted in the past two years, nor have any emergency evacuation drills been conducted within one month of a new facility becoming operational, or within one month of a major change at a facility (such as the construction of a new site, a layout redesign, or significant organizational or personnel changes or additions).

B3 Occupational Injury and Illness

B3.1 Work-related accidents, near-misses, and illnesses are reported, tracked, accurate, investigated, and analyzed, and workers are not in situations that can cause them imminent harm.

B3.2 Adequate first response equipment and first aid kits to provide medical treatment for injured or ill workers are available.

Elements to Demonstrate Compliance to “TSMC Supplier Code”:

1. Policy: Ensure facility’s health and safety policy includes occupational injury and illness elements including:
 - a. Ensuring there is a staffed and funded program to reduce and respond to occupational injuries and illnesses, including injury reporting, recording and classification, and provision of medical treatment.
 - b. Management encourages workers to report all work-related injuries and illnesses to the company and provides them with training on how to report all work-related injuries and illnesses do so to the company.
 - c. Workers are not penalized or terminated for reporting work-related injuries or illnesses.
 - d. Workers can remove themselves from imminent harm and return once the situation is mitigated without fear of retaliation.
2. Procedures & Practices are in place such that:
 - a. Workers are not in situations that can cause imminent harm.
 - b. Areas that can cause imminent harm to workers are free of workers and are signed, and access is restricted.
 - c. When workers remove themselves from a situation which they perceive to be an imminent harm to them, a corresponding incident report must be generated.
 - d. First Aid kits
 - i. Appropriate and completely stocked placed /assigned first aid kits are available in designated locations for staff and workers to access.
 - ii. First aid kits are unlocked, or if locked, the first responder can always access them.
 - e. Appropriate and well-maintained first response equipment is available in designated locations.

- f. Onsite emergency occupational medical clinic
 - i. If applicable, an occupational medical clinic is adequately staffed and supplied to respond to injuries.
 - ii. If the medical clinic is not open or operated 24 hours per day, alternative resources such as outside medical services are communicated to employees.
 - iii. Supplies for the onsite occupational medical clinic are available, adequate, and inspected.
- g. Work-related accidents, near-misses, injuries, and illnesses are accurately tracked, reported, investigated, analyzed, and classified to identify trends and areas for improvement.
- h. A documented corrective action system is in place to effectively reduce recurrence of workplace incidents and has been successful in measurably reducing the injury rate.
- i. The company/facility provides workers with medical evaluations and treatment for work related injuries and illnesses.
- j. The facility assigns injured workers to their former (or equivalent) job when they are physically able to resume work.

3. Controls & Monitoring should include:

- a. Adequate and effective first response process indicating the severity of medical emergency and response (first aid, infirmary, local external hospital).
- b. An adequate and effective maintenance process is in place for the inspection, maintenance, upkeep, and stocking of all first response equipment and first aid kits.
- c. The frequency for all inspections is at least monthly or if there is a Significant Change.

NOTE: If during a regular monitoring cycle, it is determined that there are no changes to the facility or work setup, a re-assessment is not needed. This “no-change” determination should be recorded.

4. Records are maintained including:

- a. Onsite occupational medical clinic inventory list.
- b. First aid kits have an inventory list.
- c. Inspection tracking records are available and up to date.
- d. Licenses and permits for facilities such as clinics and staff, including first responders.
- e. Near misses, first aid events, the number and type of injuries beyond first aid, and any fatalities
- f. Results of investigations, reports to authorities.
- g. Corrective action and improvement plans including communication and training.
- h. Trend analysis of the occupational injury and illness data is performed at least annually.
- i. Imminent harm reports which are complete and accurate for all instances where workers removed themselves from imminent harm.
- j. Containment plans for situations where workers removed themselves because of their feeling that they face imminent harm.
- k. Assessment reports of containment of the imminent harm situations providing a “no imminent harm” conclusion before workers return to the area.

5. Leading Practices include:

- a. Providing general health and well-being communication and support via onsite clinic as all workers may not have access to materials and professionals.

6. Serious conditions that will result in a severe finding:

- Not having first response equipment.
- Not having first aid kits available.
- The in-house infirmary or clinic are missing critical elements.

B4 Industrial Hygiene

B4.1 Workers' exposures to chemical, biological, and physical hazards are identified, evaluated, and adequately controlled in accordance with the hierarchy of controls, which is maintained through ongoing, systematic monitoring of worker's health.

Elements to Demonstrate Compliance to "TSMC Supplier Code" are here below and, in the health, & Safety Checklist "Industrial Hygiene: Hierarchy of Controls" later in this document.

1. Policy: Ensure company's health and safety policy includes industrial hygiene elements including:
 - a. Workers' exposures to chemical, biological, and physical hazards will be identified, evaluated, and adequately controlled in accordance with the hierarchy of controls, which is maintained through ongoing, systematic monitoring of worker's health.
 - b. Ensure that there is proper budget and staffing allocated to conduct risk assessment, medical evaluations, provide PPE as well as training of individuals and coordination with local authorities as appropriate.
2. Procedures & Practices are in place such that:
 - a. The facility has conducted a risk assessment using established methodology to evaluate the risk of exposure to biological, chemical, and/or physical agents at the facility. This is sometimes referred to as a qualitative exposure assessment to determine if there is a risk of exceeding exposure limits.
 - b. The need for exposure monitoring/air sampling is based on the results of the qualitative assessment and should occur if appropriate. Some countries require routine exposure monitoring regardless of the level of exposure.

NOTE: Risk assessment must include exposure to multiple chemicals.

- c. Where there is risk that the exposure may be significant, or when required by local regulations, the facility conducts baseline (initial) and routine exposure monitoring/sampling to determine exposure levels to biological, chemical, and/or physical agents at the facility.
- d. The facility has implemented controls to reduce or eliminate worker exposure to chemical, biological and physical agents:
 - i. Engineering controls (e.g. exhaust ventilation, enclosures, etc.) are designed to reduce worker exposure to chemical, biological and physical agents.
 - ii. Substitution of less hazardous chemicals and processes.
 - iii. Administrative controls (limiting worker exposure time; job rotation) are designed to reduce worker exposures to chemical, biological and physical agents.
 - iv. Appropriate Personal Protective Equipment (PPE) is issued to all workers only when engineering or administrative controls do not reduce exposures to acceptable levels.
- e. PPE
 - i. Minimum PPE requirements for entering or working in any production area with open surface tanks of hazardous chemicals where there is a risk of contact with or exposure to the contents of the tank include respirators appropriate to the level and type of inhalation exposure, safety shoes, long sleeves, chemically resistant gloves, and eye protection.
 - ii. Workers have been trained to use PPE as intended.
 - iii. PPE is free to workers.
 - iv. PPE is properly maintained and/or replaced at appropriate intervals to ensure effectiveness in reducing exposures.
 - v. Use of PPE is enforced.

- f. Chemicals (including hazardous substances, IFPCs ^{Note 5}) are adequately and effectively.
 - i. Categorized
 - ii. Handled
 - iii. Stored
 - iv. Moved within a single facility/ multiple facility.
 - v. Access is controlled.
 - vi. Potential employee exposure control methods are adequate and effective, such as
 - 1. Segregation
 - 2. Secondary containment
 - 3. Ventilation
 - 4. Fire protection.
 - 5. Appropriate storage cabinets
 - vii. Proper marking of all chemicals, biological, and physical agents to the stricter of regulations, GHS, or customer standards.
 - viii. SDSs are available in local languages for workers or a language that they can understand.

NOTE: SDSs may be in physical form (e.g., paper) and available near to the area where the chemical is present or online. If they are online, workers must be trained and able to easily access the most current SDS.

- 3. Controls & Monitoring should include:
 - a. Regular evaluation plan to verify the effectiveness of implemented controls and corrective actions if required. The frequency should be at least every 3 years unless a Significant Change requires re- evaluation.
 - b. The facility carries out risk assessments when new chemicals are introduced into the facility's operations or whenever modifications to the facility's processes could change worker exposure levels. The facility carries out exposure monitoring/ sampling when the risk of exposure may be significant or when the exposure assessment is required by local regulations.
 - c. An adequate and effective mitigation process for all significant actual and potential occupational health and safety risks identified, tracking implementation, and resulting adverse impact.
 - d. Approval is required for the purchase and use of hazardous chemicals and for all new purchases of hazardous chemicals before use.
 - e. Evaluations of chemicals (including hazardous chemicals) of less hazardous or non-hazardous alternatives, including Greenhouse Gas and ozone depletion impact.
 - f. Engineering controls are implemented to mitigate worker exposure effectively and adequately to substances containing IFPC List chemicals, which is demonstrated by industrial hygiene records.
 - g. IFPCs
 - i. An adequate and effective process for all hazardous chemicals to track, review, approve for use, and approve all new purchases of IFPCs before use.
 - ii. An adequate and effective recorded program to control the identified potential hazards to chemical, biological, or physical agents is in place and follows the hierarchy of controls in a documented gated process, demonstrating that each hierarchy level has been fully evaluated and reasons why it could not address the risk fully before proceeding to the next hierarchical level.
 - iii. A prioritized review and selection process to eliminate, substitute or isolate workers from all IFPCs.

NOTE: Administrative controls or PPE are used as designed controls for substances containing IFPCs only in temporary circumstances or in supplement to engineering controls.

- h. Monitoring, testing, alarm, and reporting equipment is available, well-maintained, calibrated, and operational.

Note 5: IFPC (Industry focus process chemicals) include chemical mixtures that contain any of the following ingredients:

- a) 1-Bromopropane (CAS 106-94-5)*
- b) Benzene (71-43-2)*
- c) Dichloromethane (Methylene Chloride) (75-09-2)*
- d) Methanol (67-56-1)*
- e) n-Hexane (110-54-3)*
- f) N-Methyl-Pyrrolidone (NMP) (872-50-4)*
- g) Tetrachloroethylene (127-18-4)*
- h) Toluene (108-88-3)*
- i) Trichloroethylene (79-01-6)*

- 4. Records are maintained including:
 - a. Copies of hazardous substances inventory, manifests, and shipping papers are maintained and accurate.
 - b. Accurate chemical inventory records are maintained and accurate.
 - c. Inspection records of hazardous substances and their points of storage and use are maintained and accurate.
 - d. Worker testing, surveillance records to determine if the worker is being harmed from exposure to agents, respiratory, hearing loss or any other medical concerns related to specific job activities.
 - e. Equipment monitoring, testing, calibrating, and repair records.
 - f. Any other testing reports such as sampling records including sampling performed by government agencies as part of a regulatory inspection; all for the last three years.
- 5. Leading Practices include:
 - a. Ongoing monitoring / air sampling even if not determined to be necessary or required by law.
- 6. Serious conditions that will result in a severe finding:
 - Not considering the COMBINED exposure to multiple chemicals that may occur.

B5 Physically Demanding Work

B5.1 Worker exposure to the hazards of physically demanding work is controlled effectively.

Elements to Demonstrate Compliance to "TSMC Supplier Code":

- 1. Policy: Ensure company's health and safety policy includes physically demanding work elements such that worker exposure to the hazards of physically demanding work is controlled effectively.
 - a. Workers' exposures to physically demanding will be identified, evaluated, and adequately controlled in accordance with the hierarchy of controls, which is maintained through ongoing, systematic monitoring of worker's health.
 - b. There is a proper budget and staffing allocated to conduct risk assessment, re-engineering, equipment and tools, and medical evaluations as well as training of individuals and coordination with local authorities as appropriate.

2. Procedures & Practices are in place such that:
 - a. The facility has implemented a program to evaluate worker exposure to the hazards of physically demanding work (e.g., ergonomic risk assessments, worker discomfort surveys etc.)
 - b. Procedural, physical, and administrative controls are in place to reduce the hazards of physically demanding work.
 - c. Workers use proper equipment to lift heavy objects (e.g., vacuum hoists; mechanical lift tables; cranes, etc.).
 - d. Workstations do not require prolonged awkward postures.
 - e. Assembly tasks are designed to reduce forceful exertions (e.g., use of power tools, jigs, etc.) and highly repetitive motions.
 - f. Workers are provided with the means to change posture throughout the work shift (e.g., workers can alternate between sitting and standing postures).
 - g. Encourage early reporting of discomfort.

3. Controls & Monitoring should include:
 - a. Periodic ergonomic task analyses.
 - b. An adequate and effective recorded program to control the identified potential hazards of physically demanding work is in place and follows the hierarchy of controls in a documented gated process, demonstrating that each hierarchy level has been fully evaluated and reasons why it could not address the risk fully before proceeding to the next hierarchical level.
 - c. Review and trend analysis of injuries related to physical demands of job duties.

NOTE: If during a regular monitoring cycle, it is determined that there are no changes to the facility or work setup, a re-assessment is not needed. This “no-change” determination should be recorded.

4. Records are maintained including:
 - a. Assessments and analysis reports including worker input, any medical assessments (with proper privacy controls).
 - b. Identification of roles with residual physically demanding work and the controls and protections in place to minimize worker exposure.
 - c. Plans to further mitigate risk.

B6 Machine Safeguarding

B6.1 An adequate and effective machine-safeguarding program is implemented, and workers operate machinery safely.

Elements to Demonstrate Compliance to “TSMC Supplier Code”:

1. Policy: Ensure company’s health and safety policy includes machine safeguarding elements including:
 - a. All required permits, licenses and testing reports for machinery are in place and a process is implemented to ensure permits and licenses are always up to date.
 - b. An adequate and effective machine-safeguarding program is implemented, and workers operate machinery safely.
2. Procedures & Practices are in place such that:
 - a. The facility conducts a job safety analysis (task hazard analysis) to identify job-specific hazards. Corrective action is taken for all identified hazards.
 - b. Supplier conducts regular safety inspections of machinery and machine safeguards. Identified problems are corrected immediately or the machine is shut down until repairs can be made.

- c. Machinery with non-functioning safeguards is not operated until safeguards are restored to proper operating condition.
 - d. Supplier has a program or process for providing and maintaining machinery safeguards for all dangerous equipment to safeguard operators from injury.
 - e. Adequate training is provided to ensure safe use of equipment.
 - f. The use of machine safeguards by workers is required and verified.
 - g. The facility performs scheduled preventive maintenance of machinery and machine safeguards.
 - h. The facility conducts a pre-purchase/pre-installation hazard review of all machinery and appropriate safeguarding is installed as needed to control the identified hazards.
3. Controls & Monitoring should include:
- a. An appropriate method is used to ensure that safeguards are installed as needed to control the identified hazards and follows the hierarchy of controls in a documented gated process, demonstrating that each hierarchy level has been fully evaluated and reasons why it could not address the risk fully before proceeding to the next hierarchical level.
 - b. Regular inspection and preventive maintenance of a machine, its safeguards, and emergency stops.
4. Records are maintained including:
- a. Records demonstrating regular inspection and preventive maintenance of machines are available for review.
5. Serious conditions that will result in a severe finding:
- a. Any worker operating a machine in a way that has imminent or immediate risk to life or limb.

B7 Food, Sanitation and Housing

B7.1 Worker housing is clean, safe, well-maintained, and meets international housing standards.

B7.2 Bathrooms, employee spaces, cafeterias, and food areas are safe, clean, well maintained, and well managed.

Elements to Demonstrate Compliance to “TSMC Supplier Code” are here below and also in the Health & Safety Checklist “B7 Sanitation, Food and Housing: Checklist on worker Accommodations” later in this document.

1. Policy: Ensure company's health and safety policy includes occupational injury and illness elements including:
 - a. All required health & safety licenses, permits, registrations and certificates related to food, sanitation and housing will be in place and an adequate and effective process is established to ensure permits and licenses will always be up to date.
 - b. Dormitories, bathrooms, and employee spaces will be clean, safe, and well-maintained and meet international housing standards.
 - c. General/public bathrooms, employee spaces, prayer or religious areas, cafeterias, and food areas will be clean and well-maintained.
2. Procedures & Practices are in place such that:
 - a. A documented process is in place to ensure permits are renewed before current permits expire.

- b. Worker housing (if applicable) minimum requirements:
 - i. Facilities are well-maintained, including adequate lighting, heating, and ventilation. The facilities are clean, and there are adequate domestic waste disposal facilities and pest control measures in place.
 - ii. Sufficient living and working space exist for the number of workers assigned to them.
 - iii. Dormitory and sanitary facilities including common areas, activity rooms, hallways, and rest rooms are clean and properly maintained.
 - iv. The building is adequately conditioned.
 - v. Windows allow light in and proper ventilation.
 - vi. Adequate lighting.
 - vii. Safe and sufficient electricity sockets are provided.
 - viii. Workers are provided with secured space for the storage of their personal belongings.
 - ix. Cold water and clean drinking water are available and easily accessible.
 - x. Hot water is always available and easily accessible or on a convenient schedule.
 - xi. An adequate and effective cleaning and sanitation program is in place.
 - xii. There are adequate domestic waste disposal facilities.
 - xiii. Exiting / Egress requirements include:
 - 1. There are clear, well-lit stairwells to allow for safe exit from dormitories.
 - 2. Dormitories have multiple exit routes, and they are adequate for the number of workers served.
 - 3. Exit route doors unlocked from the inside / in the direction of egress.

NOTE: Doors may be locked from the outside only if panic hardware, such as listed crash bars, are used on the inside.

- xiv. Structure and layout and maintenance include:
 - 1. All facilities are separated by gender and adequate in number.
 - 2. Lodging and cooking facilities are separate from each other.
 - 3. There are adequate domestic waste disposal facilities.
 - 4. There is adequate and regular pest control.

NOTE: The Worker housing requirements shall apply regardless of the nature of the contract/location/building (e.g., if rooms are rented by the facility in nearby residential areas for housing workers, these standards shall still apply)

- c. Bathrooms, employee spaces, cafeterias, and food areas
 - i. The toilet, hand washing, and canteen areas are clean and sanitary.
 - ii. Canteens are provided with adequate hand washing facilities.
 - iii. Safe food handling processes and hygiene standards (in refrigeration, storage, and preparation areas) are in place and followed in cafeterias.
 - iv. Food service workers wear masks, hair nets and gloves as necessary to prevent food contamination.
 - v. An adequate and effective cleaning and sanitation program is in place.
- d. Food and Food Storage
 - i. An ample amount of healthy food with a varying menu is provided to workers.
 - ii. Food storage and preparation areas are clean.
 - iii. Food is stored properly (not on the floor; refrigerated if necessary)
 - iv. Raw and cooked food are stored separately, food is kept covered.
 - v. Food is used or disposed of before the marked expiration date.
- e. Drinking Water
 - i. Water must be tested for those contaminants assessed to be at risk for the local region and operations.
 - ii. Drinking water testing is not required if local water utility company can attest water meets World Health Organization (WHO) Guidelines for Drinking-water Quality or equivalent standard.

NOTE: Facility must have history of evidence of review of water utility test reports and have reviewed for compliance. Merely saying the utility is responsible and/or pointing to their website is not sufficient.

- f. Emergency response
 - i. Adequate fire and heat detection, alarm and notification and fire suppression systems are in place.
 - ii. Adequate number of exit routes from each floor / area.
 - iii. Aisles and exits are maintained clear of obstructions.
 - iv. Exit route doors are accessible, well-marked and unlocked from the inside.
 - v. Maximum occupancy number is posted on site.
 - vi. An adequate number of first kits are available.
- 3. Controls & Monitoring should include:
 - a. On-site inspections, testing, emergency process drills and report generation are conducted by authorized personnel.
 - b. An adequate and effective preventive maintenance program (including emergency response supporting facilities) is in place.
 - c. For rented apartments, there are regular on-site inspections, assessments and updates made to management. These re-occur if there are complaints, there is a Significant Change, or an incident has occurred.
- 4. Records are maintained including:
 - a. Living environments monitoring records on safety, cleanliness, lighting, space, conditioning available, etc.
 - b. Sanitation program tracking records.
 - a. Pest control log.
 - b. Preventive maintenance program logs.
 - c. Regular monitoring and reporting of safe food handling procedures/hygiene.
 - d. Food, sanitation, and housing testing reports.
 - e. All required food, sanitation and housing permits and licenses are in place, including:
 - i. Rented apartments must be permitted by the local government as living accommodations.
 - ii. Canteen/kitchen workers have valid health certificates.
 - iii. Food, sanitation, and housing testing reports including drinking water, food worker health tests, food sample testing. Checklist for the Revised Guidelines on the Plan for Living Care Services for Foreign Nationals (Labor Brokerage) [If applicable]
 - iv. If local regulations require facility health inspections or other tests or certificates, these are available and valid.
- 5. Best Practices include:
 - a. Any sleeping / living accommodations/building do not contain storage for operations (e.g., parts/material, chemicals, finished goods, equipment, invoices).
- 6. Serious conditions that will result in a severe finding:
 - Any of the provided worker housing is unsafe and poses an immediate risk of serious injury, loss of life, limb, or facility.
 - Any bathrooms, employee spaces, cafeterias, or food areas are unsafe and pose an immediate risk of serious injury, loss of life, limb, or facility.

B8 Natural Disaster Risk Mitigation

B8.1 Suppliers shall understand the potential for natural disasters at their location, such as earthquakes, droughts, floods, typhoons, etc., assess the likelihood and severity of personnel injuries, property damage, and operational disruptions, and based on this assessment, mitigate the risk of natural disasters by establishing hardware protection, developing contingency procedures, training and drills, and implementing contingency plans.

1. Flood risk:

- a. Important production equipment/factory facilities shall not be placed in basements or at a relatively low level outdoors.
- b. Suppliers shall establish flood emergency response procedures and perform relevant personnel training.
- c. Suppliers located in high flood risk areas (based on the definition in the supplier's location) shall prepare flood emergency response equipment.
 - a) Watergate.
 - b) Water retaining sandbags at doorways, low-lying areas.
 - c) Water Pumps.
- d. Suppliers located in high-risk areas for floods shall make the following preparations after a rainstorm or typhoon warning is issued.
 - a) Establish an emergency response team and initiate a notification mechanism.
 - b) Confirm that all sewers are unobstructed.
 - c) Set up water gates.
 - d) Stack retaining sandbags at doorways and low-lying areas
 - e) Test pumps.
 - f) Staff remaining on duty confirm that there is no water accumulation in the plant.

2. Risk of windstorm:

- a. Establish an emergency response procedure for windstorms and perform relevant personnel training.
- b. Roof designs shall comply with the wind resistance level of building codes.
- c. The following preparations are required after a windstorm warning is issued.
 - a) Establish an emergency response team and initiate a notification mechanism.
 - b) Check doors, windows, and roller shutters to confirm the tightness and strengthen the fixing.
 - c) Clean or fix of outdoor items and enhance fixing and inspection of outdoor equipment.
 - d) Signboards hanging outside the building shall be removed or nailed to prevent them from being blown off by the wind.
 - e) If plant facilities are found to be damaged, shall be repaired immediately.
 - f) Construction materials shall be covered and secured, and pipe bridges shall be strengthened.
 - g) Shipment arrangements during the storm and communication with customers.
 - h) Protection measures for trucks, lorries and trailers during the storm.

