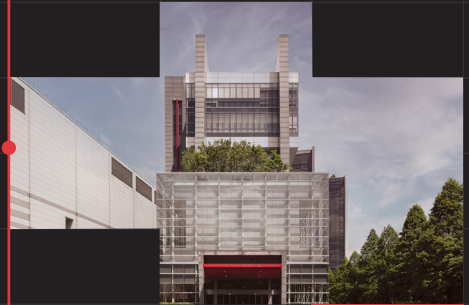
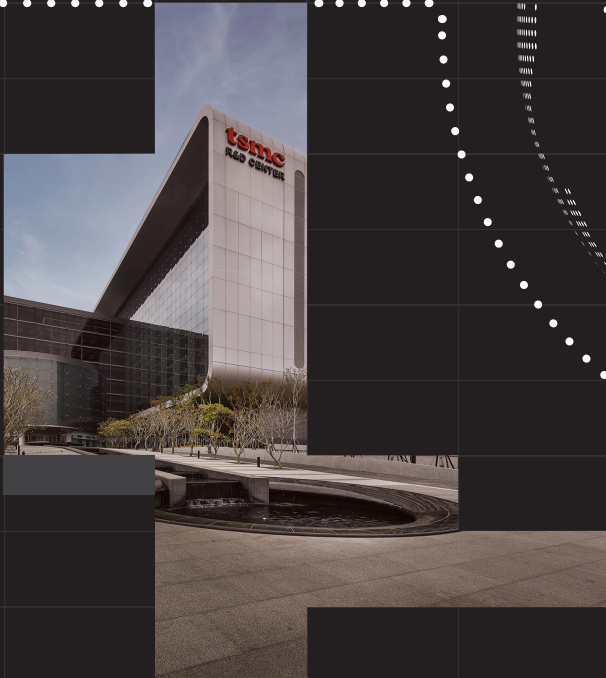
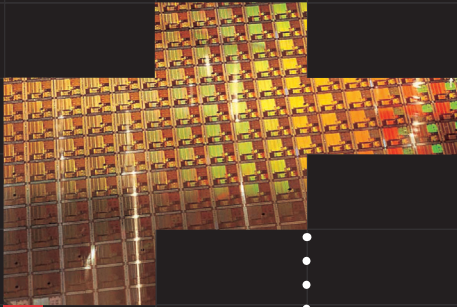




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ANNUAL REPORT 2025



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TSMC's depository receipts of the common shares are listed on New York Stock Exchange (NYSE) under the symbol TSM. The information relating to TSM is available at <https://www.nyse.com> and <https://mops.twse.com.tw>

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TSMC Vision, Mission & Core Values

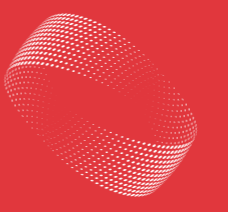
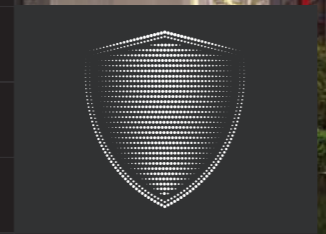
TSMC's Vision

Our vision is to be the most advanced and largest technology and foundry services provider to fab-less companies and IDMs, and in partnership with them, to forge a powerful competitive force in the semiconductor industry. To realize our vision, we must have a trinity of strengths:

1. Be a technology leader, competitive with the leading IDMs
2. Be the manufacturing leader
3. Be the most reputable, service-oriented and maximum-total-benefits silicon foundry

TSMC's Mission

Our mission is to be the trusted technology and capacity provider of the global logic IC industry for years to come.



TSMC's Core Values

Integrity

Integrity is our most basic and most important core value. We tell the truth. We believe the record of our accomplishments is the best proof of our merit. Hence, we do not brag. We do not make commitments lightly. Once we make a commitment, we devote ourselves completely to meeting that commitment. We compete to our fullest within the law, but we do not slander our competitors and we respect the intellectual property rights of others. When selecting new employees, we place emphasis on the candidates' qualifications and character, not connections or access.

Commitment

TSMC is committed to the welfare of customers, suppliers, employees, shareholders, and society. These stakeholders all contribute to TSMC's success, and TSMC is dedicated to serving their best interests. In return, TSMC hopes all these stakeholders will make a mutual commitment to the Company.

Innovation

Innovation is the wellspring of TSMC's growth, and is a part of all aspects of our business, from strategic planning, marketing and management, to technology and manufacturing. At TSMC, innovation means more than new ideas, it means putting ideas into practice.

Customer Trust

At TSMC, customers come first. Their success is our success, and we value their ability to compete as we value our own. We strive to build deep and enduring relationships with our customers, who trust and rely on us to be part of their success over the long term.



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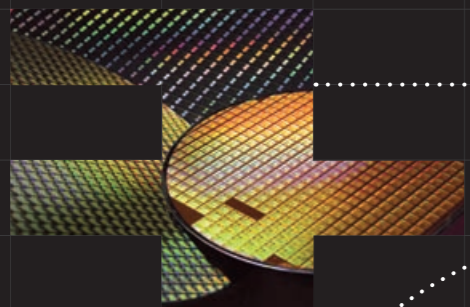
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CHAPTER



1

Letter to Shareholders

TSMC's Mission

Our mission is to be the trusted technology and capacity provider of the global logic IC industry for years to come.

Dear Shareholders,

2025 was another strong year for TSMC. We observed robust AI-related demand throughout the year, while non-AI end market segments bottomed out and witnessed a mild recovery. Concluding 2025, the Foundry 2.0 industry increased 16% year-over-year. Supported by our strong technology differentiation and broad customer base, TSMC's revenue increased 35.9% year-over-year in US dollar terms, and both our revenue and EPS set new record highs.

In 2025, developments in the AI market continued to be very positive. The explosive growth in token volume demonstrates increasing consumer AI model adoption. Enterprise AI is another source of demand as companies such as TSMC leverage AI internally to drive greater productivity and efficiency to create more value. In addition, we continue to observe the rising emergence of Sovereign AI.

Thus, our conviction in the AI megatrend is strengthening, and we believe the demand for semiconductors is very fundamental.

As a Foundry, our biggest responsibility is to support our customers with the most advanced technologies and necessary capacity to unleash their innovations.

We continued to invest in R&D and technology development to support our customers' growth. Demand for our advanced technologies, defined as 7-nanometer and more advanced technologies, continued to be robust, driven by smartphone, High Performance Computing (HPC), Automotive and Internet of Things (IoT) applications. In its third full year of volume ramp, 3-nanometer technologies represented 24% of our total wafer revenue in 2025.

Our 2-nanometer technology successfully entered high volume manufacturing in 4Q'25, with good yield, and we expect a fast ramp in 2026. With our strategy of continuous enhancements, we also introduce N2P and A16 as extensions of our N2 family. N2P features further performance and power benefits, on top of N2. A16 features our best-in-class Super Power Rail, or SPR, and is best-suited for specific HPC products with complex signal routes and dense power delivery networks. Volume production for both N2P and A16 is scheduled for the second half of 2026.

Featuring our second generation nanosheet transistor structure, A14 will be another full-node stride from N2, with performance and power benefits to address the increasing structural need for high performance and energy-efficient computing. A14 technology development is progressing well, and volume production is scheduled for 2028.

We are also developing advanced packaging and 3D chip stacking technologies, including CoWoS®, InFO, TSMC-SolC® (System on Integrated Chips) and TSMC-COUPETM (Compact Universal Photonic Engine), to enable large-scale interconnectivity for lower power consumption at affordable costs to support our customers' needs.

On mature nodes, we are working closely with strategic customers to develop specialty technology solutions that meet their specific requirement. These partnerships enable us to create technology differentiation and provide long-lasting value to customers.

We believe our advanced process technologies, specialty technologies, and advanced packaging and chip stacking solutions lead the industry in addressing the insatiable demand for energy-efficient computing, and will further extend our technology leadership position well into the future.

To address the structural increase in the long-term market demand profile, TSMC works closely with our customers and our customers' customers to plan our capacity, while sticking to our disciplines. We focus on the overall addressable megatrend to determine the appropriate capacity to build, and are investing in leading edge, specialty and advanced packaging technologies to support our customers' growth.

Part of this strategy includes expanding our global manufacturing footprint based on our customers' needs, as they value some geographic flexibility, and a necessary level of government support. This is to maximize the value for our shareholders.

In March of 2025, we announced an additional investment plan to further expand in the United States, to support the strong multi-year demand from our customers. We are making tangible progress in Arizona, speeding up our capacity expansion and executing well to our plan.

Our first fab has already successfully entered high volume production in 4Q'24, with good yield. We are pulling forward the production schedule of our second fab, and expect to enter high volume manufacturing in the second half of 2027. Construction of our third fab has also begun in 2025.

Furthermore, we have just completed the purchase of a second large piece of land nearby, to support our current expansion plans and provide more flexibility in response to the very strong multi-year AI-related demand.

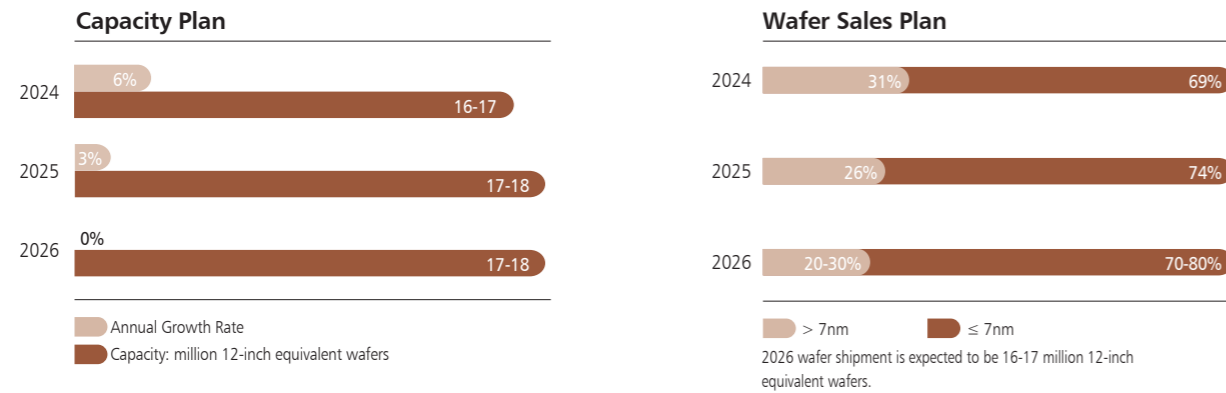
Our plan will enable TSMC to scale up to an independent GIGAFAB® cluster in Arizona, to support the needs of our leading-edge customers in smartphone, AI and HPC applications.

In Japan, our first specialty technology fab in Kumamoto began volume production at the end of 2024, with very good yield. We are now planning to use 3nm process technology for production at JASM's second fab, currently under construction in Kumamoto, to meet strong demand driven by AI. In Europe, we are progressing smoothly with our plans to build a specialty technology fab in Dresden, Germany, focusing on automotive and industrial applications.

In Taiwan, we are preparing multiple phases of 2nm fabs in both Hsinchu and Kaohsiung Science Parks. We will continue to invest in leading edge and advanced packaging facilities in Taiwan over the next several years across several locations, with a strong emphasis on construction site safety.

By expanding our global footprint while continuing to invest in Taiwan, TSMC can continue to be the trusted technology and capacity provider of the global logic IC industry for years to come.

We also made significant progress towards our sustainability targets in 2025. In April, we announced our commitment to



the Science Based Targets Initiative (SBTi), setting key milestones to meet on our way to reaching 100% renewable energy by 2040, and net-zero emissions by 2050.

Highlights of TSMC’s accomplishments in 2025:

- Total wafer shipments were 15.0 million 12-inch equivalent wafers as compared to 12.9 million 12-inch equivalent wafers in 2024.
- Advanced technologies (7-nanometer and beyond) accounted for 74 percent of total wafer revenue, up from 69 percent in 2024.
- We deployed 305 distinct process technologies, and manufactured 12,682 products for 534 customers.

2025 Financial Performance

Consolidated revenue reached NT\$3,809.05 billion, an increase of 31.6 percent over NT\$2,894.31 billion in 2024. Net income was NT\$1,717.88 billion and diluted earnings per share were NT\$66.25. Both increased 46.4 percent from the 2024 level of NT\$1,173.27 billion net income and NT\$45.25 diluted EPS.

In US dollar terms, TSMC generated net income of US\$55.21 billion on consolidated revenue of US\$122.42 billion, which increased 51.2 percent and 35.9 percent respectively from the 2024 level of US\$36.52 billion net income and US\$90.08 billion consolidated revenue.

Gross profit margin was 59.9 percent as compared with 56.1 percent in 2024, while operating profit margin was 50.8 percent compared with 45.7 percent a year earlier. Net profit margin was 45.1 percent, an increase of 4.6 percentage points from 2024’s 40.5 percent.

In 2025, the Company further raised its total cash dividend payments to NT\$18.0 per share, up from NT\$14.0 a year ago.

Outlook

Entering 2026, we expect AI-related demand to continue to be robust, even as macroeconomic uncertainties persist. Underpinned by strong demand for our leading-edge, specialty and advanced packaging technologies, we are confident we can continue to outperform the industry growth.

Looking ahead, we observe increasing AI model adoption across Consumer, Enterprise and Sovereign AI segments. This

is driving need for more and more computation, which supports the robust demand for leading-edge silicon.

We are entering an AI-empowered world, where artificial intelligence not only runs in datacenters, but will run in PCs, smartphones, automobiles, and even IoT devices in the future.

Our success is predicated on our steadfast adherence to the pure-play foundry business model. We will continue to invest in technology and capacity to support our customers’ growth, while sticking to our disciplines to ensure we earn a sustainable and healthy return for our shareholders.

TSMC’s mission is to be the trusted technology and capacity provider for the global logic IC industry for years to come. We will focus on the Fundamentals of Our Business – Technology Leadership, Manufacturing Excellence, and Customer Trust – to further strengthen our competitive position, while serving our customers and enabling them to be successful.

In an ever-changing world, we will remain faithful to our core values of Integrity, Commitment, Innovation, and Customer Trust to navigate the uncertainties. We do not take our responsibilities lightly, and we will continue to focus on investing in technology and capacity to support our customers’ growth, while delivering profitable growth and maximizing the value to our shareholders. Thank you for your support, and we look forward to growing together in the years to come.



C.C. Wei
Chairman and Chief Executive Officer

TSMC Financial, Operational, and Sustainability Performance Highlights

FINANCIAL RESULTS

Consolidated revenue reached a record high of **NT\$3,809.05 billion**, marking an increase of **31.6%** compared to 2024

Gross profit margin was **59.9%**

Supply chain decarbonization subsidies expanded to NT\$160 million, targeting **80,000 metric tons** of carbon reduction.

Committed to carbon reduction targets in line with Science Based Targets Initiative **(SBTi)**

Advanced technologies (7-nanometer and beyond) accounted for **74%** of total wafer revenue

TSMC's total wafer shipments were **15.0 million** 12-inch equivalent wafers.

Diluted earnings per share reached a record high of **NT\$66.25**.

Total cash dividend payments raised to **NT\$18.0** per share, up from NT\$14.0 a year ago.

>20% of the electricity consumption at all company operational sites comes from renewable energy

Net Zero by 2050

Selected to the Dow Jones Best-in-Class World Indices once again, becoming the only semiconductor company to be included for **24** consecutive years^{note}

Manufactured **12,682** different products using **305** distinct technologies for **534** different customers.

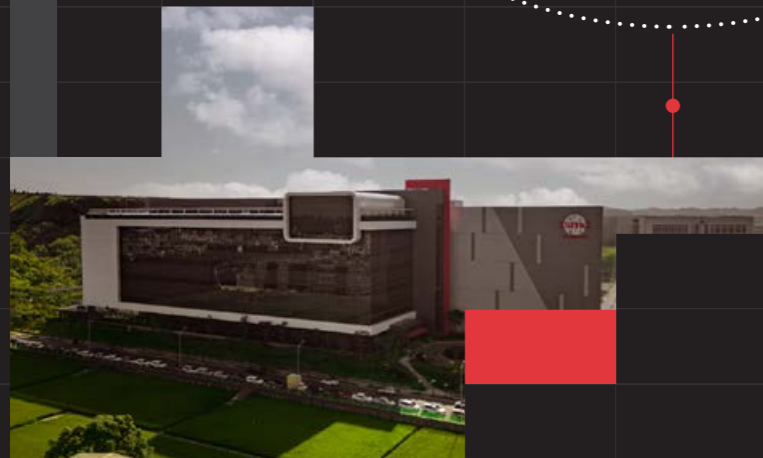
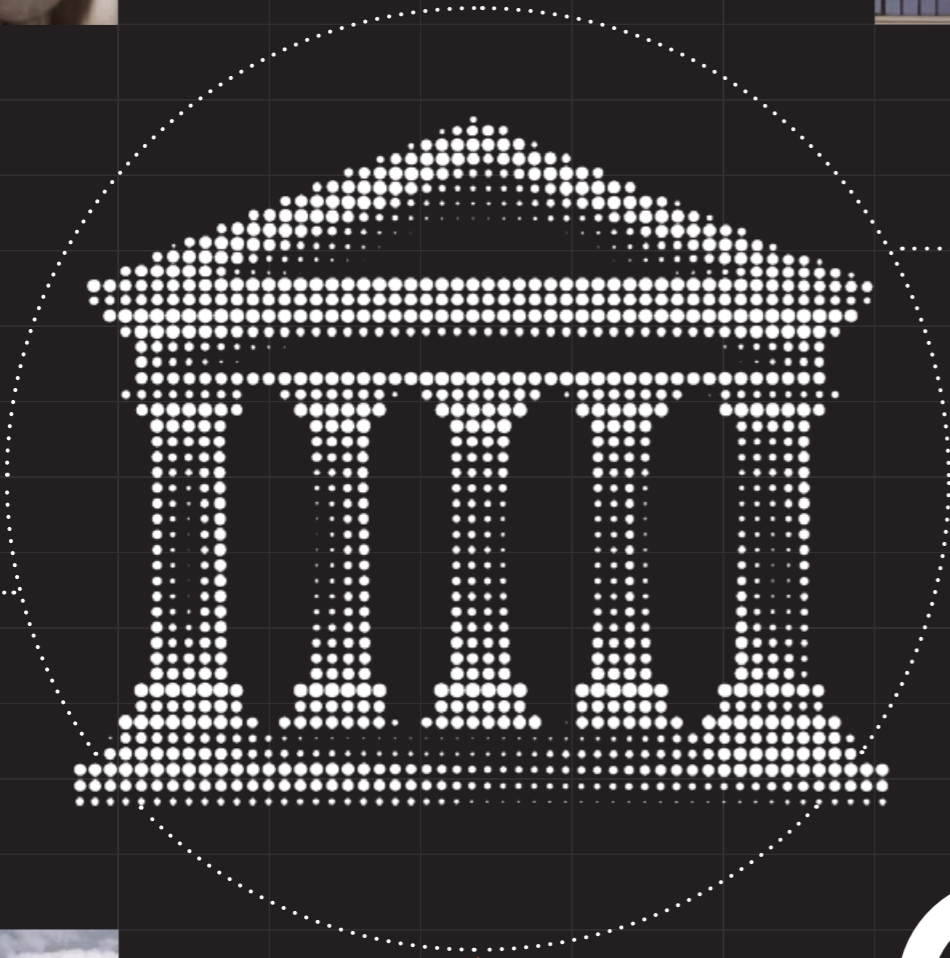
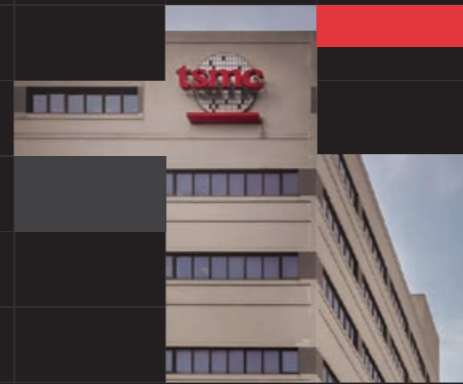
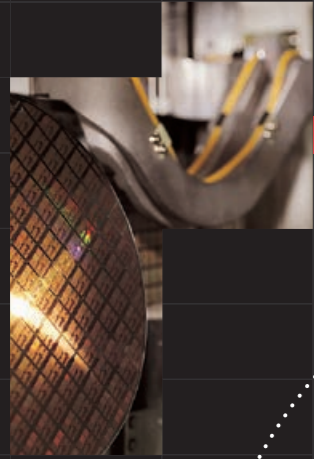
N2 technology successfully entered high volume manufacturing with good yield

Investment in R&D reached **US\$7.92 billion**

Net income was **NT\$1,717.88 billion**, up **46.4%** from 2024.

