



Supply Chain Migrant Worker Management Policy

Purpose and Scope

TSMC has established this TSMC Supply Chain Migrant Worker Management Policy to fulfill human rights management commitments throughout the supply chain, in accordance with the TSMC Human Rights Policy and the TSMC Supplier Code of Conduct. TSMC is committed to safeguarding the rights of migrant workers in its supply chain while preventing violations of those rights arising from cross-border mobility, language barriers, cultural differences, or unfamiliarity with local laws, systems, and institutions.

TSMC adheres to the Employer Pays Principle established by the Institute for Human Rights and Business (IHRB) and maintains a zero-tolerance stance toward requiring migrant workers in its supply chain to pay recruitment-related fees or costs to obtain or retain employment. TSMC strictly prohibits all forms of modern slavery and human rights abuses, including forced labor, debt bondage, indentured labor, human trafficking, involuntary prison labor, slavery, and involuntary confinement, and requires all business partners to comply with these standards.

This policy applies to all TSMC suppliers, contractors, and other third-party partners. Any entity involved in the recruitment, hiring, or management of migrant workers in connection with the provision of products or services shall ensure that the recruitment, employment, working, and living conditions of migrant workers comply with internationally recognized human rights and labor standards. Such entities shall implement human rights due diligence and comply with the requirements and standards set forth in this policy.

- Universal Declaration of Human Rights, UDHR
- United Nations Guiding Principles on Business and Human Rights, UNGPs
- ILO Fundamental Conventions
- ILO Declaration on Fundamental Principles and Rights at Work
- ILO Convention No. 182 - Worst Forms of Child Labour Convention
- ILO Convention No. 29 - Forced Labour Convention
- OECD Guidelines for Multinational Enterprises
- Responsible Business Alliance Code of Conduct
- International Covenant on Civil and Political Rights, ICCPR
- International Covenant on Economic, Social and Cultural Rights, ICESCR
- Corporate Sustainability Due Diligence Directive, CSDDD
- OECD Due Diligence Guidance for Responsible Business Conduct
- The International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families, ICMW
- Other relevant international frameworks and standards

Scope of Application

- **Applicable to:**
 - Migrant workers directly employed by suppliers, contractors, or other third-party partners.
 - Migrant workers engaged in the provision of products or services through third parties (e.g., labor agencies and dispatch agencies).
- **Covered Processes:**

This policy covers all stages of the employment lifecycle, including recruitment, arrival, onboarding, employment, housing, and separation or repatriation.
- **Exclusions:**

The term "migrant workers" as used in this policy does not include professional workers.

Definitions

- **Forced Labor**

Work or services performed under threat of penalty, not voluntarily offered. Work or services performed under the threat of punishment and not undertaken voluntarily.
- **Migrant Worker**

Foreign and internal migrant workers employed by TSMC's suppliers, contractors, or other third-party partners in connection with the provision of products or services.

 - **Foreign Migrant Worker**

Workers who cross national borders to obtain employment in another country
 - **Internal Migrant Worker**

Workers who relocate from their place of habitual residence to another province or state within the same country to obtain employment.
- **Professional Worker**

Workers primarily engaged in knowledge-based, diverse, and non-routine work that requires the consistent exercise of discretion and professional judgment, and whose work outputs cannot be readily standardized or measured over a defined period (e.g., daily, weekly, or monthly).
- **Sending Country**

The country where a migrant worker was born and resides, or the country from which the migrant worker was recruited.
- **Receiving Country**

The country where the migrant worker is employed.
- **Recruitment Fees**

Any fees or expenses related to obtaining employment, excluding those explicitly permitted to be paid by migrant workers under the Responsible Business Alliance (RBA) 'Code of Conduct' and the 'RBA Trafficked and Forced Labor – Definition of Fees'.
- **Recruitment Agency**

A third-party organization involved in the recruitment, selection, hiring, transportation, or management of migrant workers, regardless of whether it is located in the sending or receiving country.
- **Native Language**

The language of the migrant worker's country of origin, or a language that the migrant worker can understand and communicate in.