3. Earthquake protection:

- a. Buildings shall have a license for use, and permission shall be applied for changes.
- b. The supplier's production equipment, factory facilities, fire protection pipelines, power supply system, product shelves, warehouse shelves, gas cabinets, storage tanks, pipelines, and gas/chemical container storage/ distribution racks shall be fixed to the structure.
- c. Gas cylinders shall be fixed by upper and lower metal chains to the storage/ distribution rack.

- d. Storage equipment and supply system of chemical barrels shall be equipped with metal chains or other blocking mechanisms, effective anti-seismic measures, and the storage height of chemical containers not placed and fixed on the shelves shall not be higher than 2 levels or 180 cm.
- e. Multiple shelves can be connected to increase the bottom area and enhance anti-seismic ability.
- f. Inspection equipment and the table on which it is placed shall be fixed.
- g. Raised floors shall be anchored on the concrete floor.

4. Operation continuity and recovery:

- a. Operation continuity and recovery procedures should cover earthquakes, droughts, floods, typhoons, severe epidemics, etc., and need to assess the possibility and severity of personnel injuries, property losses, and operational interruptions, and based on the assessment results, through the establishment of hardware protection and development of response procedures, training and exercises, and implementation of emergency response plans to reduce the risk of natural disasters.
- b. Conduct a systematic assessment of potential risks; where appropriate, use an internal risk map to analyze and identify material risks related to “climate change/ natural disasters,” assess their financial impact on business operations, facilitate cross-departmental discussions on “climate risks and opportunities,” and formulate corresponding management strategies, including socially responsible investment and climate-related investment. Disclose the financial impacts, risk opportunities, and management costs arising from climate change in the TCFD report, where appropriate.
- c. Emergency training or drills addressing the aforementioned events must have been conducted at least once within the past two years, or within one month of a facility commencing operations, or within one month of a significant change occurring.

B.M Health and Safety Management System

“TSMC Supplier Code” Management Systems Preamble: Suppliers shall adopt or establish a management system with a scope that is related to the content of this Code. The management system shall be designed to ensure: (a) compliance with applicable laws, regulations and customer requirements related to the participant’s operations and products; (b) conformance with this Code; and (c) identification and mitigation of operational risks related to this Code. It shall also facilitate continual improvement.

B.M.1 Risk assessment – Health and Safety

Elements to Demonstrate Compliance to “TSMC Supplier Code”

B.M.1.1 An adequate and effective health and safety compliance process is established to monitor, identify, understand, and ensure compliance with applicable laws, regulations, and customer requirements.

1. Policy, Practices, Controls:

Establish a quarterly process to update and maintain a current understanding of and compliance to all applicable legal and customer requirements. The process should include:

- a. Identification of requirements which apply to the company; be sure to look for emerging and new requirements. This can be done via a legal department with an understanding of the “TSMC Supplier Code”, subscriptions to 3rd party reports on regulations, sales & marketing who agree to customer terms, etc.
- b. A means to track these requirements, staying current as:
- c. The requirements may change (including the “TSMC Supplier Code” and RBA code of conduct).
- d. Your operations may change and bring the facility in scope of requirements or create a gap.
- e. Assess facility operations against these requirements to identify gaps.
- f. Develop updated policy, procedure, training, communication, recording and reporting to close the gaps.
- g. Implement the changes and test them for compliance.

NOTE: At a minimum, suppliers should provide benefits in line with local practices to injured parties and/or their families for work-place injuries resulting from occupational accidents occurring during construction or other services performed on behalf of TSMC.

2. Records are maintained including:

- a. A compliance calendar with owner, reminders, calendar appointments via e-mail.
- b. Summaries of applicable laws and regulations and requirements and how they apply to facility operations.
- c. Review of the key customer requirements that apply to or impact facility’s operations.
- d. Analysis of recent “TSMC Supplier Code” changes.
- e. Minutes from meetings or other that demonstrate process is conducted quarterly.

B.M.1.2 An adequate and effective due diligence process is established to identify and assess the most significant actual and potential health and safety risks where the facility caused or contributed to adverse impacts (including applicable requirements).

1. Policy, Practices, Controls:

A due diligence process focused on health and safety. It should be designed to identify and assess the most significant actual and potential health and safety risks where the facility could cause or contribute to adverse health and safety impacts of internal and external rights holders.

- a. It must include specific risks of relevant demographics, such as gender and age, where the facility may experience, cause, or contribute to adverse health and safety impacts for internal and external stakeholders (including compliance with applicable requirements)
- b. The scope of risks should include at a minimum:
 - i. Harm to life or property
 - ii. Fire
 - iii. Earthquake (if in an earthquake zone)
 - iv. Chemical spills (if large quantities or especially hazardous chemicals are used)
 - v. Severe weather impacts (e.g., rain, flood, typhoon, frost, snow, or other conditions appropriate to the facility location, etc.).
 - vi. Workplace violence
 - vii. Strike
 - viii. Ensure the location, impact and stakeholder scope is broad including: Every site task/operation/process to produce products or provide company services.
- c. Chemical, biological, or physical agents.
 - i. Asbestos/lead
 - ii. Based on associated industrial hygiene sampling and testing.
 - iii. Risk assessment shall include exposure to multiple chemicals.

NOTE: Exposure to multiple chemicals can be either exposure to multiple chemicals by a single route or exposure to multiple chemicals by multiple routes. A route can be inhalation, ingestion, skin exposure, etc.

- d. Machine risk assessment
 - i. A method to identify machine safeguarding needs (pre-purchase/pre-installation hazard review of all machinery.)
- e. All identified internal and external rightsholders, including at a minimum:
 - i. Direct and indirect workers
 - ii. Young workers, Learners
 - iii. Foreign and internal migrant workers
 - iv. Worker representatives
 - v. Staff functions
 - vi. On-site service providers, Suppliers
 - vii. Customers
 - viii. Stakeholders in the community next to or near the facility which may be impacted.
- f. Risks are addressed through the Hierarchy of Controls in this order:
 - i. Elimination
 - ii. Substitution
 - iii. Engineering controls
 - iv. Process and Administrative controls
 - v. Adequate and effective PPE
- g. When a supplier determines that changes are necessary that affect or may affect management risks and opportunities, such changes shall be incorporated into the assessment plan, including any new production sites, areas, or floors, as well as supporting facilities, added for TSMC's production and services.

2. Records are maintained including:

- a. Stakeholder identification reports.
- b. Risk assessment reports.
- c. Mitigation plans.

- B.M.1.3 Suppliers with factories that have more than 30 production personnel and contractors engaged in high-risk operations for TSMC should obtain ISO 45001 certification and maintain its validity.**

B.M.2 Control Processes – Health and Safety

Elements to Demonstrate Compliance to “TSMC Supplier Code”

- B.M.2.1 Health and safety responsibilities and authorities are adequately and effectively defined and assigned for all employee levels (senior managers to workers) for the implementation of management systems, and for compliance with laws, regulations, and codes.**

1. Policy, Practices, Controls:

1. Have a senior representative assigned responsibility for implementing social responsibility programs in the facility and supply chain. Their scope should include:
 - a. Understanding and assessing facility's compliance with laws and regulations, customer requirements and the “TSMC Supplier Code”.
 - b. Developing and implementing (likely with other subject matter experts) necessary changes to policies, programs, processes, training, reporting and disclosure as needed to be in legal and customer compliance and “TSMC Supplier Code” conformance.
2. Responsibilities and authority of each organizational level are recorded in position plans, job descriptions and/or the facility's management system documentation.
 - a. For normal situations.
 - b. For emergency situations, including where serious adverse impact has been identified.
3. An emergency response team (ERT) is formed at each facility that shall be available during all working shifts.
 - a. The ERT shall have the obligation and authority to direct the reviewee's response to emergencies to protection of worker health and safety, the environment, and property.

NOTE: It is possible that the role of trained/certified first responders is performed by an onsite medical professional team.

- B.M.2.2 Adequate and effective health and safety policies and control processes are established.**

1. Policy, Practices, Controls:

- 1) Policies: The facility shall establish policy statements aligned with law and the “TSMC Supplier Code” are in place including

2. Effective Control processes:

- a. Each of the policy requirements has an effective implementation control process.
- b. Mitigating processes are in place for all significant actual and potential risks identified, tracking implementation, and resulting adverse impact reduction identified in the risk assessment.
- c. Workers can remove themselves from imminent harm and return once the situation is mitigated without fear of retaliation.
- d. Adequate and effective policies and processes are in place to minimize the occupational health and safety impact on pregnant women and nursing mothers including removal of responsibilities that may be harmful to the mother or child, proper accommodations for nursing and health checks.
- e. Selection processes for all new chemicals include thoroughly evaluating less hazardous or non- hazardous alternatives, including Greenhouse Gas and ozone depletion impact.

1) Safe working environment:

- a. The width of the main personnel channel shall be greater than 100 cm and the distance between machines shall be greater than 80 cm and meet the requirements of local regulations.
- b. Movement paths shall be clearly marked, and there is no situation where the ground surface is uneven, or material obstructing traffic flow.
- c. The materials used for doors, windows (glass) and compartments shall be suitable for the site's production operations (e.g., explosion-proof, corrosion-proof, leak-proof).
- d. Planning for pedestrian circulation and transit lanes shall take safety into account and confirm that the installation is sufficient and does not result in an unsafe working environment.
- e. Power transportation systems (escalators, elevators, lifts, hydraulic presses, forklifts) shall obtain a license for use, and have periodical maintenance plans and records.

2) Electrical safety:

- a. The power system equipment and configuration of the plant area shall be designed or reviewed by qualified personnel.
- b. The power system design of production equipment shall have relevant qualification certification.
- c. The installation of production equipment shall meet the electrical safety specifications and requirements of the equipment, and the wire size, insulation function and safety coating shall meet the needs of production equipment and the environment.
- d. Repair and maintenance shall have an execution plan, including a list of electrical equipment to be maintained, inspection methods (appearance, functional inspection, equipment commissioning), inspection personnel, frequency of execution and physical characteristics (such as corrosion of wires or connectors) and records shall be kept properly.
- e. It is forbidden to carry out live operations in the electrical system.
- f. The power system of the facility and production equipment shall install correct circuit breakers and fuses.
- g. Electric power systems or production equipment shall be marked as electric hazards.
- h. The electrical room or generator room of the power system shall be equipped with grounding facilities and have access control management.
- i. Electricity systems or equipment inspection and performance tests shall be conducted every year, with appropriate insulated protective equipment, insulated gloves, protective gear, operating rods, and other tools.
- j. Preventive maintenance of electrical equipment shall be conducted at least once every two years (infrared electrical detection, gas analysis in oil-type transformer oil, etc.).
- k. Do not place sundries in electrical equipment rooms (such as transformer rooms).
- l. Overload of electrical equipment shall be forbidden.
- m. Emergency generators shall conduct running tests every month.
- n. The electrical equipment locations shall be kept neat and clean, and the temperature and humidity of the indoor space shall be controlled under appropriate conditions.
- o. Storage of electrically conductive tools and equipment in electrical and generator rooms shall be minimized.

3) High-risk operation management:

- a. High-risk operations (e.g. confined space operations, roofing operations, scaffolding erection operations, hanging operations, fire work, piping works, busway operation work, fire alarm isolation and fire suppression suspension), shall be managed with a variety of measures for equipment, operators and supervisors. A procedure for high-risk operation management shall be developed.
- b. The management of confined space operations shall comply with regulatory requirements. Management measures shall include arranging a certified operation supervisor, equipping detectors (oxygen concentration, hydrogen sulfide, carbon monoxide and other hazardous gas concentration), preparing emergency response equipment and ventilation exhaust equipment, and setting a personnel access control procedure.

- c. Scaffolds assembly shall be approved by a professional structure engineer. The certified supervisor shall verify scaffold assembly, safety cables, and the stairway of the movement path. Staff shall wear a back-mounted safety belt and safety helmet.
 - d. The certificates required by local laws (e.g., certificate for hoisting mobile crane, certificate of safety and security training for operators and personnel engaged in the lifting operation) shall be checked before carrying out lifting operations to confirm that the construction personnel, the lifting equipment and the relevant certificates are consistent, and the operation site shall be clearly marked to avoid personnel entry.
 - e. The dismantling of pipelines shall implement lockout and tagout procedures and confirmed by the construction personnel and supervisors to avoid dismantling incorrect pipelines. Workers shall wear PPE and breathing protection equipment to dismantle piping after chemicals in piping are pumped out completely.
 - f. Electrical operations shall clearly mark charged and uncharged areas or equipment (which shall be confirmed by more than two persons), and operators shall avoid using conductive tools, which may cause electrical hazards.
 - g. Flammable materials within a radius of 15 meters shall be removed. Flammable materials that cannot be moved shall be covered with fireproof materials before performing hot work, and sufficient portable fire extinguishers shall be placed near the construction site. Ventilation devices shall be equipped for preventing the escape of dust, smoke and offensive smells. Fire supervision personnel shall be present throughout fire work. After the hot work is complete, it shall be confirmed that hot equipment is closed and there is no fire risk at the construction site.
 - h. Suspension of fire suppression systems shall require application process and obtain approval from the person responsible for the system. Fire system shall be suspended and restored upon the applied times.
 - i. Fences and safety cables shall be installed for overhead work to prevent falls. The persons who are drunk, in poor health or poor mental condition shall not perform overhead work.
- 4) Contract management:
- a. The contractor's safety and health management procedures shall be documented, including the scope of fully or partly contracted operations, re-contract operations or joint operations, and the contractor/sub-contractor shall be informed of the following details before the operation:
 - a) Working environment.
 - b) Hazardous factors.
 - c) Measures required by safety and health regulations.
 - b. Notification of the working environment shall explain in detail the conditions of the environment in writing, including the workplace, the facilities, layout, machinery and equipment of the workplace, etc.; notification of the hazards shall, first of all, inform the contractor in writing about the types of accidents that may occur in the environment and the possible causes of such accidents.
 - c. When suppliers, contractors and subcontractors individually hire labor for joint operations, the company shall conduct the following necessary measures to prevent occupational accidents:
 - a) Establish a consultative organization and appoint a person responsible for supervision and coordination of the workplace.
 - b) Communicate and coordinate tasks.
 - c) Conduct inspections of the workplaces.
 - d) Guide and assist in safety and health education related to the contracted work.
 - e) Other necessary measures to prevent occupational accidents.
 - d. Members of the consultative organization for joint operations shall include workplace leaders, labor safety and health personnel, principals from each contractor and subcontractor, and other necessary personnel. Written records of relevant information shall be maintained. Safety and health education and training, safety and health certification and technical certification of the contractor's personnel shall meet applicable requirements.

- e. The consultative organization (joint operations and contract operations) shall coordinate the following matters on a regular or ad-hoc basis:
 - a) Safety and health management plan.
 - b) Engage in the control of dangerous operations such as hot work, overhead work, excavation, blasting, high-voltage live lines, etc.
 - c) Operational control of operating environments such as entering restricted spaces and hazardous substances.
 - d) Management and control of hazardous machinery and equipment (The safety measure above shall be coordinated for machinery, equipment, and structures including pile loaders, pile pullers, electric machinery, electric appliances, rail devices, acetylene welding devices, arc welding devices, ventilation device and caisson, passageways, construction frames, and work platforms).
 - e) Factory access control for electrical equipment.
 - f) Management of dangerous and hazardous substances.
 - g) Pedestrian and vehicular circulation management.
 - h) Other coordination matters deemed necessary.
 - f. The dangerous machines and equipment used by the contractors shall have inspection certificates within the validity period and shall be operated by the persons with qualified licenses, in addition to adopting the entrance permit system, the relevant operation supervisors of the contractor shall supervise on-site, and follow TSMC's work permit system to conduct safety management.
 - g. The audit or inspection plan shall be provided with inspection records, the inspectors, inspection time and the status of inspection locations. Inspection results and actions taken shall be signed and understood by the relevant contractors. If necessary, the results shall be tracked and recorded, and reviewed at the coordinating body meeting.
 - h. The coordinating body shall have an emergency response plan to ensure that staff can respond and escape in an emergency; joint operations shall include contractors in the suppliers' contingency plan, confirming that the workers can escape in an emergency.
 - i. In addition to national laws and regulations, contractor safety and health management guidances shall refer to the "TSMC Contractor ESH Bluebook", the detailed content of the blue book could be downloaded from the supplied on-line system.
 - j. In addition to national laws and regulations, contractor vehicle transportation safety guidances shall refer to the the "TSMC Supplier Transportation Management White Paper", the detailed content of the white paper could be downloaded from the supplied on-line system.
- 5) Change management:
- a. Suppliers shall develop a change management procedure aimed at completing planned change that will temporarily or permanently create new hazards or safety and health risks, and an implementation and control procedure shall be established to confirm that the hazards of the change operation will not affect environmental safety and health performance due to differences in risk.
 - b. The change management procedure shall also address the consequences of "non-planned" changes and shall take the necessary actions to mitigate any negative effects. These changes include:
 - a) Newly added or modified products, services, and processes.
 - b) Changes in regulatory requirements or other requirements.
 - c) Changes in hazard knowledge or information.
 - d) The development of knowledge and technology.
 - c. The change management procedure shall include risk assessment before the change, countersign/audit, and risk control measures for the change, personnel notification/training before the start, review, and update of relevant documents.

- d. The personnel involved in the safety change discussion shall include the person in charge of the workplace, personnel qualified or familiar with process safety assessment, environmental protection and safety and health personnel, work site operation supervisors, on-site workers familiar with the work site and representatives of other units related to the change.
 - e. The operation procedures and safety issues related to the change meeting shall be communicated and confirmed with the contractor in detail, and written documentation shall be retained to confirm the hazards, risks, and control measures of the construction process.
- 6) Chemical safety management:
- a. The facility shall have the most up-to-date chemical list and construct a mechanism to update the list to provide real-time information.
 - b. Suppliers shall follow relevant regulations to declare the chemicals they used, and the chemicals' SDS and labelling shall be placed and labeled in the operation areas.
 - c. Suppliers shall establish storage areas with consideration to the incompatibility of chemicals stored in the area. The exhaust and leak prevention systems shall be also installed.
 - d. New chemicals introduced or used for process changes shall have a review mechanism and implement related improvement works or management measures for reducing safety, hygiene, and environmental risks.
 - e. Gas detectors, fire alarm detection and fire suppression systems shall be equipped in chemical storage and operation areas in accordance with regulations, standards, and risk considerations. The safety devices shall work effectively and operate normally.
 - f. Explosion-proof equipment shall be equipped in flammable and explosive chemical storage or operation areas; if explosion venting design is required, suppliers shall verify that it is effectively installed and maintained.
 - g. Chemical storage equipment and supply systems shall be equipped with effective seismic protection devices in accordance with the provisions of B9.1 3) Earthquake Protection d) of this Standard.
 - h. Gases & chemical equipment that is at risk of explosion or fire due to static electricity shall be grounded or adopt other devices to remove static electricity.
 - i. Areas and machines where liquid chemicals are used (including storage) shall have leak-proof devices, leak sensors, or other safety protection measures.
 - j. Chemical delivery carts shall be equipped with chain/metal buckle and other securing devices, and shall be supplemented by a brake device when temporarily parked.
 - k. Chemicals should be collected and stored in appropriate containers according to their chemical and physical properties.
 - l. During the chemical transfer process, a secondary container should be provided to prevent leakage.
 - m. Chemicals should be labeled in accordance with regulations and regulations.
 - n. The chemical container must be intact and able to prevent leakage or overflow.
- 7) Flammable substance management:
- a. Flammable and combustible materials shall be stored properly to prevent vapor accumulation.
 - b. Fire hazards (such as smoking, electric sparks, open flames, etc.) shall be eliminated in the areas where flammable materials are stored or used.
 - c. Equipment operating with gases or chemicals shall be grounded or use other devices to remove static electricity due to possibility of explosion or fire caused by static electricity.
 - d. The fire load shall be controlled at the production area and flammable materials shall not be stored at the production area for more than one day.
 - e. Personnel engaged in the operation of flammable substances shall attend initial and follow-up training for routine management and emergency response.
 - f. Flammable chemicals/gas operations (storage/ supply) rooms are required to be equipped with a firewall/fire door with 1-hour fire resistance.

- g. Electrical equipment in flammable chemicals/gas operations (storage/ supply) rooms shall have an explosion-proof rating.
 - h. Flammable chemicals/gas operations (storage/supply) rooms are required to be equipped with automatic sprinkler system (except for water reactive substances).
 - i. Pipelines shall not be corroded. The ends of expansion pipeline shall be sealed.
 - j. Flammable chemical production/storage areas shall not be established in basements.
 - k. The flammable chemical storage area shall be established with (but not limited to) the following facilities:
 - a) Appropriate ventilation system.
 - b) Appropriate fire protection and control equipment.
 - c) Temperature and humidity measurement and control equipment.
 - d) Flammable gas detector.
 - e) Flammable liquid leak detector.
 - f) Dikes or collection trenches/tanks to prevent diffusion outside the storage area.
 - g) Flammable and combustible chemical warehouses shall be equipped with anti-static devices and explosion-proof electrical devices.
 - h) Emergency response equipment, including personal protective equipment (PPE), eye wash stations and leak handling tools.
 - l. Suppliers shall set up smoking areas with sufficient safety protection to avoid people smoking in non-smoking areas.
 - m. Inlet ports of the exhaust lines in the areas where flammable substances are heavier than air shall be within 30 cm of the ground.
 - n. Containers for storing flammable substances shall be placed in a cabinet with appropriate exhaust measures, and the maximum safe storage capacity shall be marked prominently on the outside of the cabinet.
- 8) Fire system setup and maintenance.
- a. Basic management requirements.
 - a) Suppliers shall follow local laws and regulations to install fire alarm and suppression equipment and strengthen the installation of fire protection systems according to fire risk.
 - b) Suppliers shall develop and implement fire system maintenance procedures, specifying the maintenance frequency, inspection items, qualification criteria, and maintenance personnel. Maintenance can be performed by the supplier or outsourced, and maintenance records shall be kept on file.
 - c) The frequency of testing and maintenance shall not be less than the frequency required/recommended by the manufacturer, local regulations or insurance company, whichever is more stringent.
 - d) When the fire protection system needs to be temporarily suspended due to factors such as construction, the relevant personnel (e.g. construction sponsor) shall submit an application to the safety department in the organization, stating the reason for the application, the duration of the temporary suspension, etc. The fire protection system suspension shall not exceed 8 hours per day. If there is a need to extend, the sign-off process should be carried out, and shall require the relevant personnel to maintain vigilance at the scene. If required by the insurance company, the application for temporary suspension of the fire system shall be issued to the insurance company prior to the execution of the suspension and the application shall be kept on record.
 - b. Fire detection and alarm systems.
 - a) Suppliers shall have temperature detectors, smoke detectors or other fire detection equipment.
 - b) The detection signal needs to be transmitted to a 24-hour manned premise, such as a duty room, control room or security room.
 - c) When the detection system detects a fire, an audible and visual alarm shall be generated.
 - d) A manual fire alarm button shall be installed in or along the evacuation lane leading to the exit.