Note: Formerly the Dow Jones Sustainability World Index. As of March 2026, the Dow Jones Best-in-Class Indices' 2025 constituents have not been announced.

CHAPTER



Company Profile

TSMC's total wafer shipments were 15 million 12-inch equivalent wafers in 2025.

2.1 An Introduction to TSMC

Established in 1987 and headquartered in Hsinchu Science Park, Taiwan, TSMC pioneered the pure-play foundry business model with an exclusive focus on manufacturing its customers' products. By choosing not to design, manufacture or market any semiconductor products under its own name, the Company ensures that it never competes with its customers. Based on this founding principle, the key to TSMC's success has always been to enable its customers' success. TSMC's foundry business model has led to the rise of the global fabless industry and, since its inception, TSMC has been a world-leading semiconductor foundry. In 2025, the Company manufactured 12,682 different products using 305 distinct technologies for 534 different customers.

TSMC-made semiconductors serve a global customer base that is large and diverse, entailing a wide range of applications. The Company's semiconductor products are used in a variety of end markets including high performance computing (HPC), smartphones, the Internet of Things (IoT), automotive, and digital consumer electronics. Such strong diversification helps to smooth fluctuations in demand, which in turn allows TSMC to maintain high levels of capacity utilization and profitability, and generate healthy returns for future investment.

The annual capacity of the manufacturing facilities managed by TSMC and its subsidiaries exceeded 17 million 12-inch equivalent wafers in 2025. These facilities include four 12-inch wafer GIGAFAB® fabs, four 8-inch wafer fabs, and one 6-inch wafer fab – all in Taiwan – as well as two 12-inch wafer fabs at two wholly owned subsidiaries – TSMC Nanjing Company Limited and TSMC Arizona Corporation – one 12-inch wafer fab at a TSMC's majority-owned manufacturing subsidiary – Japan Advanced Semiconductor Manufacturing, Inc. (JASM) – and two 8-inch wafer fabs at two wholly owned subsidiaries – TSMC Washington and TSMC China Company Limited.

TSMC Arizona's first facility began volume production of 4nm technology in fourth quarter of 2024. The construction of the second facility has been completed and it is in the process of installing facility systems to produce 3-nanometer and more advanced technologies. In 2025, TSMC Arizona started construction of a third facility. Also in 2025, TSMC announced its intention to expand its investment in advanced semiconductor manufacturing in the United States, including

plans for three additional fabrication plants, two advanced packaging facilities and a major R&D team center.

JASM started volume production in its first facility at the end of 2024 and began construction of a second facility in 2025. With both fabs, JASM's Kumamoto site plans to offer 40, 22/28, 12/16, 6/7 and 3 nanometer process technologies for automotive, industrial, consumer electronics and HPC-related applications.

The Company began construction of a specialty technology fab in Dresden, Germany, in 2024. This facility will manufacture TSMC's 28/22 nanometer planar CMOS and 16/12 nanometer FinFET process technologies.

Outside of Taiwan, TSMC provides customer support, account management and engineering services through its offices in North America, Europe, Japan, China, and South Korea. At the end of 2025, the Company and its subsidiaries employed more than 90,000 people worldwide.

The Company is listed on the Taiwan Stock Exchange (TWSE) under ticker number 2330, and its American Depositary Shares (ADSs) are traded on the New York Stock Exchange (NYSE) under the symbol TSM.

2.2 Market/Business Summary

2.2.1 TSMC Achievements

The Company's strong market position stems in great part from its leadership in advanced process technologies. In 2025, 74% of TSMC's wafer revenue came from advanced manufacturing processes – defined as geometries of 7nm and smaller – up from 69% in 2024.

TSMC offers a comprehensive technology portfolio and continues to expand its advanced technologies, specialty technologies, and advanced silicon stacking and packaging technologies, to meet customer demand and provide more added value.

In addition to its leadership in advanced process and specialty technologies, TSMC offers TSMC 3DFabric®, a comprehensive family of 3D silicon stacking and advanced packaging solutions to complement its process technology offerings. TSMC 3DFabric® solutions provide customers greater chip design

flexibility to unleash innovation and is another differentiating competitive advantage for the Company.

2.2.2 Market Overview

TSMC estimates that the worldwide semiconductor market excluding memory reached US\$611 billion in revenue in 2025, representing a 19% increase from 2024. As for the foundry sector, the Company has expanded the original definition to Foundry 2.0, which now also includes packaging, testing, mask-making, and other related technologies, as well as all integrated device manufacturing (IDMs) excluding memory. Going forward all references to the foundry segment will use the new Foundry 2.0 definition as it more accurately reflects TSMC's addressable market opportunities. The size of this foundry sector is estimated to have reached US\$305 billion in 2025, representing 16% growth from 2024.

2.2.3 Industry Outlook, Opportunities and Threats

Foundry Industry Demand and Supply Outlook

In 2025, TSMC's revenues in the foundry segment further accelerated following a strong rebound in 2024. AI deployments remained strong throughout the year, driving robust demand for advanced node semiconductor chips and benefitting foundry players like TSMC with leadership positions in both advanced process technologies and advanced packaging technologies. In addition, end demand for smartphones and personal computers were healthy, while other markets such as the Internet of Things (IoT), automotive and industrial also recovered from the inventory correction cycle in 2023 and 2024.

Looking ahead to 2026, global trade conflicts and protectionism persist, presenting risks and uncertainties to the end demand of electronic equipment. Nonetheless, TSMC expects the strong demand for AI to continue, while other non-AI markets are expected to be softer. The Company also anticipates continued strong demand for advanced nodes and advanced packaging. In mature technologies, overall demand is expected to improve with post-inventory digestion, though increased capacity, especially in China, will challenge non-China foundries, including TSMC. For the longer term, driven by the megatrends of AI, 5G/6G, digital transformation and increasing semiconductor content in most electronic equipment, TSMC projects approximately 10% compound annual growth for the worldwide semiconductor market excluding memory through 2030.

As an upstream supplier in the semiconductor supply chain, the foundry segment is tightly correlated with the market health of all major end markets including high performance computing (HPC), smartphones, IoT, automotive, and digital consumer electronics (DCE).

• High Performance Computing (HPC)

The HPC platform includes PCs, tablets, game consoles, servers, base stations and more. Major HPC unit shipments grew by 9% in 2025 driven by PC upgrades and strong commercial demand, the introduction of new game console models, and most importantly, the continued strong momentum for AI-equipped servers and data centers, spurred by the proliferation of AI applications, especially generative AI.

For 2026, TSMC projects a decline for PCs but low teens growth for server shipments, driven by the intensifying AI arms race. Longer term, a more intelligent, more connected world will create greater demand for massive computing power as well as increasingly energy-efficient computing. Both trends require higher performance and more power-efficient central processing units (CPUs), graphics processing units (GPUs), network processing units (NPUs), and AI-related, application-specific integrated circuits (ASICs), all of which will drive the overall HPC platform towards richer silicon content, more advanced process technologies and advanced 3D packaging. These trends are all favorable to TSMC given its technological leadership in each of these areas.

• Smartphones

The smartphone market showed continued growth in 2025, with unit shipment up around 3%. This moderate increase is primarily attributable to continued 5G commercialization globally, rising demand from emerging countries, as well as sustained cyclical replacement demand. The subsidy program in China also boosted the smartphone sales. Looking ahead to 2026, smartphone growth is anticipated to decline reflecting the negative impact of memory shortage and price increases. Nevertheless, the long-term outlook remains positive, as the continued transition to 5G, along with the constant demand for improved performance, longer battery life, advanced biosensors and expanded edge AI features, will collectively fuel sustained smartphone growth.

High performance and power efficient IC technologies are essential requirements for handset manufacturers. Highly integrated chips and advanced packaging designs are the

preferred solutions for optimizing cost, power and form factors (IC footprint and thickness). The imperative for higher performance chips, which are essential for executing edge AI applications, performing complex software computations, and managing high-resolution images and video, will continue to drive the adoption of advanced technologies. As an acknowledged leader in process technology for manufacturing highly integrated chips and advanced packaging designs, TSMC is exceptionally well-positioned to serve the evolving needs of the smartphone market.

● Internet of Things (IoT)

The IoT market rebounded from a sluggish 2024 to achieve 11% unit shipment growth in 2025. The increase was broad based and included personal connected devices such as wearables (e.g. AI glasses and smartwatches), smart homes (smart appliances with edge AI capability), smart cities, and industrial IoT applications (smart retails, energy monitoring and manufacturing automation). This healthy growth momentum is expected to continue into 2026 with high single digit growth. For the longer term, as more AI connectivity and interoperability features are integrated into IoT devices, the overall IoT market is expected to continue experiencing high unit growth.

The increasing AI integration and power efficiency demands of IoT devices drive the need for high-performance, low-power chips. TSMC meets these evolving requirements through its comprehensive portfolio of manufacturing processes, including cost-effective advanced technology and industry-leading ultra-low power (ULP) technologies to support customers' product innovations for the artificial intelligence of things (AIoT).

● Automotive

The automotive market experienced a healthy recovery in 2025, with global unit production rising 3%. This growth was primarily supported by government subsidy programs and pre-emptive purchases spurred by tariff uncertainties. For 2026, TSMC projects flat to slight decline in car unit production and anticipates a challenging environment due to macroeconomic uncertainties and the diminishing impact of subsidies and pull-in purchases.

For the longer term, the automotive megatrends of "greener, safer and smarter" will continue to accelerate the adoption of electric vehicles (EVs), advanced driver assistance systems (ADAS) and smart cockpit/infotainment systems. These increasingly sophisticated systems will further boost demand for application processor (AP), microcontroller unit (MCU), in-car networking, sensors, and power management ICs (PMICs), thereby continuously increasing the silicon content per car. TSMC is uniquely positioned to support the automotive industry's transition by providing advanced process technologies and manufacturing solutions that enable customers to develop highly competitive products. In addition, TSMC also offers a range of automotive-grade manufacturing processes, including those with AEC-Q100 and ISO 26262 certification, to ensure the highest levels of quality and reliability for automotive applications.

● Digital Consumer Electronics (DCE)

The overall DCE market contracted slightly in 2025. Persistent structural headwinds, including evolving consumer behavior, shifts in screen time allocation, and the increasing integration of functions into mobile products, depressed demand for several major DCE products such as set-top boxes (STBs) and digital still cameras (DSCs). Digital TV shipments, another key DCE product, remained largely flat, partly due to a pull-in effect from China's subsidy program initiated in the second half of 2024.

Moving to 2026, although major sporting events such as the FIFA World Cup and Winter Olympics may stimulate DTV and STB demand to some extent, the overall DCE market is projected to be flat to down slightly due to persistent structural headwinds and an unfavorable memory pricing environment. Despite this soft market, TSMC's advanced process technologies will remain crucial, enabling its customers to develop distinctive and innovative products.

Supply Chain

The electronics industry features a long and complex supply chain, the elements of which are correlated and highly interdependent. At the upstream manufacturing level, IC vendors need to have sufficient and flexible supply deliveries to cope with fluctuating demand dynamics. Foundry vendors play an important role in maintaining the health and effectiveness

of the supply chain. As a leader in the foundry segment, TSMC provides advanced technologies and large-scale capacity to complement the innovations created in the downstream chain.

2.2.4 TSMC Position, Differentiation and Strategy

Position

TSMC is a global semiconductor foundry leader in advanced and specialty technologies as well as advanced packaging technologies. In 2025, the Company accounted for 40% of the Foundry 2.0 industry. This was an increase from 34% in 2024. Net revenue by geography, calculated mainly on the country in which customer companies are headquartered, was: 75% from North America; 9% from the Asia Pacific region excluding China and Japan; 9% from China; 4% from Japan; and 3% from Europe, the Middle East and Africa. Net revenue by platform was: 58% HPC; 29% smartphones; 5% the IoT; and 5% automotive. In addition, 1% came from DCE, while other segments accounted for the remaining 2%.

Differentiation

TSMC's leadership position is based on three defining competitive strengths and a business strategy deeply rooted in its heritage. The Company distinguishes itself through its unwavering focus on technology leadership, manufacturing excellence, and customer trust.

As a technology leader, TSMC is consistently first among dedicated foundries to provide leading-edge, next-generation technologies. The Company also maintains a leadership position in more mature technologies by applying the lessons learned in developing advanced technologies to enrich its specialty technologies. Beyond process technology, TSMC has established frontend and backend integration capabilities including packaging, testing, and advanced system integration, to create the optimum power, performance, and area (PPA) "sweet spot" to help customers achieve faster time-to-production.

Widely recognized for its industry-leading manufacturing capabilities, TSMC's leadership is further enhanced through its Open Innovation Platform® collaboration alliance and Grand Alliance initiatives. The Company's Open Innovation Platform® collaboration alliance initiative accelerates the pace

of innovation in the semiconductor design community and among the Company's ecosystem partners, as well as in its own IP, design-technology co-optimization (DTCO) capabilities, advanced process technology, and system-technology co-optimization (STCO) with advanced packaging services. A key element to this is a set of ecosystem interfaces and collaborative components initiated and supported by the Company to more efficiently empower innovation throughout the supply chain. The TSMC Grand Alliance is one of the most powerful forces for innovation in the semiconductor industry, bringing together customers, providers of electronic design automation (EDA) tools, IP's, design services and cloud infrastructure, and partners in the TSMC 3DFabric® alliance, which also includes equipment and material suppliers – all to achieve new, higher levels of collaboration. Through this ecosystem, the Grand Alliance seeks to help both customers and alliance members accelerate innovation, reduce development costs, increase interoperability, and enable new architectures and systems, while ensuring TSMC's competitiveness in winning business.

The foundation for customer trust is a commitment TSMC made when it opened for business in 1987 to never compete with its customers. In keeping this commitment, the Company has never designed, manufactured or marketed any integrated circuits or IC devices under its own name, but instead has focused all of its efforts and resources on becoming the trusted foundry for its customers.

Strategy

TSMC is confident that its competitive advantages will enable it to prosper from the foundry segment's many attractive growth opportunities. For the five major markets, namely high performance computing, smartphones, the Internet of Things, automotive, and digital consumer electronics, and in response to the fact that the focus of customer demand is shifting from a process-technology-centric to a product-application-centric approach, the Company has constructed five corresponding technology platforms to provide customers with comprehensive, competitive logic process technologies, specialty technologies, IPs and packaging and testing technologies to shorten customers' time-to-design and time-to-market. These five platforms are:

High Performance Computing (HPC): Driven by data explosion and AI application innovation, HPC has become the key growth driver for TSMC's business. TSMC provides customers, including both fabless IC design companies and systems companies, with leading-edge logic process technologies such as 2nm nanosheet (N2), 3nm FinFET (N3), 4nm FinFET (N4), 5nm FinFET (N5), 6nm FinFET (N6), and 7nm FinFET (N7), as well as comprehensive IPs including high-speed interconnect IPs, to meet customers' product requirements for transferring and processing vast amounts of data anywhere at any time. Specifically, the Company introduced its HPC-focused technologies such as N4X, N3X, and N2X, representing the ultimate performance and maximum clock frequencies in TSMC's 5nm, 3nm, and 2nm families, respectively. Based on advanced process nodes, a variety of HPC products have been launched, such as AI accelerators, including AI GPUs and AI ASICs, PC CPUs, consumer GPUs, field programmable gate arrays (FPGAs), server processors, and high-speed networking chips, etc. These products can be used in current and future 5G/6G infrastructures, AI, cloud, and enterprise data centers. The Company also offers multiple TSMC 3DFabric® advanced silicon stacking and packaging solutions, such as TSMC-SolC® manufacturing services and CoWoS® advanced packaging services, to enable homogeneous and heterogeneous chip integration to meet customer requirements for high performance, high compute density and high energy efficiency, low latency, and high integration. TSMC will continue to optimize its HPC platform and strengthen its collaboration with customers to help them capture market growth in HPC markets.

Smartphones: For customers' premium product applications, TSMC offers leading logic process technologies such as N2 Plus (N2P), N3 Plus (N3P), N3 Enhanced (N3E), N3, N4 Plus (N4P), N4, N5 Plus (N5P), N5, as well as comprehensive IPs to further enhance chip performance, reduce power consumption, and decrease chip size. For mainstream product applications, the Company provides a broad range of logic process technologies, including N3 Compact (N3C), N4 Compact (N4C), N6, 7nm FinFET Plus (N7+), N7, 12nm FinFET Compact Plus (12FFC+), 12nm FinFET Compact (12FFC), 16nm FinFET Compact Plus (16FFC+), 16nm FinFET Compact (16FFC), 28nm High Performance Compact Plus (28HPC+), 28nm High Performance Compact (28HPC), and 22nm Ultra-Low Power (22ULP),

as well as comprehensive IPs, to satisfy customer needs for high-performance and low-power chips. Furthermore, for both premium and mainstream product applications, the Company offers leading-edge, highly competitive specialty technologies to deliver specialty companion chips for customers' logic application processors, including radio frequency (RF), RF front-end, embedded non-volatile memory (eNVM), power management ICs, sensors, and display chips, as well as TSMC 3DFabric® advanced packaging services, such as TSMC's industry-leading InFO technology.