Supply Chain Migrant Worker Management Requirements

● Use of Recruitment Agents

- Suppliers, contractors, or other third-party partners are encouraged to prioritize the direct hiring of migrant workers. Where recruitment agencies are engaged, they shall ensure that such agencies are legally registered, licensed, approved, or certified, as required by the laws and regulations of the sending or receiving country.
- Suppliers, contractors, or other third-party partners shall conduct due diligence before engaging any direct or indirect recruitment agency.
- Suppliers, contractors, or other third-party partners shall enter into written contracts directly with recruitment agencies. Such contracts shall clearly prohibit the charging of recruitment fees or related costs to migrant workers.
- Suppliers, contractors, or other third-party partners shall regularly audit and provide training to recruitment agencies. If any non-compliance with this policy is identified, they shall immediately implement appropriate corrective actions.

● Recruitment Fees

Migrant workers shall not be required to pay any recruitment fees or related costs, including recruitment, placement, agency, medical examination fees, or deposits, to obtain employment, except for those explicitly permitted under the Responsible Business Alliance (RBA) 'Code of Conduct' and the 'RBA Trafficked and Forced Labor – Definition of Fees'. If it is determined that a migrant worker has paid any prohibited recruitment fees or related costs, a refund and remediation process shall be initiated promptly. The root cause shall also be investigated, and appropriate corrective actions shall be implemented to prevent recurrence and continuously improve the management system.

● Employment Contract

- Employment contracts shall comply with the applicable laws and regulations of both the country of employment and the migrant worker's country of origin.
- Suppliers, contractors, or other third-party partners are encouraged to enter into employment contracts directly with migrant workers.
- Before recruitment and deployment, migrant workers shall be provided with clear terms and conditions of employment, including wages, working hours, overtime, deductions, housing, grievance channels, and arrangements for termination of employment and repatriation, in their native language or a language they can understand. Employment contracts shall be signed voluntarily and directly by the migrant workers. Any deceptive, misleading, or fraudulent recruitment practices are prohibited.
- Once an employment contract has been signed, its terms and conditions shall not be changed unilaterally during the period of employment. Where modifications are required to comply with applicable local laws, the employer shall clearly explain the proposed changes to the migrant worker before any revisions are made and obtain the worker's written consent. If the migrant worker does not agree to the proposed changes, the worker shall be permitted to terminate the employment contract voluntarily without penalty, and the employer shall bear the costs associated with the worker's return to the country of origin.

● Pre-departure and Post-arrival Training

Suppliers, contractors, or other third-party partners shall provide pre-departure training in the sending country and post-arrival training in the receiving country to ensure that migrant workers fully understand their labor rights and working conditions before signing their employment contracts.

- **Document Retention**

- Suppliers, contractors, or other third-party partners shall not retain or withhold migrant workers' identity documents, passports, travel documents, work permits, or other personal legal documents. Where retention of such documents is required by applicable law, migrant workers shall have unrestricted access to and be able to retrieve them promptly during normal working hours. This requirement does not apply where employers or recruitment agencies temporarily retain such documents for purposes such as residence permit renewal, insurance, or tax administration, as required by applicable law.
- Suppliers, contractors, or other third-party partners shall provide migrant workers with copies of all documents submitted on their behalf in connection with statutory procedures, including visa and work permit applications.
- Suppliers, contractors, or other third-party partners shall provide migrant workers, free of charge, with secure and lockable personal storage space for the safekeeping of their documents and personal belongings, and shall prevent unauthorized access.
- If any improper retention or withholding of personal documents is identified, the documents shall be returned to the migrant worker immediately, and appropriate corrective actions shall be implemented.

- **Equal Treatment**

Suppliers, contractors, or other third-party partners shall uphold the value of a diverse workplace and respect individual differences. Hiring and promotion decisions shall not be influenced by gender, religion, race, nationality, or political affiliation.

- **Wages**

- Wages paid to migrant workers shall comply with all applicable laws and regulations, including those relating to minimum wages, overtime compensation, and statutory benefits. Suppliers, contractors, or other third-party partners shall provide migrant workers with a living wage, ensure equal pay for equal work and equal pay for work of equal value, provide overtime compensation at a rate higher than the regular hourly wage, and shall not use wage deductions as a disciplinary measure.
- During each pay period, migrant workers shall be provided with an itemized wage statement, in their native language or a language they can understand, containing sufficient information to verify the accuracy of wages paid. The employment of all temporary workers, agency workers, and outsourced workers shall comply with applicable local laws and regulations.