- c. Fire extinguishers:
 - a) Suppliers shall install portable fire extinguishers, such as ABC dry powder, Carbon Dioxide, or Class D dry powder extinguishers, according to the characteristics of the protection site and fire- burning materials.
 - b) Large trolley-type fire extinguishers are required for indoor areas where large quantities of flammable materials are stored and manufactured.
 - c) Fire extinguishers shall be located in a marked and designated location and provide evidence (e.g., inspection plate) that they have been inspected.
 - d) Fire extinguishers shall be placed in an accessible and safe location and inspected once a month, and the extinguishing agent shall be replaced according to the fire extinguisher manufacturer's recommendations.
- d. Automatic fire sprinkler systems (required by law or as a result of a risk assessment).
 - a) Suppliers shall install automatic fire sprinkler system in accordance with local laws, if the risk of fire and explosion is high, the automatic fire sprinkler system shall be installed exceeding regulatory requirements.
 - b) The alarm check valve of the sprinkler system shall be maintained in the fully open position and labeled, and the valve shall be fixed with locks or equipped with monitoring devices to prevent arbitrary closure.
 - c) The automatic sprinkler system shall be fixed properly, and the sprinkler head shall not be too close to structural/non-structural components. (vertical clearance > 45 cm, horizontal clearance > 30 cm).
 - d) Exhaust ducts or other objects cannot obstruct the protection area of the sprinkler head, if obstructed, additional sprinkler heads shall be added under the exhaust ducts or objects.
 - e) The alarm check valve bell shall sound automatically within 120 seconds in pipe-end drainage tests.
- e. Fire hydrants.
 - a) Indoor/outdoor fire hydrants shall be provided with water hoses and nozzles. The hoses shall be checked/replaced periodically to avoid water leakage due to decay.
 - b) The number of hydrants, the length of the water hose and the range of the fire hydrants shall be sufficient to protect all areas.
 - c) No object shall be placed in front of the fire hydrant to obstruct its use.
 - d) Indoor/outdoor fire hoses are free of rust and are fixed.
- f. Fire pumps.
 - a) The fire pump shall be set to start automatically.
 - b) The starting pressure shall be properly set by the original fire pump manufacturer or a professional fire company.
 - c) The fire pump room shall be protected with a 1-hour fire separation wall and free of flammable/ combustible materials. If located outdoors or indoors without an 1-hour fire separation, the fire pump shall be located at a safe distance from the flammable/explosive material storage/process area, or buildings with at least a 1-hour fire separation shall be located between the fire pump and the flammable/ explosive material storage/process areas.
 - d) The fire pump shall be tested and operated at least once a month and the performance curve test shall be performed annually.
- g. Firefighting pools.
 - a) Fire water tanks shall be dedicated for that sole use or there is a pool of effective water that is sufficient for fire fighting.
 - b) The capacity of the fire water tank shall be sufficient to provide the sum of water capacity of automatic sprinklers and indoor/outdoor hydrants as required by local code.
- h. Fire Separation:
 - a) Fire separation reviewed and approved by government fire authorities shall not be destroyed.

- b) The fire door shall be kept closed, and if the fire door needs to be kept open because it is located in an area with frequent personnel access, it shall be interlocked to the fire alarm system. If the fire alarm is activated, the fire door shall immediately be closed automatically.
- c) Fire doors shall be kept completely closed and repaired as soon as possible in case of poor closing conditions.
- d) Openings in the firewall shall be properly sealed with a fire stop.
- e) Building exterior walls shall be constructed of non-combustible materials.
- f) Storage and supply facilities for flammable substances shall be equipped with 1-hour firewall and 1-hour fire door.
- g) Firewalls shall comply with the requirements of government regulations.
- i. Emergency exit:
 - a) There shall be sufficient and effective emergency exits in each area.
 - b) Access to the exit shall be free of obstructions, including piles of objects, fences, locked doors, etc., to ensure the safe and rapid evacuation of workers in the event of a fire or other emergency.
 - c) The access is not used for any purpose other than evacuation.
 - d) Each floor is provided with exit signs indicating the exit, which are illuminated by lights and/or glow in the event of a power outage.
 - e) All emergency exit doors shall open directly to the outside, shall not be locked to restrict access, and shall not require the use of keys or sliding doors that require effort to open.
 - f) Each floor shall have at least two or more (if regulations apply) clearly marked unobstructed exits.
- j. Emergency lighting.
 - a) A sufficient number of emergency lights shall be installed in aisles, corridors, staircases and the position above each exit and in other areas that need to be lighted in the event of a power outage.
 - b) Batteries for emergency lighting shall be tested periodically.
- 9) Exhaust Duct
 - a. Fume exhaust ductwork in new constructed factories shall be made of non-combustible materials (stainless steel or galvanized metal).
 - b. Exhaust air ducts with more than 10 inches of combustible ductwork installed in existing facilities shall use metal materials or to be equipped with automatic fire sprinkler protection for the existing flammable material air ducts, following American Fire Protection Association standards (NFPA).
- 10) Central Scrubber
 - a. Fire hydrants shall be provided on building roofs where combustible central scrubbers are located. It shall be confirmed that the combustible central scrubbers are covered in the protection area of outdoor fire hydrants.
 - b. Central scrubbers made of combustible material shall install duct sprinkler heads. The sprinkler heads shall be installed in the inlet, main body, and outlet of the combustible scrubber.
- 11) Cooling Tower
 - a. Fire hydrants shall be installed on the building roofs where combustible cooling towers are located. It shall be confirmed that the combustible cooling towers are covered in the protection area of outdoor fire hydrants.
 - b. Cooling towers made of combustible material (e.g. FRP, wood) shall install wet-type deluge sprinkler system.
- 12) Electrical System
 - a. Rooms where electrical systems (e.g. main transformer, substation, switchgear, MCC-Motor Control Center, UPS) are located shall install inert gas fire suppression systems (e.g. INERGEN-IG541, CO2, FM-200).
 - b. Rooms where electrical systems are located shall maintain 1-hour fire separation.
 - c. Outdoor main transformers shall equip wet-type deluge spray systems. Auto fire suppression systems are not necessary for oil-type main transformers if the insulation oil is not combustible.

- d. IR inspection shall be executed for electrical systems. Improvements shall be made based on inspection results and recommendations.
- e. Gas analysis of insulating oil shall be implemented annually for oil-type main transformers. If the concentration of gas in oil (e.g., acetylene, hydrogen, methane, ethane, ethylene, carbon monoxide, etc.) exceeds the specification, the insulating oil shall be replaced.
- 13) Wet Bench
 - a. Wet bench equipment with combustible liquid or heated components shall install a CO₂ suppression system.
- 14) Cleanroom
 - a. The installation of fire safety systems in cleanrooms shall follow the requirements of NFPA318 or local codes.
- 3. Records are maintained including:
 - a. Current and past policies and procedures, specifications.
 - b. Results and reports from review and control steps.
 - c. Corrective action plans, plans for improvement.

B.M.2.3 An adequate and effective training process is established for all managers/workers on all policy/process/job-related aspects and performance targets.

- 1. Policy, Practices, Controls:
 - 1) Process: An adequate and effective training program for workers/managers:
 - a. New employee orientation plan
 - b. Training needs analysis
 - c. Training plan with frequency
 - d. Training material
 - e. Training records with effectiveness evaluation or verification

NOTE: Ensure these minimum training topics are included: risk, policy, process, controls, responsibilities, grievance are covered.

 - 2) Minimum Training Topics should include:
 - a. Mechanical, electrical, chemical, fire, and physical hazards
 - b. The correct use of appropriate PPE
 - c. Types of potential emergencies that may occur at their work location and what to do during an emergency, including Internal and external muster points.
 - d. Machine safety and the use of safeguards and emergency stops.
 - e. Reporting injuries and illnesses
 - f. Hazardous atmospheres and confined Note 5 space work process before entry of confined spaces
 - g. Lock out-tag out process.
 - h. Specific training for ERT, first responders, and medical professionals
 - i. Emergency responders are trained on an annual basis.
 - ii. Training shall be dependent on responsibilities during an emergency.
 - iii. Training is provided to all workers before the beginning of work and regularly thereafter as per the training program.
 - 3) Occupational health and safety training shall include content on specific risks to relevant demographics, such as gender and age, if applicable.
 - 4) Workers responsible for storage, clean up, or disposal of chemical releases must receive specialized training.
 - 5) Occupational health professionals and first responders should be trained by external agencies or trained and certified by internally qualified occupational health professionals such as a medical doctor, where local law permits.
- 2. Records are maintained including:
 - a. Training records include a verification of training effectiveness.
 - b. Educational materials.

3. Serious conditions that will result in a severe finding:
 - More than 5% of the workers are not trained within 30 days of the hire date.
 - If it is required (by law or risk assessment) to have an ERT and it is not in place.
 - There are no first responders present or process to respond to emergency situations.

Note 5: Confined spaces: a space with limited or restricted entry or exit means and is not designed for continuous occupancy.

B.M.3 Communications – Health and Safety

Elements to Demonstrate Compliance to “TSMC Supplier Code”

B.M.3.1 An adequate and effective ongoing two-way communication process with workers, and internal and external stakeholders, where relevant or necessary, is established to obtain feedback on operational health and safety practices and conditions and to foster continuous improvement.

1. Policy, Practices, Controls:

- 1) A healthy and effective ongoing two-way communication process with workers, other internal and external stakeholders, where relevant or necessary, to obtain their feedback on operational health and safety practices and conditions and to foster continuous improvement.
 - a. Examples of worker participation mechanisms: worker surveys, suggestions boxes, worker focus groups, joint worker-management committees, worker/union representatives, process improvement teams.
 - b. Examples of two-way communication: face-to-face meetings, town halls, worker focus groups, joint worker-management committees, process improvement team, message groups (WhatsApp, Line, WeChat, etc.), brown bag lunches
 - c. Examples of stakeholder engagement mechanisms: newsletters with request for feedback, message groups (WhatsApp, Line, WeChat, etc.), social media, neighborhood or community meetings, drop-in sessions, focus groups, feedback, and impact discussions (data/study driven)
 - d. Suppliers shall provide workers with appropriate workplace health and safety information and training in the language of the worker or in a language the worker can understand for all identified workplace hazards that workers are exposed to, including but not limited to mechanical, electrical, chemical, fire, and physical hazards.
 - e. Health and safety related information shall be clearly posted in the facility or placed in a location identifiable and accessible by workers.
 - f. Health information and training shall include content on specific risks to relevant demographics, such as gender and age, if applicable. Training shall be provided to all workers prior to the beginning of work and regularly thereafter.
 - g. Workers shall be encouraged to raise any health and safety concerns without retaliation.

NOTE: Ensure these minimum topics are included or asked about to promote comprehensive dialogue: risk, policy, process, controls, responsibilities, grievance are covered.

2) Minimum internal and external stakeholders:

- a. Direct and indirect workers
- b. Young workers, Learners
- c. (Foreign and internal) migrant workers
- d. Worker representatives
- e. Staff functions
- f. On-site service providers, Suppliers
- g. Customers.

NOTE: Submitting SAQ to customers does not qualify as communication with customers

- 3) Health and safety communication is clearly posted in the facility or placed in a location identifiable and accessible by workers including:
 - a. Appropriate signs, placards, and labels identifying hazards (chemical, physical, biological, vehicular)
 - b. Potential workplace hazards that workers are exposed to.
 - c. PPE requirements.
 - d. Emergency number(s), emergency team, and emergency evacuation and response plan.
 - e. Maps throughout the facility clearly identify exit routes and muster points in the correct orientation.
2. Records are maintained including:
 - a. Communications records include a verification of communication effectiveness.
 - b. Input/feedback records.
 - c. Written information to workers on how to provide input/feedback for improvement.
 - d. Correspondence to supplier management.
 - e. Communications/Presentations to internal and external stakeholders.

B.M.3.2 An adequate and effective process is established to anonymously report grievances confidentially without fear of reprisal or intimidation.

1. Policy, Practices, Controls:
 1. Process:
 - a. Comprehensive functioning process to anonymously report grievances without fear of reprisal, which is internal (for workers and staff) and external (for workers of suppliers, local community, or interested actors and Whistleblowers).
 - b. Clear grievance channels so anyone is comfortable reporting grievances and so that reporting is encouraged.
 - c. Workers shall be encouraged to raise safety concerns, including early reporting of discomfort.
 2. Investigation and actions:
 - a. Promptly investigate the validity of any grievance.
 - b. Ensure the investigation and remediation is impartial, non-discriminatory, and where applicable, consistent with previous actions.
 - c. Communicate back to those involved, where possible, the outcome of the investigation and next steps, while maintaining appropriate privacy for those involved.
 - d. Remind suppliers and their workers that there is to be no retribution for making the grievance. Furthermore, suppliers shall continue to provide workers with education, training, and awareness programs regarding the TSMC's Supply Chain Worker Grievance Channel at <https://cld.supply.tsmc.com/supply360/dist/GrievanceFile> and the Supplier Grievance Channel, while regularly reviewing these grievance mechanisms to ensure their appropriateness and effectiveness.
2. Records are maintained including:
 - a. Grievance records
 - b. Investigation records
 - c. Workers are provided with written information on how to report grievances.
3. Serious conditions that will result in a severe finding:
 - Grievances not being investigated and addressed within 3 months of being received.
 - Not putting in place and actioning a corrective action plan after confirming a grievance.

B.M.4 Performance Review and Continuous Improvement – Health and Safety

Elements to Demonstrate Compliance to “TSMC Supplier Code”

B.M.4.1 An adequate and effective health and safety management performance review and continuous improvement process is established.

1. Policy, Practices, Controls:

1) Process elements should include:

- a. Annual or more frequent review of objectives and systems.
 - i. Management system review
 - ii. Performance review
- b. Formal and communicated goals, indicators, objectives, and targets.
- c. Goals shall clearly define the period considered; each goal shall include:
 - i. Time Period: (between base date and target date) shall be forward-looking.
 - ii. Base date: Date from which the goal is being measured.
 - iii. Target date: Date in the future when the goal is intended to be achieved.
 - iv. Baseline: the value of what is being measured at the start
 - v. Targeted improvement value: The quantitative value of the goal (numeric and greater than 0)
- d. Assignment of owners, implementation plans with completion dates.
- e. Additional action plans if goal, indicator, objective, or target is off track.
- f. Communication of the goals and progress to workers (as appropriate).

2) Evaluation:

- a. Regularly not exceeding 2 years but earlier if there is a Significant Change.
- b. Effectiveness of controls (including control processes).
- c. Should include every related program whose scope include:
 - i. Consideration of risk assessment results.
 - ii. Legal and regulatory requirements.
 - iii. Company standards/requirements.
 - iv. Achieving continual improvement.
- d. Evaluation reports should include:
 - i. Accidents, incidents, medical surveillance, and trend analysis
 - ii. ERP drill plan
 - iii. Control effectiveness (PPE, physically demanding work, machine safety, chemical, physical and biological agents, etc.)
 - iv. Training & Communication
 - v. Grievances related to safety concerns.

2. Records are maintained including:

- a. System review meetings.
- b. Management review meeting presentation materials/analysis/data. Be sure to include:
 - i. Date, agenda, attendees (including senior manager).
 - ii. Presentation material (references).
 - iii. Progress towards objectives.
 - iv. Results of assessments.
 - v. Completion of corrective/preventive actions.
 - vi. Risks/issues.
 - vii. Other information that was used to determine the effectiveness of the management system and identify improvement opportunities.
 - viii. Agreed preventive/corrective actions.

- c. Formal target, indicator, and objective tracking.
- d. Regular progress reporting.
- e. Evaluation reports for (at least):
 - i. Control effectiveness.
 - ii. Training and Communication.
 - iii. Grievances related to safety concerns

B.M.4.2 An adequate and effective health and safety self-assessment process is established to assess conformance with the “TSMC Supplier Code” and customer requirements periodically.

1. Policy, Practices, Controls:
 - 1). An adequate and effective self-assessment process to periodically assess conformance with:
 - a. Applicable legal regulatory requirements.
 - b. Customer requirements.
 - c. “TSMC Supplier Code” requirements.
 - d. Own policies, standards, management system, requirements to which the facility subscribes to.
 - 2). The assessment scope should include:
 - a. All areas of the facility.
 - b. All policies, processes, physical conditions, and work practices.
 - c. Review of records.
 - d. Interviews with individuals responsible for compliance and conformance
 - i. Workers (direct and indirect)
 - ii. Staff and management
 - iii. Supplier management
 - 3). Assessment findings should be reviewed by senior management.
2. Records are maintained including:
 - a. Self-assessment Reports
 - b. Results of management reviews
 - c. Corrective action plans

B.M.4.3 An adequate and effective health and safety corrective action process is established to rectify and close non-conformances.

1. Policy, Practices, Controls:
 - 1). Ensure there is a Corrective action process (CAP) in place, which contains the following:
 - a. Core elements of root cause analysis, specific corrective actions, owners, due dates, tracking process.
 - b. Additional actions when a corrective action is off-track.
 - c. A link demonstrated between the CAP and the performance management objectives and targets.
 - d. Review action items by management representative after verification by the appropriate person.
 - e. Any issues/concerns noted in the insurance inspection report regarding people, fire, or facility have an agreed corrective action plan.
 - 2). Specific health and safety elements include:
 - a. Any issues/concerns noted in the insurance inspection report regarding people, fire, or facility have an agreed corrective action plan.
 - b. Appropriate preventive action because of medical surveillance or injury related to workplace risks and injuries should occur including moving to another role.

- c. In addition, where there are workplace related injuries, the facility must:
 - i. Provide medical treatment to the worker.
 - ii. Cover the worker's medical treatment, re-examination, and rehabilitation cost.
 - iii. Provide a re-examination to the worker.
 - iv. Do not terminate the labor contract with a worker due to medical surveillance results.

2. Records are maintained including:

- a. Original non-conformance.
- b. CAP for each non-conformance.
- c. Progress reports.
- d. Closure verification reports (with management confirmation)
- e. Copies of any regulatory citations/violation notices received in the past three years, including any communications with the agencies, and follow-up review or inspection.

C. ENVIRONMENT

C1 Environmental Permits and Reporting

“TSMC Supplier Code” Environment Preamble:

Suppliers recognize that environmental responsibility is integral to producing world-class products. Suppliers shall identify the environmental impacts and minimize adverse effects on the community, environment, and natural resources within their manufacturing operations, while safeguarding the health and safety of the public.

Risk assessments should occur no less than every three years or when there is a Significant Change. A significant change is a change and modification in chemicals (additions and substitutions), chemical uses, chemical quantity, process, modules, tool operation/configuration, and/or facility systems, permit/license conditions or any change/deviation/modification from the current/previous scope of past risk assessments.

C1.1 All required permits, licenses and test reports for the environment are in place and communicated timely to the government (if required)

Elements to Demonstrate Compliance to “TSMC Supplier Code”:

1. Policy: Ensure the facility’s environmental policy includes environmental permits and reporting elements including:
 - a. Applying for and maintaining all necessary permits, approvals, and registrations.
 - b. Accurate tracking necessary data to report and show level of conformance.
2. Procedures & Practices are in place such that:
 - a. The facility maintains a registry/inventory of environmental permits, licenses and certifications including their monitoring and reporting requirements, expiration dates, etc.
 - b. The facility has an implemented process to ensure that permits, licenses, and certifications are kept current and updated as necessary as operations changes occur.
 - c. All environmental violations have been remediated and are considered closed by the appropriate authorities.
3. Controls & Monitoring should include:
 - a. Tools, systems, and processes are properly tested, calibrated, and otherwise maintained to demonstrate accuracy in measurement, indication, and recording.
 - b. Site operations are in compliance with all monitoring, reporting and other permit requirements based on:
 - i. Internal monitoring and assessments
 - ii. Independent third-party assessments
 - iii. Regulatory agency reviews/inspections
4. Records are maintained including:
 - a. All the environmental permits required by law are current such as but not limited to:
 - i. Operating permit
 - ii. Air emissions
 - iii. Wastewater discharge
 - iv. Stormwater exposure
 - v. Hazardous materials storage and use
 - vi. Generation of waste (solid and hazardous)
 - vii. Boundary noise limits
 - viii. Other equipment

- b. Certifications as required by law are current such as but not limited to:
 - i. Professional certificates
 - ii. Environment ERT members have the required qualifications/certifications Environment ERT members have the required qualifications/certifications.

NOTE: All permits, licenses, certifications, and reporting data are posted as required by law

- 5. Serious conditions that will result in a severe finding:
 - Not properly reporting environmental accidents or incidents to the governing agency as required by law.
 - Delay in mandatory government reporting in excess of 3 months from the due date.

C2 Hazardous Substances

C2.1 Hazardous wastes is responsibly disposed of using government-approved and/or licensed vendors.

Elements to Demonstrate Compliance to "TSMC Supplier Code":

1. Policy: Ensure the facility's environmental policy includes hazardous substances elements including:
 - a. Hazardous substances including wastes are properly categorized, labeled, handled, stored, and transported and disposed of using government-approved and/or licensed vendors.
 - b. Ensuring workers understand what hazardous substances they are working with, the risks involved and how to protect themselves.
 - c. Hazardous waste is safely disposed of including a disposal Supplier(s) assessment.
2. Procedures & Practices are in place such that:
 - a. The facility has an up-to-date inventory of chemicals and hazardous materials on site.
 - b. Hazardous substances are adequately and effectively: Categorized, Handled, Stored, Moved
 - i. All chemicals are stored in properly designed and maintained cabinets or storerooms.
 - ii. All chemicals are stored in appropriate containers that are properly labeled.
 - iii. Chemicals and other hazardous materials are properly handled, transported, used, and stored by appropriately trained personnel.
 - iv. Adequate control of temperature, security, ventilation, and fire risk is maintained in chemical use and storage areas.
 - c. Worker education and protection
 - i. Hazardous material information [labels and safety data sheet (SDS formally MSDS)] or characterization in the case of hazardous waste) is available at the points of use and storage in a language understood by the worker.
 - ii. Personal protective equipment appropriate to the materials being handled is provided to workers.
 - iii. Workers are trained on the proper use, maintenance, and storage of personal protective equipment.
 - iv. Workers have the freedom to refuse tasks that the worker believes to be hazardous without penalty or termination.
 - v. Emergency eyewash and shower stations are available to workers in areas where chemicals and hazardous materials are used or stored.
 - d. Disposal
 - i. Chemical and hazardous wastes are disposed of onsite in accordance with local environmental laws or the supplier uses a licensed hazardous waste transporter to ship waste offsite to a licensed waste disposal facility.
 - ii. Where practical, waste chemicals are processed for re-use or recycling.

