

# Taiwan Semiconductor Manufacturing Co. Ltd.

**TICKER**

TSEC:2330

**MARKET CAPITALIZATION**

US\$227 billion

**HEADQUARTERS**

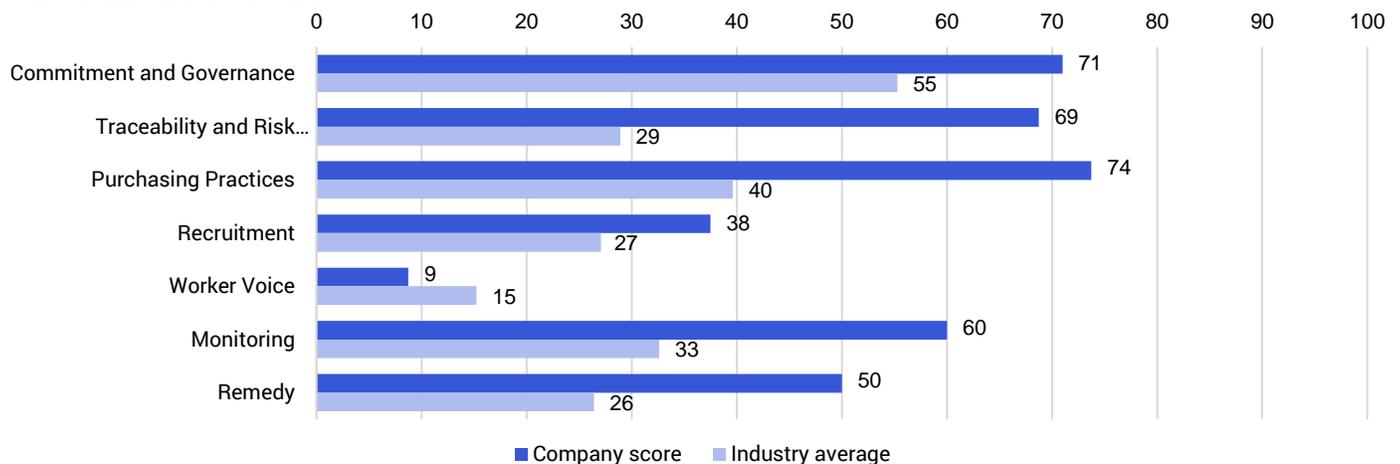
Taiwan

**COMPLIANCE**
UK Modern Slavery Act: [Not applicable](#)
California Transparency in Supply Chains Act: [Not applicable](#)
**COMMITMENTS**
[Yes](#)
**OVERALL RANKING**
**8 out of 40**

(2016: 8 out of 20)

**OVERALL SCORE**
**53 out of 100**
**SUMMARY**

Taiwan Semiconductor Manufacturing Co. Ltd. (TSMC) ranks 8<sup>th</sup> out of 40 companies. It discloses more information on its forced labor policies and practices than its peers on all themes except worker voice. It has improved its score by one point since 2016 by disclosing that it integrates forced labor provisions into supplier contracts, and disclosing the amount of recruitment fees that were paid back to migrant workers. The company has an opportunity to improve its performance and disclosure on the themes of recruitment, worker voice, and remedy.

**THEME LEVEL SCORES**


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## LEADING PRACTICES

None

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## NOTABLE FINDINGS

**Management and Accountability:** TSMC discloses it has established a supplier counselling team that is responsible for ensuring that suppliers comply with its code of conduct using methods such as evaluation, audit and training. Further, the company notes that its Responsible Business Alliance (RBA) task force is responsible for enforcing the code in its supply chains. The task force includes members from different departments, meets regularly to establish priorities and determine actions, and reports to two Senior Vice Presidents who respectively lead the Supply Chain division and CSR Committee. In addition, the company states that the chairperson of a high-level CSR committee annually reports to the board of directors on the implementation and future plans relating to CSR topics, which explicitly include the RBA code (which includes forced labor).

**Purchasing Practices:** TSMC discloses that it provides a rolling forecast to prevent longer working hours for suppliers' workers. The company further discloses that the measures it has taken to mitigate the risk of human trafficking and forced labor in its supply chains include establishing direct trade relationship with manufacturers and reducing the number of suppliers while taking into account suppliers with a good track record. The company further discloses that it assesses its suppliers' performance on sustainability-related issues (including labor performance) on a quarterly basis. The company notes that this assessment is a "fundamental consideration in business allocation." In addition, the company discloses that as part of signing a contract with TSMC all suppliers have to sign a Letter of Assurance for the Code of Ethics and Supplier Code of Conduct.

**Recruitment:** TSMC has adopted the RBA code, which includes a provision that workers shall not be required to pay employers' or agents' recruitment fees or other related fees for their employment, and that workers shall be reimbursed for employment-related fees. Further, the company discloses that approximately US\$185,000 in recruitment fees were reimbursed to 360 foreign migrant workers.

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## OPPORTUNITIES FOR IMPROVEMENT

**Recruitment:** The company may consider developing and disclosing a policy that requires direct employment in its supply chains. In addition, the company may consider requiring employment recruitment agencies — and where relevant employment agencies — in its supply chains to uphold workers' fundamental rights and freedoms. The company is further encouraged to disclose information on the recruitment agencies used by its suppliers. In addition, the company is encouraged to ensure that employment and/or recruitment agencies used in its supply chains are monitored, and to provide details of how it supports ethical recruitment in its supply chains (for example, by using ethical recruitment agencies or supporting the development of ethical recruitment schemes).

**Worker Voice:** To prevent and address forced labor and human trafficking risks in its supply chains, the company is encouraged to take steps to ensure that workers in its supply chains are educated on their rights and can exercise their right to freedom of association. While the company requires its suppliers to put in place grievance mechanisms for their workers, the company may consider ensuring that these mechanisms are communicated to, trusted and used by suppliers' workers.

**Remedy:** The company may consider establishing a process to ensure remedy is provided to workers in its supply chains in cases of human trafficking and forced labor, and disclosing details about this process, such as timeframes, engagement with affected stakeholders, responsible parties, and approval procedures.

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## COMPANY PROVIDED ADDITIONAL DISCLOSURE

[Yes](#)