Internet of Things (IoT): Following the three megatrends of the IoT segment, "Everything Connected, Smart and Green," TSMC not only provides customers with solid logic technologies, including 4nm, 5nm, 6nm, 7nm, 12nm, 16nm, and 28nm, but also builds a leading, complete and highly integrated ULP technology platform based on its logic technologies to enable customers' product innovations for the Artificial Intelligence of Things (AIoT) and Edge AI.

TSMC's industry-leading ULP technologies feature both energy efficiency and high performance, providing more computing power and AI inferencing capability while reducing system power consumption. FinFET-based 6nm technology service, N6e® ULP, and 12nm technology service, N12e® ULP, have both entered volume production, while the next-generation 4nm ULP technology is in development. In addition, planar transistor-based mainstream technologies, such as 22nm Ultra-Low Leakage (ULL), 28nm ULP, 40nm ULP, and 55nm ULP technologies, have been widely adopted by various IoT system-on-a-chip (SoC) and battery-powered products to extend battery life.

The Company's ULP technology platform also provides customers with comprehensive specialty technologies, covering RF, enhanced analog devices, embedded non-volatile memory, sensors, display devices, and PMICs. For extreme low-power product applications, TSMC has also extended its low operating voltage (Low Vdd) offerings and provided simulation program with integrated circuit emphasis (SPICE) models with a wide range of operating voltages and design guidelines to lower the adoption barrier and reduce lead time to help customers successfully launch innovative products.

Automotive: TSMC offers a comprehensive spectrum of technologies and services to support the automotive industry's three megatrends – building vehicles that are "Safer, Smarter and Greener." The Company is also an industry leader in providing a robust automotive IP ecosystem, which covers 3nm, 4nm, 5nm, 7nm, and 16nm FinFET technologies for ADAS, advanced in-vehicle infotainment (IVI), as well as zonal controllers for new electrical/electronic (E/E) architectures in next-generation vehicles, including both internal combustion engines (ICEs) and electric vehicles (EVs). N3A technology, based on N3E technology, is TSMC's most advanced automotive-grade technology to date and was released to customers at the end of 2025.

In addition to its advanced logic platform, TSMC offers comprehensive automotive-grade specialty technologies including 28nm embedded flash memory, 28nm, 22nm, and 16nm RF for mmWave applications, high dynamic range (HDR) and high sensitivity CMOS image sensors (CIS), light detection and ranging (LiDAR) sensors, and PMICs. As for magnetoresistive random-access memory (MRAM), the 16nm technology as second-generation MRAM passed Automotive Grade-1 requirements in 2025. 22ULL resistive random-access memory (RRAM) technology also passed Automotive Grade-1 requirements in 2025.

Digital Consumer Electronics (DCE): TSMC provides customers with leading comprehensive technologies to deliver superior performance for 8K/4K video streaming, AI features, better power efficiency, and seamless connectivity for DCE applications, including smart digital TVs (DTVs), set-top boxes (STBs), AI-embedded smart cameras and associated wireless local area networks (WLANs), and PMICs, etc. The Company's advanced N5, N7/N6, N16/N12, and 22ULP/22ULL technologies have been widely adopted by leading global makers of 8K/4K DTVs and STBs, 4K streaming media devices (SMDs)/over-the-top (OTT), digital single-lens reflex (DSLR) cameras, and so on. TSMC will continue to make these technologies more competitive through DTCO for customers' digital intensive chip designs and to drive lower power consumption for more cost-effective packaging.

TSMC continually strengthens its core competitiveness and deploys both short- and long-term plans for technology and business development in order to assist customers in tackling the challenges posed by short product cycles and intense competition in the electronic products market to achieve return on investment (ROI) and growth objectives.

• Short-Term Semiconductor Business Development Plan

1. Substantially ramp up the business and sustain advanced technology leadership by continually increasing capacity and R&D investments.
2. Maintain mainstream technology market segment share by expanding business to new customers and market segments.
3. Continue to enhance the competitive advantages of the Company's technology platforms in HPC, smartphones, IoT, automotive, and digital consumer electronics to expand TSMC's dedicated foundry services in these product applications.
4. Further expand TSMC's business and service infrastructure into emerging and developing markets.

• Long-Term Semiconductor Business Development Plan

1. Continue developing leading-edge technologies at a predictable pace to achieve greater energy-efficient computing.
2. Broaden specialty business contributions by further developing derivative technologies.
3. Provide more integrated services, covering system-level integration design, design technology definition, design tool preparation, wafer processing, TSMC 3DFabric® advanced silicon stacking and packaging solutions, backend packaging and testing services, etc., all of which deliver more value to customers through optimized solutions.

2.3 Board Members

2.3.1 Information Regarding Board Members

As of 02/28/2026

Title/Name	Gender Age	Nationality or Place of Registration	Date Elected	Term Expires	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Selected Education and Professional Qualification Past Positions Current Positions at Non-profit Organizations	Selected Current Positions at TSMC and Other Companies
						Shares (Note 1)	%	Shares (Note 1)	%	Shares (Note 1)	%		
Chairman C.C. Wei	Male 71-75	R.O.C.	06/04/2024	06/03/2027	06/08/2017	6,392,834	0.02%	7,217,009	0.03%	700,261	0.00%	<p>Selected Education and Professional Qualification Bachelor and Master Degrees in Electrical Engineering, National Chiao Tung University Ph.D. in Electrical Engineering, Yale University, U.S. Honorary Ph.D., National Yang Ming Chiao Tung University Laureate, Industrial Technology Research Institute (ITRI)</p> <p>Past Positions Senior Vice President, Technology, Chartered Semiconductor Manufacturing Ltd., Singapore Senior Vice President, Mainstream Technology Business, TSMC Senior Vice President, Business Development, TSMC Executive Vice President and Co-Chief Operating Officer, TSMC President and Co-CEO, TSMC Vice Chairman, TSMC Chairman, Taiwan Semiconductor Industry Association (TSIA)</p>	Chief Executive Officer, TSMC
Director F.C. Tseng	Male 81-85	R.O.C.	06/04/2024	06/03/2027	05/13/1997	29,472,675	0.11%	29,472,675	0.11%	5,132,855	0.02%	<p>Selected Education and Professional Qualification Bachelor Degree in Electrical Engineering, National Cheng Kung University Master Degree in Electrical Engineering, National Chiao Tung University Ph.D. in Electrical Engineering, National Cheng Kung University Honorary Ph.D., National Chiao Tung University Honorary Ph.D., National Tsing Hua University</p> <p>Past Positions President, Vanguard International Semiconductor Corp. President, TSMC Deputy CEO, TSMC Vice Chairman, TSMC Independent Director, Chairman of Audit Committee & Compensation Committee Member, Acer Inc. Director, National Culture and Arts Foundation, R.O.C.</p> <p>Current Positions at Non-profit Organizations Chairman, TSMC Education and Culture Foundation Director, Cloud Gate Culture and Arts Foundation Director, Jumin Medical Foundation</p>	Chairman, TSMC China Company Ltd. (a non-public company) Chairman, Global UniChip Corp. Vice Chairman, Vanguard International Semiconductor Corp. Director, eMemory Technology, Inc.
Director National Development Fund, Executive Yuan (Note 2) Representative: Chun-Hsien Yeh	Male 56-60	R.O.C.	06/04/2024	06/03/2027	12/10/1986	1,653,709,980	6.38%	1,653,709,980	6.38%	-	-	<p>Selected Education and Professional Qualification Ph.D. in Economics, University of Rochester, NY, U.S. Awarded Ta-You Wu Memorial Award Awarded 2011 and 2025 Outstanding Research Awards, Nation Science and Technology Council</p> <p>Past Positions Assistant Research Fellow, Institute of Economics, Academia Sinica Associate Professor, Department of Economics, National Central University Associate Research Fellow, Institute of Economics, Academia Sinica Vice President, Chung-Hua Institution for Economic Research Managing Director, Taiwan Business Bank President, Chung-Hua Institution for Economic Research Director, Taiwan Economic Associate</p> <p>Current Positions at Non-profit Organizations Research Fellow, Institute of Economics, Academia Sinica Minister without Portfolio, Executive Yuan & concurrently Minister, National Development Council The Convener of National Development Fund, Executive Yuan</p>	Director, Taiwan Business Bank (Representative of the National Development Fund)

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Title/Name	Gender Age	Nationality or Place of Registration	Date Elected	Term Expires	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Selected Education and Professional Qualification Past Positions Current Positions at Non-profit Organizations	Selected Current Positions at TSMC and Other Companies
						Shares (Note 1)	%	Shares (Note 1)	%	Shares (Note 1)	%		
Independent Director Sir Peter L. Bonfield	Male 81-85	UK	06/04/2024	06/03/2027	05/07/2002	-	-	-	-	-	-	<p>Selected Education and Professional Qualification Bachelor Degree in Engineering, Loughborough University Honorary Doctorate of Technology, Loughborough University Fellow of the Royal Academy of Engineering Knighted, 1996 Awarded Commander of the Order of the British Empire (CBE), 1989 Awarded the Order of the Lion of Finland Awarded the Gold Medal from the Institute of Management Awarded the Mountbatten Medal from the National Electronics Council Awarded the FT ODX Outstanding Director Award, 2019 11 Honorary Doctorate Degrees in total Awarded Commander of the Order of Orange Nassau, 2024</p> <p>Past Positions Semiconductor Engineer, Texas Instruments Inc. (T.I.), U.S. Chairman, NXP Semiconductors N.V., the Netherlands Chairman and CEO, ICL Plc, UK CEO and Chairman of the Executive Committee, British Telecommunications Plc Chairman, GlobalLogic Inc., U.S. Vice President, the British Quality Foundation Director, Mentor Graphics Corp., U.S. Director, Sony Corp., Japan Director, L.M. Ericsson, Sweden Senior Independent Director, AstraZeneca, UK Chair of Council and Senior Pro-Chancellor, Loughborough University, UK Board Member, EastWest Institute, New York Senior Advisor, Alix Partners LLP, London Advisory Board Member, The Longreach Group Ltd., HK Member of the International Advisory Board, Crtigroup, U.S. Board Mentor, Chairman Mentors International (CMI) Ltd., London Non-Executive Director, Darktrace Plc, UK</p>	Non-Executive Director, Imagination Technologies Group Ltd., UK (a non-public company)
Independent Director Michael R. Splinter	Male 71-75	U.S.	06/04/2024	06/03/2027	06/09/2015	-	-	-	-	-	-	<p>Selected Education and Professional Qualification Bachelor and Master Degrees in Electrical Engineering, University of Wisconsin-Madison Honorary Ph. D. in Engineering, University of Wisconsin-Madison Awarded 2013 Robert N. Noyce Award by Semiconductor Industry Association Member of the National Academy of Engineering Recognized as NACD (National Association of Corporate Directors) Directorship Certified™, 2020</p> <p>Past Positions Executive Vice President of Technology and Manufacturing Group, Intel Corp. Executive Vice President of Sales and Marketing, Intel Corp. CEO, Applied Materials, Inc. Chairman, Applied Materials, Inc. Director, The NASDAQ OMX Group, Inc. Director, Silicon Valley Leadership Group Director, SEMI Director, Meyer Burger Technology Ltd., Switzerland Chairman of the Board, NASDAQ, Inc. Director, Pica8 Inc., U.S. Director, University of Wisconsin Foundation, U.S. Chairman of the Board, US-Taiwan Business Council Independent Director and Compensation Committee Chair, Gogoro Inc., Cayman Islands Chair of Industrial Advisory Committee, National Institute of Standards and Technology, Department of Commerce, U.S. Chair, Board of Trustees, Natcast, U.S.</p>	Lead Independent Director, NASDAQ, Inc. Independent Director, Compensation Committee Chair, and Nominating and Corporate Governance Committee Member, Tigo Energy, Inc., U.S. Independent Director, Kioxia Holdings Corp., Japan General Partner, WISC Partners LP, U.S. General Partner, MRS Business and Technology Advisors, U.S. (a non-public company)
Independent Director Moshe N. Gavriellov	Male 71-75	U.S.	06/04/2024	06/03/2027	06/05/2019	-	-	-	-	-	-	<p>Selected Education and Professional Qualification Bachelor Degree in Electrical Engineering, Technion - Israel Institute of Technology Master Degree in Computer Science, Technion - Israel Institute of Technology</p> <p>Past Positions In a variety of engineering and engineering management positions, National Semiconductor Corp. and Digital Equipment Corp., U.S. In a variety of executive management positions, LSI Logic Corp. for nearly 10 years, U.S. CEO, Verisity, Ltd., U.S. Executive Vice President and General Manager of the Verification Division, Cadence Design Systems, Inc., U.S. President and CEO, Xilinx, Inc., U.S. Director, Xilinx, Inc., U.S. Executive Chairman, Wind River Systems, Inc., U.S. Director, San Jose Institute of Contemporary Art, U.S. Advisor, Matrix Capital Management Company LP, U.S.</p>	Chairman, SiMa Technologies, Inc., U.S. (a non-public company) Chairman, Foretellix, Ltd., Israel (a non-public company) Independent Director, NXP Semiconductors N.V., the Netherlands Independent Director, Cadence Design Systems, Inc., U.S.

(Continued)

Title/Name	Gender Age	Nationality or Place of Registration	Date Elected	Term Expires	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Selected Education and Professional Qualification Past Positions Current Positions at Non-profit Organizations	Selected Current Positions at TSMC and Other Companies
						Shares (Note 1)	%	Shares (Note 1)	%	Shares (Note 1)	%		
Independent Director L. Rafael Reif	Male 71-75	U.S.	06/04/2024	06/03/2027	07/26/2021	-	-	-	-	-	-	<p>Selected Education and Professional Qualification Ingeniero Eléctrico Degree, Universidad de Carabobo, Valencia, Venezuela Master Degree and Ph.D. in Electrical Engineering, Stanford University Honorary Doctor of Laws Degree, The Chinese University of Hong Kong (2015) Honorary Doctorates from Tsinghua University (2016), the Technion (2017), Arizona State University (2018) and University of Miami (2022) Member of Tau Beta Pi, the Engineering Honor Society Member of the Electrochemical Society Fellow of the Institute of Electrical and Electronics Engineers (IEEE) Member of the American Academy of Arts and Sciences, the National Academy of Engineering and the Chinese Academy of Engineering Fellow of the National Academy of Inventors Awarded with United States Presidential Young Investigator Award (1984) Awarded with the Semiconductor Research Corporation's Aristotle Award (2000) Awarded the Tribeca Disruptive Innovation Award (2012) Awarded the Frank E. Taplin, Jr. Public Intellectual Award by the Woodrow Wilson National Fellowship Foundation (2015) Awarded with Engineer of the Year from Great Minds in STEM (2018) Awarded the Simon Ramo Founders Award by the U.S. National Academy of Engineering (2022) Inventor or co-inventor on 13 patents, editor or co-editor of 5 books, and supervisor to 38 doctoral theses</p> <p>Past Positions Assistant Professor, Universidad Simón Bolívar, Caracas, Venezuela Visiting Assistant Professor of Electrical Engineering, Stanford University Faculty, Massachusetts Institute of Technology (MIT), since 1980 IBM Faculty Fellowship, MIT Center for Materials Science and Engineering Analog Devices Career Development Professorship, MIT Electrical Engineering Fariborz Maseeh Professor of Emerging Technology, MIT (2004-2012) Director of Microsystems Technology Laboratories, MIT Associate Department Head of Electrical Engineering, MIT Head of the Department of Electrical Engineering and Computer Science (EECS), MIT Provost, MIT Independent Director, Alcoa Corp., U.S. Director, Arconic Inc., U.S. Director, Schlumberger Ltd., U.S. President, MIT (2012-2022) Member, Board of Trustees, Massachusetts General Hospital, U.S.</p> <p>Current Positions at Non-profit Organizations President Emeritus, MIT, since 2023 Ray and Maria Stata Professor of Electrical Engineering and Computer Science, MIT, since 2023 Member, Board of Trustees, Carnegie Endowment for International Peace, U.S. Director, Council on Foreign Relations, U.S. Director, Waverley Street Foundation, U.S. Member, Board of Trustees, Instituto Tecnológico de Monterrey, Mexico</p>	Co-Chair of Growth Technical Advisory Board, Applied Materials, Inc. Director, Engine No. 1 LP, U.S. (a non-public company)
Independent Director Ursula M. Burns	Female 66-70	U.S.	06/04/2024	06/03/2027	06/04/2024	-	-	-	-	-	-	<p>Selected Education and Professional Qualification Bachelor Degree in Mechanical Engineering, Polytechnic Institute of New York University Master Degree in Mechanical Engineering, Columbia University Member, National Academy of Engineering Member, American Academy of Arts and Sciences Member, Royal Academy of Engineering</p> <p>Past Positions Chairwoman, CEO and President, Xerox Corp., U.S. Chairwoman and CEO, VEON Ltd., the Netherlands Director, American Express Company Director, Nestlé S.A., Switzerland Director, ExxonMobil Corp., U.S. Executive Chairwoman, Plum Acquisition Corp. I, U.S. Leader, White House National Program on Science, Technology, Engineering and Math (STEM) Chair, President's Export Council Member, G7 Gender Equality Advisory Council Director, Endeavor Group Holdings, Inc., U.S. Vice Chair, Advisory Council on Supply Chain Competitiveness (ACSCC), U.S. Department of Commerce</p> <p>Current Positions at Non-profit Organizations Member, Board of Trustees, Ford Foundation, U.S. Member, Board of Trustees, Massachusetts Institute of Technology (MIT) Corp. Member, Board of Trustees, Metropolitan Museum of Art, U.S. Member, Board of Trustees, Mayo Clinic, U.S. Member, Board of Trustees, Scratch Foundation, U.S. Member, Board of Trustees, The High Line, U.S. Member, Board of Trustees, FIRST, U.S. Member, Board of Trustees, NAF, U.S. Member, Board of Trustees, Columbia Engineering, U.S. Member, Board of Trustees, University of Rochester, U.S.</p>	Non-Executive Chairwoman, Teneo Holdings LLC, U.S. (a non-public company) Independent Non-Executive Director, IHS Holding Ltd., Cayman Islands Director, Uber Technologies Inc., U.S. Director, Evertree Insurance Services, LLC, U.S. (a non-public company) Director, CleanCo Ventures Ltd., UK (a non-public company) Director, CardioSignal Inc., U.S. (a non-public company) Director, True Capital Partners, LLC, U.S. (a non-public company) Founding Partner, Integrum Holdings LP, U.S. (a non-public company)