- e. Disposal vendor assessment
 - i. A periodic assessment and corrective action plan process to evaluate whether the vendor (hazardous waste handler AND transporter) is complying with contract terms and conditions.
 - ii. Assessments should occur at least every 3 years or when there is a significant change.
 - iii. The assessment must occur before a new vendor (hazardous waste handler AND transporter) is selected.
- f. The facility (plant) shall establish a written emergency response plan and conduct emergency drills every two years to prevent spills and contamination involving chemicals or materials harmful to the environment. The plan shall include the following:
 - i. Identification and assessment of release hazards (e.g. spills and leaks).
 - ii. Qualification and training of emergency responders (e.g. spill response teams).
 - iii. Who to contact in the event of a release.
 - iv. List of emergency response equipment.
 - v. Evacuation procedures.
 - vi. Procedures for proper clean-up and disposal of released materials,
 - vii. Decontamination procedures.
 - viii. Reporting requirements.
- g. An adequate and effective reduction/replacement program with
 - i. Annual objectives
 - ii. Regular objective tracking
 - iii. Progress monitoring
 - iv. Adjustments made if off track.

NOTE: Reduction programs should not harm workers and the expectation is not something that is done at "any cost"/excessive cost such that the operations are uncompetitive.

- h. Engineering and administrative systems for improved resource efficiency adhere to the hierarchy of resource efficiency, reducing the use of hazardous substances, when feasible, showing preference (in order) for the following functions:
 - i. Prevention: unnecessary consumptive processes are eliminated
 - ii. Minimization: Process efficiency is improved
 - iii. Substitution: Using a more environmentally benign or renewable resource
 - iv. Reuse, recycling, recovery: In that order, in order to maximize the benefit of resource consumption.
3. Controls & Monitoring should include:
- a. Engineering and administrative systems intended to improve resource efficiency; reducing use/volume of hazardous substances, are in good repair or operating at high capacity.
 - b. Access to hazardous substances is controlled.
 - c. Potential employee exposure methods are adequate and effective such as
 - i. Segregation
 - ii. Secondary containment
 - iii. Ventilation
 - iv. Fire protection.
 - v. Appropriate storage cabinets
 - d. A preventive maintenance process for all treatment equipment for each environmental medium.
 - e. Adequate and effective processes to track, review, and approve the use of all hazardous chemicals and obtain approvals for all new purchases of hazardous chemicals prior to use.
 - f. Selection processes for all new hazardous chemicals include a thorough evaluation of less hazardous or non-hazardous alternatives.
 - g. Adequate and effective emergency response process with clearly defined steps and roles/responsibilities
 - h. Investigation of each environmental incident (e.g., spill, etc.) resulting in a preventive and corrective action plan.

4. Records are maintained including:
 - a. Risk assessment results.
 - b. Mitigation plans for all significant actual and potential risks identified, through the Hierarchy of controls and improvement objectives in a documented gated process, demonstrating that each hierarchy level has been fully evaluated and reasons why it could not address the risk fully before proceeding to the next hierarchical level, indicating the status of implementation, and resulting impact reduction including feedback of the affected internal and external stakeholders.
 - c. Inspection records of hazardous substances and their points of storage and use are maintained and available for review.
 - d. Hazardous waste inventory records are maintained, tracked and accurate.
 - e. Inspection records of hazardous substances and their storage points (including wastewater) are maintained, and accurate.
 - f. Copies of hazardous waste shipping papers are maintained and accurate.
 - g. All non-government transport and disposal vendors have approved, current certificates and/or are licensed by the local regulatory authorities.
 - h. Assessments, visit minutes, or assessment reports, with possible areas for improvement, are maintained for each non-government transport and disposal vendor.
 - i. Investigation reports of each environmental incident (e.g., spill, etc.) resulting in preventive and corrective action plans including evidence of review by management.
 - j. Annual reduction targets, progress monitoring and corrective actions plans if applicable.
5. Serious conditions to ensure do not occur include.
 - Disposing of or handing off hazardous waste to non- licensed transport or disposal vendors.

C3 Solid Waste

C3.1 Solid waste is managed and disposed of responsibly.

Elements to Demonstrate Compliance to "TSMC Supplier Code":

1. Policy: Ensure the facility's environmental policy includes solid waste elements including:
 - a. Solid waste is managed and responsibly disposed of
 - b. Effort will be made to reduce solid waste.
2. Procedures & Practices are in place such that:
 - a. Solid waste is adequately and effectively categorized, handled, stored, moved:
 - i. Solid waste is stored in properly designed and maintained cabinets or storerooms.
 - ii. Solid waste is stored in appropriate containers that are properly labeled.
 - iii. Solid waste is properly handled, transported, used, and stored by appropriately trained personnel.
 - iv. Adequate control of temperature, security, ventilation, and fire risk is maintained in solid waste storage areas.
 - b. Worker education and protection:
 - i. Hazard signage and information and waste characterization and response information is posted and provided.
 - ii. Personal protective equipment which is appropriate to the materials being handled is provided to workers.
 - iii. Workers are trained on the proper use, maintenance, and storage of personal protective equipment.
 - iv. Workers have the freedom to refuse tasks that the worker believes to be hazardous without penalty or termination.
 - v. Emergency eyewash and shower stations are available to workers in areas where chemicals and hazardous materials are used or stored.

- c. A documented, fully audited, waste management plan for proper disposal of all waste materials is in place. All waste is handled and disposed of under proper permits by persons authorized by law to handle such materials.
- d. An adequate and effective reduction program with:
 - i. Annual objectives
 - ii. Regular objective tracking
 - iii. Progress monitoring
 - iv. Adjustments made if off track.

NOTE: Reduction programs should not harm workers and the expectation is not something that is done at “any cost”/excessive cost such that the operations are uncompetitive.

- e. Engineering and administrative systems for improved resource efficiency adhere to the hierarchy of resource efficiency, reducing the generation of solid waste, when feasible, showing preference (in order) for the following functions:
 - i. Prevention: unnecessary consumptive processes are eliminated.
 - ii. Minimization: Process efficiency is improved.
 - iii. Substitution: Using a more environmentally benign or renewable resource.
 - iv. Reuse, recycling, recovery: In that order, to maximize the benefit of resource consumption.
- f. The facility sorts solid waste by type and sends recyclable materials offsite for reuse and recycling.
- g. The facility treats industrial and/or sanitary wastewater onsite in accordance with local laws and permit requirements.
- h. Treated wastewater is discharged to a municipal treatment system or to surface water (if allowed by local laws and regulations).
- i. Wastewater treatment equipment is included in a routine preventive maintenance program,
- j. Workers responsible for operating and maintaining wastewater treatment systems have received all necessary training.

3. Controls & Monitoring should include:

- a. Engineering and administrative systems intended to improve resource efficiency; reducing generation of solid waste, are in good repair or operating at high capacity.
- b. Access to solid waste is controlled.
- c. Potential employee exposure methods are adequate and effective such as:
 - i. Segregation
 - ii. Secondary containment
 - iii. Ventilation
 - iv. Fire protection.

4. Records are maintained including:

- a. Risk assessment results.
- b. Mitigation plans for all significant actual and potential risks identified, through the Hierarchy of controls and improvement objectives in a documented gated process, demonstrating that each hierarchy level has been fully evaluated and reasons why it could not address the risk fully before proceeding to the next hierarchical level, indicating the status of implementation, and resulting impact reduction including feedback of the affected internal and external stakeholders.
- c. Accurate waste inventory records are maintained and available for review.
- d. Inspection records of waste and their points of storage are maintained and available for review on site.
- e. Copies of waste manifests and shipping papers are maintained and available for review.
- f. Documents only vendors approved and/or licensed by the local regulatory authorities for transporting are used.
- g. Annual reduction targets, progress monitoring and corrective actions plans if applicable.
- h. Food service provider's food waste disposal contracts and permits for waste disposal (e.g., pig farms or composting facilities) (if applicable)

C4 Air Emissions

C4.1 Air emissions and the performance of air emission control systems are routinely monitored.

C4.2 Environmental noise levels are within regulatory limits.

Elements to Demonstrate Compliance to “TSMC Supplier Code”:

1. Policy: Ensure the facility environmental policy includes air emission elements including:
 - a. Air emissions are routinely monitored.
 - b. Proper Air emission control systems are in place and routinely monitored for performance.
 - c. Environmental noise levels are within regulatory limits.
2. Procedures & Practices are in place such that:
 - a. The facility has fully characterized its air emissions (type, nature, quantity, etc.)
 - i. Ozone depleting substances are clearly labeled.
 - b. The supplier has all required emissions permits and is in compliance with all permit requirements and local environmental standards. Results are tabulated and regularly reported.
 - c. Treatment
 - i. Air emissions are treated prior to discharge in accordance with permit requirements.
 - ii. Where required, the facility has exhaust ventilation systems designed to capture emissions and pollution treatment systems (i.e. scrubbers, catalytic removal, thermal oxidation, etc.), which reduce emission to an acceptable level before discharging,
 - iii. The facility has exhaust ventilation systems designed to capture emissions at the source and pollution treatment systems (i.e. scrubbers, catalytic removal, thermal oxidation, etc.), to remove or reduce the concentration of emissions before discharge, as required by local laws and regulations.
 - d. Reduction
 - i. An adequate and effective reduction program with:
 1. Annual objectives
 2. Regular objective tracking
 3. Progress monitoring
 4. Adjustments made if off nominal.
 - ii. Engineering and administrative systems for improved resource efficiency; reducing emissions, adhere to the hierarchy of resource efficiency when feasible, showing preference (in order) for the following functions:
 1. Prevention: unnecessary consumptive processes are eliminated
 2. Minimization: Process efficiency is improved
 3. Substitution: Using a more environmentally benign or renewable resource
 4. Reuse, recycling, recovery: In that order, in order to maximize the benefit of resource consumption.

NOTE: Reduction programs should not harm workers and the expectation is not something that is done at “any cost”/excessive cost such that the operations are uncompetitive.

- e. Noise
 - i. Adequate and effective procedures are in place for environmental noise control including boundary noise sources are identified, evaluated, routinely monitored, and controlled.
 - ii. Boundary noise levels are evaluated per the permit conditions upon changes to zoning or land use permits about the facility or if there are any community noise complaints, and boundary noise-level criteria are set accordingly.
 - iii. Adequate and effective process to track and review environmental noise.
 - iv. Appropriate boundary-noise-control devices are installed and maintained to control boundary noise levels include:
 1. A routine preventive maintenance program
 2. System efficiency monitoring program
 3. A program to evaluate the integrity of existing boundary-noise-control devices.

3. Controls & Monitoring should include:
 - a. A program to evaluate the integrity of existing process air emission treatment and noise control systems:
 - i. Regularly test of the air emission and noise control systems
 - ii. Correct any identified deficiencies immediately.
 - b. A specific individual or individuals within the facility organization who will be responsible for all aspects of process air emission treatment and noise control.
 - c. Workers responsible for operating and maintaining air emissions and noise control equipment have received all necessary training.
 - d. Engineering and administrative systems intended to improve resource and equipment operations and efficiency, reducing emissions and noise, are in good repair or operating at high capacity.
4. Records are maintained including:
 - a. Inspection records of air emission and their points of discharge are maintained and available for review.
 - b. Testing and reporting records are maintained and available for review for air emissions and environmental noise.
 - c. Revise the inventory after any changes to the production or process that are likely to affect air emissions.
 - d. The list of air emissions and Ozone Depleting Substances is up to date and accurate.
 - e. The list of identified ozone-depleting substances or greenhouse gas inventories may include substances or materials containing chlorofluorocarbons (CFCs), hydrochlorofluorocarbons (HCFCs), hydrobromofluorocarbons (HBFCs), Halon, methyl bromide, carbon tetrachloride, and methyl chloroform. They are primarily found in refrigerants, foam blowing agents, components in electrical equipment, industrial solvents, and cleaning solvents (including dry cleaning solvents, aerosol propellants, and fumigants).

C5 Water Management

C5.1 Adequate and effective processes are in place to record, characterize, and monitor water sources, water discharge, and control channels of contamination.

Elements to Demonstrate Compliance to “TSMC Supplier Code”:

1. Policy: Ensure the facility environmental policy includes water management elements including:
 - a. Adequate and effective procedures are in place to document, characterize, and monitor water sources, water discharge and control channels of contamination.
 - b. Should cover: Use reduction / recycling, storage, treatment, discharge.
2. Procedures & Practices are in place such that:
 - a. Water withdrawal
 - i. The source of water is clear.
 - ii. A water use baseline and adequate and effective annual reduction plan is implemented with objectives and corrective action plans if the implementation is off track.
 - iii. Annual reduction program should not harm workers or entail excessive cost.
 - b. Water discharge
 - i. Adequate and effective process to track, review, and approve the discharge of all water.
 - ii. Industrial and/or sanitary wastewater is treated in accordance with permit requirements.
 - iii. Wastewater characterization and response information is available at the points of use and storage in a language understood by the worker.

- iv. Appropriate process wastewater treatment systems are installed and maintained that minimize the pollutant contribution of each of its facilities include:
 - 1. A routine preventive maintenance program
 - 2. System efficiency monitoring program
 - 3. A program to evaluate the integrity of existing process wastewater collection systems.
 - v. Emergency response actions are defined in case the on-site wastewater treatment system exceeds its capacity or if it malfunctions.
 - c. Equipment such as tanks, piping, and storage vessels are compatible with the waste materials being stored and transported.
 - d. All transport and disposal vendors have been approved, have current certificates, and/or are licensed by the local regulatory authorities.
 - e. Water channels are protected from contamination (e.g., absence of pools of standing water and grease/oil slicks near storm drains).
 - f. At least one person responsible for all aspects of wastewater process discharge including treatment, water channel contamination prevention and water-related emergency response and reporting activities.
 - g. Engineering and administrative systems for improved resource efficiency; reducing emissions, adhere to the hierarchy of resource efficiency when feasible, showing preference (in order) for the following functions:
 - i. Prevention: unnecessary consumptive processes are eliminated
 - ii. Minimization: Process efficiency is improved
 - iii. Substitution: Using a more environmentally benign or renewable approach or resource
 - iv. Reuse, recycling, recovery: In that order, in order to maximize the benefit of resource consumption.
3. Controls & Monitoring should include:
- a. Program to evaluate the integrity of existing process wastewater collection systems:
 - i. Regularly test the process wastewater system
 - ii. Correct any identified deficiencies immediately.
 - b. Adequate and effective procedures to control internal water channel contamination include:
 - i. Potential contamination sources to water channels are identified.
 - ii. Adequate and effective emergency response plan to control water channel contamination.
 - iii. Appropriate emergency response equipment inspection and maintenance process
 - iv. Investigation of past spills/water channel contamination and corrective/preventive action plan
4. Records are maintained including:
- a. A water system diagram identifying sources of waterway pollution (including wastewater pipelines, sewage pipelines, water supply pipelines, recirculation pipelines, and recycled water systems) (if applicable).
 - b. Description of spills/water channel contamination for past 3 years
 - c. Preventive/corrective action plan for past spills/contamination
 - d. Additional actions are taken to ensure completion at the due date if corrective actions are not on track.
 - e. Accurate wastewater inventory records are maintained and available for review.
 - f. Inspection records of wastewater and their points of storage are maintained and available for review.
 - g. Copies of wastewater manifests and shipping/discharge papers are maintained and available for review.
 - h. Documents only vendors approved and/or licensed by the local regulatory authorities for transporting are used.
 - i. A water balance diagram (if applicable).
 - j. Annual reduction targets, progress monitoring and corrective actions plans if applicable.

5. Leading Practices include:
 - a. Understanding where the municipal or private company service withdraws its water.
 - b. A water risk assessment that considers competitive use, water quality, and scarcity has been conducted in the last 3 years for the facility's location using reference tools such as:
 - i. WWF Water Risk Filter
 - ii. WRI Aqueduct
 - iii. WBCSD Global Water Tool
 - iv. The Water Footprint assessment Tool
 - v. GEMI Local Water Tool

C6 Energy Consumption and Greenhouse Gas Emissions

C6.1 Energy consumption and all scopes 1, 2, and significant categories of Scope 3 Greenhouse gas (GHG) emissions are tracked, documented, and publicly reported against an absolute corporate-wide GHG reduction goal.

Elements to Demonstrate Compliance to "TSMC Supplier Code":

1. Foundation: If responsibility for Green House Gas emissions is at the Corporate-level then a Corporate-level implementation should exist which includes:
 - a. Documented corporate policy.
 - b. Documented corporate processes and controls.
 - c. Assigned responsibility
 - d. Proof of implementation
 - i. Facility level implementation for Scope 1 and 2
 - ii. Significant categories of scope 3 GHG are determined through a materiality or similar process, documented and up-to-date
 - iii. Significant categories of scope 3 GHG are tracked, documented, and up-to-date
 - iv. Significant scope 3 categories must at least include category 1 (purchased goods and services)
 - e. Absolute corporate-wide reduction target and performance are publicly reported at least annually. If there is no Corporate-level implementation, then there should be a full Facility-level implementation.
2. Policy: Ensure the facility environmental policy includes energy consumption and greenhouse gas emissions elements including:
 - a. Energy consumption and all Scopes 1, 2, and significant categories of Scope 3 Greenhouse gas (GHG) emissions are tracked, documented, and publicly reported, at least annually, against an absolute corporate-wide GHG reduction goal. (corporate level) or reported publicly against an absolute facility target (facility level)
3. Procedures & Practices are in place such that: (facility level)
 - a. Scope 1 and 2 comprehend / include:
 - i. Scope 1 and 2 Greenhouse Gas emissions are documented, consumption recorded and accurate by source and with a description of its boundary.
 - ii. The sources of electricity and other energy are documented, consumption recorded and accurate by source.
 - iii. On-site combustion: oil, coal, diesel, burning of waste, natural gas, propane, garbage, etc. are included.
 - iv. Renewable energy use – if the facility purchases renewable energy through their utility company.
 - v. Significant leakage of refrigerants (from HVAC units or other refrigeration equipment), or other GHG-generating production processes (CFCs and HFCs from solvents and foams, for example).

- b. Scope 3 comprehends / includes:
 - i. Significant Scope 3 GHG categories are determined through a materiality or similar process, documented and up to date.
 - ii. Amounts of significant Scope 3 categories are tracked, documented, and up to date.
- c. Significant Scope 3 categories must at least include Category 1 (purchased goods and services) and the assessment for significance and materiality should align with the GHG Protocol Scope 3 Standard, which provides criteria to identify relevant Scope 3 activities:
 - i. Size
 - ii. Influence
 - iii. Risk
 - iv. Stakeholders
 - v. Outsourcing
 - vi. Sector guidance
- d. Publicly report of corporate-wide GHG footprint includes:
 - i. Total Scopes 1 & 2 and relevant Scope 3 as a quantitative value of total emissions.
 - ii. A percentage (e.g., "90% of last year's emissions") is unacceptable.
 - iii. The value shall represent annual emissions.
- e. The absolute reduction goal must include:
 - i. Scopes and categories covered.
 - ii. Boundaries
 - iii. Base year and target year
 - iv. Target value and target type

Example: Our target to reduce the absolute Scope 1 and 2 GHG emissions from our global operations by 25,000 metric tons CO₂e by 2030, compared to 2020, representing a 25 percent reduction

- 4. Controls & Monitoring should include:
 - a. Process and administrative controls are in place and effective.
 - b. Ensure that there is no significant energy consumption or GHG emissions at the facility that are not tracked and recorded.
 - c. Engineering controls are used where appropriate.
 - d. GHG engineering control examples
 - i. Building automation technology, programmable thermostats, lighting controls, or energy-efficient heating, cooling, lighting, and ventilation technology.
 - ii. Use of on-site combustion or vehicles that are fuel efficient or use a less GHG-intensive source (e.g., natural gas, ethanol).
 - iii. Purchasing or installing on-site renewable energy.
 - iv. Use of highly efficient systems to absorb/treat cleaning agents.
 - v. Use of refrigerants with low global warming potential (GWP) in Heating, Ventilation, and Air Conditioning (HVAC) systems.
- 5. Records are maintained including:
 - a. Copies of records of the total quantity of fuel combusted on-site (or easily extrapolated from fuel bills and other purchased fuel records)
 - b. Purchased energy, electricity, steam, heating, and cooling records.
 - c. Lists of quantities of procured goods or services and the associated product carbon footprint data.
 - d. Current and historic Scope 1, 2 and significant categories of Scope 3 data with calculations with associated assumptions

C7 Biodiversity, no deforestation, or land conservation

C7.1 Suppliers shall abide by relevant laws and regulations on biodiversity conservation and ecosystem health.

1. Suppliers shall avoid operations affecting important habitats, and participate in actions for the conservation of natural ecosystems and ecosystem health.

C7.2 Suppliers shall commit to zero deforestation in supply chain development and operations,

1. Suppliers shall ensure that all raw materials come from forests that can be sustainably restored and managed, and avoid any form of illegal logging activities.
2. Suppliers shall regularly review and monitor their supply chain to ensure compliance with environmental regulations and standards.

C7.3 Suppliers actively participate in and support various land ecological surveys and conservation activities,

1. Suppliers shall cooperate with local communities, non-governmental organizations and other stakeholders to promote sustainable land management and enhance the resilience of the ecosystem.

C8 Sustainable Raw Material

C8.1 Suppliers shall commit to complying with TSMC's "Sustainable Raw Materials Policy" and implement sustainable raw materials initiatives in accordance with it.

1. Suppliers shall commit to complying with TSMC's "Sustainable Raw Materials Policy" and implement sustainable raw materials initiatives in accordance with it. This includes implementing plans and/or management procedures to phase out materials in their products that are regulated by international hazardous substance laws and regulations (e.g. POPs, RoHS, REACH, halogens and PFAS).
2. Suppliers shall also set targets for procuring sustainable raw materials and for increasing the percentage of recycled materials in their products.

C.M Environmental Management System

“TSMC Supplier Code” Management Systems Preamble: Suppliers shall adopt or establish a management system with a scope that is related to the content of this Code. The management system shall be designed to ensure: (a) compliance with applicable laws, regulations and customer requirements related to the participant’s operations and products; (b) conformance with this Code; and (c) identification and mitigation of operational risks related to this Code. It shall also facilitate continual improvement.

