



# Corporate Social Responsibility Procedure

## CSR Vision and Mission

Since its establishment, TSMC has not only strived for the highest achievements in its core business of dedicated IC foundry services, but has also actively developed positive relationships with all stakeholders including employees, shareholders, customers, suppliers, and society to fulfill its responsibility as a corporate citizen and pursue a sustainable future.

Stemming from a desire for a just and good society, TSMC's vision for corporate social responsibility is to Uplift Society, and the Company sets "Acting with Integrity", "Strengthening Environmental Protection", and "Caring for the Disadvantaged" as its three primary missions.

**Acting with Integrity:** TSMC believes in acting ethically, following the law, and balancing the interests of all stakeholders. The Company endeavors to use the experience of developing a sustainable business to drive the industry and supply chain into a positive cycle and to act together with them as an uplifting force in society.

**Strengthening Environmental Protection:** TSMC strives for environmental sustainability, and continues to promote green fabs, green manufacturing, and green supply chains. The Company seeks the most efficient use of energy and resources, and is committed to waste reduction and pollution prevention. TSMC is eager to share its environmental experience and expertise, and aims to collaborate with government and academia to address the challenges of climate change.

**Caring for the Disadvantaged:** TSMC believes in equality, justice, and a safe and prosperous society. The Company combines its resources with employee volunteer service to commit money, material, and labor to the two main areas of "education" and "living". TSMC hopes to provide underprivileged students in rural regions with diverse learning opportunities and to offer disadvantaged groups necessary aid and emergency relief for the common good of society.

## The Scope of Corporate Social Responsibility

The "CSR Matrix" set by TSMC's Founder, Dr. Morris Chang clearly defines the scope of TSMC's corporate social responsibility. Based on the vision of "Uplift Society", TSMC aims to set an example in the seven areas of Morality, Business Ethics, Economy, Rule of Law, Sustainability, Work-Life Balance and Happiness, and Philanthropy. The Company achieves by taking action in: Integrity, Legal Compliance, Anti-Corruption, Anti-Bribery, and Anti-Cronyism, Environmental Protection, Climate Control, and Energy Conservation, Corporate Governance, Providing Well-paying Jobs, Good Shareholder Relations, Employee Work-Life Balance, Encouraging Innovation, Providing a Good Work Environment, and engaging with the public through the TSMC Charity Foundation and the TSMC Education and Culture Foundation.

## TSMC CSR Matrix

TSMC	Morality	Business Ethics	Economy	Rule of Law	Sustainability	Work/Life Balance Happiness	Philanthropy
Integrity	✓	✓					
Law Compliance				✓			
Anti-Corruption, Anti-Bribery, Anti-Cronyism	✓	✓		✓			
Environmental Protection, Climate Control, Energy Conservation				✓	✓		
Corporate Governance		✓	✓	✓			
Provide Well-paying Jobs			✓			✓	
Good Shareholder Return			✓				
Employees' Work-life Balance						✓	
Encourage Innovation		✓	✓				
Good Work Environment						✓	
TSMC Charity Foundation					✓	✓	✓
TSMC Education and Culture Foundation					✓	✓	✓

These actions can be divided into the three major dimensions of Economic, Environmental, and Social:

In the Economic dimension, Integrity is TSMC's most important core value, and the keystone of its success. The Company obeys the law, oppose corruption, do not bribe, do not engage in cronyism, insist on transparency, value corporate governance, fulfill customers' reasonable requirements, and attend to the rights of its stakeholders. TSMC aspires to raising the morality and business ethics of society by setting an example, encourage innovation in all areas to maintain its vitality, and promote economic development by providing excellent shareholder returns with its outstanding business results.

In the Environmental dimension, TSMC follows regulations, is steadfast in its commitment to sustainability, and strives to be a world-class company in environmental protection. As a leader in green manufacturing, TSMC stays abreast of global trends in environmental protection, energy conservation, and climate change. In addition to taking the lead in adopting environmentally friendly measures and continuously improving energy management and pollution prevention, the Company works with its upstream and downstream partners to build a green supply chain, and is eager to share its environmental know-how and experience. TSMC collaborates with others to build a sustainable future for the next generation.

In the Social dimension, TSMC provides good jobs with compensation above the industry average, and works to provide a healthy, and safe workspace, as well as a challenging and fun work environment with continuous learning. The Company actively promotes work-life balance. At the same time, TSMC combines the Company's resources with its colleagues' passion to support public service in ecology, energy conservation, education, art education, arts and culture, and community building through volunteer service and the TSMC Education and Culture Foundation.

## **CSR Management**

In 2011, TSMC established the CSR Committee to act as a center for decision-making and platform for coordination across organizations for CSR.