- **Deposits**

Unless otherwise required by applicable local laws and regulations, suppliers, contractors, or other third-party partners shall not require migrant workers to participate in wage deposit or savings schemes. Where such schemes are required by applicable law, migrant workers shall retain full ownership and control of their accounts. Suppliers, contractors, or other third-party partners shall not directly control migrant workers' access to their bank accounts.

- **Health and Safety**

- Suppliers, contractors, or other third-party partners shall provide migrant workers with occupational health and safety education and training in their native language or a language they can understand to enable them to identify workplace hazards, including, but not limited to, mechanical, electrical, chemical, fire, and physical hazards. Health and safety information shall be clearly posted in visible and easily accessible locations. Training shall address risks relevant to specific groups, including those related to gender and age, and shall be provided before the commencement of work and on a regular basis throughout employment. Migrant workers shall be encouraged to raise health and safety concerns without fear of retaliation.
- Suppliers, contractors, or other third-party partners shall provide migrant workers with clean drinking water, sanitary restroom and washing facilities, and hygienic cooking and food storage facilities. Dormitories provided for migrant workers shall be maintained in a clean and safe condition and shall be equipped with adequate emergency exits, hot water for bathing, sufficient lighting, proper ventilation, and secure lockable personal storage. Appropriate privacy and convenient access to living areas shall also be ensured. Suppliers, contractors, or other third-party partners shall establish and implement infectious disease prevention and response plans and take reasonable measures to prevent the spread of infectious diseases among migrant workers.

- **Freedom of Movement**

Suppliers, contractors, or other third-party partners shall not impose unreasonable restrictions on migrant workers' freedom of movement within the workplace or in employer-provided accommodation.

- **Grievance Mechanism**

Suppliers, contractors, or other third-party partners shall establish two-way communication processes with migrant workers and relevant stakeholders to promote continuous improvement. They shall also establish or participate in grievance mechanisms consistent with the *'United Nations Guiding Principles on Business and Human Rights'* (UNGPR), providing migrant workers with safe channels to raise grievances and provide feedback without fear of retaliation, as well as information on available grievance resolution and alternative dispute resolution mechanisms.

- **Freedom of Association**

Suppliers, contractors, or other third-party partners shall respect migrant workers' rights to freely participate in or refrain from participating in lawful organizations and activities. Migrant workers shall be able to communicate openly with management regarding working conditions and management practices, share ideas, and raise concerns without fear of discrimination, retaliation, intimidation, or harassment.

- **Repatriation**

Upon completion of the employment contract, or upon lawful early termination with the required notice, the costs of repatriation shall be borne by the supplier, contractor, or other third-party partner. Repatriation arrangements shall comply with the Responsible Business Alliance (RBA) 'Code of Conduct' and the 'RBA Trafficked and Forced Labor – Definition of Fees'.

- **Termination**

All work shall be voluntary. Subject to applicable local laws and regulations, migrant workers shall have the right to terminate their employment without penalty by providing reasonable notice in accordance with their employment contracts. This right shall be clearly stated in the employment contract. Suppliers, contractors, or other third-party partners shall retain employment records and other relevant documentation relating to former migrant workers for at least five years.

Remedial Measures

If any instance of charging migrant workers recruitment fees or related costs, improper retention of personal documents, coercion, or other violations of migrant workers' rights is identified, the infringement shall cease immediately. Any prohibited fees or related costs shall be refunded, appropriate remediation and compensation shall be provided, and, where appropriate, access to legal remedies shall be facilitated. Suppliers, contractors, or other third-party partners shall promptly implement appropriate corrective actions. Where a supplier, contractor, or other third-party partner fails to comply with this Policy and does not complete corrective actions within the specified timeframe, TSMC may implement progressive management measures, including, but not limited to, requiring the submission of a Corrective and Preventive Action Plan (CAPA) within a specified period, suspending the allocation of new projects, or reducing purchase orders. In cases of serious violations or persistent failure to implement corrective actions, TSMC reserves the right to suspend or terminate the business relationship.

Continuous Improvement

TSMC shall periodically review and update this Policy and its management practices in response to evolving regulatory requirements, international initiatives, and stakeholder engagement. This Policy is aligned with the 'TSMC Human Rights Policy' and the 'TSMC Supplier Code of Conduct', and together these documents establish a common framework for the management of migrant workers throughout TSMC's supply chain.



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