C.M.1 Risk assessment – Environmental

Elements to Demonstrate Compliance to “TSMC Supplier Code”

C.M.1.1 An adequate and effective environmental compliance process is established to monitor, identify, understand, and ensure compliance with applicable laws, regulations, and customer requirements.

1. Policy, Practices, Controls:

Establish a quarterly process to update and maintain a current understanding of and compliance to all applicable legal and customer requirements. The process should include:

- a. Identification of requirements which apply to the company; be sure to look for emerging and new requirements. This can be done via a legal department with an understanding of the “TSMC Supplier Code”, subscriptions to 3rd party reports on regulations, sales & marketing who agree to customer terms, etc.
- b. A means to track these requirements, staying current as
 - i. The requirements may change (including the “TSMC Supplier Code” and RBA code of conduct).
 - ii. Your operations may change and bring the facility in scope of requirements or create a gap.
- c. Assess facility operations against these requirements to identify gaps.
- d. Develop updated policy, procedure, training, communication, recording and reporting to close the gaps.
- e. Implement the changes and test them for compliance.

NOTE: Ensure the facility adds any new and changed permitting, licensing, testing, reporting and disclosure requirements to the compliance register noting sufficient time to renew or published before they expire or are due.

2. Records are maintained including:

- a. A compliance calendar with owner, reminders, calendar appointments via e-mail.
- b. Summaries of applicable laws and regulations and requirements and how they apply to facility operations.
- c. Review of the key customer requirements that apply to or impact facility operations.
- d. Analysis of recent “TSMC Supplier Code” changes.
- e. Minutes from meetings or other that demonstrate process is conducted quarterly.

C.M.1.2 An adequate and effective due diligence process is established to identify and assess the most significant actual and potential environmental risks and opportunities where the facility caused or contributed to adverse impacts (including applicable requirements).

1. Policy, Practices, Controls:

- a. A due diligence process focused on the environment. It should be designed to identify and assess the most significant actual and potential environmental risks where the facility could cause or contribute to adverse environmental impacts of internal and external rights holders.
 - b. It must include life cycle perspective of specific risks and opportunities of relevant demographics, such as gender and age, where the facility may experience, cause, or contribute to adverse environmental impacts for internal and external stakeholders (including compliance with applicable requirements)
 - c. The scope of risks and opportunities such as pollution levels, availability of natural resources, climate change, biodiversity or ecosystem health, and impact should include at a minimum:
 - i. Greenhouse Gas impact
 - ii. Ozone depleting substances (ODS) impact
 - iii. Exposure to and release of multiple chemicals
 - d. Ensure the location and stakeholder scope is broad including:
 - i. Every site task, operation and process producing products and services provided.
 - ii. Every environmental medium
 - iii. All identified internal and external rightsholders, including at a minimum:
 - 1. Direct and indirect workers
 - 2. Young workers, Learners
 - 3. Foreign and internal migrant workers
 - 4. Worker representatives
 - 5. Staff functions
 - 6. On-site service providers, Suppliers
 - 7. Customers
 - 8. Stakeholders in the community next to or near the facility may be impacted.
 - e. Risks are addressed through the Hierarchy of Controls in this order:
 - i. Elimination
 - ii. Substitution
 - iii. Engineering controls
 - iv. Process and Administrative controls.
 - f. Supplier shall promptly notify TSMC of any planned changes that affect or may affect the management of risks and opportunities, such changes shall be incorporated into the assessment plan, including any new production sites, areas, or floors, as well as supporting facilities, added for TSMC's production and services.
5. Records are maintained including:
- a. Stakeholder identification reports.
 - b. Risk assessment reports.
 - c. Mitigation plans.

C.M.1.3 Suppliers with factories or chemical analysis laboratories that are required to obtain environmental permits according to local regulations should acquire ISO 14001 certification and maintain its validity.

C.M.2 Control Processes – Environmental

Elements to Demonstrate Compliance to “TSMC Supplier Code”

C.M.2.1 Environmental responsibilities and authorities are adequately and effectively defined and assigned for all employee levels (senior managers to workers) for the implementation of management systems, and for compliance with laws, regulations, and codes.

1. Policy, Practices, Controls:

- 1) Have a senior representative assigned responsibility for implementing social responsibility programs in the facility and supply chain. Their scope should include:
 - a. Understanding and assessing facility's compliance with laws and regulations, customer requirements and the "TSMC Supplier Code".
 - b. Developing and implementing (likely with other subject matter experts) necessary changes to policies, programs, processes, training, reporting and disclosure as needed to be in legal and customer compliance and "TSMC Supplier Code" conformance.
- 2) Responsibilities and authority of each organizational level are recorded in position plans, job descriptions and/or the facility's management system documentation:
 - a. For normal situations.
 - b. For emergency situations which would include where serious adverse impact has been identified.
- 3) There should be a specific individual or individuals within the facility organization who is responsible for all aspects of:
 - c. Hazardous materials
 - d. Waste
 - e. Air emission treatment
 - f. Environmental noise
 - g. Wastewater
 - h. Energy and GHG
 - i. ODS and elimination if applicable.
 - j. Natural resources use and reduction.

C.M.2.2 Adequate and effective environmental policies and control processes are established.

1. Policy, Practices, Controls:

- 1) Policies: The facility shall establish policy statements aligned with law and the "TSMC Supplier Code" are in place including:
 - a. Reduction (and elimination):
 - b. ODS
 - c. Energy and GHG
 - d. Use of natural resources
 - e. Raw materials and resulting waste.
- 2) An adequate and effective waste management process is in place for:
 - a. Reception
 - b. Storage
 - c. Dispensing
 - d. Any re-Use, disposal
- 3) Effective Control processes:
 - a. Each of the policy requirements has an effective implementation control process.
 - b. Mitigating processes are in place for all significant actual and potential risks identified, tracking implementation, and resulting adverse impact reduction identified in the risk assessment.
 - c. Workers can remove themselves from imminent harm and return once the situation is mitigated without fear of retaliation.
 - d. A preventive maintenance process for all treatment equipment for each environmental medium.
 - e. Investigation of each environmental incident (e.g., spill, etc.) resulting in a preventive and corrective action plan.
 - f. Adequate and effective emergency response process with clearly defined steps and roles/responsibilities
 - g. Selection processes for all new chemicals include thoroughly evaluating less hazardous or non- hazardous alternatives, including Greenhouse Gas and ozone depletion impact.

- 4) Records are maintained including:
 - a. Current and past policies and procedures, specifications.
 - b. Results and reports from review and control steps.
 - c. Corrective action plans, plans for improvement.

C.M.2.3 An adequate and effective training process is established for all managers/workers on all policy/process/job-related aspects and performance targets.

1. Policy, Practices, Controls:

- 1) Process: An adequate and effective training program for workers/managers:
 - a. New employee orientation plan
 - b. Training needs analysis
 - c. Training plan with frequency
 - d. Training material
 - e. Training records with effectiveness evaluation or verification

NOTE: Ensure these minimum training topics are included: risk, policy, process, controls, responsibilities, grievance are covered.

2) Minimum Training Topics should include:

- a. Reduction programs
 - b. Hazardous waste handling, storage, and disposal
 - c. Solid waste handling, storage, and disposal
 - d. Air emissions and air emission control systems
 - e. Material restriction
 - f. Water use, discharge, and internal water channel contamination protection
 - g. Storage and disposal
 - h. GHG/ Energy use, reduction, and maintaining energy and fuel-consuming operations.
- 3) Occupational health and safety training shall include content on specific risks to relevant demographics, such as gender and age, if applicable.
 - a. Workers responsible for storage, clean up, or disposal of chemical releases and waste must receive specialized training (and certification where required).

2. Records are maintained including:

- a. Training records include a verification of training effectiveness.
- b. Educational materials.

3. Serious conditions that will result in a severe finding:

- More than 5% of the workers are not trained within 30 days of the hire date

C.M.3 Communications – Environmental

Elements to Demonstrate Compliance to “TSMC Supplier Code”

C.M.3.1 An adequate and effective ongoing two-way communication process with workers, and internal and external stakeholders, where relevant or necessary, is established to obtain feedback on operational environmental practices and conditions and to foster continuous improvement.

1. Policy, Practices, Controls:

- 1) A healthy and effective, ongoing two-way communication process with workers, other internal and external stakeholders, where relevant or necessary, to obtain their feedback on environmental practices and conditions and to foster continuous improvement.
 - a. Examples of worker participation mechanisms: worker surveys, suggestions boxes, worker focus groups, joint worker-management committees, worker/union representatives, process improvement teams.

- b. Examples of two-way communication: face-to-face meetings, town halls, worker focus groups, joint worker-management committees, process improvement team, message groups (WhatsApp, Line, WeChat, etc.), brown bag lunches
- c. Examples of stakeholder engagement mechanisms: newsletters with request for feedback, message groups (WhatsApp, Line, WeChat, etc.), social media, neighborhood or community meetings, drop-in sessions, focus groups, feedback, and impact discussions (data/study driven)

NOTE: Ensure these minimum topics are included or asked about to promote comprehensive dialogue: risk, policy, process, controls, responsibilities, grievance are covered.

2) Minimum internal and external stakeholders:

- a. Direct and indirect workers
- b. Young workers, Learners
- c. (Foreign and internal) migrant workers
- d. Worker representatives
- e. Staff functions
- f. On-site service providers, Suppliers
- g. Customers.

NOTE: Submitting SAQ to customers does not qualify as communication with customers

3) Environmental communication is clearly posted in the facility or placed in a location identifiable and accessible by workers including:

- a. Feedback channels are clearly communicated and visible (suggestion box, ...)
- b. Environmental communication is clearly posted in the facility or placed in a location identifiable and accessible by workers.
- c. Hazard signage and information [labels and safety data sheet (SDS formally MSDS) or characterization in the case of hazardous waste]
- d. Emergency number(s), emergency team, and emergency evacuation and response plan.

2. Public Environmental reporting:

- a. Publicly report a corporate-wide GHG footprint (total scopes 1 & 2 and relevant scope 3) as a quantitative value of total emissions. A percentage (e.g., 90% of last year's emissions) is unacceptable.
- b. The value shall represent annual emissions.

3. Records are maintained including:

- a. Communications records include a verification of communication effectiveness.
- b. Input/feedback records.
- c. Written information to workers on how to provide input/feedback for improvement.
- d. Correspondence to supplier management.
- e. Communications/Presentations to internal and external stakeholders.

C.M.3.2 An adequate and effective process is established to anonymously report grievances confidentially without fear of reprisal or intimidation.

1. Examples of good management practice:

1) Process:

- a. Comprehensive functioning process to anonymously report grievances without fear of reprisal, which is internal (for workers and staff) and external (for workers of suppliers, local community, or interested actors and Whistleblowers).
- b. Clear grievance channels so anyone is comfortable reporting grievances and so that reporting is encouraged.
- c. Workers shall be encouraged to raise safety concerns, including early reporting of discomfort.

- 2) Investigation and actions:
 - a. Promptly investigate the validity of any grievance.
 - b. Ensure the investigation and remediation is impartial, non-discriminatory, and where applicable, consistent with previous actions.
 - c. Communicate back to those involved, where possible, the outcome of the investigation and next steps, while maintaining appropriate privacy for those involved.
 - d. Remind suppliers and their workers that there is to be no retribution for making the grievance. Furthermore, suppliers shall continue to provide workers with education, training, and awareness programs regarding the TSMC's Supply Chain Worker Grievance Channel at <https://cld.supply.tsmc.com/supply360/dist/GrievanceFile> and the Supplier Grievance Channel, while regularly reviewing these grievance mechanisms to ensure their appropriateness and effectiveness.
2. Records are maintained including:
 - a. Grievance records
 - b. Investigation records
 - c. Workers are provided with written information on how to report grievances.
3. Serious conditions that will result in a severe finding:
 - Grievances not being investigated and addressed within 3 months of being received.
 - Not putting in place and actioning a corrective action plan after confirming a grievance.

C.M.4 Performance Review and Continuous Improvement – Environmental

Elements to Demonstrate Compliance to “TSMC Supplier Code”

C.M.4.1 An adequate and effective environmental management performance review and continuous improvement process is established.

1. Policy, Practices, Controls:
 - 1) Process elements should include:
 - a. Annual or more frequent review of objectives and systems.
 - i. Management system review
 - ii. Performance review
 - b. Adequate and effective programs to be minimized or eliminated at the source or by practices such as adding pollution control equipment; modifying production, maintenance, and facility processes; or by other means. The use of natural resources, including water, fossil fuels, minerals, and virgin forest products, shall be conserved by practices such as modifying production, maintenance and facility processes, materials substitution, re-use, conservation, recycling, or other means, including:
 - i. Materiality assessment: identify significant environmental aspects and establish programs to monitor and control these aspects.
 - ii. Clear annual objectives and targets are set for each identified significant emission source, waste including hazardous waste, and natural resource used, demonstrating annual progress not entailing excessive cost. They shall always include:
 1. Time Period: (between base date and target date) shall be forward-looking.
 2. Base date: Date from which the goal is being measured.
 3. Target date: Date in the future when the goal is intended to be achieved.
 4. Baseline: the value of what is being measured at the start
 5. Targeted improvement value: The quantitative value of the goal (numeric and greater than 0).

- iii. Reduce resource consumption and shall always include:
 - 1. Greenhouse Gas impact.
 - 2. Ozone depleting substances (ODS) impact.
 - 3. Reduction programs shall be structured with roles and responsibilities.
 - 4. Reduction programs should not harm workers or entail excessive costs.
 - c. Assignment of owners, implementation plans with completion dates.
 - d. Additional action plans if goal, indicator, objective, or target is off track.
 - e. Communication of the goals and progress to workers (as appropriate).
 - 2) Evaluation:
 - a. Regularly not exceeding 2 years but earlier if there is a Significant Change.
 - b. Effectiveness of controls (including control processes).
 - c. Should include every related program whose scope include:
 - i. Consideration of risk assessment results.
 - ii. Legal and regulatory requirements. iii. Company standards/requirements. iv. Achieving continual improvement.
- 2. Records are maintained including:
 - a. System review meetings.
 - b. Management review meeting presentation materials/analysis/data. Be sure to include:
 - i. Date, agenda, attendees (including senior manager).
 - ii. Presentation material (references). iii. Progress towards objectives.
 - iv. Results of assessments.
 - v. Completion of corrective/preventive actions. vi. Risks/issues.
 - vii. Other information that was used to determine the effectiveness of the management system and identify improvement opportunities.
 - c. Agreed preventive/corrective actions.
 - d. Formal target, indicator, and objective tracking.
 - e. Regular progress reporting.
 - f. Evaluation reports for (at least):
 - i. Control effectiveness.
 - ii. Training and Communication.
 - iii. Grievances related to environmental concerns.

C.M.4.2 An adequate and effective environmental self-assessment process is established to assess conformance with the “TSMC Supplier Code” and customer requirements periodically.

- 1. Policy, Practices, Controls:
 - 1) Own policies, standards, management system, requirements to which the facility subscribes to.
 - 2) An adequate and effective self-assessment process to periodically assess conformance with:
 - a. Applicable legal regulatory requirements.
 - b. Customer requirements.
 - c. “TSMC Supplier Code” requirements.
 - 3) The assessment scope should include:
 - a. All areas of the facility.
 - b. All policies, processes, physical conditions, and work practices.
 - c. Review of records.
 - d. Interviews with individuals responsible for compliance and conformance
 - i. Workers (direct and indirect)
 - ii. Staff and management iii. Supplier management
 - 4). Assessment findings should be reviewed by senior management.
- 2. Records are maintained including:
 - a. Self-assessment Reports
 - b. Results of management reviews
 - c. Corrective action plans

C.M.4.3 An adequate and effective environmental corrective action process is established to rectify and close non-conformances.

1. Policy, Practices, Controls:

- 1) Ensure there is a Corrective action process (CAP) in place, which contains the following:
 - a. Core elements of root cause analysis, specific corrective actions, owners, due dates, tracking process.
 - b. Additional actions when a corrective action is off-track.
 - c. A link demonstrated between the CAP and the performance management objectives and targets.
 - d. Review action items by management representative after verification by the appropriate person.
 - e. Any issues/concerns noted in the insurance inspection report regarding people, fire, or facility have an agreed corrective action plan.
- 2) Specific environmental elements include:
 - a. Any issues/concerns noted in the insurance inspection report regarding people, fire, or facility have an agreed corrective action plan.
 - b. Appropriate preventive action because of medical surveillance or injury related to workplace risks and injuries should occur including moving to another role.
 - c. In addition, where there are workplace related injuries, the facility must:
 - i. Provide medical treatment to the worker.
 - ii. Cover the worker's medical treatment, re-examination, and rehabilitation cost.
 - iii. Provide a re-examination to the worker.
 - iv. Do not terminate the labor contract with a worker due to medical surveillance results.

2. Records are maintained including:

- a. Original non-conformance.
- b. CAP for each non-conformance.
- c. Progress reports.
- d. Closure verification reports (with management confirmation)
- e. Copies of any regulatory citations/violation notices received in the past three years, including any communications with the agencies, and follow-up review or inspection.

D. ETHICS

“TSMC Supplier Code” Ethics Preamble: To meet social responsibilities and to achieve success in the marketplace, Suppliers and their agents shall uphold the highest standards of ethics including: The core of Records to be maintained is similar for the Ethics sections D1-D8. Include these and consider any other topic-specific items:

- Confirmation in site and personnel records that the policy was communicated in an understandable form INCLUDING staff, employees, indirect workers, and on-site suppliers and their staff along with materials used, shared, posted.
- Investigation reports on alleged violations.
- Records recording the non-conformance.
- Communication of outcomes of investigation to stakeholders.
- Sanctions in files [personnel, corporate or other] for proven/confirmed violations.
- Closure verification reports which include management confirmation that they were made aware and approved of actions.
- Regulatory citations/violation notices received in the past three years, including any Rcommunications with the appropriate agencies.
- Detailed self-assessment / self-assessment / monitoring / risk control:
 - Plan
 - Reports / results
- Adequate, complete, and up-to-date Preventive and Corrective action plans for all significant actual and potential ethics risks identified, and improvement objectives in a documented with
 - Root cause analysis of the finding to ensure the system gap is addressed.
 - Specific corrective actions
 - Owners of the action
 - Due dates are established to address all assessment issues.

NOTE: Ensure appropriate retention (on and off site) and appropriate levels of access to ensure privacy conforming to legal and customer requirements.

Other elements such as Policy, Procedures and Practice, Controls can often overlap. For this reason, there is more detail in D1 Business Integrity which is critical to all D – Ethics sections.

D1 Business Integrity and No Improper Advantage

D1.1 No identified risk or evidence of bribes or obtaining undue or improper advantage being promised, offered, authorized, given, or accepted.

Elements to Demonstrate Compliance to “TSMC Supplier Code”:

1. Policy: Ensure the facility ethics/or and business integrity policy includes the following elements:
 - a. The facility has established a formal set of “standards of business conduct” signed by senior management. Among those standards are policies and procedures with zero tolerance for staff, workers or suppliers engaging in bribery, corruption, conflict of interest, anti-competitive behavior, embezzlement, falsifying documents, mishandling IP and other sensitive and private data including personnel files, allegations, and investigations.
 - b. Staff, workers, and suppliers have the right to refuse doing anything in non-conformance to the ‘highest standard of integrity’ policy and do not experience any retribution for such refusal.
 - c. Gifts: Gifts to or from suppliers and customers is not excessive in cost and frequency.

- d. Prohibition of Bribes: Bribes or other methods of obtaining undue or improper advantage are not being promised, offered, authorized, given, or accepted.
- e. Encouragement of workers/employees and suppliers to declare potential and actual conflicts of interest.

NOTE: Ensure compliance with anti-corruption and local laws

- f. Staff, workers, or suppliers have the right to refuse doing anything in non-conformance to the "highest standard of integrity" policy and do not experience any retribution for such refusal.

2. Procedures & Practices are in place such that:

- a. You uphold the highest standards of integrity in all business interactions with zero tolerance to any and all forms of bribery, corruption, extortion, embezzlement, etc. as noted in the policy.
- b. You provide workers and managers with information and training on the company's business conduct standards.
- c. Staff and contractors are provided with information to make them aware of their ethical and legal requirements.
- d. Staff and workers report, investigate and take action on suspected cases of ethical breach including corruption, extortion, embezzlement, etc.
- e. Workers, supervisors, and managers are prohibited if not also prevented from soliciting or accepting kickbacks, bribes, commissions, or other unlawful payments for the purpose of receiving favorable treatment contracts or sales from others through education, role-modelling.
- f. The facility has a written "gift giving" policy that ensures gifts to or from suppliers and/or customers are not excessive in value or frequency.
- g. You shall ensure that workers and employees understand TSMC's gift policy, including the maximum value and frequency limits for gifts..
- h. You shall ensure that workers and employees understand your own gift policy, including the maximum value and frequency limits for gifts.
- i. You shall require your next-tier suppliers to communicate and ensure understanding of your gift policy, including the maximum value and frequency limits for gifts.

3. Controls & Monitoring should include:

- a. Adequate and effective monitoring, investigation, and sanctions program
 - i. Regularly monitor its business to ensure:
 - 1. Workers or agents do not make or accept improper offers, bribes, or undue/improper advantage.
 - 2. Records are accurate and not falsified (financial, production, quality, etc.).
 - 3. Fair business including advertising and competition.
 - 4. Protection of identity and non-retaliation
 - 5. Protection of personal information
- b. Appropriate investigation process when there is an alleged violation including misrepresentation by workers, managers, and their agents.
 - i. The process must ensure staff, workers, and supplier workers' privacy is protected and they do not face any retaliation for cooperating with the investigation.
 - ii. Process should be timely and appropriate parties informed of outcomes and corrective action plans.

NOTE: Do not allow investigations or corrective action plans to become dormant.

- c. Appropriate sanctions when a violation is confirmed/proven and preventive action plan.
- d. Adequate and effective procedure is in place to protect workers/employees from retribution for refusing to do anything in Non-conformance with the "highest standard of integrity" policy and communicate/volunteer their decision.

- e. Assessment, monitoring, assessment, and investigation findings are reviewed by senior management.
 - f. The facility regularly monitors its business practices to ensure its workers or agents do not make or accept improper offers of payments or gifts.
4. Serious conditions to ensure do not occur include.
- There are any confirmed cases of bribery, improper advantage, corruption, extortion, or embezzlement and corrective action plans are not in place and being managed.

D2 Disclosure of Information

D2.1 No evidence of misreporting, record falsification, misrepresentation, or evidence of communicating inaccurate information to the public.