The Senior Vice President Lora Ho serves as Chairperson of the CSR committee, which is comprised of committee members from management (VP, director, or deputy director) or department managers of each functional organization. The committee meets each quarter to discuss developments and future directions of CSR operations. It also coordinates across organizations based on the type and nature of issues addressed and monitors the progress and effectiveness of CSR projects. Functions related to CSR include Legal, Customer Service, Materials Management, Quality and Reliability, Research and Development, Risk Management, Finance, Investor Relations, Operations, Human Resources, the TSMC Education and Culture Foundation, the TSMC Charity Foundation, Public Relations and Environment, Health, and Safety. These functions are responsible for issues of interest to employees, shareholders, customers, suppliers, governments, society, and other stakeholders and effectively fulfilling the Company's corporate social responsibilities.

Through quarterly meetings and issue-based discussions by cross-organizational teams, the CSR Committee Chairperson leads committee members to jointly set the Company's CSR strategy and key issues for the year and monitor the execution of related projects and budgets by each organization to ensure they are effectively carried out. The CSR Committee Chairperson also regularly reports the current year's results and plans for the following year to the Board of Directors. Management representatives and department managers from each functional organization participating in the committee set CSR-related budgets for their organizations and coordinate resource deployment, as well as plan and carry out annual projects. All employees follow TSMC's CSR policy, carry out CSR-related duties in their daily work, and voluntarily participate in the Company's various CSR activities.

In 2019, TSMC further established the Corporate Social Responsibility Executive Committee in response to the United Nations Sustainable Development Goals (SDGs), and to align more closely with international sustainability trends. TSMC's Chairman serves as Chairperson of the CSR Executive Committee, and the Chairperson of the CSR Committee serves as the Executive Secretary. Together with senior executives from a wide variety of functions, they survey the Company's core operating capabilities and set the medium- to long-term strategic direction for corporate social responsibility, and draft the blueprint for linking the Company's core competencies with the UN SDGs. In collaboration with the existing CSR Committee, they work together to drive and nurture CSR action and CSR culture, with the goal of being a first-mover in global industry.

Through close collaboration between organizations, TSMC effectively communicates its CSR policy, vision, and mission, and systematically implements them in the Company's daily operations. Each CSR issue in the Economic, Environmental, and Social dimensions have clearly identified owners in the CSR Committee, who are responsible for appropriate communication and response to global and social trends, the Company's current situation, and the needs of stakeholders.

## Responsibilities of TSMC CSR Executive Committee and CSR Committee Members

Committee Members	Responsibilities	Stakeholders
Legal	Corporate Governance, Code of Conduct, Legal Compliance (including fair competition, privacy and personal information, and protection for whistle-blowers), Intellectual Property, Protection of Confidential Information	Employees Government Society <sup>note</sup>
Customer Service	Customers Service and Satisfaction, Customer Trust, Customer Confidentiality, RBA and its Code of Conduct	Customers
Materials Management	Materials and Supply Chain Risk Management, Supplier Management, Conflict Minerals, RBA and its Code of Conduct	Suppliers
Quality and Reliability	Product Quality and Reliability, Product Recall Mechanism	Customers Suppliers
Research and Development	Innovation Management, Green Products	Employees Customers Suppliers
Risk Management	Risk Management, Crisis Management, Emergency Response and Action Plan	Employees Investors Customers Suppliers Government Society
Finance	Financial Disclosure, Dividend Policy, Tax Strategy	Employees Investors Customers Suppliers Government
Investor Relations	Resolving Issues of Stakeholder Concern, Establishing Trusting Long-term Relationships, Effective Two-way Communication, Annual Report Production	Investors
Operations	Operational Eco-efficiency, Pollution Prevention, Water Resource Risk Management, Green Manufacturing	Customers Investors Suppliers
Environment, Health, and Safety	Environmental Policy and Management System, Climate Change Mitigation and Adaption, Pollution Prevention, Energy Consumption Efficiency, Carbon Emissions and Carbon Rights Management, Product Environmental Responsibility, Response Mechanism for Environmental Issues, Environmental Spending, Green Supply Chain, Policy and Management Systems for Occupational Health and Safety, Workplace Health and Safety, Occupational Disease Prevention and Health Promotion, Communication of ESH Regulations	Employees Investors Customers Suppliers Government Society
Human Resources	Talent attraction and retention, employees' physical and mental well-being and work-life balance, labor-management relations and employee engagement, labor rights, training and development, mobility, RBA and its code of conduct	Employees

Corporate Information Security	Proprietary information protection	Employees Customers Suppliers
TSMC Education and Culture Foundation TSMC Charity Foundation	Philanthropy, Community Relations	Society
Public Relations	Stakeholder Engagement, Mechanism for Reflecting Issues of Social Concern, Media Relations	Society

Note: Society includes community, non-governmental organizations, non-profit organizations and the public.



Mark Liu  
Chairman and Corporate Social Responsibility Executive Committee Chairperson  
July, 2019