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Title/Name	Gender Age	Nationality or Place of Registration	Date Elected	Term Expires	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Selected Education and Professional Qualification Past Positions Current Positions at Non-profit Organizations	Selected Current Positions at TSMC and Other Companies
						Shares (Note 1)	%	Shares (Note 1)	%	Shares (Note 1)	%		
Independent Director Lynn L. Elsenhans	Female 66-70	U.S.	06/04/2024	06/03/2027	06/04/2024	-	-	-	-	-	-	<p>Selected Education and Professional Qualification Bachelor Degree in Applied Mathematics, Rice University Master Degree in Business Administration, Harvard University</p> <p>Past Positions Chairwoman, President and CEO, Sunoco Inc., U.S. Chairwoman and CEO, Sunoco Logistics Partners L.P., U.S. Executive Vice President of Global Manufacturing, Shell Downstream Inc., U.S. President and CEO, Shell Oil Products, U.S. President of Shell Oil Company and US Country Chair Independent Director, International Paper Company, U.S. Independent Director, Flowserve Corporation, U.S. Independent Director, GlaxoSmithKline plc, UK Audit Committee Chair, Saudi Arabian Oil Co., Kingdom of Saudi Arabia (2020-2024)</p> <p>Current Positions at Non-profit Organizations Advisory Board Member of Whiting School of Engineering, Johns Hopkins University</p>	Independent Director and Governance & Corporate Responsibility Committee Chair, Baker Hughes Company, U.S. Independent Non-Executive Director, Audit Committee Member, and Nomination Committee Member, Saudi Arabian Oil Co., Kingdom of Saudi Arabia Independent Director, Peter Kiewit and Sons Inc., U.S. (a non-public company)
Independent Director Chuan Lin	Male 71-75	R.O.C.	06/04/2024	06/03/2027	06/04/2024	126,826	0.00%	126,826	0.00%	16,003	0.00%	<p>Selected Education and Professional Qualification Bachelor Degree in Economics, Fu Jen Catholic University Master Degree in Public Finance, National Chengchi University Ph.D. in Economics, University of Illinois Urbana-Champaign, U.S.</p> <p>Past Positions Research Fellow, Chung-Hua Institution for Economic Research Professor and Department Chair, Public Finance, National Chengchi University Director General, Bureau of Finance, Taipei City Government Minister, Directorate General of Budget, Accounting and Statistics of Executive Yuan Minister of Finance Premier of Executive Yuan Chairman, Vanguard International Semiconductor Corporation Independent Director, Casetek Holdings Limited Independent Director, Inotera Memories, Inc. Director, PharmaEngine, Inc. Director, Chartis Taiwan Insurance Co., Ltd. Chief Executive Officer, New Frontier Foundation</p> <p>Current Positions at Non-profit Organizations Senior Advisor to the President</p>	Chairman, TTY Biopharm Company Limited Chairman, TSH Biopharm Corporation Limited (Representative of TTY Biopharm Company Limited) Independent Director, Audit Committee Chair and Compensation Committee Member, Pegatron Corporation

Remarks:

- No member of the Board of Directors held TSMC shares by nominee arrangement.
- Managers or Directors who are spouses or within second-degree relative of consanguinity to the directors: None.
- Rationale for electing the same person as Chairman and Chief Executive Officer (CEO): To navigate the rapidly changing landscape of the highly competitive semiconductor industry, TSMC's Board of Directors elected Dr. C.C. Wei as the Chairman and CEO following the Board's re-election at the Annual Shareholders' Meeting on June 4, 2024. With Dr. Wei at the helm, the alignment between the Board of Directors and the management team is expected to be more effective, enhancing efficiency in decision-making and execution and maximizing shareholder value. The Company currently has seven independent directors, accounting for 70% of the total board seats. The remaining directors do not hold managerial or employee roles within the Company, ensuring the Board's independence in decision-making while enabling professional oversight and guidance that meet shareholder and market expectations for the Company's stability and long-term value.

Note 1: Does not include shares held in the form of ADSs.

Note 2: Major Shareholders of the Institutional Shareholder

Institutional Shareholder	Major Shareholders (Top 10 Shareholders) of the Institutional Shareholder
National Development Fund, Executive Yuan	Not Applicable

Note 3: Dr. Chun-Hsien Yeh was appointed as the representative of the National Development Fund succeeding Mr. Chin-Ching Liu on September 1, 2025.

2.3.2 Remuneration of Directors and Independent Directors (Note 1)

Unit: NT\$

Title/Name	Director's Remuneration								Compensation to a Director Who is an Employee of TSMC or of TSMC's Consolidated Entities										Sum of (A+B+C+D+E+F+G) and Ratio to Net Income (Note 6)		Compensation to Directors from Non-consolidated Affiliates or Parent Company	
	Base Compensation (A)		Severance Pay and Pensions (B) (Note 3)		Compensation to Directors (C) (Note 4)		Allowances (D) (Note 5)		Sum of (A+B+C+D) and Ratio to Net Income		Base Compensation, Bonuses, and Allowances (E) (Note 5)		Severance Pay and Pensions (F) (Note 3)		Profit Sharing (G)				Sum of (A+B+C+D+E+F+G) and Ratio to Net Income (Note 6)			
	From TSMC	From All Consolidated Entities	From TSMC	From All Consolidated Entities	From TSMC	From All Consolidated Entities	From TSMC	From All Consolidated Entities	From TSMC	From All Consolidated Entities	From TSMC	From All Consolidated Entities	From TSMC	From All Consolidated Entities	From TSMC		From All Consolidated Entities		From TSMC	From All Consolidated Entities		
															Cash	Stock (Fair Market Value)	Cash	Stock (Fair Market Value)				
Chairman & Chief Executive Officer C.C. Wei	-	-	-	-	-	-	-	-	-	-	-	1,974,517,640	1,974,517,640	276,489	276,489	447,900,290	-	447,900,290	-	2,422,694,419 0.1410%	2,422,694,419 0.1410%	-
Director F.C. Tseng	-	-	-	-	12,144,000	12,144,000	1,061,305	1,061,305	13,205,305 0.0008%	13,205,305 0.0008%	-	-	-	-	-	-	-	-	-	13,205,305 0.0008%	13,205,305 0.0008%	18,591,667
Director National Development Fund, Executive Yuan Representative: Chun-Hsien Yeh (Note 2)	-	-	-	-	12,144,000	12,144,000	-	-	12,144,000 0.0007%	12,144,000 0.0007%	-	-	-	-	-	-	-	-	-	12,144,000 0.0007%	12,144,000 0.0007%	-
Independent Director Sir Peter L. Bonfield	-	-	-	-	18,859,632	18,859,632	-	-	18,859,632 0.0011%	18,859,632 0.0011%	-	-	-	-	-	-	-	-	-	18,859,632 0.0011%	18,859,632 0.0011%	-
Independent Director Michael R. Splinter	-	-	-	-	18,859,632	18,859,632	-	-	18,859,632 0.0011%	18,859,632 0.0011%	-	-	-	-	-	-	-	-	-	18,859,632 0.0011%	18,859,632 0.0011%	-
Independent Director Moshe N. Gavrielov	-	-	-	-	18,859,632	18,859,632	-	-	18,859,632 0.0011%	18,859,632 0.0011%	-	-	-	-	-	-	-	-	-	18,859,632 0.0011%	18,859,632 0.0011%	-
Independent Director L. Rafael Reif	-	-	-	-	18,859,632	18,859,632	-	-	18,859,632 0.0011%	18,859,632 0.0011%	-	-	-	-	-	-	-	-	-	18,859,632 0.0011%	18,859,632 0.0011%	-
Independent Director Ursula M. Burns	-	-	-	-	18,859,632	18,859,632	-	-	18,859,632 0.0011%	18,859,632 0.0011%	-	-	-	-	-	-	-	-	-	18,859,632 0.0011%	18,859,632 0.0011%	-
Independent Director Lynn L. Elsenhans	-	-	-	-	18,859,632	18,859,632	-	-	18,859,632 0.0011%	18,859,632 0.0011%	-	-	-	-	-	-	-	-	-	18,859,632 0.0011%	18,859,632 0.0011%	-
Independent Director Chuan Lin	-	-	-	-	18,859,632	18,859,632	-	-	18,859,632 0.0011%	18,859,632 0.0011%	-	-	-	-	-	-	-	-	-	18,859,632 0.0011%	18,859,632 0.0011%	-
Total	0	0	0	0	156,305,424	156,305,424	1,061,305	1,061,305	157,366,729 0.0092%	157,366,729 0.0092%	1,974,517,640	1,974,517,640	276,489	276,489	447,900,290	0	447,900,290	0	2,580,061,148 0.1502%	2,580,061,148 0.1502%	18,591,667	

*Other than disclosure in the above table, Directors remunerations earned by providing services (e.g. providing consulting services as a non-employee of parent company/all consolidated entities/non-consolidated affiliates) to TSMC and all consolidated entities in the 2025 financial statements: Dr. F.C. Tseng for NT\$19,891,747.

Note 1: Directors and Independent Directors' remuneration policies, procedures, standards and structure, as well as the linkage to responsibilities, risks and time spent:

1. According to TSMC's Articles of Incorporation, the Board of Directors is authorized to determine the salary for the Chairman, Vice Chairman and Directors, taking into account the extent and value of the services provided for the management of the Corporation and the standards of the industry within the R.O.C. and overseas.
2. The Articles of Incorporation also provide that the compensation to directors shall be no more than 0.3% of annual profits and directors who also serve as executive officers of TSMC are not entitled to receive compensation to directors. According to TSMC's Compensation and People Development Committee Charter, the distribution of compensation to directors shall be made in accordance with TSMC's "Rules for Distribution of Compensation to Directors" based on the following principles: (1) directors who also serve as executive officers of the Company are not entitled to receive compensation; and (2) the compensation for independent directors may be higher than other directors because they serve on multiple Committees, requiring their participation in discussions and resolutions according to each Committee's charter.

Note 2: Dr. Chun-Hsien Yeh was appointed as the representative of the National Development Fund succeeding Mr. Chin-Ching Liu on September 1, 2025.

Note 3: Pensions funded according to applicable law.

Note 4: The compensation of directors was expensed based on the estimated payment amounts. If the actual amounts subsequently paid differ from the above estimated amounts, the differences will be recorded in the year fully paid as a change in accounting estimate.

Note 5: The above-mentioned figures include expenses for Company cars and related reimbursements, but do not include compensation of Company drivers (totaled NT\$6,971,338).

Note 6: Total remuneration of the directors from TSMC and from all consolidated entities in 2024, including their employee compensation, both accounted for 0.1239% of 2024 net income.

2.4 Management Team

2.4.1 Information Regarding Management Team

As of 02/28/2026

Title Name	Gender	Nationality	On-board Date (Note 1)	Shares Held		Shares Held by Spouse & Minors		Shares Held in the Name of Others		Education and Selected Past Positions	Selected Current Positions at Other Companies	Managers Who Are Spouses or within Second-degree Relative of Consanguinity to Each Other		
				Shares (Note 2)	%	Shares (Note 2)	%	Shares (Note 2)	%			Title	Name	Relation
C.C. Wei Chairman & Chief Executive Officer (Note 3)	Male	R.O.C.	02/01/1998	7,217,009	0.03%	700,261	0.00%	-	-	Ph.D., Electrical Engineering, Yale University, U.S. Chief Executive Officer, TSMC President and Co-Chief Executive Officer, TSMC Executive Vice President and Co-Chief Operating Officer, TSMC Senior Vice President, Business Development, TSMC Senior Vice President, Mainstream Technology Business, TSMC Senior Vice President, Chartered Semiconductor Manufacturing Ltd.	None	None	None	None
Y.P. Chyn Executive Vice President and Co-Chief Operating Officer Co-COO Office & Operations	Male	R.O.C.	01/01/1987	5,107,526	0.02%	4,190,107	0.02%	-	-	Master, Electrical Engineering, National Cheng Kung University, Taiwan Senior Vice President, Operations & Overseas Operations Office, TSMC Senior Vice President, Product Development, TSMC Vice President, Advanced Technology and Business, TSMC	Director, TSMC subsidiaries	None	None	None
Y.J. Mii Executive Vice President and Co-Chief Operating Officer Co-COO Office & Research and Development	Male	R.O.C.	11/14/1994	1,189,648	0.00%	-	-	-	-	Ph.D., Electrical Engineering, University of California, Los Angeles, U.S. Senior Vice President, Research and Development, TSMC Vice President, Technology Development, TSMC Senior Director, Platform I Division, TSMC	None	None	None	None
Cliff Hou Senior Vice President and Deputy Co-Chief Operating Officer Chief Information Security Officer	Male	R.O.C.	12/15/1997	597,994	0.00%	60,802	0.00%	-	-	Ph.D., Electrical Engineering, Syracuse University, U.S. Senior Vice President, Europe & Asia Sales and Research & Development/Corporate Research, TSMC Senior Vice President, Technology Development, TSMC Vice President, Design and Technology Platform, TSMC Senior Director, Design and Technology Platform, TSMC	Director, TSMC subsidiary	None	None	None
Kevin Zhang Senior Vice President and Deputy Co-Chief Operating Officer Business Development & Global Sales	Male	U.S.	11/01/2016	265,254	0.00%	-	-	-	-	Ph.D., Electrical Engineering, Duke University, U.S. Senior Vice President, Business Development & Overseas Operations Office, TSMC Vice President, Design and Technology Platform, TSMC Vice President, Technology and Manufacturing Group, Intel Corp.	None	None	None	None
Lora Ho Senior Vice President Corporate Strategy Development	Female	R.O.C.	06/01/1999	4,579,603	0.02%	2,039,530	0.01%	-	-	Master, Business Administration, National Taiwan University, Taiwan Senior Vice President, Human Resources, TSMC Senior Vice President, Europe and Asia Sales, TSMC Senior Vice President, Chief Financial Officer/ Spokesperson, TSMC Senior Director, Accounting, TSMC Vice President & CFO, TI-Acer Semiconductor Manufacturing Corp.	Director and/or Supervisor, TSMC subsidiaries	None	None	None
Sylvia Fang Senior Vice President and General Counsel Corporate Governance Officer Legal	Female	R.O.C.	03/20/1995	817,518	0.00%	67,906	0.00%	384,000	0.00%	Master, Comparative Law, School of Law, University of Iowa, U.S. Attorney-at-law, Taiwan Vice President and General Counsel Corporate Governance Officer, Legal, TSMC Associate General Counsel, TSMC Senior Associate, Taiwan International Patent and Law Office (TIPLLO)	Director and/or Supervisor, TSMC subsidiaries	None	None	None
Wendell Huang Senior Vice President and Chief Financial Officer Spokesperson Finance	Male	R.O.C.	05/03/1999	1,770,669	0.01%	-	-	-	-	Master, Business Administration, Cornell University, U.S. Vice President and Chief Financial Officer, Finance, TSMC Deputy Chief Financial Officer, TSMC Senior Director, Finance Division, TSMC Vice President, Corporate Finance, ING Barings Vice President, Corporate Finance, Chase Manhattan Bank Vice President, Corporate Finance, Bankers Trust Company	Director, Supervisor, and/or President, TSMC subsidiaries Director, TSMC affiliate	None	None	None
Y.L. Wang Senior Vice President Operations/Fab Operations I (Note 4)	Male	R.O.C.	06/01/1992	321,518	0.00%	1,135,529	0.00%	-	-	Ph.D., Electrical Engineering, National Chiao Tung University, Taiwan Vice President, Fab Operations I, TSMC CEO, TSMC Arizona Vice President, Fab Operations, TSMC Vice President, Technology Development, TSMC Vice President, Fab 14B, TSMC Senior Director, Fab 14B, TSMC	None	None	None	None
T.S. Chang Senior Vice President and TSMC Senior Fellow Operations/Advanced Technology and Mask Engineering (Note 4, 5)	Male	R.O.C.	02/06/1995	276,764	0.00%	-	-	-	-	Ph.D., Electrical Engineering, National Tsing Hua University, Taiwan Vice President, Advanced Technology and Mask Engineering, TSMC Vice President, Product Development, TSMC Vice President, Fab 12B, TSMC Senior Director, Fab 12B, TSMC	None	None	None	None
Michael Wu Senior Vice President Research and Development/Platform Technology Research and Development/Technology Development Effectiveness Office (Note 4)	Male	R.O.C.	12/09/1996	589,354	0.00%	198,943	0.00%	-	-	Ph.D., Electrical Engineering, University of Wisconsin-Madison, U.S. Vice President, Platform Development/Technology Development Effectiveness Office, TSMC Senior Director, Platform Development, TSMC	None	None	None	None
Geoffrey Yeap Senior Vice President Research and Development/Platform Technology (Note 4)	Male	U.S.	03/21/2016	175,694	0.00%	-	-	-	-	Ph.D., Electrical and Computer Engineering, University of Texas-Austin, U.S. Vice President, Platform Development, TSMC Senior Director, Platform Development, TSMC Senior Director, Advanced Technology, TSMC Vice President, Engineering, Silicon Technology, Qualcomm	None	None	None	None
Min Cao Vice President Research and Development/Corporate Research Research and Development/Pathfinding	Male	U.S.	07/29/2002	467,005	0.00%	34,470	0.00%	-	-	Ph.D., Physics, Stanford University, U.S. Senior Director, Pathfinding Division, TSMC	None	None	None	None

(Continued)