Elements to Demonstrate Compliance to “TSMC Supplier Code”:

1. Policy: Ensure your ethics and/or information disclosure policy includes the following elements:
 - a. All business dealings are performed transparently and accurately reflected in the reviewee’s business books and records.
 - b. No misrepresentation by workers, managers, and their agents.
 - c. Public information must not make false or misleading statements about the reviewee’s products, services, opportunities, position,
 - d. Formal program to ensure public reviewee statements are not false or misleading.
2. Procedures & Practices are in place such that:
 - a. All business dealings should be done transparently and accurately performed with stakeholders.
 - b. Do not communicate any non-public company information except through approved company spokespersons.
 - c. Reports provided to government agencies are accurate and complete.
 - d. There are good accounting policies, procedures, and record keeping, and conduct periodic data and financial assessments to confirm that accounts are in order.
 - e. Ensure job posting and recruitment information is accurate and not misleading.
 - f. Information regarding participant labor, health and safety, environmental practices, business activities, structure, financial situation, and performance (e.g., production, quality, timelines) communicated to suppliers and customers is accurate.
 - g. Falsification of records or misrepresentation of conditions or practices is unacceptable.
 - h. All publicly communicated company information (job posting, product details, company/facility promotion (booklet/flyer), commercial advertising, press releases, website, etc.) are accurate.
3. Controls & Monitoring should include:
 - a. Maintain a system of internal controls to ensure the accuracy of information created, maintained, shared, and reported including to suppliers, customers, community, and government.
 - b. Information regarding business activities, financial situation and performance is appropriately audited and verified by external organizations.
 - c. Inspect/assess/assessment records verifying they are not falsified and accurate.
 - d. Investigate misrepresentation by workers, managers, and their agents.
4. Records are maintained including:
 - a. Financial and annual reports about the reviewee’s business operations are available.
 - b. Publicly communicated company information (job posting, product details, company/facility promotion (booklet/flyer), commercial advertising, press releases, website, etc.)

D3 Intellectual Property

D3.1 No evidence of Intellectual Property or business information loss or unauthorized disclosure (the Auditee's own and that of their customers/suppliers).

Elements to Demonstrate Compliance to "TSMC Supplier Code":

1. Policy: Ensure facility ethics and/or intellectual property protection policy includes the following elements:
 - a. Information received from suppliers and customers as part of the contracting process is protected.
 - b. IP and IP ownership are protected.
 - c. IT measures and guidelines about the handling, distribution/dissemination of information to protect information from suppliers and customers and IP.
2. Procedures & Practices are in place such that:
 - a. Ensure non-disclosure and protection of information about its customers, channel partners, suppliers, workers, and other business partners in accordance with applicable laws and regulations.
 - b. The company/facility has a means to protect its suppliers' customers' confidential information and ensure it is not disclosed to third parties.
 - c. Adequate and effective process and administrative control of records and IT systems
 - d. Commercial nondisclosure agreements are a part of all customer and supplier contracts to protect the intellectual property rights of all parties.
 - e. Investigations of unauthorized disclosures and/or loss of IP information are undertaken.
 - f. Customers/suppliers are notified if violations should occur.
 - g. Personal information protection agreements (NDA, confidentiality...) are in place for staff, workers, suppliers, and customers.
3. Controls & Monitoring should include:
 - a. There are procedures in place to review intellectual property ownership and to ensure intellectual property rights are upheld and respected (their own and that of their customers).
4. Serious conditions that will result in a severe finding:
 - IP from any source (own company, customer, other) which the facility is in possession of is not protected.

D4 Fair Business, Advertising and Competition

D4.1 No identified risk or evidence of non-conformance with fair business, advertising, and competition standards

Elements to Demonstrate Compliance to "TSMC Supplier Code":

1. Policy: Ensure facility ethics and/or fair business and competition policy includes the following elements:
 - a. Ensure fair business, advertising, and competition standards are upheld.
 - b. No collusion with other companies regarding product pricing or other factors that could reduce competition.
 - c. Suppliers shall comply with applicable antitrust laws and regulations (e.g., Taiwan's Fair Trade Act) and shall not engage in improper bidding conduct, including any form of bid rigging, price fixing, complementary bidding, or prior agreements that may affect bidding outcomes.

2. Procedures & Practices are in place such that:
 - a. The facility has a program to ensure advertising statements about the company's products and services are not false or misleading and they meet fair business and advertising legal requirements.
 - b. The responsible person understands and can describe how the facility/company ensures that its advertising meets legal requirements.
3. Controls & Monitoring should include:
 - a. Safeguards are in place to prevent collusion with other companies on product pricing or other factors that could reduce competition.
 - b. Monitoring procedures related to fair business, advertising and competition are in place.
 - c. Formal program to ensure public statements are not false or misleading.
 - d. Allegations of fair business, advertising, or competition are investigated, and action is taken if the allegation is substantiated.

D5 Protection of Identity and Non-Retaliation

D5.1 No evidence of retaliation or reduced protection of identity.

Elements to Demonstrate Compliance to "TSMC Supplier Code":

1. Policy: Ensure facility ethics and/or protection of identity and non-retaliation policy includes the following elements:
 - a. Protection of personal identity and non-retaliation of workers who bring forward information, grievances, allegations in any form.
 - b. Protection of whistleblowers and/or users of the grievance mechanism(s) (internal and external)
2. Procedures & Practices are in place such that:
 - a. The gathering, follow-up, and investigation of reports of ethical or legal misconduct are done while protecting the identity of the reporting source.
 - b. There are clear communications channels so that workers are comfortable reporting violations or issues of concern without fear of reprisal.
 - c. Reporting violations is encouraged.
 - d. There is adherence to policies that prohibit retaliation for worker reporting.
 - e. Workers can anonymously report suspected violations of business conduct standards in a manner that prevents possible retaliation.
 - f. Workers understand how the process works.
 - g. External stakeholders such as sub-tier suppliers understand how the process works and can make use of it. Workers and external stakeholders have written information from the facility on how to report ethical or legal concerns.
3. Controls & Monitoring should include:
 - a. Investigations are conducted in a manner to not breach the protection of identity.
 - b. Records created, maintained and access controlled so as not to breach the protection of identity.
 - c. Communication and records and access to them are reviewed to ensure that this is upheld.
4. Serious conditions that will result in a severe finding:
 - There are cases of confirmed retaliation of workers.
 - There are confirmed breaches of confidentiality of identity of whistleblowers or those who have filed a grievance.

D6. Privacy

D6.1 No evidence of unauthorized disclosure of personal information.

Elements to Demonstrate Compliance to “TSMC Supplier Code”:

1. Policy: Ensure facility ethics and/or privacy policy includes the following elements:
 - a. Preventing unauthorized disclosure of personal information
2. Procedures & Practices are in place such that:
 - a. No personal information is viewable to someone who is unauthorized.
 - b. Information is only collected, stored, processed, transmitted, or shared after the individual has given their approval (or defaulted by local law).
3. Controls & Monitoring should include:
 - a. Safeguards are in place to prevent unauthorized disclosure of personal information.
 - b. Monitoring procedures related to the protection of personal information are in place.
4. Serious conditions that will result in a severe finding:
 - Personal information is collected, stored, processed, transmitted, or shared without the individual's prior and ongoing approval.

D7 Avoid Conflicts of Interest

D7.1 Business transactions between suppliers and TSMC shall avoid any possible conflicts of interest.

1. Conflicts of interest, such as situations where a TSMC employee or a close relative (parent, child, spouse or sibling) is a significant investor or shareholder in your company (as non-publicly traded stock), should be avoided to prevent misconduct. Excessive or overly-frequent socializing with your TSMC business contacts may also create a conflict of interest, or the appearance of a conflict of interest. Social contact must be within accepted cultural business norms, and relationships that become conflicts of interest must be reported. If a potential conflict is discovered, you should report such incident immediately to TSMC and take corrective actions to ensure that no inappropriate actions result from the conflict and relationships that become conflicts of interest must be reported and suspended or resolved.
2. If current/potential TSMC suppliers intend to have its employee who is a former TSMC employee to communicate or interact with any current TSMC employee or to support the TSMC account in any capacity, for a period of one (1) year from the date of the said employee's termination of employment at TSMC, suppliers shall immediately inform its TSMC Procurement contact window. To avoid potential conflict of interest, TSMC has the discretion to remove the said employee from business discussion. The above rule applies to, but is not limited to, suppliers' consultants, representatives, or agents.

D8 Complying with Export and Import Regulations

D8.1 Suppliers shall know and follow all laws related to the shipping, handling, and transportation of products to or on behalf of TSMC.

1. Know and follow all laws related to the shipping, handling and transportation of products to or on behalf of TSMC. This includes source country export and customs laws, destination country import and customs laws, paying all necessary duties and taxes and following local transportation laws. Procedures and training will be provided to employees and contracted service providers to ensure safe handling of materials to, from and at TSMC.

D.M Ethics Management System

“TSMC Supplier Code” Management Systems Preamble: Suppliers shall adopt or establish a management system with a scope that is related to the content of this Code. The management system shall be designed to ensure: (a) compliance with applicable laws, regulations and customer requirements related to the participant’s operations and products; (b) conformance with this Code; and (c) identification and mitigation of operational risks related to this Code. It shall also facilitate continual improvement.

D.M.1 Risk Assessment – Ethics

Elements to Demonstrate Compliance to “TSMC Supplier Code”

D.M.1.1 An adequate and effective ethics compliance process is established to monitor, identify, understand, and ensure compliance with applicable laws, regulations, and customer requirements.

1. Policy, Practices, Controls:

Establish a quarterly process to update and maintain a current understanding of and compliance to all applicable legal and customer requirements. The process should include:

- a. Identification of requirements which apply to the facility; be sure to look for emerging and new requirements. This can be done via a legal department with an understanding of the “TSMC Supplier Code”, subscriptions to 3rd party reports on regulations, sales & marketing who agree to customer terms, etc.
- b. A means to track these requirements, staying current as
 - i. The requirements may change (including the “TSMC Supplier Code” or RBA Code of Conduct).
 - ii. Facility operations may change and bring the facility in scope of requirements or create a gap.
- c. Assess facility operations against these requirements to identify gaps.
- d. Develop updated policy, procedure, training, communication, recording and reporting to close the gaps.
- e. Implement the changes and test them for compliance.

2. Records are maintained including:

- a. A compliance calendar with owner, reminders, calendar appointments via e-mail.
- b. Summaries of applicable laws and regulations and requirements and how they apply to facility operations.
- c. Review of the key customer requirements that apply to or impact facility operations.
- d. Analysis of the recent “TSMC Supplier Code” changes.
- e. Minutes from meetings or other that demonstrate the process is conducted quarterly.

D.M.1.2 An adequate and effective due diligence process is established to identify and assess the most significant actual and potential ethics risks where the facility caused or contributed to adverse impacts (including applicable requirements).

1. Policy, Practices, Controls:

- a. A due diligence process focused on health and safety. It should be designed to identify and assess the most significant actual and potential ethical risks where the facility could cause or contribute to adverse ethical impacts of internal and external rights holders.
- b. It must include specific risks of relevant demographics, such as gender and age, where the facility may experience, cause, or contribute to adverse ethics impacts for internal and external stakeholders (including compliance with applicable requirements)

- c. Risk assessment considers business circumstances (country/region of operations) and covers at a minimum:
 - i. Upholding the highest standards of integrity in all business interactions
 - ii. Obtaining undue or improper advantage being promised, offered, authorized, given, or accepted.
 - iii. Intellectual Property Protection
 - iv. Fair business, advertising, and competition
 - v. Non-retaliation or protection of identity
 - vi. Unauthorized disclosure of personal information
 - d. Ensure the stakeholder scope is broad including:
 - i. Direct and indirect workers
 - ii. Young workers, Learners
 - iii. Foreign and internal migrant workers
 - iv. Worker representatives
 - v. Staff functions
 - vi. On-site service providers, Suppliers
 - vii. Customers
 - viii. Stakeholders in the community next to or near the facility which may be impacted.
 - e. The risk assessment is updated when there is a Significant Change
2. Records are maintained including:
- a. Stakeholder identification reports.
 - b. Risk assessment reports.
 - c. Mitigation plans.

D.M.2 Control processes – Ethics

Elements to Demonstrate Compliance to “TSMC Supplier Code”

D.M.2.1 Ethics responsibilities and authorities are adequately and effectively defined and assigned for all employee levels (senior managers to workers) for the implementation of management systems, and for compliance with laws, regulations, and codes.

1. Policy, Practices, Controls:
- 1) Have a senior representative assigned responsibility for implementing social responsibility programs in the facility and supply chain. Their scope should include:
 - a. Understanding and assessing facility compliance with laws and regulations, customer requirements and the “TSMC Supplier Code”.
 - b. Developing and implementing (likely with other subject matter experts) necessary changes to policies, programs, processes, training, reporting and disclosure as needed to be in legal and customer compliance and “TSMC Supplier Code” conformance.
 - 2) Responsibilities and authority of each organizational level are recorded in position plans, job descriptions and/or the facility’s management system documentation.
 - a. For normal situations.
 - b. For emergency situations which would include where serious adverse impact has been identified.

D.M.2.2 Adequate and effective ethics policies and control processes are established.

1. Policies, Practices, Controls:
- Policies: The facility shall establish policy statements aligned with law and the “TSMC Supplier Code” are in place including:
- a. Uphold the highest standards of integrity in all business interactions with zero tolerance for all forms of bribery, corruption, extortion, and embezzlement.
 - b. Gifts to or from suppliers and customers are not excessive in cost and frequency.

- c. Bribes or other methods of obtaining undue or improper advantage are not being promised, offered, authorized, given, or accepted.
- d. No conflicts of interest.
- e. Ensure compliance with anti-corruption laws.
- f. Appropriate sanctions when a violation is confirmed/proven and a preventive action plan.
- g. Ensure that all business dealings are transparently performed and accurately reflected in the reviewee's business books and records.
- h. No misrepresentation by workers, managers, and their agents.
- i. Information received from suppliers and customers as part of the contracting process is protected.
- j. IP ownership and IP are protected.
- k. Ensuring fair business, advertising, and competition standards are upheld.
- l. No collusion with other companies on product pricing or other factors that could reduce competition.
- m. Protection of identity and non-retaliation.
- n. Protection of whistleblowers and/or users of the grievance mechanism(s) (internal and external).
- o. Preventing unauthorized disclosure of personal information.

NOTE: If labor agents are used, then this process also needs to be implemented at the labor agent level.

2. Policies & Procedures in place such that:
 - a. There is a mitigation process for all significant actual and potential ethics risks identified, tracking implementation, and resulting adverse impact.
 - b. Formal program to ensure company public statements are not false or misleading.
 - c. Adequate and effective process for every policy element.
 - d. IT measures and guidelines are in place regarding the distribution and dissemination of information to protect information from suppliers and customers and IP.
 - e. There is appropriate retention (on and off site) and appropriate levels of access to ensure privacy conforming to legal and customer requirements.
3. Controls & Monitoring should include:
 - a. Appropriate investigation process when there is an alleged violation, including misrepresentation by workers, managers, and their agents.
 - b. Appropriate sanctions when a violation is confirmed/proven and a preventive action plan.
4. Records are maintained including:
 - a. Current and past policies and procedures, specifications.
 - b. Results and reports from review and control steps.
 - c. Corrective action plans, plans for improvement.

D.M.2.3 An adequate and effective training process is established for all managers/workers on all policy/process/job-related aspects and performance targets.

1. Policy, Practice, Controls:
 - 1) Process: An adequate and effective training program for workers/managers:
 - a. New employee orientation plan
 - b. Training needs analysis
 - c. Training plan with frequency
 - d. Training material
 - e. Training records with effectiveness evaluation or verification

NOTE: Ensure these minimum training topics are included: risk, policy, process, controls, responsibilities, grievance are covered.

- 2) Minimum Training Topics should include:
 - a. Upholding the highest standards of integrity in all business interactions.
 - b. Obtaining undue or improper advantage being promised, offered, authorized, given, or accepted.
 - c. Intellectual Property Protection.
 - d. Fair Business, Advertising and Competition.
 - e. Non-retaliation or protection of identity.
 - f. Unauthorized disclosure of personal information.
 - 3) Training is provided to all workers before the beginning of work and regularly thereafter as per the training program.
2. Records are maintained including:
- a. Training records include a verification of training effectiveness.
 - b. Educational materials.
3. Serious conditions that will result in a severe finding:
- More than 5% of the workers are not trained within 30 days of the hire date.

D.M.3 Communications – Ethics

Elements to Demonstrate Compliance to “TSMC Supplier Code”

D.M.3.1 An adequate and effective ongoing two-way communication process with workers, and internal and external stakeholders, where relevant or necessary, is established to obtain feedback on operational ethics practices and conditions and to foster continuous improvement.

1. Policy, Practices, Controls:
- 1) A healthy and effective, ongoing two-way communication process with workers, other internal and external stakeholders, where relevant or necessary, to obtain their feedback on operational ethical practices and conditions and to foster continuous improvement.
 - a. Examples of worker participation mechanisms: worker surveys, suggestions boxes, worker focus groups, joint worker-management committees, worker/union representatives, process improvement teams.
 - b. Examples of two-way communication: face-to-face meetings, town halls, worker focus groups, joint worker-management committees, process improvement team, message groups (WhatsApp, Line, WeChat, etc.), brown bag lunches
 - c. Examples of stakeholder engagement mechanisms: newsletters with request for feedback, message groups (WhatsApp, Line, WeChat, etc.), social media, neighborhood or community meetings, drop-in sessions, focus groups, feedback, and impact discussions (data/study driven)

NOTE: Ensure these minimum topics are included or asked about to promote comprehensive dialogue: risk, policy, process, controls, responsibilities, grievance are covered.

- 2) Minimum internal and external stakeholders:
 - a. Direct and indirect workers
 - b. Young workers, Learners
 - c. (Foreign and internal) migrant workers
 - d. Worker representatives
 - e. Staff functions
 - f. On-site service providers, Suppliers
 - g. Customers.

NOTE: Submitting SAQ to customers does not qualify as communication with customers

- 3) Feedback channels are clearly communicated and visible (suggestion box, emails)
2. Records are maintained including:
 - a. Communications records include a verification of communication effectiveness.
 - b. Input/feedback records.
 - c. Written information to workers on how to provide input/feedback for improvement.
 - d. Correspondence to supplier management.
 - e. Communications/Presentations to internal and external stakeholders.

D.M.3.2 An adequate and effective process is established to anonymously report grievances confidentially without fear of reprisal or intimidation.

1. Policy, Practices, Controls:
 - 1) Process:
 - a. Comprehensive functioning process to anonymously report grievances without fear of reprisal, which is internal (for workers and staff) and external (for workers of suppliers, local community, or interested actors and Whistleblowers).
 - b. Clear grievance channels so anyone is comfortable reporting grievances and so that reporting is encouraged.
 - c. Workers shall be encouraged to raise safety concerns, including early reporting of discomfort.
 - 2) Investigation and actions:
 - a. Promptly investigate the validity of any grievance.
 - b. Ensure the investigation and remediation is impartial, non-discriminatory, and where applicable, consistent with previous actions.
 - c. Communicate back to those involved, where possible, the outcome of the investigation and next steps, while maintaining appropriate privacy for those involved.
 - d. Remind suppliers and their workers that there is to be no retribution for making the grievance. Furthermore, suppliers shall continue to provide workers with education, training, and awareness programs regarding the TSMC's Supply Chain Worker Grievance Channel at <https://cld.supply.tsmc.com/supply360/dist/GrievanceFile> and the Supplier Grievance Channel, while regularly reviewing these grievance mechanisms to ensure their appropriateness and effectiveness.
2. Records are maintained including:
 - a. Grievance records
 - b. Investigation records
 - c. Workers are provided with written information on how to report grievances.
3. Serious conditions to ensure do not occur include
 - Grievances not being investigated and addressed within 3 months of being received.
 - Not putting in place and actioning a corrective action plan after confirming a grievance.

D.M.4 Performance Review and Continuous Improvement – Ethics

Elements to Demonstrate Compliance to “TSMC Supplier Code”

D.M.4.1 An adequate and effective ethics management performance review and continuous improvement process is established.

1. Policy, Practices, Controls:

1) Process elements should include:

- a. Annual or more frequent review of objectives and systems.
 - i. Management system review
 - ii. Performance review
- b. Formal and communicated goals, indicators, objectives, and targets.
- c. Goals shall clearly define the period considered; each goal shall include:
 - i. Time Period: (between base date and target date) shall be forward-looking.
 - ii. Base date: Date from which the goal is being measured.
 - iii. Target date: Date in the future when the goal is intended to be achieved.
 - iv. Baseline: the value of what is being measured at the start
 - v. Targeted improvement value: The quantitative value of the goal (numeric and greater than 0)
 - vi. Assignment of owners, implementation plans with completion dates.
- d. Additional action plans if goal, indicator, objective, or target is off track.
- e. Communication of the goals and progress to workers (as appropriate).

2) Evaluation:

- a. Regularly not exceeding 2 years but earlier if there is a Significant Change.
- b. Effectiveness of controls (including control processes).
- c. Should include every related program whose scope include:
 - i. Consideration of risk assessment results.
 - ii. Legal and regulatory requirements.
 - iii. Company standards/requirements.
 - iv. Achieving continual improvement.
- d. Evaluation reports should include:
 - i. Upholding the highest standards of integrity in all business interactions
 - ii. Obtaining undue or improper advantage being promised, offered, authorized, given, or accepted.
 - iii. Intellectual Property Protection
 - iv. Fair business, advertising, and competition
 - v. Non-retaliation or protection of identity
 - vi. Unauthorized disclosure of personal information

2. Records are maintained including:

- a. System review meetings.
- b. Management review meeting presentation materials/analysis/data. Be sure to include:
 - i. Date, agenda, attendees (including senior manager).
 - ii. Presentation material (references).
 - iii. Progress towards objectives.
 - iv. Results of assessments.
 - v. Completion of corrective/preventive actions.
 - vi. Risks/issues.
 - vii. Other information that was used to determine the effectiveness of the management system and identify improvement opportunities.
 - viii. Agreed preventive/corrective actions.

- c. Formal target, indicator, and objective tracking.
- d. Regular progress reporting.
- e. Evaluation reports for (at least):
 - i. Control effectiveness.
 - ii. Training and Communication.
 - iii. Grievances related to ethical concerns.

D.M.4.2 An adequate and effective ethics self-assessment process is established to assess conformance with the “TSMC Supplier Code” and customer requirements periodically.

