

Taiwan Semiconductor Manufacturing Co. Ltd. (TSMC)

TICKER
 2330

MARKET CAPITALIZATION
 US\$556.4 billion

HEADQUARTERS
 Taiwan

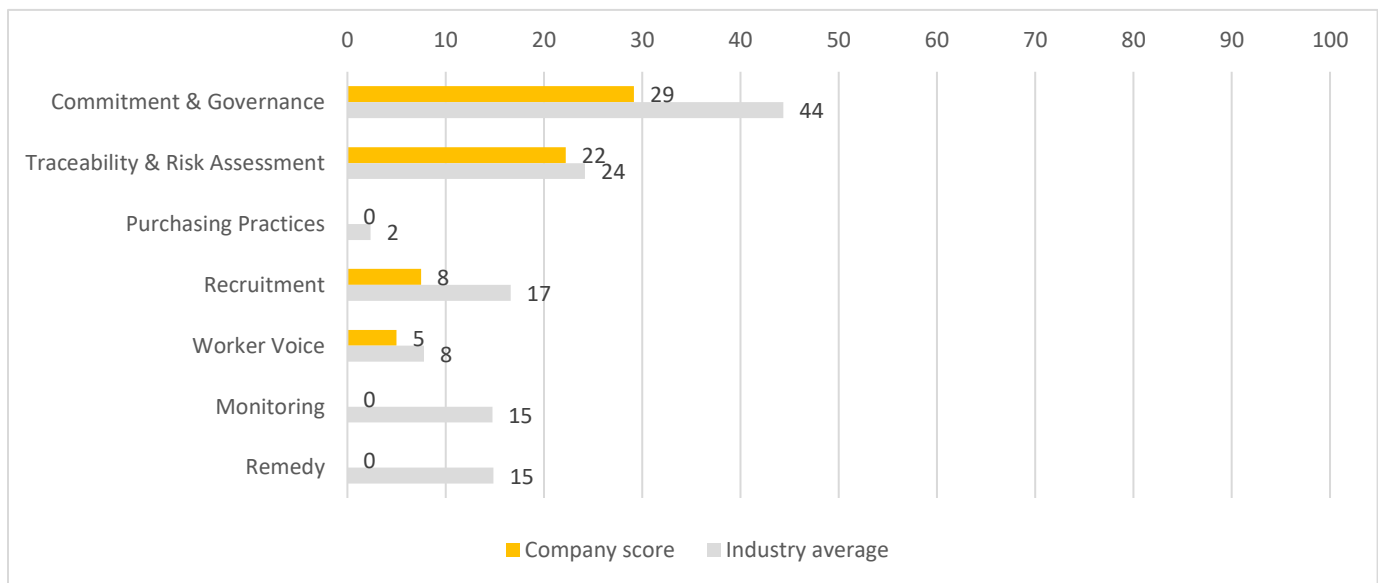
DISCLOSURES
UK Modern Slavery Act: Not applicable

California Transparency in Supply Chains Act: Not applicable

Australia Modern Slavery Act: Not applicable

OVERALL RANKING
35 out of 60

(2020 Rank: 20 out of 49)

OVERALL SCORE
12 out of 100
THEME-LEVEL SCORES

KEY DATA POINTS
SUPPLIER LIST
 No

RISK ASSESSMENT
 No

ENGAGED WITH KNOWTHECHAIN¹
 No

NO-FEE POLICY

Yes (Employer Pays Principle)

REMEDY FOR SUPPLY CHAIN WORKERS
 No

HIGH-RISK SOURCING COUNTRIES
 Likely China and/or Malaysia²

SUMMARY

Taiwan Semiconductor Manufacturing Co. Ltd. (TSMC), the world's largest semiconductor foundry,³ ranks 35th out of 60 companies. Since 2020, the company has improved on the theme of Commitment & Governance, disclosing that it has established training programmes on its supplier code of conduct addressing forced labour for suppliers. However, the company did not improve disclosure or practice across other themes. It performed particularly poorly on the themes of Purchasing Practices, Monitoring, and Remedy, scoring zero. As such, its rank has dropped by 15 places since 2020.⁴ The company is encouraged to improve its performance and disclosure on the themes of Traceability & Risk Assessment, Monitoring, and Remedy.

LEADING PRACTICES

None.

OPPORTUNITIES FOR IMPROVEMENT

Traceability & Risk Assessment: The company is encouraged to assess and disclose forced labour risks across different tiers of its supply chains and disclose how it engages with relevant stakeholders to address forced labour risks identified. The company is further encouraged to demonstrate a strong understanding of its supply chains by disclosing the names and addresses of its first-tier suppliers.

Monitoring: The company discloses the use of supplier audits, but it does not disclose information on its monitoring methodology. The company is encouraged to adopt and disclose a supplier monitoring process to verify that its suppliers are compliant with its supply chain policies. Implementing specific practices, such as interviewing workers and, in particular, using worker-driven monitoring (i.e., monitoring undertaken by independent organisations that includes worker participation and is guided by workers' rights and priorities), may help the company detect forced labour risks in its supply chains. Disclosing information on the results of its monitoring efforts, such as a breakdown of findings, assures stakeholders that the company has strong monitoring processes in place.

Remedy: The company may consider establishing a process to ensure that remedy is provided to workers in its supply chains in cases of forced labour and disclosing details on this process, such as responsible parties, approval procedures, timeframes, and, crucially, engagement with affected stakeholders. To demonstrate to its stakeholders that it has an effective remedy process in place, the company is encouraged to disclose examples of remedy provided to its suppliers' workers.

¹ For further details on high-risk raw materials and sourcing countries, see KnowTheChain's [2022 ICT benchmark findings report](#). Research conducted through June 2022 or through September 2022, 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](#).

² Most electronic devices are produced at least in part in China and/or Malaysia, two countries where electronics may be produced using forced labour. KnowTheChain (June 2020), "[2020 KTC ICT Benchmark Report](#)."

³ Investopedia (23 August 2022), "[10 Biggest Semiconductor Companies](#)." Accessed 6 December 2022.

⁴ KnowTheChain's 2022-23 benchmarks use a revised methodology which prioritises a focus on the implementation of policies and processes and the outcomes they result in, as well as integrating a stronger focus on stakeholder engagement. See [here](#) for more information.