Title Name	Gender	Nationality	On-board Date (Note 1)	Shares Held		Shares Held by Spouse & Minors		Shares Held in the Name of Others		Education and Selected Past Positions	Selected Current Positions at Other Companies	Managers Who Are Spouses or within Second-degree Relative of Consanguinity to Each Other		
				Shares (Note 2)	%	Shares (Note 2)	%	Shares (Note 2)	%			Title	Name	Relation
Y.H. Liaw Vice President Operations/Fab Operations II CEO JASM	Male	R.O.C.	08/03/1988	437,044	0.00%	-	-	430,000	0.00%	Master, Chemical Engineering, National Tsing Hua University, Taiwan Vice President, Fab Operations, TSMC Vice President, Fab 15B, TSMC Senior Director, Fab 15B, TSMC	Director, TSMC subsidiaries Director, TSMC affiliate	None	None	None
Simon Jang Vice President Research and Development/Advanced Tool and Module Development	Male	R.O.C.	09/01/1993	417,869	0.00%	2,000	0.00%	-	-	Ph.D., Materials Science & Engineering, Massachusetts Institute of Technology, U.S. Senior Director, Advanced Tool and Module Development Division, TSMC	None	Deputy Director	Sharon Jang	Sister
C.S. Yoo Vice President Research and Development/Specialty	Male	R.O.C.	06/16/1988	1,771,604	0.01%	219,924	0.00%	851,908	0.00%	Ph.D., Chemical Engineering, Worcester Polytech. Institute, U.S. Vice President, Europe & Asia Sales, TSMC Senior Director, Office of Strategy Customer Program, TSMC Senior Director, E-Beam Operation Division, TSMC	Director, TSMC affiliate	None	None	None
Jun He Vice President Operations/Advanced Packaging Technology and Service	Male	R.O.C.	05/22/2017	94,109	0.00%	-	-	-	-	Ph.D., Materials Science and Engineering, University of California, Santa Barbara, U.S. Vice President, Quality and Reliability, TSMC Senior Director, Quality and Reliability, TSMC Senior Director, Head of Quality and Reliability for Technology & Manufacturing Group, Intel Corp.	Director, TSMC subsidiary	None	None	None
Chris Horng-Dar Lin Vice President and Chief Information Officer Corporate Information Technology	Male	U.S.	01/04/2021	102,174	0.00%	15,000	0.00%	-	-	Ph.D., Electrical Engineering and Computer Science, University of California, Berkeley, U.S. Vice President, Information Technology, Mozilla Director, Enterprise Platform Infrastructure, Facebook	None	None	None	None
Jonathan Lee Vice President Corporate Planning Organization	Male	R.O.C.	05/28/2007	480,022	0.00%	6,000	0.00%	-	-	Master, Business Administration, City University of New York, Baruch College, U.S. Senior Director, Strategic Planning Division, TSMC	None	None	None	None
Arthur Chuang Vice President Operations/Facility	Male	R.O.C.	01/17/1989	2,669,155	0.01%	1,993,140	0.01%	-	-	Ph.D., Civil Engineering, National Taiwan University, Taiwan Senior Director, Facility Division, TSMC	Director, TSMC subsidiary	Technical Manager	Gavin Chuang	Brother
L.C. Lu Vice President and TSMC Senior Fellow Research and Development/Design & Technology Platform (Note 5)	Male	R.O.C.	08/01/2000	245,706	0.00%	15,000	0.00%	-	-	Ph.D., Computer Science, Yale University, U.S. Senior Director, Digital IPs Solution Division, TSMC	Director, and/or President, TSMC subsidiaries	None	None	None
K.C. Hsu Vice President Research and Development/Integrated Interconnect & Packaging	Male	R.O.C.	11/01/2021	152,914	0.00%	10,000	0.00%	-	-	Master, Technology Management, National Chiao-Tung University, Taiwan Taiwan Country Manager, Micron Technology Inc. President, WaferTech LLC	None	None	None	None
Ray Chuang Vice President Operations/Fab Operations I CEO TSMC AZ (Note 6)	Male	R.O.C.	12/15/1997	224,875	0.00%	106,000	0.00%	-	-	Master, Materials Science & Engineering/Engineering Economics System, Stanford University, U.S. Managing Director, ESMC Senior Director, Fab 18A, TSMC Director, Fab 12B, TSMC	Director, TSMC subsidiary	None	None	None
P.H. Chen Vice President Human Resources	Male	R.O.C.	08/01/1990	433,414	0.00%	83,143	0.00%	-	-	Master, Chemistry, National Sun Yat-sen University, Taiwan Senior Director, Program Office, TSMC Senior Fab Director, Fab 14A, TSMC	None	None	None	None
Y.K. Hwang Vice President Materials Management (Note 7)	Male	R.O.C.	07/17/1995	206,418	0.00%	-	-	-	-	Master, Business Administration, University of Texas-Arlington, U.S. Senior Director, Materials Management, TSMC Senior Fab Director, Fab 18B, TSMC Fab Director, Fab 18B, TSMC	None	None	None	None
B.Z. Tien Vice President Operations/ Fab 12B (Note 7)	Male	R.O.C.	02/02/1998	5,051	0.00%	-	-	-	-	Master, Electronics Engineering, National Chiao-Tung University, Taiwan Senior Fab Director, Fab 12B, TSMC Fab Director, Fab 12B, TSMC	None	None	None	None
S.S. Lin Vice President Research & Development/ Platform Technology (Note 7)	Male	R.O.C.	10/16/2000	20,269	0.00%	-	-	-	-	Ph.D., Electrical & Computer Engineering, National Chiao Tung University, Taiwan Senior Director, Platform Technology, TSMC Senior Director, Integration Division, TSMC Senior Director, Platform Development Division, TSMC Director, Platform Development Division, TSMC	None	None	None	None
Lipen Yuan Vice President Advanced Technology Business Development (Note 7)	Male	R.O.C.	08/01/2011	2,000	0.00%	1,600	0.00%	-	-	Ph.D., Electrical & Computer Engineering, University of Illinois Urbana-Champaign, U.S. Senior Director, Advanced Technology Business Development, TSMC Director, Advanced Technology Business Development, TSMC Director, Director of Design Solution Exploration & Tech Benchmarking Division, TSMC	None	None	None	None

Note 1: On-board date means the official date joining TSMC.

Note 2: Dose not include shares held in the form of ADSs.

Note 3: Rationale for electing the same person as Chief Executive Officer (CEO) and Chairman: To navigate the rapidly changing landscape of the highly competitive semiconductor industry, TSMC's Board of Directors elected Dr. C.C. Wei as the Chairman and CEO following the Board's re-election at the Annual Shareholders' Meeting on June 4, 2024. With Dr. Wei at the helm, the alignment between the Board of Directors and the management team is expected to be more effective, enhancing efficiency in decision-making and execution and maximizing shareholder value. The Company currently has seven independent directors, accounting for 70% of the total board seats. The remaining directors do not hold managerial or employee roles within the Company, ensuring the Board's independence in decision-making while enabling professional oversight and guidance that meet shareholder and market expectations for the Company's stability and long-term value.

Note 4: Dr. Y.L. Wang, Dr. T.S. Chang, Dr. Michael Wu, and Dr. Geoffrey Yeap were promoted to Senior Vice President, effective February 10, 2026.

Note 5: Dr. T.S. Chang and Dr. L.C. Lu were promoted to TSMC Senior Fellow, effective June 17, 2025.

Note 6: Mr. Ray Chuang was appointed as CEO of TSMC Arizona, effective October 1, 2025.

Note 7: Mr. Y.K. Hwang, Mr. B.Z. Tien, Dr. S.S. Lin, and Dr. Lipen Yuan were promoted to Vice President, effective February 10, 2026.

2.4.2 Compensation of CEO and Vice Presidents (Note 1)

Unit: NT\$

Title	Name	Salary (A)		Severance Pay and Pensions (B) (Note 6)		Bonuses and Allowances (C) (Note 7)		Profit Sharing (D)				Sum of (A+B+C+D) and Ratio to Net Income (Note 8)		Compensation from Non-consolidated Affiliates or Parent Company
		From TSMC	From All Consolidated Entities	From TSMC	From All Consolidated Entities	From TSMC	From All Consolidated Entities	From TSMC		From All Consolidated Entities		From TSMC	From All Consolidated Entities	
								Cash	Stock (Fair Market Value)	Cash	Stock (Fair Market Value)			
Chairman & Chief Executive Officer	C.C. Wei	17,280,600	17,280,600	276,489	276,489	1,957,237,040	1,957,237,040	447,900,290	-	447,900,290	-	2,422,694,419 0.1410%	2,422,694,419 0.1410%	-
Senior Vice President, Chief Financial Officer/Spokesperson	Wendell Huang	6,794,603	6,794,603	108,712	108,712	229,138,027	229,138,027	103,474,760	-	103,474,760	-	339,516,102 0.0198%	339,516,102 0.0198%	-
Executive Vice President and Co-Chief Operating Officer	Y.P. Chyn	147,605,603	174,505,400	2,361,693	2,884,272	4,156,166,932	4,306,705,897	1,813,719,990	-	1,813,719,990	-	6,119,854,218 0.3562%	6,297,815,559 0.3666%	-
Executive Vice President and Co-Chief Operating Officer	Y.J. Mii													
Senior Vice President and Deputy Co-Chief Operating Officer/Chief Information Security Officer	Cliff Hou													
Senior Vice President and Deputy Co-Chief Operating Officer	Kevin Zhang													
Senior Vice President	Lora Ho													
Senior Vice President	Wei-Jen Lo (Note 2)													
Executive Consultant	Rick Cassidy (Note 2)													
Senior Vice President/Former Chief Information Security Officer	J.K. Lin (Note 2)													
Senior Vice President and General Counsel/Corporate Governance Officer	Sylvia Fang													
Senior Vice President	Y.L. Wang (Note 3)													
Senior Vice President and TSMC Senior Fellow	T.S. Chang (Note 3, 4)													
Senior Vice President	Michael Wu (Note 3)													
Senior Vice President	Geoffrey Yeap (Note 3)													
Vice President and TSMC Distinguished Fellow	Douglas Yu (Note 2)													
Vice President	Min Cao													
Vice President/CEO, JASM	Y.H. Liaw													
Vice President	Simon Jang													
Vice President	C.S. Yoo													
Vice President	Jun He													
Vice President and Chief Information Officer	Chris Horng-Dar Lin													
Vice President	Jonathan Lee													
Vice President	Arthur Chuang													
Vice President and TSMC Senior Fellow	L.C. Lu (Note 4)													
Vice President	K.C. Hsu													
Vice President/CEO, TSMC Arizona	Ray Chuang													
Vice President	Vanessa Lee (Note 2)													
Vice President	P.H. Chen (Note 5)													
Total		171,680,806	198,580,603	2,746,894	3,269,473	6,342,541,999	6,493,080,964	2,365,095,040	0	2,365,095,040	0	8,882,064,739 0.5170%	9,060,026,080 0.5274%	0

Note 1: The total compensation of the executive officers is based on their job responsibility, contribution, company performance, and effective risk management. This includes traditional financial measures like company performance (revenue growth, return on equity, alongside risk-indicators). By maintaining a balanced perspective, the company is committed to achieve sustainable growth and risk-conscious performance. It is reviewed by the Compensation and People Development Committee then submitted to the Board of Directors for approval.

Note 2: Senior Vice President Mr. J.K. Lin retired, effective April 10, 2025. Senior Vice President Mr. Rick Cassidy changed his job responsibility to Executive Consultant, effective July 1, 2025. Vice President Dr. Douglas Yu retired, effective July 8, 2025. Vice President Ms. Vanessa Lee resigned, effective July 13, 2025. Senior Vice President Dr. Wei-Jen Lo retired, effective July 27, 2025.

Note 3: Dr. Y.L. Wang, Dr. T.S. Chang, Dr. Michael Wu, and Dr. Geoffrey Yeap were promoted to Senior Vice President, effective February 10, 2026.

Note 4: Dr. T.S. Chang and Dr. L.C. Lu were promoted to TSMC Senior Fellow, effective June 17, 2025.

Note 5: Mr. P.H. Chen was promoted to Vice President, effective February 12, 2025. These amounts did not include compensation for the period before his promotion.

Note 6: Pensions funded according to applicable law.

Note 7: The above-mentioned figures include the expense for the business performance bonuses distributed in May, August, November 2025 & February 2026, and Company cars and gasoline reimbursements.

Note 8: Total compensation of the executive officers from TSMC in 2024 accounted for 0.4330% of 2024 net income. Total compensation of the executive officers from all consolidated entities in 2024 accounted for 0.4516% of 2024 net income.

The Company’s Policy, Standards/Packages, Procedures for the Compensation of the CEO and Vice Presidents, and the Linkage to Their Performance Evaluation and the Future Risk Exposure:

• The Company’s Policy, Standards/Packages

The compensation of the CEO and Vice Presidents takes into account, in a comprehensive manner, aspects of their experience, professional capabilities, managerial skills, and the positions they hold. The said compensation is also closely linked to both the financial and non-financial performance goals, so as to reflect the fulfillment of their responsibilities as well as their work performance. Compensation includes salary, quarterly paid cash bonus, allowances, and profit sharing based on annual profits of the Company. Moreover, since 2021, TSMC has begun to offer Employee Restricted Stock Awards to link their compensation with shareholders’ interests and ESG achievements. The company places a greater emphasis on variable compensation constituting a larger proportion of the total compensation versus fixed compensation, and prioritizes long-term incentive rewards to better align the compensation of our CEO and executives with the company’s sustainable business performance, shareholder interests, and ESG achievements. The Compensation and People Development Committee approves the compensation plan regularly, which is then submitted to the Board of Directors for approval.

• The Procedures

Quarterly cash bonuses and profit-sharing are for the purpose of rewarding employee contributions, incentivizing employees to continue to work hard, and aligning employee interests with those of TSMC’s shareholders. According to Articles of Incorporation, if the Company is profitable for the year, at least 1% of the profits will be allocated as employee compensation. The frequency, date, and conditions of the distribution of employee compensation will be determined according to the Company’s bonus policy. The Company further determines the bonus and profit-sharing amounts based on operating results and common domestic industry practice. The amount and distribution of the employee bonuses are recommended by the Compensation and People Development Committee to the Board of Directors for approval. Cash bonuses are paid quarterly, and profit sharing are paid after approval at the Board of Directors meeting and having reported the same at the Shareholders’ meeting.

TSMC established Employee Restricted Stock Awards to link the compensation for CEO and Vice Presidents with ESG achievements and the interests of shareholders. The number of shares granted to the CEO and Vice Presidents will be determined by the Chairman and CEO by taking into account the Company’s business performance, the individual’s job grade, performance, and other factors as deemed appropriate and approved by Compensation and People Development Committee, and ultimately subject to Board of Directors’ approval.

• The Linkage to The Performance Evaluation

The compensation of TSMC’s CEO and Vice Presidents is governed by the Company’s bonus policy, which covers the achievement of both corporate operational goals and personal annual objectives. Corporate goals include financial indicators and non-financial indicators. Personal annual objectives include operational goals and ESG achievements in focus areas: Drive Green Manufacturing, Build a Sustainable Supply Chain, Create a Diverse and Inclusive Workplace, Develop Talent, and Care for the Disadvantaged. The Employee Restricted Stock Awards provided has a vesting period of three years (for details, please refer to “4.6.1 Status of Employee Restricted Stock” on pages 86-93 of this Annual Report). The corporate performance indicators are the relative total shareholder return (TSR) of the company compared to TSR of the S&P 500 IT Index, with the company’s ESG achievements as a modifier. Effective in 2025, TSMC adopted an annual Long-Term Incentive (LTI) bonus plan to attract and retain corporate executives and critical talent. Eligible participants will receive bonuses, tied to a set of performance metrics. These metrics include individual annual performance, company financial indicators (Revenue Growth Rate, Gross Margin, Return on Equity), company TSR performance relative to a peer group, and company ESG achievements. Through these diverse and clear quantitative indicators, we strengthen management’s long-term and continuous creation of company revenue and shareholder value while improving ESG performance towards target achievement, which shows a strong correlation with the Company’s overall operating performance.

• The Future Risk Exposure

The compensation of TSMC’s CEO and Vice Presidents is based on the relevant industry benchmarks and the performance of the Company. The standards, structure, and system of compensation are reviewed and adjusted as necessary in response to changes in the Company’s actual operating conditions and relevant laws and regulations. The Company’s financial incentive programs are tied to meeting risk-related goals and the pursue of Company’s objectives are within the Company’s risk appetite and tolerance.

• Clawback Policy

TSMC established the Clawback policy in 2023. (Disclosed on [tsmc.com/Home /Investors/Corporate Governance/Major Internal Policies/TSMC Clawback Policy](https://www.tsmc.com/Home/Investors/Corporate%20Governance/Major%20Internal%20Policies/TSMC%20Clawback%20Policy))

Compensation of CEO and Vice Presidents

	2025	
	From TSMC	From All Consolidated Entities and Non-consolidated Affiliates
NT\$0 ~ NT\$999,999	Rick Cassidy	None
NT\$1,000,000 ~ NT\$1,999,999	None	None
NT\$2,000,000 ~ NT\$3,499,999	None	None
NT\$3,500,000 ~ NT\$4,999,999	None	None
NT\$5,000,000 ~ NT\$9,999,999	None	None
NT\$10,000,000 ~ NT\$14,999,999	None	None
NT\$15,000,000 ~ NT\$29,999,999	None	None
NT\$30,000,000 ~ NT\$49,999,999	Vanessa Lee	Vanessa Lee
NT\$50,000,000 ~ NT\$99,999,999	None	None
Over NT\$100,000,000	C.C. Wei, Wendell Huang, Y.P. Chyn, Y.J. Mii, Cliff Hou, Kevin Zhang, Lora Ho, Wei-Jen Lo, J.K. Lin, Sylvia Fang, Y.L. Wang, Douglas Yu, T.S. Chang, Michael Wu, Min Cao, Y.H. Liaw, C.S. Yoo, Jun He, Geoffrey Yeap, Jonathan Lee, Arthur Chuang, L.C. Lu, K.C. Hsu, Simon Jang, Chris Horng-Dar Lin, Ray Chuang, P.H. Chen	C.C. Wei, Wendell Huang, Y.P. Chyn, Y.J. Mii, Cliff Hou, Kevin Zhang, Lora Ho, Wei-Jen Lo, Rick Cassidy, J.K. Lin, Sylvia Fang, Y.L. Wang, Douglas Yu, T.S. Chang, Michael Wu, Min Cao, Y.H. Liaw, C.S. Yoo, Jun He, Geoffrey Yeap, Jonathan Lee, Arthur Chuang, L.C. Lu, K.C. Hsu, Simon Jang, Chris Horng-Dar Lin, Ray Chuang, P.H. Chen
Total	29	29