1. Policy, Practices, Controls:
 - 1) An adequate and effective self-assessment process to periodically assess conformance with:
 - a. Applicable legal regulatory requirements.
 - b. Customer requirements.
 - c. “TSMC Supplier Code” requirements.
 - d. Own policies, standards, management system, requirements to which the facility subscribes to.
 - 2) The assessment scope should include:
 - a. All areas of the facility.
 - b. All policies, processes, physical conditions, and work practices.
 - c. Review of records.
 - d. Interviews with individuals responsible for compliance and conformance
 - i. Workers (direct and indirect)
 - ii. Staff and management
 - iii. Supplier management
 - 3) Assessment findings should be reviewed by senior management.
2. Records are maintained including:
 - a. Self-assessment Reports
 - b. Results of management reviews
 - c. Corrective action plans

D.M.4.3 An adequate and effective ethics corrective action process is established to rectify and close non- conformances.

1. Examples of good management practice:
 - 1) Ensure there is a Corrective action process (CAP) in place, which contains the following:
 - a. Core elements of root cause analysis, specific corrective actions, owners, due dates, tracking process.
 - b. Additional actions when a corrective action is off-track.
 - c. A link demonstrated between the CAP and the performance management objectives and targets.
 - d. Review action items by management representative after verification by the appropriate person.
 - e. Any issues/concerns noted in the insurance inspection report regarding people, fire, or facility have an agreed corrective action plan.
 - 2) Records are maintained including:
 - a. Original non-conformance.
 - b. CAP for each non-conformance.
 - c. Progress reports.
 - d. Closure verification reports (with management confirmation)
 - e. Copies of any regulatory citations/violation notices received in the past three years, including any communications with the agencies, and follow-up review or inspection.

E. Supply Chain Management

“TSMC Supplier Code” Supply Chain Management Preamble: Suppliers shall be aware that in addition to committing to due diligence and continuous improvement approved by management, prohibiting or restricting the inclusion of specific substances in products and manufacturing processes, and implementing responsible supply chain guidelines for minerals from conflict-affected and high-risk areas, and is crucial to the issue of monitoring compliance with this code and standards:

E1 Company Commitment

E1.1 An adequate and effective Code of Conduct is established and endorsed by executive management covering all elements of the “TSMC Supplier Code”.

Elements to Demonstrate Compliance to “TSMC Supplier Code”:

1. Policy: Ensure company’s corporate responsibility policies include the following elements:
 - a. An adequate and effective Code of Conduct covering all elements of the “TSMC Supplier Code” is established.
 - b. The Code of Conduct is endorsed by executive management.
2. Procedures & Practices are in place such that:
 - a. A Code of Conduct covering all elements of the “TSMC Supplier Code” (Human Rights, Health and Safety, Environment, Ethics and Management Systems) is established.

NOTE: The words do not necessarily have to exactly match but are aligned to the principles of the “TSMC Supplier Code” at a minimum.

- b. It also contains the following elements of
 - i. Due diligence
 - ii. Access to remedies for internal and external stakeholders where the participant caused or contributed to adverse human rights or environmental impacts.
 - iii. Continuous improvement
 - c. The Code of Conduct is appropriate for the nature and scope of the facility’s operations.
 - d. The Code of Conduct is signed by company executive management.
 - e. The Code of Conduct is communicated to workers via accessible channels in a language the workers understand.
 - f. Senior management actively supports and ensures implementation of the Code of Conduct, including compliance with laws and regulations.

NOTE: If equivalent policies are used to endorse the “TSMC Supplier Code”, then they must contain all policy requirements in the “TSMC Supplier Code”

3. Controls & Monitoring should include:
 - a. The Code of Conduct is reviewed annually by management and revised as needed.
 4. Records are maintained including:
 - a. The Code of Conduct is made public.

E2 Materials Restrictions

E2.1 An adequate and effective program is in place for Materials Restrictions as a formal part of the procurement and manufacturing processes.

Elements to Demonstrate Compliance to “TSMC Supplier Code”:

1. Policy: Ensure the facility environmental policy includes material restriction elements including:
 - a. Adequate and effective program is in place for materials restrictions as a formal part of the procurement and manufacturing processes.
 2. Procedures & Practices are in place at the corporate and, as applicable, the facility level.
 - a. Assigned responsibility.
 - b. Adequate and effective procedures to measure and/or document the chemical composition of products including:
 - i. A documented review process for comparing customer requirements to own specifications.
 - ii. A documented process to ensure materials, packaging and components procured are in conformance with customer requirements.
 - iii. Documented requirements for conformance with the Material Restrictions required to its material /parts Suppliers.
 - c. The facility provides documented requirements for compliance with the product content restrictions to its material suppliers/parts suppliers.
 - d. Analytical data from material/parts Suppliers is requested/required.
 - e. The facility obtains specifications, statements and/or certificates of conformance from its suppliers and these documents are available for customer review.
 - f. The facility requires analytical data from its material suppliers/parts suppliers, and the data is available for customer review.
 3. Controls & Monitoring should include:
 - a. The facility performs random analytical testing of material suppliers/parts suppliers are audited to ensure compliance with restriction on substances, and the data is available for customer review. Testing methods comply with applicable codes, regulations, and customer requirements.
 - b. A formal process is in place to address discovery of non-compliant materials or components and corrective actions are tracked and implemented.
 - c. Added actions are taken to ensure completion by the due date if corrective actions are not on track.
 4. Records are maintained including:
 - a. Chemical composition of products is on record.
 - b. Specifications, statements and/or certificates of conformance from suppliers
 - c. Monitoring & reporting records from the past 3 years are available and ready for review.
 - d. Statements and/or certificates of conformance and analytical data to be able to share with customers and authorities as required/requested.
- NOTE: Records then need to be carefully maintained and accessible during a Corporate or facility level assessment. Evidence of the entire effort regardless of where it occurs will be required to be shown in an “TSMC Supplier Code” audit.*
5. Serious conditions to ensure do not occur include.
 - There no Material Restriction program is in place AND a product has been subject to regulatory action.

E3 Responsible Sourcing of Minerals

E3.1 An adequate and effective Conflict Minerals Supply Chain Policy and Management System is designed and implemented to reasonably assure that the tantalum, tin, tungsten, gold, and Cobalt (3TG+Co) in the products they manufacture are sourced in a way consistent with the OECD Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Due Diligence Guidance) or an equivalent and recognized due diligence framework.

Elements to Demonstrate Compliance to “TSMC Supplier Code”:

1. Policy: Ensure company’s responsible sourcing and/or conflict minerals policy is in place:
 - a. To reasonably assure the tin, tungsten, tantalum, gold and cobalt (3TG+C) in the products manufactured/sold/provided are sourced in a way consistent with the OECD Due Diligence Guidance or an equivalent and recognized due diligence framework.
 - b. Commit the company to exercise due diligence on the source and chain of custody of minerals in accordance with the OECD Due Diligence Guidance
 - c. Cover all 3TG+C included in the company’s products.
 - d. Be communicated to suppliers and the public such as posted to company’s public website, contained within a Corporate Responsibility Report, and/or supplier Code of Conduct or other official public company communications.
2. Procedures & Practices to perform due diligence in accordance with the OECD Due Diligence Guidance:
 - a. Identify a senior management person responsible for the implementation of the Management System
 - b. Include 3TG+C due diligence sourcing requirements in written agreements and/or contracts with suppliers.
 - c. Understand which parts/materials contain 3TG+C and the chain of custody to determine if they are from Conflict-Affected and High-Risk Areas
 - d. Process and actions taken when suppliers are not in conformance with the Conflict Minerals Policy or a potentially conflict-affected source.
 - e. Proof of implementation (see Records)

NOTE: This can solely be a “Corporate” role without local / facility involvement. You must determine where the responsibilities for conforming to the policy will be located; it may be shared. Then clearly assign those responsibilities. For example, in a company where All supplier sourcing and inquiry is done centrally in a corporate group, there may not be local / facility level involvement.

3. Controls & Monitoring should include:
 - a. Mitigate any risks identified per the OECD Due Diligence Guidance, including suspending, or terminating business relationships with suppliers when risk mitigation fails.
 - b. Review the Management System annually to ensure conformance and improve where process improvements have been identified.
4. Records are maintained including:
 - a. Maintaining records related to 3TG+C due diligence for a minimum of two (2) years.
 - b. Annual review and improvement plan of the policy, process and roles and responsibilities to ensure conformance and improve where process improvements have been identified.
 - c. Mitigation plans with suppliers if any risk is identified including additional actions taken to ensure completion by a specified date if mitigation actions are not on-track.

NOTE: Records then need to be carefully maintained and accessible during a Corporate or facility level assessment. Evidence of the entire effort regardless of where it occurs will be required to be shown in “TSMC Supplier Code” audit.

5. Serious conditions that will result in a severe finding:
 - There is confirmed purchasing of minerals from conflict sources but there is no action plan in place that is being actively managed.
 - More than 20% of 3TG+C sources do not have a documented due diligence in place.

E3.2 Where appropriate, suppliers shall, at TSMC's request, establish a system that enables them to obtain complete traceability data, including but not limited to transaction data from the materials supply chain, all the way back to the source of raw materials.

1. Suppliers shall establish a system that enables them to obtain complete traceability data, including but not limited to transactional data from the material supply chain, all the way back to the source of raw materials. For specific materials used in products supplied to TSMC, suppliers will receive additional material-specific requirements outlining expectations for their traceability systems.

E4 Supplier Responsibility

E4.1 The "TSMC Supplier Code" requirements have been communicated to the next-tier suppliers.

E4.2 Next-tier major suppliers have been identified.

E4.3 An adequate and effective process is established to ensure that the next-tier major suppliers implement the "TSMC Supplier Code".

E4.4 An adequate and effective process is established to ensure "TSMC Supplier Code" implementation performance and continuous improvement.

Elements to Demonstrate Compliance to "TSMC Supplier Code":

1. Foundation: Supply chain management responsibility framework
 - a. If responsibility for supply chain management (in particular, supply chain Responsibility) is at the Corporate-level then a Corporate-level implementation should exist which includes:
 - i. Documented corporate policy.
 - ii. Documented corporate processes and controls.
 - iii. Assigned responsibility.
 - iv. Proof of implementation internally and with suppliers; with evidence.
 - v. Any facility-level processes, responsibility, and implementation; with evidence.
 - b. If there is no Corporate-level implementation, then there should be a full Facility-level implementation.
2. Policy: Ensure company's supplier responsibility policy has the following elements:
 - a. The "TSMC Supplier Code" requirements have been communicated to all next-tier suppliers as an expectation.
 - b. Next-tier major suppliers have been identified.
 - c. Adequate and effective process to ensure that the Major next-tier suppliers implement the "TSMC Supplier Code"
 - d. An adequate and effective process is established to ensure "TSMC Supplier Code" implementation performance and continuous improvement.

NOTE: A commitment to not immediately de-source when priority non-conformance or similar are discovered; but only at the non-implementation of the CAP process after building and applying leverage.

3. Procedures & Practices are in place (regardless of Supply Chain Management Responsibility Framework) such that:
 - a. Contracts are in place for all next-tier suppliers and/or for every single Purchase Order.
 - i. Contract terms and conditions requiring suppliers to conform to the “TSMC Supplier Code”
 - ii. Enforcement language on the implementation of the “TSMC Supplier Code” provisions applicable to the type of supplier
 - iii. Labor Agents and Contractors: Compliance with legal requirements in both home and sending country/region (if foreign and internal migrant labor is used).
 - b. Next-tier suppliers have been identified.
 - c. Major Next-tier suppliers have been identified and expectations set:
 - i. Establish and utilize a definition of what is Major next-tier supplier.

NOTE: labor agents/contractors and on-site service providers are always considered as Major next-tier supplier.

- ii. Conduct adequate and effective communication process with the Major next-tier major suppliers on the “TSMC Supplier Code” requirements, including additional contract requirements.
 - d. An adequate and effective process is established to ensure that the Major next-tier suppliers implement the “TSMC Supplier Code”.
 - i. If a self-reported risk assessment is used, such as an Facility Risk SAQ, the information needs to be validated and suppliers determined to be high-risk need to be validated via an assessment (e.g., “TSMC Supplier Code” audit or RBA VAP)
 - ii. Applies to all, including:
 1. Labor agents and contractors
 2. On-site service providers with assigned workers to the site
 - iii. If during the visit or assessment, findings, non-conformances, or risk is observed, that must be noted in the conclusion of the report and to ensure that suppliers’ “TSMC Supplier Code” implementation performance undergoes continuous improvement:
 - a. Work with company suppliers to develop a CAP which includes:
 - i. Containment steps of priority items
 - ii. Determination of root cause(s)
 - iii. Description of the proposed corrective actions to address root cause(s)
 - iv. Application of a preventive action to prevent future recurrence of the problem or related issue(s)
 - v. Responsible person(s)
 - vi. The date the action is expected to be completed (should follow “TSMC Supplier Code” audit or RBA CAP and Closure timeline above)
 - vii. Current status of the action items.
 - viii. When there is sufficient confidence that corrective actions are in place, reverify (e.g., “TSMC Supplier Code” audit or RBA VAP Closure)

NOTE: Priority findings should undergo a priority closure assessment per the RBA VAP timelines.

- ix. Closely monitor progress and make adjustments and/or escalate to senior supplier management should the CAP become off track.
 - x. Do not immediately de-source when priority non-conformance or similar are discovered. Per the UNGP’s company is expected to build and apply leverage. De-sourcing is a last resort.

NOTE: If during an “TSMC Supplier Code” audit or RBA VAP assessment of the facility the assessor identifies findings at on-site suppliers or labor agents, which have not already been identified by the facility, then a finding will be warranted.

4. Controls & Monitoring shall include:
 - a. Contract enforcement notifications are issued to the next-tier supplier if the reviewee becomes aware of a contract violation, including a violation of the “TSMC Supplier Code” provisions.
 - b. Report plans and progress to management on due diligence of Major next-tier suppliers.
5. Records are maintained including:
 - a. Contract and PO language noting the expectation of compliance with the “TSMC Supplier Code”
 - b. Communication materials to Major next-tier suppliers, including labor agents/contractors and on- site service providers on the expectation of compliance with the “TSMC Supplier Code”.

NOTE: this may be a combination of Corporate and Facility level effort. Evidence of the entire effort regardless of where it occurs will be required to be shown in an “TSMC Supplier Code” audit or RBA VAP.

- c. Review or assessment of agent and on-site supplier worker records as support that an assessment occurred:
 - i. Review of the records related to A3 for on-site service provider workers as appropriate.
 - ii. Review of the records related to A4 for on-site service provider workers as appropriate.
 - d. CAPs for identified supplier non-conformance areas.
 - e. Verification evidence of CAP implementation (e.g., “TSMC Supplier Code” audit or RBA VAP Closure report)
6. Leading Practices include:
 - a. Use tools which follow the OECD Due Diligence Guidance.
 - b. Your assessment of labor agents and on-site suppliers should include a very strong focus on:
 - i. A1 – Prohibition of Forced labor including understanding from workers if they paid fees to get or keep their job, signed comprehensive contracts, or offer letters which were properly explained to them, possess their passports (if they are foreign migrant workers), if they can resign without penalty.
 - ii. A3 – Working Hours including gathering of working hour and consecutive workday data.
 - iii. A4: Wages & Benefits including review of payroll processes, wage slip comparison to working hours.
 - iv. B7: Food, Sanitation, and Housing including visiting the workers’ living accommodations if at all provided or connected with the agent, supplier, or subcontractor.
 - c. Maintain records from review of labor agents and on-site suppliers.
 - i. Fees, passports, contract terms and resignation clause (Code provision A1)
 - ii. Working hours, consecutive workdays (Code provision A3)
 - iii. Wages and benefits (Code provision A4).
 - iv. Housing (Code provision B7)
7. Serious conditions that will result in a severe finding:
 - More than 5% of workers who work through Labor Agents or Contractors cannot accurately describe how their employment terms and conditions meet the relevant labor requirements of the “TSMC Supplier Code”.
 - There is a serious (i. e., priority) non-conformance related to full- time assigned indirect workers of an on-site service provider on provision A3 (Working Hours) or A4 (Wages and Benefits).
 - Corrective action plans are not in place and actively managed when serious (i. e. priority) non- conformances are identified in the supply chain.
 - Closure audits are not conducted after serious (i.e., priority) non-conformances are identified in the supply chain.
 - The CAP and Closure process is not repeated until serious (i. e., priority) non-conformances are identified in the supply chain.

E5 Prohibition of Unauthorized Subcontracting

E5.1 Suppliers are prohibited from direct designation subcontracting without authorization.

1. If suppliers receive a request from a TSMC employee to procure from or subcontract from a specific third party, please report it immediately to TSMC through TSMC reporting channel at https://www.tsmc.com/english/contact-us#business_conduct (Irregular Business conduct Reporting) or TSMC purchasing staff responsible for suppliers' business.

E6 Performing Services as Agreed in Contract

E6.1 Suppliers shall fulfill obligations in person (including contracts or purchase orders).

1. Suppliers shall fulfill obligations in person (including contracts or purchase orders). Without the consent of TSMC, supplier shall not pass on obligations under a contract or purchase order for products or services to another party that TSMC expects suppliers to perform in person. Providing products or services without a properly executed purchase order, supply contract or service contract is prohibited.

E7 TSMC Sole Business Contact Window for Sales

E7.1 Suppliers shall acknowledge that TSMC procurement personnel are the sole business contact windows.

1. TSMC procurement personnel are the sole business contact windows for suppliers' sales personnel when interacting with TSMC. Without TSMC procurement personnel's consent, arrangement or participation, suppliers' sales personnel shall not make any business contacts nor discuss any commercial terms and conditions, including but not limited to price, payment terms, delivery date, incentives, compensation, free items, testing or services, technical specification, or engineering improvement, with TSMC's non-procurement personnel.

E8 Supplier Human Rights Due Diligence

E8.1 Suppliers shall cooperate with TSMC's requirements to conduct the necessary "due diligence" process.

1. Suppliers shall cooperate with TSMC's requirements for conducting the necessary due diligence processes. Suppliers shall establish a human rights policy and take appropriate measures to prevent, identify, assess, mitigate, address or minimize any adverse impacts arising from their operations that may result in human rights or environmental violations. This includes risk identification, response and resolution, tracking of outcomes, meaningful stakeholder engagement, employee grievance channels, and public communication and disclosure. Furthermore, suppliers must provide or cooperate with effective remedies when they cause or contribute to negative human rights impacts. This includes the mandatory disclosure of human rights-related information in sustainability reports.

Health and Safety Checklists

This section includes five optional checklists which expand upon the guidance provided above.

Note: These checklists are NOT assessment criteria. These are support tools for a facility to guide their implementation of an appropriate system towards conformance to the “TSMC Supplier Code”.

Areas covered by the Health and Safety Checklists are:

- B1 Occupational Health Safety: Pregnant and Nursing Mothers
- B2 Emergency Preparedness: Fire Detection, alarm, and suppression
- B2 Emergency Preparedness: Fire Exits
- B4 Industrial Hygiene: Hierarchy of Controls
- B7 Food, Sanitation, and Housing: Checklist on worker Accommodations
- Health and Safety Management System: Communication

B1 Occupational Safety – Pregnant and Nursing Mothers Checklist

Gender-responsive measures shall be taken, such as not having pregnant women and nursing mothers in working conditions, which could be hazardous to them or their child and to provide reasonable accommodations for nursing mothers.

General Policy:

	Question	Y	N	N/A	Comments
a	Adequate and effective policies and procedures are in place to minimize the Health & Safety impact in pregnant woman				
b	Adequate and effective policies and procedures are in place to minimize the Health & Safety impact in nursing mothers				
c	Applies to all types of workers (direct, indirect, dispatched, young, interns, apprentices, ...)				

Risk Assessment:

	Question	Y	N	N/A	Comments
a	Adequate and effective risk management process is in place to:				
	• Before a pregnancy is reported: assess the potential hazards to expecting mothers				
	• After pregnancy is reported: a worker-specific risk assessment of the worker's job to assess risk to mother and fetus				
	• After mother returns to work: a worker-specific post-natal risk assessment of the worker's job to assess risk to mother and possible impacts on the baby through breastfeeding				
	• All reasonable efforts must be made to minimize the risk identified in each of the 3 risk assessments				

	Question	Y	N	N/A	Comments
	General and specific to worker risk assessment must include assessment of:				
	• Lifting/carrying heavy loads;				
	• Standing or sitting still for long lengths of time;				
	• Exposure to infectious diseases;				
	• Exposure to lead;				
	• Exposure to toxic chemicals;				
b	• Work-related stress;				
	• Workstations and posture;				
	• Exposure to radioactive material;				
	• Threat of violence in the workplace;				
	• Long working hours;				
	• Extreme heat; and				
	• Excessive noise.				
	Ante-natal risk assessment must include:				
c	• Working with organic mercury;				
	• Working with radioactive materials; and				
	• Exposure to lead.				

Reasonable Accommodation:

	Question	Y	N	N/A	Comments
a	Provide reasonable or legally required break time for a worker to express breast milk for her nursing child for one year after the child's birth each time such worker has need to express the milk				
b	Provide a place, other than a bathroom, that is shielded from view and free from intrusion from coworkers and the public, which may be used by an employee to express breast milk				
c	Reasonable accommodation to nursing mothers				
	• Location does not need to be a separate dedicated area				
	Location for breastfeeding activities:				
	• Not be a toilet stall or a bathroom;				
	• Private;				
	• Close to the workspace;				
d	• Clean;				
	• Secure;				
	• Has a water supply (e.g., a sink);				
	• Has access to hygienic storage (e.g. a closed clean cupboard); and				
	• Breaks for expressing milk (pumping breaks) are not compensated unless paid breaks are used to express milk;				

Records:

	Question	Y	N	N/A	Comments
a	Personnel files contain specific to worker pre- and ante-natal risk assessment and actions taken in line with policy				
b	General risk assessment for pregnant workers reports and actions taken (if any needed) are available for review				

B2 Emergency preparedness – Fire Detection, Alarm and Suppression Checklist

Adequate and effective fire detection, alarm and suppression systems are in place. Detection:

	Question	Y	N	N/A	Comments
a	Automatic heat and/or smoke detection is installed as required by insurance company or local law.				
b	Detector devices and system are in function which give relevant staff notice and allows time to evacuate.				
c	Suggested Practice: Automatic heat and/or smoke detection is installed if not required by insurance company or local law				

Alarm:

	Question	Y	N	N/A	Comments
a	All buildings have a manual or automatic fire alarm and notification system to notify people that there is an emergency in the facility using audible and visual notifications				
b	Fire alarm control system is free of trouble/supervisory signals. (Trouble/supervisory signals are usually indicated by orange LED lights; Yellow lights may mean a trouble or supervisory notification in the panel; Red is something in alarm or where an alarm has been silenced rather than reset)				
c	Fire alarm manual call-points or pull-stations are provided at or along egress routes to exits.				

