

Taiwan Semiconductor Manufacturing Co. Ltd.

TICKER
TAI:2330

MARKET CAPITALIZATION
US\$227 billion

HEADQUARTERS
Taiwan

DISCLOSURES
UK Modern Slavery Act: Not applicable

TARGETS
Yes

California Transparency in Supply Chains Act: Not applicable

OVERALL RANKING

20 out of 49

([2018 Rank](#): 8 out of 40)

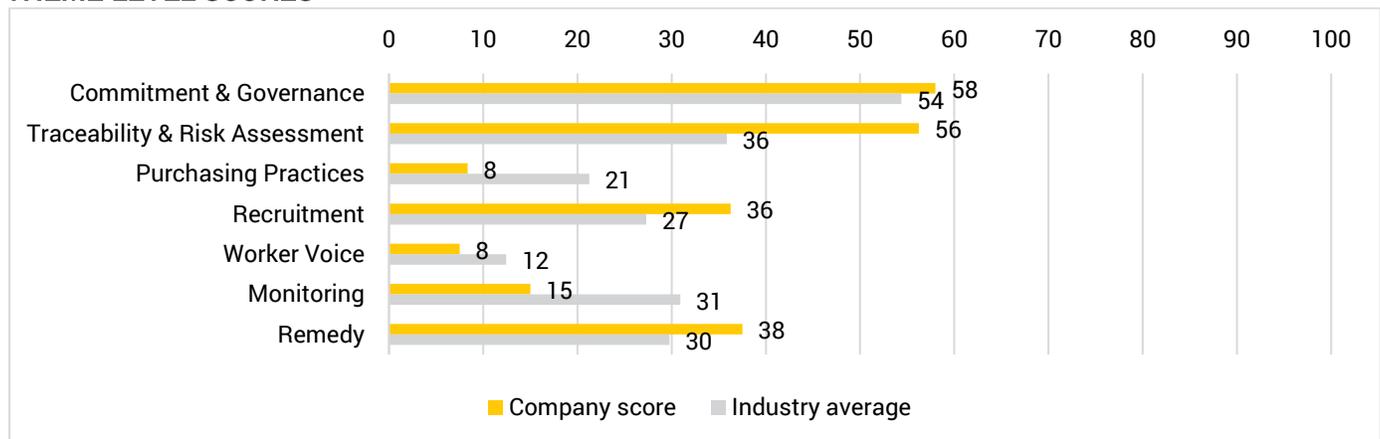
OVERALL SCORE

31 out of 100

SUMMARY

Taiwan Semiconductor Manufacturing Co. Ltd. (TSMC), the world's biggest semiconductor foundry,¹ ranks 20th out of 49 companies, disclosing more information on its forced labor policies and practices than its peers on all themes except Purchasing Practices, Worker Voice, and Monitoring. Compared to 2018, the company's rank decreased from eight to twentieth. This is because the company does not seem to have taken additional steps to strengthen its performance and disclosure. The company's score is based on its good performance on the themes of Commitment & Governance and Traceability & Risk Assessment. The company is encouraged to improve its performance and disclosure on the themes of Commitment & Governance (in particular on training where it scored zero), Purchasing Practices, and Worker Voice.

THEME-LEVEL SCORES



Research conducted through October 2019 or through January 2020, where companies provided additional disclosure or links. For more information, see the full dataset [here](#). For information on a company's positive and negative human rights impact, see the Business & Human Rights Resource Centre [website](#).

KEY DATA POINTS**SUPPLIER LIST**

No

NO-FEE POLICY

Yes (Employer Pays Principle)

AVERAGE SUPPLIER SCORE

N/A

REMEDY FOR SUPPLY CHAINS WORKERS

Yes

HIGH-RISK SOURCING COUNTRIESChina, Malaysia²

LEADING PRACTICES

None.

NOTABLE FINDINGS

Commitment & Governance: TSMC discloses its supplier code of conduct, which prohibits forced labor. The code includes a requirement for cascading the standards to the next tier of suppliers. The company also discloses that it has a supplier counselling team that is responsible for ensuring compliance with the supplier code.

Traceability & Risk Assessment: The company discloses a risk assessment process for its suppliers, which uses research on forced labor by stakeholders such as the NGO China Labor Watch, the labor consultancy Verité, and the US Department of State. It includes self-assessment questionnaires from suppliers. Its team also identifies high-risk suppliers. The company states that it designates its suppliers operating in mainland China, Taiwan, and Malaysia as high risk.

Recruitment: The company's supplier code prohibits the charging of recruitment fees to workers and requires that fees are reimbursed where they have been paid. It discloses evidence of the implementation of this policy, reporting that 360 migrant workers in its supply chains have been repaid approximately US\$185,000 in fees. TSMC's supplier code also prohibits the retention of workers' passports, and the company states that 100% of suppliers that were found to have violated the passport retention policy have now eradicated the practice.

OPPORTUNITIES FOR IMPROVEMENT

Commitment & Governance: The company may consider establishing training programs to ensure that relevant decision-makers within the company and its supply chains are aware of the risks related to forced labor and human trafficking and are effectively implementing the company's policies. It is also encouraged to engage in capacity building so that its suppliers can cascade its supply chain policies that address forced labor and human trafficking to their own supply chains and/or train suppliers below the first tier on such policies.

Purchasing Practices: The company is encouraged to assess the risks of forced labor at potential suppliers before entering into contracts with them and to disclose the outcomes of this process. To enforce its expectations with its existing suppliers, the company may consider integrating its supply chain policies addressing forced labor and human trafficking into contracts with its suppliers and requiring suppliers to do the same.

Worker Voice: While the company's supplier code requires suppliers to put in place a grievance mechanism, the company may consider taking steps to ensure that such mechanisms are communicated to its suppliers' workers and to disclose data about the practical operation of the mechanism, such as the number of grievances filed by suppliers' workers. Further, the company is encouraged to take steps to ensure that workers in its supply chains are educated on their rights and are able to exercise their right to freedom of association and collective bargaining.

ENGAGED WITH KNOWTHECHAIN

Informal (i.e., engaged outside the formal three months engagement period) .

¹ Electronics Weekly (7 August 2019), "[Top Ten Foundries.](#)"

² The US Department of Labor lists China and Malaysia as countries where electronics may be produced using forced labor. US Department of Labor (20 September 2018), "[List of Goods Produced by Child Labor or Forced Labor.](#)"