2.4.3 Employees' Profit Sharing of Management Team

Unit: NT\$

Title	Name	Stock (Fair Market Value)	Cash	Total	Total Profit Sharing of Management Team as a % of Net Income
Chairman & Chief Executive Officer	C.C. Wei	-	447,900,290	447,900,290	0.0261%
Senior Vice President, Chief Financial Officer/Spokesperson	Wendell Huang	-	103,474,760	103,474,760	0.0060%
Executive Vice President and Co-Chief Operating Officer	Y.P. Chyn				
Executive Vice President and Co-Chief Operating Officer	Y.J. Mii				
Senior Vice President and Deputy Co-Chief Operating Officer/Chief Information Security Officer	Cliff Hou				
Senior Vice President and Deputy Co-Chief Operating Officer	Kevin Zhang				
Senior Vice President	Lora Ho				
Senior Vice President	Wei-Jen Lo (Note 1)				
Executive Consultant	Rick Cassidy (Note 1)				
Senior Vice President/Former Chief Information Security Officer	J.K. Lin (Note 1)				
Senior Vice President and General Counsel/Corporate Governance Officer	Sylvia Fang				
Senior Vice President	Y.L. Wang (Note 2)				
Senior Vice President and TSMC Senior Fellow	T.S. Chang (Note 2, 3)				
Senior Vice President	Michael Wu (Note 2)				
Senior Vice President	Geoffrey Yeap (Note 2)				
Vice President and TSMC Distinguished Fellow	Douglas Yu (Note 1)	-	1,813,719,990	1,813,719,990	0.1056%
Vice President	Min Cao				
Vice President/CEO, JASM	Y.H. Liaw				
Vice President	Simon Jang				
Vice President	C.S. Yoo				
Vice President	Jun He				
Vice President and Chief Information Officer	Chris Horng-Dar Lin				
Vice President	Jonathan Lee				
Vice President	Arthur Chuang				
Vice President and TSMC Senior Fellow	L.C. Lu (Note 3)				
Vice President	K.C. Hsu				
Vice President/CEO, TSMC Arizona	Ray Chuang				
Vice President	Vanessa Lee (Note 1)				
Vice President	P.H. Chen (Note 4)				
Total		0	2,365,095,040	2,365,095,040	0.1377%

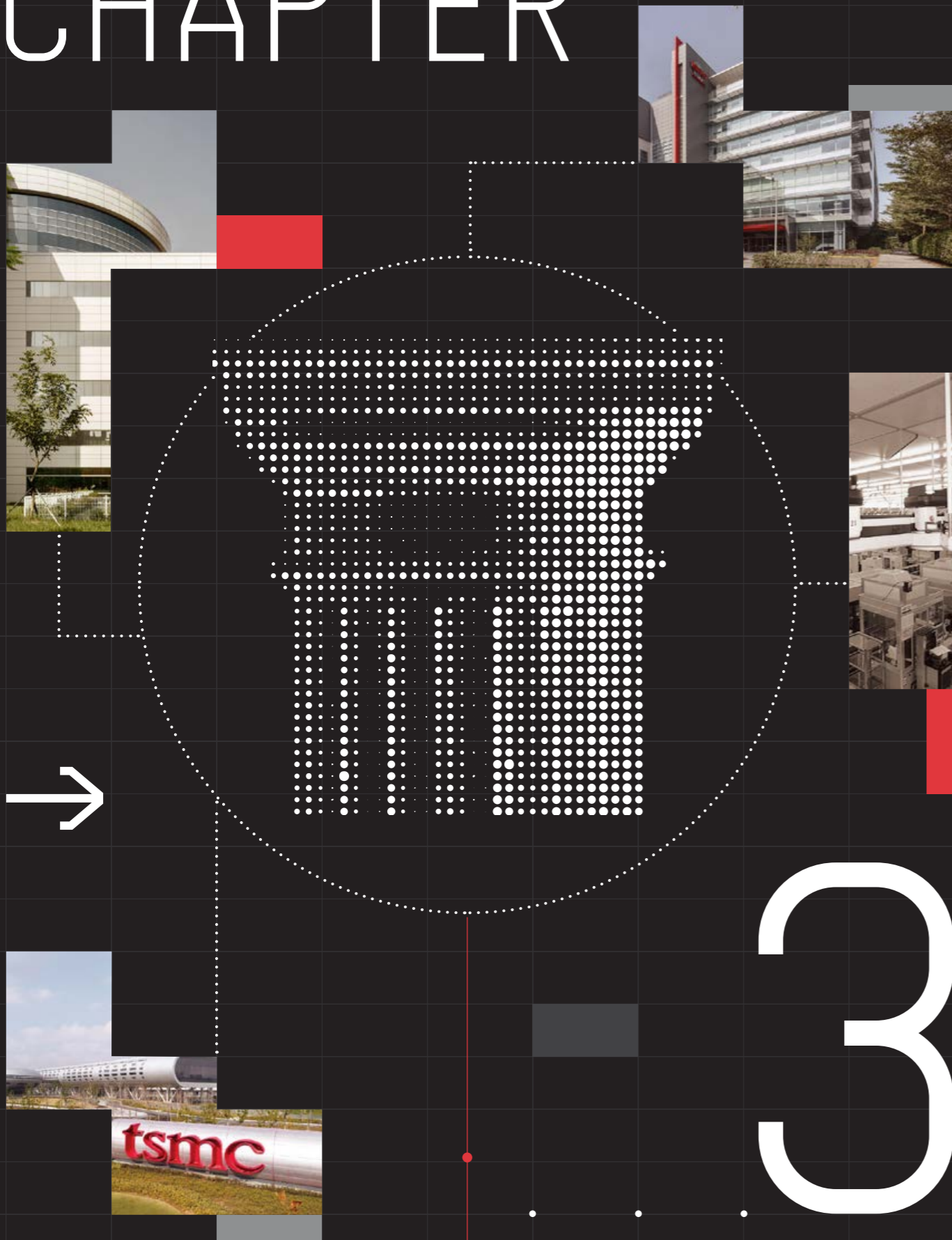
Note 1: Senior Vice President Mr. J.K. Lin retired, effective April 10, 2025. Senior Vice President Mr. Rick Cassidy changed his job responsibility to Executive Consultant, effective July 1, 2025. Vice President Dr. Douglas Yu retired, effective July 8, 2025. Vice President Ms. Vanessa Lee resigned, effective July 12, 2025. Senior Vice President Dr. Wei-Jen Lo retired, effective July 27, 2025.

Note 2: Dr. Y.L. Wang, Dr. T.S. Chang, Dr. Michael Wu, and Dr. Geoffrey Yeap were promoted to Senior Vice President, effective February 10, 2026.

Note 3: Dr. T.S. Chang and Dr. L.C. Lu were promoted to TSMC Senior Fellow, effective June 17, 2025.

Note 4: Mr. P.H. Chen was promoted to Vice President, effective February 12, 2025. These amounts did not include compensation for the period before his promotion.

CHAPTER



Corporate Governance

It is TSMC's core values of Integrity, Commitment, Innovation, and Customer Trust that have earned our customers' confidence to grow and prosper together.

3.1 Overview

TSMC advocates and acts upon the principles of operational transparency and respect for shareholder rights. We believe that the basis for successful corporate governance is a sound and effective Board of Directors. In line with this principle, TSMC Board of Directors delegates various responsibilities and authority to three Board Committees, Audit and Risk Committee, Compensation and People Development Committee, and Nominating, Corporate Governance and Sustainability Committee. Each Committee's chairperson regularly reports to the Board on its activities and recommendations.

3.2 Board of Directors

Board Structure

TSMC's Board of Directors consists of ten distinguished members with a great breadth of experience as world-class business leaders or professionals. We deeply rely on them for their diverse knowledge, personal perspectives, and solid business judgment. The current board members are: Chairman Dr. C.C. Wei, Dr. F.C. Tseng, Dr. Chun-Hsien Yeh (Representative of the National Development Fund, Executive Yuan), Sir Peter L. Bonfield (Independent Director), Mr. Michael R. Splinter (Independent Director), Mr. Moshe N. Gavrielov (Independent Director), Dr. L. Rafael Reif (Independent Director), Ms. Ursula M. Burns (Independent Director), Ms. Lynn L. Elsenhans (Independent Director), and Dr. Chuan Lin (Independent Director).

Board Responsibilities

Inheriting the spirit of TSMC's Founder, Dr. Morris Chang's philosophy on corporate governance, under the leadership of Chairman Dr. C.C. Wei, TSMC's Board of Directors takes a serious and forthright approach to its duties and is a dedicated, competent and independent Board.

The Board's primary duty is to supervise the Company's compliance with relevant laws and regulations, financial transparency, timely disclosure of material information, and maintaining of the highest integrity. TSMC's Board of Directors strives to perform these responsibilities through its Audit and Risk Committee, Compensation and People Development Committee, Nominating, Corporate Governance and Sustainability Committee, the hiring of a financial expert consultant for the Audit and Risk Committee, and coordination with our Internal Audit department.

The second duty of the Board of Directors is to appoint and dismiss officers of the Company when necessary, to evaluate management performance and to review the succession plan for senior executives. TSMC's management has maintained a healthy and functional communication with the Board of Directors, has been devoted in executing guidance of the Board, and is dedicated in running the business operations, all to achieve the best interests for TSMC shareholders.

The third duty of the Board of Directors is to resolve critical matters, such as capital appropriations, investment activities, dividends, etc.

The fourth duty of the Board of Directors is to provide guidance to the Company's management team and risk management. In each quarter, TSMC's management reports to the Board on various subjects (including ESG programs) and strategies, and spends substantial time and effort to communicate with the Board. The Board would comment on the risk and probabilities for success of the proposed corporate strategies. The Board also periodically oversees those strategies' implementation and outcomes, and may suggest the management team to make adjustments to the strategic goals and objectives if necessary.

Nomination and Election of Directors

TSMC envisions the membership of its esteemed Board of Directors to be composed of highly ethical professionals with the necessary knowledge, experience as world-class business leaders and understanding from diverse backgrounds. TSMC's Board of Directors members are nominated via rigorous selection processes. The Company established the "Guidelines for Nomination of Directors," which detail the procedures and criteria for the nominating, qualifying and evaluating director candidates for consideration by the Board of Directors. Additionally, the "Corporate Governance Guidelines" outline the criteria for evaluating candidates for election by shareholders. These criteria include professional knowledge, experience, business judgment, commitment to the Company's core values, and reputation for ethical conduct and leadership. Diversity of backgrounds (including gender, age, and culture) of Board members shall also be considered. Independent Director candidates will be recommended by the "Nominating, Corporate Governance and Sustainability Committee" to the Board of Directors for nomination. The independence of each Independent Director candidate is also considered and assessed under relevant laws.

Directors shall be elected pursuant to the candidate nomination system specified in Article 192-1 of the R.O.C. Company Law. The tenure of office for Directors shall be three years. Under R.O.C. law, in which TSMC was incorporated, any shareholders holding one percent or more of our total outstanding common shares may nominate their own candidate to stand for election as a Board member. This democratic mechanism allows our shareholders to become involved in the selection and nomination process of Board candidates. The final slate of candidates is put to the shareholders for voting at the relevant annual shareholders' meeting.

Taking the position that directors who over time have developed increasing knowledge, experience and insight into the semiconductor industry and deeper understanding of the operations of the Company can better perform their duties and provide an increasing contribution and value to the shareholders of the Company. Except as otherwise provided in applicable regulations regarding the tenure limits of independent directors, there are no limits on the number of terms that a director may serve. The Board will, however, assess director tenure on an on-going basis to ensure the Board continues to benefit from new perspectives.

Directors' Compensation

According to TSMC's Articles of Incorporation, the Board of Directors is authorized to determine the salary for the Chairman, Vice Chairman and Directors, taking into account the extent and value of the services provided for the management of the Corporation and the standards of the industry within the R.O.C. and overseas.

TSMC's Articles of Incorporation also state that not more than 0.3 percent of our annual profits may be distributed as compensation to our directors. In addition, directors who also serve as executive officers of the Company are not entitled to receive any director compensation. According to TSMC's Compensation and People Development Committee Charter, the distribution of compensation to directors shall be made in accordance with TSMC's "Rules for Distribution of Compensation to Directors" based on the following principles: (1) directors who also serve as executive officers of the Company are not entitled to receive compensation; and (2) the compensation for Independent Directors may be higher than other Directors because they serve on multiple Committees, requiring their participation in discussions and resolutions according to each Committee's charter.

Directors' Professional Qualifications and Independent Directors' Independence Status

Criteria Name/Title	Professional Qualification and Experience	Independent Directors' Independence Status	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
C.C. Wei Chairman and Chief Executive Officer	For Directors' professional qualification and experience, please refer to "2.3.1 Information Regarding Board Members" on pages 22-29 of this Annual Report. None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Law. (Note 1)	Not Applicable	
F.C. Tseng Director			
Chun-Hsien Yeh Director			
Sir Peter L. Bonfield Independent Director			
Michael R. Splinter Independent Director			
Moshe N. Gavrieliou Independent Director			
L. Rafael Reif Independent Director			
Ursula M. Burns Independent Director			
Lynn L. Elsenhans Independent Director			
Chuan Lin Independent Director			

Note 1: 1. Having committed an offence as specified in the Statute for Prevention of Organizational Crimes and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or five years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
 2. Having committed the offence in terms of fraud, breach of trust or misappropriation and subsequently convicted with imprisonment for a term of more than one year, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
 3. Having committed the offence as specified in the Anti-corruption Act and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
 4. Having been adjudicated bankrupt or adjudicated of the commencement of liquidation process by a court, and having not been reinstated to his/her rights and privileges;
 5. Having been dishonored for unlawful use of credit instruments, and the term of such sanction has not expired yet; or
 6. Having no or only limited disposing capacity.
 7. Having been adjudicated of the commencement of assistantship and such assistantship having not been revoked yet.

Note 2: 1. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.
 2. Not serving concurrently as an independent director on more than three other Taiwanese public companies in total.
 3. During the two years before being elected and during the term of office, meet any of the following situations:
 (1) Not an employee of the company or any of its affiliates;
 (2) Not a director or supervisor of the company or any of its affiliates;
 (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders;
 (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding (1) subparagraph, or of any of the above persons in the preceding subparagraphs (2) and (3);
 (5) Not a director, supervisor, or employee of a legal entity that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Law;
 (6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company;
 (7) Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent);
 (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company; and
 (9) Neither a director nor his/her spouse has, in any capacity whatsoever, whether as a professional individual, owner, partner, director, supervisor, or officer of a sole proprietorship or any type of legal entity, provided to TSMC and its affiliates: (1) any audit service; or (2) commercial, legal, financial, accounting services or other services of which its total compensation exceeding NT\$500,000 within the recent two years.

Board Diversity and Independence

TSMC's Board of Directors members are nominated via rigorous selection processes. The Company established the "Guidelines for Nomination of Directors," which detail the procedures and criteria for the nominating, qualifying and evaluating director candidates for consideration by the Board of Directors. Additionally, the "Corporate Governance Guidelines" outline the criteria for evaluating candidates for election by shareholders. These criteria include professional knowledge, experience, business judgment, commitment to the Company's core values, and reputation for ethical conduct and leadership. The Board also considers diversity in terms of gender, age, and cultural backgrounds. TSMC aims to achieve both diversity and independence on its Board. Currently,

the Board consists of ten members with varied backgrounds, including experience in different industries and academia. These members represent various nationalities, including from Taiwan, Europe and the U.S., and have experience managing world-class companies. Seven of these members are independent directors, accounting for 70% of the total board seats, ensuring the Board's independence. Furthermore, there are no marital or kinship relationships within the second degree among the directors, reinforcing the Board's independence.

The Company operates in the semiconductor industry, which traditionally has a predominantly male workforce. To enhance board diversity, following the re-election at TSMC's 2024 Annual Shareholders' Meeting, the number of female directors increased from one to two. Although this still falls short of one-third of the board seats, the Company remains committed to merit-based selection and will actively seek qualified female candidates for future board positions. The following table demonstrates the implementation of the board diversity policy:

Implementation of the Diversity Policy for Board Members

Title	Chairman and CEO	Director			Independent Director					
Name	C.C. Wei	F.C. Tseng	Chun-Hsien Yeh	Sir Peter L. Bonfield	Michael R. Splinter	Moshe N. Gavrieliou	L. Rafael Reif	Ursula M. Burns	Lynn L. Elsenhans	Chuan Lin
Gender	Male	Male	Male	Male	Male	Male	Male	Female	Female	Male
Nationality	R.O.C.	R.O.C.	R.O.C.	UK	U.S.	U.S.	U.S.	U.S.	U.S.	R.O.C.
Age	71-75	81-85	56-60	81-85	71-75	71-75	71-75	66-70	66-70	71-75
Employed by TSMC	V									
Professional Knowledge and Expertise										
Business	V	V	V	V	V	V		V	V	V
Technology/Innovation	V	V		V	V	V	V	V	V	
Finance/Accounting			V					V		V
Sales and Marketing	V	V	V	V	V	V		V	V	V
Cybersecurity				V				V		
Academia			V				V			V
Skills and Experience										
Senior Leadership Experience	V	V	V	V	V	V	V	V	V	V
Global Market Perspective	V	V	V	V	V	V		V	V	V
Semiconductor Industry Experience	V	V	V	V	V	V	V			V
Legal or Corporate Compliance	V	V	V	V	V	V	V	V	V	V
Financial	V	V	V	V	V	V	V	V	V	V
Operating and Manufacturing	V	V	V	V	V	V		V	V	V
Business Development	V	V	V	V	V	V		V	V	V
Risk/Crisis Management	V	V	V	V	V	V	V	V	V	V
HR and Talent Development	V	V	V	V	V	V	V	V	V	V
Environmental Sustainability	V	V	V	V	V	V	V	V	V	V
Social Engagement	V	V	V	V	V	V	V	V	V	V

Continuing Education/Training of Directors in 2025

The major training methods of Directors include:

- At quarterly Board meetings, TSMC management presents updates on the Company's business, regulatory developments and other information;
- The Company arranges speeches or training on politics, economics, regulatory compliance, and risks, etc.;
- At quarterly Audit and Risk Committee meetings, TSMC's General Counsel and the Company's independent auditors provide regulatory update reports and legal compliance status; and
- Directors participate in externally-provided training courses as needed.

Name	Date	Host by	Training/Speech Title	Duration
C.C. Wei	08/12	TSMC Taiwan Corporate Governance Association	Board Governance Duties in Sustainability Risks and Crisis Management	2 hours
F.C. Tseng	08/12	TSMC Taiwan Corporate Governance Association	Board Governance Duties in Sustainability Risks and Crisis Management	2 hours
Chun-Hsien Yeh	10/15	ESG World Citizens & Digital Governance Foundation	Sexual Harassment Prevention Responsibilities that Organizations Must Understand in the #MeToo Era	3 hours
Sir Peter L. Bonfield	08/12	TSMC Taiwan Corporate Governance Association	Board Governance Duties in Sustainability Risks and Crisis Management	2 hours
Michael R. Splinter	2025	University of Wisconsin Foundation	Fireside Chat on AI*	1.5 hours
		Builders	Fireside Chat on AI*	1.5 hours
		Santa Barbara Investment Company	Speech on AI*	1.5 hours
		Morgan Stanley	Semiconductor Investors Meeting	16 hours
		NASDAQ	Crypto Currency Structures	2 hours
		Semiconductor Industry Association (SIA)	Round Table on the Future of Semiconductors	1.5 hours
Moshe N. Gavriolov	08/12	TSMC Taiwan Corporate Governance Association	Board Governance Duties in Sustainability Risks and Crisis Management	2 hours
	09/24-26	McKinsey & Company	Is the world (still) flat?	19 hours
L. Rafael Reif	08/12	TSMC Taiwan Corporate Governance Association	Board Governance Duties in Sustainability Risks and Crisis Management	2 hours
Ursula M. Burns	08/12	TSMC Taiwan Corporate Governance Association	Board Governance Duties in Sustainability Risks and Crisis Management	2 hours
Lynn L. Elsenhans	01/16	Egon Zehnder in Houston	Nomination/Governance Chair's	7 hours
	08/12	TSMC Taiwan Corporate Governance Association	Board Governance Duties in Sustainability Risks and Crisis Management	2 hours
Chuan Lin	08/12	TSMC Taiwan Corporate Governance Association	Board Governance Duties in Sustainability Risks and Crisis Management	2 hours
	09/17	Taiwan Corporate Governance Association	2025 Trump "Reciprocal Tariff" Impact on Contract Risk Management	3 hours
	09/24	Taiwan Corporate Governance Association	Navigating Challenges and Strategic Perspectives in the Era of Global Tax Reform	3 hours
	10/15	Taiwan Corporate Governance Association	Sustainability Disclosure and Investment Value from the Board's Perspective: Enhancing Transparency to Build Market Trust	3 hours
	11/12	Taiwan Corporate Governance Association	The Prevention of Insider Trading and the Latest Practice Development	3 hours

Note: *means selected speeches on corporate governance and related topics.