Fire suppression:

	Question	Y	N	N/A	Comments
a	Portable fire extinguishers				
	• Installed, present, visible, and accessible				
	• In their designated locations, fully charged and free of signs of tampering				
	• Have a defined distance to place them based upon extinguisher type, size, and use				
	• Inspected and fire extinguisher inspection tags are present. (Inspection record may be at the extinguisher or if the unit has a bar code / ID, then look at central records.)				
b	Automatic fire sprinklers				
	• Installed as required by insurance company or local law.				
	• Clear space (based on law / insurance company requirement, or at least 36" if there is no law / insurance company requirement) is maintained under sprinkler head in manufacturing and warehouse spaces, with nothing hanging from it.				
	• Large ducts or objects (based on law / insurance company requirement, or > 48" in a single dimension if there is no law / insurance company requirement) does not obstruct sprinkler heads				
	• Valves are locked in their normal position (open or closed). Normally open sprinkler control valves are locked in the fully open position. There should be process during work/construction for ensuring properly off or on (e.g. hot work) and after ensuring the sprinklers are back on.				
	• Fire pumps are set to run automatically.				
c	• Fire hose inspection tags are present that indicate they have been inspected. (Inspection record may be at the hose/valves etc. or if the unit has a bar code / ID, then look at central record)				
d	• Fire water tank and water pressure are normal				

	Question	Y	N	N/A	Comments
	Suggested Practice: • Foam suppression may be used in solvent rooms, data centers or similar spaces. • Electrically non-conducting portable fire extinguishers (i.e. agent FE-36 or similar permissible) may be used in spaces with electronics. • Dry powder extinguishers need to be in “Green zone”. • CO₂ typically in clean rooms would be weighed				
	• Suggested Practice: Automatic fire sprinklers are installed if not required by insurance company or local law				
	• Suggested Practice: Asbestos-containing fire-suppression materials—for example, blankets—are prohibited.				

Process:

	Question	Y	N	N/A	Comments
a	Automatic fire sprinklers (if required by law or insurance company), portable fire extinguishers, heat, and smoke detection (if required by law or insurance company), and an alarm and notification system are inspected, tested, and maintained for good state of operation on a regular basis, as required by insurance company or common practice.				

Records:

	Question	Y	N	N/A	Comments
	Inspection for portable fire extinguishers				
a	• Inspection frequency is not less than monthly to check if they are present, visible, and accessible				
	• A schedule for inspections, testing and maintenance is present and there must be verification that it is followed. It should be immediately available.				
b	Inspection frequency for single unit smoke detectors is not less than semi-annually				
	All other fire safety equipment				
c	• Inspection, testing, and maintenance frequency is not less than that required/recommended by the manufacturer, local code or insurance company whichever is more stringent.				
	• A schedule for inspections, testing and maintenance is present and there must be verification that it is followed. It should be immediately available.				
	• The inspection, testing and maintenance procedure, frequency and results are documented				
	• Suggested Practice: annual maintenance for fire extinguishers				
	• Suggested Practice: schedule for inspections, testing and maintenance is centralized				

B2 Emergency Preparedness – Fire Exits Checklist

Effective emergency exit access, exits, and exit discharge are adequate in number and location, readily accessible, and properly maintained. Clear and unobstructed egress (i.e. Exit access, exit, and exit discharge):

	Question	Y	N	N/A	Comments
a	Exit routes:				
	• Adequate in number from every area and effective.				
	• Separated by an appropriate distance and do not share a common exit.				
	• Clear of obstructions				
b	Exit discharges:				
	• Discharge to open space/parking lot, and do NOT discharge to an enclosed/gated/locked area				
	• Open out to the public way and do not exit into a courtyard, tank farm, etc.				
	• All exit discharge doors have listed panic hardware installed or able to be pushed open in a single motion.				
c	Exits				
	• Are free of material storage; and enclosures are not used for any other purpose except for egress				
	• If an exit has a dual use (e.g. moving materials), a process is present to ensure the goods going through are not hazardous and the exit is not obstructed.				
	• Evacuation maps show locations of exit routes, exits, and exit discharges, and are consistent with their actual locations				
d	Exit access doors and exit discharge doors				
	• Open outward in the direction of fire egress if they serve high occupancy (>50) or hazardous areas (include chemical and electrical room)				
	• Are sufficient in number (based on law requirement; if there is no law requirement, it is suggested to have at least 2 exits for >50 occupants, and more exits required for higher number of occupancy)				
	• Are not blocked, and the path is clear.				
	• May not open outward (aka "in the direction of travel") if it is into a common path (e.g. break room in factory floor).				
	• Open without using a key, badge, code, special knowledge, or effort, and available at all times (i.e. not just during an alarm).				
	Exceptions:				
	1) Panic hardware with time delay that sets off the alarm for the shorter of 15 seconds or the minimum setting of the door hardware, before the lock releases)				
	2) Listed Request to Exit (REX or RTE) infrared sensor in fail safe mode (i.e. deactivate upon actuation of the fire alarm or sprinkler system and upon loss of power and be tested regularly.)				
	• Do not require multiple steps to open				
	• Do not require a tight grasp to open				
	• Are not rolling doors that open vertically, except with a Personnel Door next to it if the rolling doors have to act as an exit.				
	• Exit access doors with door-release buttons (electromagnet) are acceptable considering risk, e.g. the hazards present in the room or building, if there are sprinklers, occupant density is low, and whether the occupants are familiar with the building. Door-release buttons must be large/clearly marked.				
e	• Any door labeled as "Exit" follows the requirement of exit access doors / exit discharge doors.				
	• Suggested Practice: Interior exit doors in assembly areas and high-hazard content rooms are installed with panic hardware.				

Exit signs & Lighting:

	Question	Y	N	N/A	Comments
a	Exit signs				
	• Are provided to mark exits on every floor				
	• Additional exit and/or directional signs (e.g. sign or arrow on the floor) are provided at a regular frequency at main passageways/aisles, long corridors and at other locations where the way to the nearest exit is not clear.				
	• Are not required if a door is not a required exit.				
	• Are illuminated and/or lighted in the event of a power failure				
	<i>Note: There are times when the path is not intuitive, and a door may need labeled "NOT AN EXIT."</i>				
b	• Emergency lighting				
	• Provided and installed to illuminate means of egress in the event of a power failure.				
	• Provides adequate, functional emergency lighting in stairs, aisles, corridors, ramps, and passageways leading to exits, and in other areas as required by applicable laws.				
	• Generally supposed to have ~1 foot-candle of light along the pathway.				
	• Either battery or backup generator may power emergency lighting.				
	• Random testing of 3 – 4 emergency lights shows that they are functioning.				

Separation:

	Question	Y	N	N/A	Comments
a	Penetrations are limited to sprinkler pipes, standpipes, and electrical services, pipe and duct installation serving the enclosures				
b	Inspection of pipes going through a wall confirm that there is fire- stopping material/putty (typically brick-red in color) are used at through-penetrations and joints, and there are no voids in construction. A process to ensure sealing through-penetrations and joints is included as part of a post construction checklist.				
c	Openings into the enclosures are protected by fire rated doors or window				
d	Fire doors are in good condition, self-closing, or automatic closing (upon fire alarm or detection of smoke)				
e	Random testing of fire doors shows that the latching is functioning. If door is normally closed, then pull open and release / let go and see if it closes and latched by itself. If door is normally held open (e.g. magnetic) then pull it away and see if it closes and latches.				
f	Inspection procedure / records of fire doors shows that latching is tested regularly.				
g	The integrity of exit enclosures is maintained. A firewall is usually a masonry wall or distinctly separating unique areas (or through a floor). The Health and Safety person responsible is able to point out which one is the firewall.				

Process:

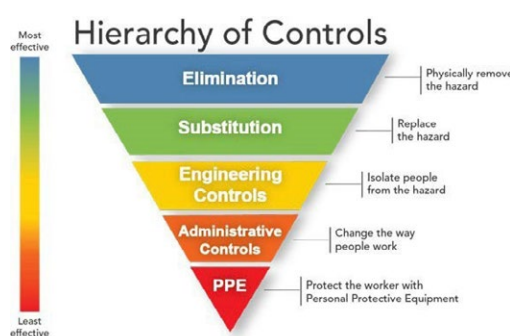
	Question	Y	N	N/A	Comments
a	Adequate and effective process in place to ensure effective emergency exit access, exits and exit discharge with unobstructed egress in place				
b	The process includes an assessment of emergency exits after making even minor modifications, tool movements and/or construction in the facility.				

Records:

	Question	Y	N	N/A	Comments
a	Inspection records for emergency support facilities (emergency lighting, emergency exit signs, evacuation paths, exit enclosures, etc.) are maintained showing when / where / how it is done / inspected / maintained / tested / replaced.				
b	Inspection records for emergency support facilities show that these are inspected as per insurance requirements, or local practice whichever is stricter.				
c	Review of insurance companies and local authorities visit reports (if applicable, usually visit conducted annually, or if occupancy changed or if building construction / renovation affects over a certain area e.g. >200 ft ²) shows no nonconformance issues				

B4 Industrial Hygiene – Hierarchy of Controls Checklist

Worker exposure to chemical, biological, and physical agents shall be identified, evaluated, and controlled according to the Hierarchy of Controls. When hazards cannot be adequately controlled, workers shall be provided with and use appropriate, well-maintained, personal protective equipment free of charge.



Source: NIOSH.

Site Observation:

	Question	Y	N	N/A	Comments
	Adequate controls to reduce or eliminate worker exposure to chemical, biological and physical agents are in place and effective including:				
	• Proper design (elimination and/or substitution)				
a	• Engineering controls (e.g. exhaust, ventilation, enclosures etc.)				
	• Administrative controls (e.g. limiting worker exposure time; job rotation etc.)				
	• Adequate and effective PPE				
b	Controls are implemented based on applicable legal requirements and result of risk assessments.				
d	During normal working hours, workplace is free from obvious odor, visible fumes, dust, and other conditions leading to potential unhealthy feelings (e.g. irritating chemical smell, eye irritating fume, etc.).				
e	If obvious odor, visible fume, dust, and other conditions leading to potential unhealthy feelings exist:				

Risk assessment:

	Question	Y	N	N/A	Comments
a	Adequate and effective risk assessment with associated industrial hygiene sampling and testing, is in place to identify and assess the potential hazards of chemical, biological, or physical agents.				
b	Significant Change has been defined in the risk assessment policy and procedure (e.g. introduction, elimination or change of a chemical).				
c	The risk assessment is updated when a Significant Change occurs.				
d	Risk assessment includes exposure to multiple chemicals:				
	Risk of combination effects of chemicals mixture are assessed				
	Risk of chemicals by a single route as well as multiple routes are assessed. A route can be inhalation, ingestion, skin exposure, etc.				

Control program:

	Question	Y	N	N/A	Comments
a	Adequate and effective documented program to control the identified potential hazards to chemical, biological, or physical agents based on applicable legal requirements and result of risk assessment is in place.				
b	The program to control identified potential hazards follows the hierarchy of controls from most effective to least effective.				
c	Regular evaluation plan to verify the effectiveness of implemented controls and corrective actions if required.				
d	Frequency to evaluate effectiveness of implemented controls is at least every 3 years unless a major change or applicable law requires re-evaluation.				

Records:

	Question	Y	N	N/A	Comments
a	Medical surveillance records are available for review pertaining to:				
	Respiratory evaluations to determine if worker is being harmed from exposure to agents				
	Determining hearing loss				
	Any other medical concerns related to specific job activities, such as skin contact, hearing loss, radiation				

B7 Food, Sanitation and Housing – Worker’s Accommodation Checklist

Worker dormitories provided by the facility/factory and/or via a labor agent shall be maintained to be clean and safe, and provided with appropriate emergency egress, hot water for bathing and showering, adequate lighting, and adequate conditioned ventilation, individually secured accommodations for storing personal and valuable items, and reasonable personal space along with reasonable entry and exit privileges.

General regulatory framework:

	Question	Y	N	Comments
A	Have the international / national / local regulatory frameworks been reviewed?			
B	Are mandatory provisions on workers’ accommodation identified?			

Standards for workers' accommodation:

	General living facilities	Y	N	Comments
A	Is the location of the facilities designed to avoid flooding or other natural hazards?			
B	Is workers' accommodation located within a reasonable distance from the worksite?			
C	Is transport provided to worksite safe and free?			
D	Are the living facilities built in adequate material, kept in good repair, and maintained clean and free from rubbish and other refuse?			
	Drainage			
A	Is the site adequately drained?			
B	Heating, air conditioning, ventilation, and light			
C	Depending on climate are living facilities provided with adequate heating, ventilation, air conditioning and light systems?			
	Water	Y	N	Comments
A	Do workers have easy access to a supply of clean/potable water in adequate quantities?			
B	Does the quality of the water comply with the national / local requirements or WHO standards?			
C	Are tanks used for the storage of drinking water constructed and covered as to prevent water stored therein from becoming polluted or contaminated?			
	Wastewater and solid waste	Y	N	Comments
A	Are wastewater, sewage, food, and any other waste materials adequately discharged in compliance local or World Bank standards and without causing any significant impacts on camp residents, the environment, and the surrounding communities?			
B	Are specific containers for rubbish collection provided and emptied on a regular basis?			
C	Is pest extermination, vector control and disinfection conducted throughout the living facilities?			
	Rooms/dormitories facilities	Y	N	Comments
A	Are the rooms/dormitories kept in a clean and good condition?			
B	Are the rooms/dormitories aired and cleaned at regular intervals?			
C	Are the rooms/dormitories built in easily cleanable flooring material?			
D	Are the rooms / dormitories and sanitary facilities located in the same buildings?			
E	Are residents provided with enough space?			
F	Is the ceiling height high enough?			
G	Is the number of workers sharing the same room/dormitory minimized?			
H	Are the doors and windows lockable and provided with mosquito nets when necessary?			
I	Are mobile partitions or curtains provided?			
J	Is suitable furniture such as table, chair, mirror, bedside light provided for every worker?			
K	Are the rooms/ dormitories adequately lit?			
L	Are separate sleeping areas provided for men and women?			
	Bed arrangements and storage facilities			
M	Is there a separate bed provided for every worker?			
N	Is the practice of "hot bedding" prohibited?			
O	Is there a minimum space of one meter between beds?			
P	Is the use of double deck bunks minimized?			
Q	When double deck bunks are in use, is there enough clear space between the lower and upper bunk of the bed?			

	General living facilities	Y	N	Comments
R	Are triple deck bunks prohibited?			
S	Are workers provided with comfortable mattresses, pillows and cleaned bed linens?			
T	Are the bed linen washed frequently and applied with adequate repellents and disinfectants (where conditions warrant)?			
U	Are adequate individually secured facilities for the storage of personal belongings provided?			
V	Are there separate storages for work clothes and PPE and depending on condition, drying/airing areas?			

	Sanitary and toilet facilities	Y	N	Comments
A	Are sanitary and toilet facilities constructed of materials that are easily cleanable?			
B	Are sanitary and toilet facilities cleaned frequently and kept in working condition?			
C	Are toilets, showers/bathrooms and other sanitary facilities designed to provide workers with adequate privacy including ceiling to floor partition and lockable doors?			
d	Frequency to evaluate effectiveness of implemented controls is at least every 3 years unless a major change or applicable law requires re-evaluation.			
D	Are separate sanitary and toilet facilities provided for men and women?			
	<i>Toilet facilities</i>			
A	Are there an adequate number of toilets and urinals?			
B	Are toilets facilities conveniently located and easily accessible?			
	<i>Showers/bathrooms and other sanitary facilities</i>			
A	Are the shower facilities flooring made of anti-slippery hard washable materials?			
B	Is there an adequate number of hand wash basins and showers / bathrooms facilities provided?			
C	Are the sanitary facilities conveniently located?			
D	Are shower facilities provided with adequate supply of cold and hot running water?			
	Canteen, cooking, and laundry facilities	Y	N	Comments
A	Are canteen, cooking and laundry facilities built in adequate and easy to clean materials?			
B	Are the canteen, cooking and laundry facilities kept in clean and sanitary condition?			
	<i>Laundry facilities</i>			
A	Are adequate facilities for washing and drying clothes provided?			
	<i>Canteen and cooking facilities</i>			
A	Are workers provided with enough space in the canteen?			
B	Are canteens adequately furnished?			
C	Are places for food preparation adequately ventilated and equipped??			
D	Are kitchen floors, ceiling and wall surfaces adjacent to or above food preparation and cooking areas built in non-absorbent, easily cleanable materials?			
E	Are wall surfaces adjacent to cooking areas made of fire- resistant materials and food preparation tables equipped with smooth imperious washable surface?			
	Medical facilities	Y	N	Comments
A	Are first aid kits provided in adequate numbers?			
B	Are first-aid kits adequately stocked?			
C	Is there an adequate number of staff/workers trained to provide first-aid?			

	Sanitary and toilet facilities	Y	N	Comments
D	Are there any other medical facilities/services provided on site? If not, why?			
	Leisure, social and telecommunication facilities	Y	N	Comments
A	Are basic social collective spaces and adequate recreational areas provided to workers?			
B	Are workers provided with dedicated places for religious observance?			
C	Can workers access a telephone at affordable/public price?			
D	Are workers provided with access to internet facilities?			

Managing workers' accommodation:

	Management and staff	Y	N	Comments
A	Are there carefully designed a worker camp management plans and policies especially in the field of health and safety (including emergency responses), security, workers' rights, and relationships with the communities?			
B	Where contractors are used, have they clear contractual management responsibilities and duty to report?			
C	Does the person appointed to manage the accommodation has the required background, competency, and experience to conduct his mission and is he/she provided with the adequate responsibility and authority to do so?			
D	Is there enough staff to ensure the adequate implementation of housing standards (cleaning, cooking, and security in particular)?			
E	Are staff members recruited from surrounding communities?			
F	Has the staff received basic health and safety training?			
G	Are the persons in charge of the kitchen particularly trained in nutrition and food-handling and adequately supervised?			

	Charging fees for accommodation and services	Y	N	Comments
A	Are the renting arrangements fair?			
B	Are food and other services provided for free or reasonably priced below the local market price?			
C	Is the payment in kind for accommodation and services prohibited?			

	Health and safety on site	Y	N	Comments
A	Have health and safety management plans including electrical,			
	The program to control identified potential hazards follows the hierarchy of controls from most effective to least effective.			
B	Has the accommodation manager a duty to report to the health authority specific diseases, food poisoning or casualties?			
C	Is there an adequate number of staff/workers trained in providing first aid?			
D	Has a specific and adequate fire safety management plan been designed and implemented?			
E	Is guidance on alcohol, drug and HIV/AIDS and other health risk related activities provided to workers?			
F	Do workers have an easy access to medical facilities?			
G	Have emergency plans on health and fire safety been prepared?			
H	Depending on circumstances, have specific emergency plans (earthquakes, floods, tornadoes) been prepared?			

	Security on workers' accommodation	Y	N	Comments
A	Has a security plan including clear provisions on the use of force been designed and implemented?			
B	Have security staff background been checked against previous crimes or abuses?			
C	Has security staff received clear instruction about their duty and responsibility?			
D	Has security staff been adequately trained in the use of force?			
E	Does security staff have a good understanding about the importance of respecting workers' rights and the rights of the surrounding communities and adopt an appropriate conduct?			
F	Do workers and communities have specific means to raise concern about security arrangement and staff?			

	Workers' rights, rules, and regulations on workers' accommodation	Y	N	Comments
A	Are limitations on workers' freedom of movement limited and justified?			
B	Is an adequate transport system to the surrounding communities provided?			
C	Is the practice of withholding workers ID papers prohibited?			
D	Is freedom of association expressly respected?			
E	Are workers religious, cultural, and social backgrounds respected?			
F	Are workers made aware of their rights and obligations and provided with a copy of the accommodation's internal rules, procedures, and sanction mechanisms in a language or through a media they understand?			
G	Are house regulations non-discriminatory, fair, and reasonable?			
H	Are regulations on alcohol, tobacco and third parties' access to the camp clear and communicated to workers?			
I	Is a fair and non-discriminatory procedure to implement disciplinary procedures including the right for workers to defend themselves set up?			

	Consultation and grievance mechanisms	Y	N	Comments
A	Have mechanisms for workers' consultation been designed and implemented?			
B	Are workers provided with adequate processes and mechanisms to articulate their grievances?			
C	Are there fair conflict resolution mechanisms in place?			
D	In case where serious offences occur, are there mechanisms to ensure full cooperation with police authorities?			

	Management of community relations	Y	N	Comments
A	Have community relation management plans addressing issues around community development, community needs, community health and safety and community social and cultural cohesion have been designed and implemented?			
B	Do community relation management plans include the setting up of liaison mechanisms allowing a constant exchange of information and consultation of the surrounding communities?			
C	Is there a senior manager in charge of implementing the community relation management plan?			
D	Is there a senior manager in charge of liaising with the surrounding communities?			
E	Are the impacts generated by workers accommodation periodically reviewed, mitigated, or enhanced?			
F	Are community representatives provided with easy means to voice their opinions and lodge complaints?			

References

The following references were used in preparing the RBA Code of Conduct (up to version 8.0) and may be useful sources of additional information:

Standards and Conventions:

- [ILO Fundamental Conventions](#)
 - Freedom of Association and Protection of the Right to Organize Convention, 1948 (No.87)
 - Right to Organize and Collective Bargaining Convention, 1949 (No.98)
 - Forced Labor Convention, 1930 (No.29)
 - Abolition of Forced Labor Convention, 1957 (No.105)
 - Minimum Age Convention, 1973 (No.138)
 - Worst Forms of Child Labor Convention, 1999 (No.182)
 - Equal Remuneration Convention, 1999 (No.100)
 - Discrimination (Employment and Occupation) Convention, 1958 (No.111)
 - Occupational Safety and Health Convention, 1981 (No.155), and the Promotional Framework, 2006 (No.187)
- [OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#)
- [OECD Guidelines for Multinational Enterprises](#)
- [United Nations \(UN\) Guiding Principles on Business and Human Rights](#)
- [Universal Declaration of Human Rights](#)
- [United Nations Convention Against Corruption](#)
- [United Nations Convention on the Rights of the Child](#)
- [United Nations Convention on the Elimination of All Forms of Discrimination Against Women](#)
- [United Nations Global Compact](#)

Other Useful References:

- [Dodd-Frank Wall Street Reform and Consumer Protection Act](#)
- [Eco Management & Audit System](#)
- [Ethical Trading Initiative](#)
- [ILO Code of Practice in Safety and Health](#)
 - ISO 14001 and related standards – Environmental management
 - ISO 45001:2018 - Occupational health and safety management systems
 - [National Fire Protection Association](#)
 - Social Accountability International (SAI) SA 8000
 - [United States Federal Acquisition Regulation](#)
 - [UNGPs: United Nations Guiding Principles on Business and Human Rights](#)