3.2.1 Audit and Risk Committee

The Audit and Risk Committee assists the Board in fulfilling its oversight of the quality and integrity of the accounting, auditing, reporting, and financial control practices, as well as risk management of the Company.

The Audit and Risk Committee is responsible to review the following major matters:

- Financial reports;
- Auditing and accounting policies and procedures;
- Internal control systems and related policies and procedures;
- Material asset or derivatives transactions;
- Material lending funds, endorsements or guarantees;
- Offering or issuance of any equity-type securities;
- Derivatives and cash investments;

- Legal compliance;
- Related-party transactions and potential conflicts of interests involving executive officers and directors;
- Whistleblower investigation reports and Ombudsman reports;
- Fraud prevention and investigation reports;
- Corporate information security;
- Corporate risk management;
- Performance, independence, qualification of independent auditor;
- Hiring or dismissal of an attesting CPA, or the compensation given thereto;
- Appointment or discharge of financial, accounting, or internal auditing officers;
- Assessment of Committee Charter and fulfillment of Committee duties;
- Self-assessment of the Committee's performance; and
- Any other matters that shall be reviewed by the Audit and Risk Committee Meeting as required by relevant laws and regulations or its Committee Charter, or that are deemed to be material by the regulatory authorities.

Under R.O.C. law, the membership of audit committee shall consist of all independent directors. TSMC's Audit and Risk Committee satisfies this statutory requirement. The Committee also engaged a financial expert consultant in accordance with the rules of the U.S. Securities and Exchange Commission. The Audit and Risk Committee annually conducts self-evaluation to assess the Committee's performance and identify areas for further attention.

TSMC's Audit and Risk Committee is empowered by its Charter to conduct any study or investigation it deems appropriate to fulfill its responsibilities. It has direct access to TSMC's internal auditors, the Company's independent auditors, and all employees of the Company. The Committee is authorized to retain and oversee special legal, accounting, or other consultants as it deems appropriate to fulfill its mandate.

3.2.2 Compensation and People Development Committee

The Compensation and People Development Committee assists the Board in discharging its responsibilities related to TSMC's compensation and benefits policies, plans and programs, in evaluation of compensation of TSMC's directors of the Board and executives, and the review of the pipeline planning of the Company's senior executives to ensure the long-term sustainability of the Company.

The members of the Compensation and People Development Committee are appointed by the Board as required by R.O.C. law. According to its charter, the Committee shall consist of no fewer than three independent directors of the Board. The Chairman of the Board and the Chief Executive Officer are invited by the Committee to attend all meetings and are excused from the Committee's discussion of their own compensation. Currently, the Committee consists of four Independent Directors.

TSMC's Compensation and People Development Committee is authorized by its charter to retain an independent consultant to assist in the evaluation of CEO's or executive officer's compensation.

Information Regarding Compensation and People Development Committee Members

Name/Title	Criteria	Professional Qualification and Experience	Independent Directors' Independence Status	Number of Other Taiwanese Public Companies Concurrently Serving as a Compensation Committee Member
Michael R. Splinter (Chair) Independent Director		TSMC's Compensation and People Development Committee is comprised of four Independent Directors. For members professional qualification and experience, please refer to "2.3.1 Information Regarding Board Members" on pages 22-29 of this Annual Report.	1. All the Committee members meet the requirements of Article 14-6 of "Securities and Exchange Act" and the requirements of "Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" (Note) issued by Taiwan's Securities and Futures Bureau 2. or information on the Committee members (or nominee arrangement) as well as his/her spouse and minor children's shareholding of TSMC common shares, please refer to "2.3.1 Information Regarding Board Members" on pages 22-29 of this Annual Report 3. None of the Committee members have received compensation or benefits for providing to the Company or its affiliates: (1) any audit service; or (2) commercial, legal, financial, accounting services or other services within the recent two years	0
Sir Peter L. Bonfield Independent Director				0
Moshe N. Gavriolov Independent Director				0
Ursula M. Burns Independent Director				0

Note: During the two years before being elected and during the term of office, meet any of the following situations:

- (1) Not an employee of the company or any of its affiliates;
- (2) Not a director or supervisor of the company or any of its affiliates;
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders;
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding (1) subparagraph, or of any of the above persons in the preceding subparagraphs (2) and (3);
- (5) Not a director, supervisor, or employee of a legal entity that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Law;
- (6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company;
- (7) Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent);
- (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company; and
- (9) Neither a director nor his/her spouse has, in any capacity whatsoever, whether as a professional individual, owner, partner, director, supervisor, or officer of a sole proprietorship or any type of legal entity, provided to TSMC and its affiliates: (1) any audit service; or (2) commercial, legal, financial, accounting services or other services of which its total compensation exceeding NT\$500,000 within the recent two years.

3.2.3 Nominating, Corporate Governance and Sustainability Committee

The Nominating, Corporate Governance and Sustainability Committee assists the Board in strengthening the selection mechanism for directors, building diversified and professional board, selecting candidates for nomination to be elected as independent directors to the Board, and advising on corporate governance and sustainability matters.

According to its Charter, the Committee shall be composed of the Chairman of the Board and three to six independent directors. Currently, the Committee consists of the Chairman of the Board and three Independent Directors.

The Nominating, Corporate Governance and Sustainability Committee is authorized by its Charter to hire independent legal, financial and other advisors as it may deem necessary to fulfill its responsibilities.

3.2.4 Corporate Governance Officer

The Board of Directors appointed Ms. Sylvia Fang, the Senior Vice President and General Counsel of TSMC, as the Corporate Governance Officer responsible for corporate governance matters, including handling of matters relating to Board, Audit and Risk Committee, Compensation and People Development Committee, Nominating, Corporate Governance and Sustainability Committee, and Shareholders' meetings in compliance with law, assistance in onboarding and continuing education of directors, provision of information required for performance of duties by directors, and assistance in directors' compliance of law, etc.

For details on performance of duties by the Corporate Governance Officer, please refer to "3. Corporate Governance" on pages 42-69 of this Annual Report.

3.2.5 Director and Committees Members' Attendance

Each Director is expected to attend every Board meeting and the Committees meeting on which he or she serves. In 2025, the average Board Meeting attendance rate was 100% and the attendance rate for the Audit and Risk Committee, Compensation and People Development Committee, and Nominating, Corporate Governance and Sustainability Committee's Meetings were all 100%.

Board of Directors Meeting Status

Tenures of the Board of Directors members are from June 4, 2024 to June 3, 2027. TSMC's Chairman of the Board of Directors convened four regular meetings in 2025. The directors' attendance status is as follows.

Title	Name	Attendance in Person	By Proxy	Attendance Rate in Person (%)	Notes
Chairman & Chief Executive Officer	C.C. Wei	4	0	100%	None
Director	Representative of National Development Fund, Executive Yuan Chin-Ching Liu Chun-Hsien Yeh	3 1	0 0	100% 100%	Dr. Chun-Hsien Yeh was appointed as the representative of the National Development Fund on September 1, 2025.
Director	F.C. Tseng	4	0	100%	None
Independent Director	Sir Peter L. Bonfield	4	0	100%	None
Independent Director	Michael R. Splinter	4	0	100%	None
Independent Director	Moshe N. Gavriolov	4	0	100%	None
Independent Director	L. Rafael Reif	4	0	100%	None
Independent Director	Ursula M. Burns	4	0	100%	None
Independent Director	Lynn L. Elsenhans	4	0	100%	None
Independent Director	Chuan Lin	4	0	100%	None

Annotations:

- A. (1) Matters listed in the Securities and Exchange Act §14-3: The Securities and Exchange Act §14-3 is not be applicable because the Company has established the Audit and Risk Committee. For relevant information, please refer to the "Audit and Risk Committee Meeting Status" in this Annual Report.
(2) There were no other written or otherwise recorded resolutions on which an Independent Director had an objection or reservation.
- B. Recusals by Directors due to conflicts of interests: (1) The Chairman of the Board recused himself from the discussion and voting of his compensation resolution; (2) Dr. F.C. Tseng as the Chairman of TSMC Education and Culture Foundation recused himself from the discussion and voting of a donation to TSMC Education and Culture Foundation; (3) Dr. F.C. Tseng, who serves as the Vice Chairman of Vanguard International Semiconductor Corporation (VIS), and Mr. Moshe N. Gavriolov, who serves as an Independent Director of NXP Semiconductors N.V. (NXP), both recused themselves from participating in the discussion and voting on the proposal regarding the related-party transaction of selling certain existing TSMC's equipment to VisionPower Semiconductor Manufacturing Company Pte Ltd. (VSMC), which is identified as both a subsidiary of TSMC's affiliate VIS and a joint venture formed by VIS and NXP; (4) Dr. F.C. Tseng, who serves as the Vice Chairman of VIS, and Dr. Chun-Hsien Yeh, who serves as the representative Director of the National Development Fund, Executive Yuan (which is a Director of both TSMC and VIS), both recused themselves from participating in the discussion and voting on the proposal regarding the related-party transaction of selling certain existing TSMC's equipment to TSMC's affiliate VIS.
- C. Measures taken to strengthen the functionality of the Board:
 - TSMC's Directors are composed of diverse backgrounds, including professional backgrounds in different industries and academic, etc.; nationalities in different countries in Taiwan, Europe and the U.S.; world-class business operating experience; and two Director are females. Our Board has seven Independent Directors who constitute 70% of the Board.
 - Training course for the Directors: "Board Governance Duties in Sustainability Risks and Crisis Management".

Audit and Risk Committee Meeting Status

Tenures of the Audit and Risk Committee members are from June 4, 2024 to June 3, 2027. The Chairman of the Audit and Risk Committee, convened four regular meetings in 2025. In addition to these meetings, the Chairman of the Committee also convened one special meeting and three telephone conferences to review the Company's Annual Report to be filed with the Taiwan and U.S. authorities and investor conference materials. The Committee members' and consultant's attendance status is as follows.

Title	Name	Attendance in Person	By Proxy	Attendance Rate in Person (%)	Telephone Conferences	Attendance Rate of Telephone Conferences (%)	Notes
Chair	Sir Peter L. Bonfield	5	0	100%	3	100%	None
Member	Michael R. Splinter	5	0	100%	3	100%	None
Member	Moshe N. Gavrielov	5	0	100%	3	100%	None
Member	L. Rafael Reif	5	0	100%	3	100%	None
Member	Ursula M. Burns	5	0	100%	3	100%	None
Member	Lynn L. Elsenhans	5	0	100%	3	100%	None
Member	Chuan Lin	5	0	100%	3	100%	None
Financial Expert Consultant	Jan C. Lobbezoo	5	0	100%	3	100%	None

Annotations:

A. (1) Resolutions related to Securities and Exchange Act §14-5:

Audit and Risk Committee Meeting Date	Resolution
2025 1 st Regular Meeting February 10	<ul style="list-style-type: none"> •2024 annual financial statements •2024 business report •2024 fourth quarter earnings distribution •Related-party transactions of selling certain existing TSMC's equipment to TSMC's subsidiaries, TSMC Nanjing and VisEra •Capital injection of not more than US\$10 billion to TSMC Global Ltd. •2024 Statement of Internal Control System
2025 2 nd Regular Meeting May 12	<ul style="list-style-type: none"> •2025 first quarter financial statements •2025 first quarter business report •2025 first quarter earnings distribution •Related-party transaction of selling certain existing TSMC's equipment to VisionPower Semiconductor Manufacturing Company Pte Ltd. (VSMC), a subsidiary of TSMC's affiliate •Related-party transaction regarding TSMC's leasing facility from subsidiary VisEra and the associated expenses thereof •Amendments to TSMC's internal control related policies and procedures •Appointment of Ms. Mingli Weng as the head of Internal Audit, effective August 16, 2025 •Appointment of Mr. Horace Chen as Controller, effective August 16, 2025
2025 3 rd Regular Meeting August 11	<ul style="list-style-type: none"> •2025 second quarter financial statements •2025 second quarter business report •2025 second quarter earnings distribution •NTD corporate bond issuance in an amount not to exceed NT\$60 billion •Capital injection of not more than US\$10 billion to TSMC Global Ltd. •Ratification of TSMC's security investments classified as non-current assets
2025 4 th Regular Meeting November 10	<ul style="list-style-type: none"> •2025 third quarter financial statements •2025 third quarter business report •2025 third quarter earnings distribution •Related-party transaction of selling certain existing TSMC's equipment to TSMC's affiliate Vanguard International Semiconductor Corporation (VIS) •Mr. Corey Chen as the new co-signing partner of Deloitte for TSMC starting from 2026, and 2026 service fees and out-of-pocket expenses for Deloitte

Independent Directors' objections, reservations or major suggestions: None.

Resolution of the committee and the Company's response to the committee's opinion: The members of the Committee unanimously approved all the resolutions, and the Board of Directors approved all such resolutions recommended by the Committee.

(2) There were no other resolutions which was not approved by the Committee but was approved by two thirds or more of all directors.

B. Recusals by Independent Directors due to conflicts of interest: Mr. Moshe N. Gavrielov who serves as an Independent Director of NXP Semiconductors N.V. (NXP), recused himself from participating in the discussion and voting on the proposal regarding the related-party transaction of selling certain existing TSMC's equipment to VisionPower Semiconductor Manufacturing Company Pte Ltd. (VSMC), which is identified as both a subsidiary of TSMC's affiliate VIS and a joint venture formed by VIS and NXP.

C. Descriptions of the communications between the Independent Directors, the internal auditors, and the independent auditors (which should include the material items, channels, and results of the audits on the corporate finance and/or operations, etc.):

(1) The internal auditors have sent the audit reports to the members of the Committee periodically and presented the findings of all audit reports in the quarterly meetings of the Committee. The head of Internal Audit will immediately report to the members of the Committee any material matters. During 2025, the head of Internal Audit did not report any such material matters. The communication channel between the Committee and the internal auditor functioned well.

(2) The Company's independent auditors have presented the findings of their quarterly review or audit on the Company's financial results. Under applicable laws and regulations, the independent auditors are also required to immediately communicate to the Committee any material matters that they have discovered. During 2025, the Company's independent auditors did not report any irregularity. The communication channel between the Committee and the independent auditors functioned well.

(Continued)

The communications between the Independent Directors, the internal auditors, and the independent auditors are listed in the table below.

Audit and Risk Committee Meeting Date	Communications between the Independent Directors and the Internal Auditors	Communications between the Independent Directors and the Independent Auditors
2025 1 st Regular Meeting February 10	<ul style="list-style-type: none"> •Internal Auditor's report (Closed Door Session) •Report on SOX 404 self-testing results for the year 2024 (Closed Door Session) •2024 Statement of Internal Control System (Closed Door Session) 	<ul style="list-style-type: none"> •Report of regulatory developments •Any audit problems or difficulties and management's response in connection with 2024 annual financial statements (Closed Door Session)
2025 2 nd Regular Meeting May 12	<ul style="list-style-type: none"> •Internal Auditor's report (Closed Door Session) •Amendments to TSMC's internal control related policies and procedures (Closed Door Session) 	<ul style="list-style-type: none"> •Report of regulatory developments •Any review problems or difficulties and management's response in connection with 2025 first quarter financial statements (Closed Door Session)
2025 3 rd Regular Meeting August 11	<ul style="list-style-type: none"> •Internal Auditor's report (Closed Door Session) 	<ul style="list-style-type: none"> •Report of regulatory developments •Any review problems or difficulties and management's response in connection with 2025 second quarter financial statements (Closed Door Session)
2025 4 th Regular Meeting November 10	<ul style="list-style-type: none"> •Internal Auditor's report (Closed Door Session) •2026 internal audit plan (Closed Door Session) 	<ul style="list-style-type: none"> •Report of regulatory developments •Any review problems or difficulties and management's response in connection with 2025 third quarter financial statements (Closed Door Session)

Result: all of the above matters were reviewed and/or approved by the Committee where upon Independent Directors raised no objection.

Compensation and People Development Committee Meeting Status

Tenures of the Compensation and People Development Committee members are from June 4, 2024 to June 3, 2027. The Chairman of the Compensation and People Development Committee, convened four regular meetings in 2025. The Committee members' qualification and attendance are as follows.

Title	Name	Attendance in Person	By Proxy	Attendance Rate in Person (%)	Notes
Chair	Michael R. Splinter	4	0	100%	None
Member	Sir Peter L. Bonfield	4	0	100%	None
Member	Moshe N. Gavrielov	4	0	100%	None
Member	Ursula M. Burns	4	0	100%	None

Annotations:

A. In 2025, the Compensation and People Development Committee conducted four regular meetings on February 10, May 12, August 11 and November 10. The discussion items were as follows:

- Report on matters related to employee compensation
- Total amount of quarterly business performance bonus
- Total amount of annual profit sharing
- The amount of quarterly business performance bonus for executive officers, Chairman & CEO
- The annual compensation of directors and executive officers, and the disclosure of same in the Annual Report
- Vest of employee restricted stock awards for 2021, 2022, 2023, 2024
- 2025 long term incentive bonus plan
- Organization and executive succession discussion

All of the above matters were reviewed and/or approved by the Committee.

B. The Board of Directors adopted all recommendations of the Committee without modification.

C. There were no written or otherwise recorded resolutions on which any member of the Committee had an objection or reservation opinion.

Information Regarding Nominating, Corporate Governance and Sustainability Committee Members and Committee's Meeting Status

According to its Charter, the Committee shall be composed of the Chairman of the Board and three to six independent directors.

The Nominating, Corporate Governance and Sustainability Committee assists the Board in strengthening the selection mechanism for directors, building diversified and professional board, selecting candidates for nomination to be elected as independent directors to the Board, and advising on corporate governance and sustainability matters.

TSMC's Nominating, Corporate Governance and Sustainability Committee is comprised of four members. Tenures of the Committee members are from June 4, 2024 to June 3, 2027. The Chairman of the Committee convened four meetings in 2025. The Committee members' professional qualification and experience, attendance status, and discussion items are as follows:

Name/Title	Criteria	Professional Qualification and Experience	Attendance in Person	By Proxy (Note)	Attendance Rate in Person (%)	Notes
Chuan Lin (Chair) Independent Director		TSMC's Nominating, Corporate Governance and Sustainability Committee is comprised of the Chairman of the Board and three independent directors. For members professional qualification and experience, please refer to "2.3.1 Information Regarding Board Members" on pages 22-29 of this Annual Report.	4	0	100%	None
C.C. Wei Chairman of the Board			4	0	100%	None
L. Rafael Reif Independent Director			4	0	100%	None
Lynn L. Elsenhans Independent Director			4	0	100%	None

Annotations:

A. In 2025, the Nominating, Corporate Governance and Sustainability Committee conducted four meetings on February 10, May 12, August 11 and November 10. The discussion items were as follows:

- Reviewing the result of the Committee 2024 annual assessment questionnaire
- Reviewing the standing agenda for 2025 Committee meetings
- Reviewing the TSMC's "Corporate Governance Guidelines" and "Nominating, Corporate Governance and Sustainability Committee Charter"
- Reviewing the corporate governance guidelines benchmark analysis
- Reviewing the update on the selection criteria & timetable of candidates for independent directors in 2027 Election
- Reviewing the update on the search for Independent Director candidates
- Reviewing the limitation on director's serving as Board member for another company and notification of potential conflicts
- Reviewing Quarterly ESG report
- Reviewing 2024 Sustainability Report
- Reviewing implementation status update on adoption of IFRS Sustainability Disclosure Standards into Annual Report
- Reviewing incidents reporting and its protocol
- Annual reviewing and assessing the fulfillment of Committee duties

All of the above matters were reviewed, discussed and/or approved by the Committee.

B. There were no resolutions on which any member of the Committee had an objection opinion.

C. The Board of Directors approved and adopted all recommendations of the Committee without modification.

Note: The Committee members shall attend the meetings in-person, and there is no proxy available for the Committee members who are unable to attend the meeting.

Board of Directors' Performance Evaluation Implementation Status

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Aspect
Annual	From January 1, 2025 to December 31, 2025	<ul style="list-style-type: none"> •The Board of Directors as a whole •The individual directors •The Audit and Risk Committee •The Compensation and People Development Committee •The Nominating, Corporate Governance and Sustainability Committee 	<ul style="list-style-type: none"> •Internal assessment of the Board •Self-assessments by each board member •Internal assessment of each Committee 	<p>The Board of Directors are assessed on the following five aspects:</p> <ol style="list-style-type: none"> 1. Involvement in the Company's operations 2. Enhancement of the quality of the board's decision-making 3. Makeup and structure of the board 4. Election of board members and continuing knowledge development 5. Internal control <p>The individual directors are assessed on the following six aspects:</p> <ol style="list-style-type: none"> 1. Understanding of the Company's goals and mission 2. Awareness of director's duties 3. Involvement in the Company's operations 4. Internal relationship and communication 5. Director's professionalism and continuing knowledge development 6. Internal control <p>Each functional Committee is assessed on the following five aspects:</p> <ol style="list-style-type: none"> 1. Involvement in the Company's operations 2. Awareness of the committee's duties 3. Enhancement of the quality of the committee's decision-making 4. Makeup of the committee and election of its members 5. Internal control

The Company completed self-assessments of the performance of Committees and Board in 2025 and reported the results to each Committee and the Board and at its first quarter meeting of 2026 on February 9 to 10, 2026. The weighted average score for the overall performance of the Board of Directors is 4.72 out of 5, that included an average score of 4.70 on a particular assessment item "The board has sufficient discussions over the Company's involvement in the implementation of ESG programs". The weighted average score for the performance of the individual directors is 4.75 out of 5. As demonstrated, the overall board's operation has been effective. On a scale out of 5, the weighted average scores for self-assessed performance results of the Audit and Risk Committee, the Compensation and People Development Committee and the Nominating, Corporate Governance and Sustainability Committee are 4.77, 4.72 and 4.53, respectively. As demonstrated, each Committee's operation has been effective.

3.3 Major Decisions of Shareholders' Meeting and Board Meetings

3.3.1 Major Resolutions of Shareholders' Meeting and Implementation Status

TSMC held 2025 Annual Shareholders' Meeting in Hsinchu, Taiwan on June 3, 2025. At the meeting, shareholders present in person or by proxy approved the following resolutions:

- (1) The 2024 Business Report and Financial Statements. Consolidated revenue totaled NT\$2,894.31 billion and net income was NT\$1,173.27 billion, with diluted earnings per share of NT\$45.25; and
- (2) The revisions to the Articles of Incorporation;

Implementation Status

All the resolutions of the Shareholders' Meeting have been fully implemented in accordance with the resolutions.

3.3.2 Major Resolutions of Board Meetings

During 2025 and as of the date of this Annual Report, major resolutions approved at Board meetings are summarized below:

- (1) Regular Board Meeting of February 11, 2025:
 - approving the 2024 Business Report and Financial Statements;
 - approving the distribution of a NT\$4.50 per share cash dividend for the fourth quarter of 2024, and setting June 18, 2025 as the record date for common stock shareholders entitled to participate in this cash dividend distribution;
 - approving distribution of employees' business performance bonus and profit sharing for 2024;
 - approving capital appropriations of approximately US\$17,141.40 million for purposes including: 1. Installation and upgrade of advanced technology capacity; 2. Installation and upgrade of advanced packaging, mature and/or specialty technology capacity; 3. Fab construction, and installation of fab facility systems;
 - approving the capital injection of not more than US\$10 billion to TSMC Global Ltd., a wholly-owned subsidiary of TSMC, for the purpose of reducing foreign exchange hedging costs;
 - approving the convening of the 2025 AGM; and
 - approving the promotion of Human Resources Organization Senior Director Mr. P.H. Chen to Vice President.
- (2) Regular Board Meeting of May 12 & 13, 2025:
 - approving the 2025 first quarter Business Report and Financial Statements;
 - approving the distribution of a NT\$5.0 per share cash dividend for the first quarter of 2025, and setting September 22, 2025 as the record date for common stock shareholders entitled to participate in this cash dividend distribution;
 - approving capital appropriations of approximately US\$15,247.70 million for purposes including: 1. Installation of advanced technology capacity; 2. Installation of advanced packaging, mature and/or specialty technology capacity; 3. Fab construction, and installation of fab facility systems;
 - approving the transaction to sell TSMC equipment valued at about between US\$71 million and US\$73 million to VisionPower Semiconductor Manufacturing Company Pte Ltd. (VSMC), a subsidiary of TSMC's affiliate; and
 - approving the appointment of TSMC controller Ms. Mingli Weng as the head of TSMC's internal audit, effective August 16, 2025; meanwhile, approving the appointment of Mr. Horace Chen as controller of TSMC, effective August 16, 2025.
- (3) Regular Board Meeting of August 11 & 12, 2025:
 - approving the 2025 second quarter Business Report and Financial Statements;
 - approving the distribution of a NT\$5.0 per share cash dividend for the second quarter of 2025, and setting December 17, 2025 as the record date for common stock shareholders entitled to participate in this cash dividend distribution;
 - approving capital appropriations of approximately US\$20,657.50 million for purposes including: 1. Installation of advanced technology capacity; 2. Installation of advanced packaging, mature and/or specialty technology capacity; 3. Fab construction, and installation of fab facility systems;
 - approving the issuance of unsecured corporate bonds in multiple offerings in the domestic market in an amount not to exceed NT\$60 billion to finance TSMC's capacity expansion and/or green initiatives; and
 - approving the capital injection of not more than US\$10 billion to TSMC Global, a wholly-owned subsidiary of TSMC, for the purpose of reducing foreign exchange hedging costs.
- (4) Regular Board Meeting of November 10 & 11, 2025:
 - approving the 2025 third quarter Business Report and Financial Statements;

- approving the distribution of a NT\$6.0 per share cash dividend for the third quarter of 2025, and setting March 23, 2026 as the record date for common stock shareholders entitled to participate in this cash dividend distribution;
- approving capital appropriations of approximately US\$14,981.60 million for purposes including: 1. Fab construction, and installation of fab facility systems; 2. Installation of advanced technology capacity; 3. Installation of advanced packaging, mature and/or specialty technology capacity; 4. 2026 R&D capital investments and sustaining capital expenditures; and 5. 2026 capitalized leased assets; and
- approving to sell TSMC equipment valued at about between US\$20 million and US\$23 million to Vanguard International Semiconductor Corporation (VIS), an affiliate of TSMC.

(5) Regular Board Meeting of February 9 & 10, 2026:

- approving the 2025 Business Report and Financial Statement;
- approving the distribution of a NT\$6.0 per share cash dividend for the fourth quarter of 2025, and set June 17, 2026 as the record date for common stock shareholders entitled to participate in this cash dividend distribution;
- approving distribution of employees' business performance bonus and profit sharing of 2025;
- approving the capital appropriations of approximately US\$44,962.00 million for purposes including: 1. Installation and upgrade of advanced technology capacity; 2. Installation and upgrade of advanced packaging, mature and/or specialty technology capacity; 3. Fab construction, and installation of fab facility systems;
- approving the capital injection of not more than US\$30 billion to TSMC Global Ltd., a wholly-owned subsidiary of TSMC, for the purpose of reducing foreign exchange hedging costs;
- approving the issuance of unsecured corporate bonds in multiple offerings in the domestic market in an amount not to exceed NT\$60 billion to finance TSMC's capacity expansion and/or green initiatives;
- approving the 2026 AGM Shareholder's Meeting; and
- approving the following personnel promotions:
 promoted Vice President, Operations/Fab Operations I Dr. Y.L. Wang to Senior Vice President;
 promoted Vice President, Operations/Advanced Technology and Mask Engineering Dr. T.S. Chang to Senior Vice President;
 promoted Vice President, Research and Development/Platform Development Dr. Michael Wu to Senior Vice President;
 promoted Senior Director, Materials Management Mr. Y.K. Hwang to Vice President;
 promoted Senior Fab Director, Operations/Fab12B Mr. B.Z. Tien to Vice President;
 promoted Senior Director, Research and Development/A10 Platform Technology Dr. S.S. Lin to Vice President; and
 promoted Senior Director, Business Development/Advanced Technology Business Development Dr. Lipen Yuan to Vice President.

3.3.3 Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors in 2025 and as of the Date of This Annual Report: None.

3.4 Corporate Governance Implementation Status as Required by Taiwan Financial Supervisory Commission

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
1. Does Company follow "Taiwan Corporate Governance Implementation" to establish and disclose its corporate governance practices?	V		The Board of Directors of the Company has approved the establishment of the Corporate Governance Guidelines.	None
2. Shareholding Structure & Shareholders' Rights (1) Does Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly?	V		(1) TSMC has designated appropriate departments, such as Investor Relations Division, Public Relations Division, Shareholders Services & SEC Compliance Department, Legal, etc., to handle shareholder suggestions, concerns, disputes or litigation matters according to relevant internal procedures.	None
(2) Does Company possess a list of major shareholders and beneficial owners of these major shareholders?	V		(2) TSMC tracks the shareholdings of directors, officers, and top ten shareholders.	
(3) Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates?	V		(3) TSMC has set up internal rules in the Company's Internal Control System and Affiliated Corporations Management.	
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	V		(4) TSMC has established its "Insider Trading Policy" that applies to all employees, officers and members of the Board of Directors of the Company and to any other person having a duty of trust or confidence, with respect to transactions in the Company's securities. This policy prohibits any insider trading and the Company regularly provides internal training on this issue.	

(Continued)

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
3. Composition and Responsibilities of the Board of Directors (1) Has the Board of Directors established a diversity policy, set goals, and implemented them accordingly?	V		(1) Please refer to "3.2 Board of Directors – Board Diversity and Independence" on pages 46-47 of this Annual Report.	None
(2) Other than the compensation committee and the audit committee which are required by law, does the Company plan to set up other Board committees?	V		(2) Audit and Risk Committee (Audit Committee is founded in 2002 and renamed in 2023); Compensation and People Development Committee (Compensation Committee is founded in 2003 and renamed in 2023); Nominating, Corporate Governance and Sustainability Committee (founded in 2023); ESG Steering Committee (founded in 2019); is formed by the Company's management team and chaired by Chairman; ESG Committee (founded in 2011); is formed by the Company's executive team and reports quarterly to the Board / Nominating, Corporate Governance and Sustainability Committee on the implementation of plans and results.	
(3) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the results of performance to the Board of Directors, and use the results as reference for directors' remuneration and renewal?	V		(3) As TSMC's corporate governance concept, the Board of Director's primary responsibility is to supervise, evaluate the management's performance and dismiss officers of the Company when necessary, resolve the important, concrete matters and provide guidance to the management team. TSMC's Board of Directors consists of distinguished members with a great breadth of experience as world-class business leaders or professionals and adhere high ethical standards and commitment to the Company. Each quarter's Board Meeting is last for two days. Company's resolutions are determined in board meeting, also business strategy and future orientation are discussed in the meeting, in order to create best interest for shareholders. Based on TSMC's operating performance and local/international awards of best corporate governance, it certainly proves the Company's excellent performance of Board of Directors. Each year, TSMC conducts regular Board performance self-evaluation in form of written questionnaires for the Board, individual directors, the Audit and Risk Committee, the Compensation and People Development Committee, and the Nominating, Corporate Governance and Sustainability Committee. The Board of Directors are assessed on the following five aspects: 1. Involvement in the Company's operations 2. Enhancement of the quality of the board's decision-making 3. Makeup and structure of the board 4. Election of board members and continuing knowledge development 5. Internal control The individual directors are assessed on the following six aspects: 1. Understanding of the Company's goals and mission 2. Awareness of director's duties 3. Involvement in the Company's operations 4. Internal relationship and communication 5. Director's professionalism and continuing knowledge development 6. Internal control Each functional Committee is assessed on the following five aspects: 1. Involvement in the Company's operation 2. Awareness of the committee's duties 3. Enhancement of the quality of the committee's decision-making 4. Makeup of the committee and election of its members 5. Internal control The Company completed self-assessments of the performance of committees and Board in 2025 and reported the results to each committee and the Board at its first quarter meeting in 2026 for review and improvement. The weighted average score for the overall performance of the Board of Directors is 4.72 out of 5, that included an average score of 4.70 on a particular assessment item "The board has sufficient discussions over the Company's involvement in the implementation of ESG programs". The weighted average score for the performance of the individual directors is 4.75 out of 5. As demonstrated, the overall board's operation has been effective. On a scale of 5, the weighted average scores for self-assessed performance results of the Audit and Risk Committee, the Compensation and People Development Committee and the Nominating, Corporate Governance and Sustainability Committee are 4.77, 4.72 and 4.53, respectively. As demonstrated, each committee's operation has been effective.	
(4) Does the Company regularly evaluate its external auditors' independence?	V		(4) The Audit and Risk Committee annually evaluates the independence of external auditors and reports the same to the Board of Directors. Please refer to "3.9.4 Evaluation of the External Auditor's Independence and Suitability" on page 69 of this Annual Report.	

(Continued)

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
4. Does the Company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)?	V		The Board of Directors appointed Ms. Sylvia Fang, the Senior Vice President and General Counsel of TSMC as the Corporate Governance Officer. TSMC's Corporate & Compliance Legal Division, which directly reports to the General Counsel, is in charge of assisting in related affairs, including handling of matters relating to Board, Audit and Risk Committee, Compensation and People Development Committee, Nominating, Corporate Governance and Sustainability Committee and Shareholders' meetings in compliance with law, assistance in onboarding and continuing education of directors, provision of information required for performance of duties by directors, and assistance in directors' compliance of law, etc.	None
5. Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?	V		Depending on the situation, the Company's Investor Relations Division, Public Relations Division, Shareholders Services & SEC Compliance Department, Human Resources Organization, Customer Service Department, Procurement Department and ESG will communicate with stakeholders. We also have publicly disclosed the contact information of our corporate spokesperson and relevant departments. Also, we have a stakeholder section on our corporate website to address our sustainability and any other issues. For details, please refer to "7. Corporate Sustainability (ESG)" on pages 154-183 of this Annual Report and "Materiality Analysis and Stakeholder Communication" of TSMC's Sustainability Report.	None
6. Has the Company appointed a professional registrar for its Shareholders' Meetings?	V		We have appointed China Trust as registrar for our Shareholders' Meetings.	None
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?	V		(1) TSMC discloses its financials business and corporate governance status on its website at http://www.tsmc.com (in Chinese and English). TSMC's American Depository Receipt (ADR) is listed on the New York Stock Exchange (NYSE). As a foreign issuer, TSMC must comply with NYSE's rules. We have been operating in accordance with NYSE listing standards, and have been disclosing the major differences between our corporate governance practices and U.S. corporate governance practices. Please see https://www.tsmc.com/download/ir/NYSE_Section_303A.pdf .	None
(2) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V		(2) TSMC has designated appropriate departments (e.g. the Investor Relations Division, Public Relations Division, Shareholders Services & SEC Compliance Department, etc.) to handle the collection and disclosure of information as required by the relevant laws and regulations of Taiwan and other jurisdictions. TSMC has designated Spokesperson and Deputy Spokesperson as required by relevant regulations. TSMC provides live audio webcasts and replays of investor conferences on its website.	
(3) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?	V		(3) TSMC follows relevant laws and regulations to announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline. Please refer to Market Observation Post System for the aforementioned disclosure.	
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	V		For employee rights and employee wellness, please refer to "5.6 Human Capital" on pages 117-125 of this Annual Report. For investor relations, supplier relations and rights of stakeholders, please refer to "7. Corporate Sustainability (ESG)" on pages 154-183 of this Annual Report. For Directors' training records, please refer to "Continuing Education/Training of Directors in 2025" on page 48 of this Annual Report. For Risk Management Policies and Risk Evaluation, please refer to "6.2 Risk Management" on pages 133-153 of this Annual Report. For Customer Relations Policies, please refer to "5.4 Customer Trust" on pages 114-116 of this Annual Report. TSMC maintains D&O Insurance for its directors and officers.	None

9. The improvement status for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange

TSMC was ranked in top 5% in Corporate Governance Evaluation over the years. The improvement status is as follows:
TSMC's intellectual property management received a AAA (the highest tier) certificate by Taiwan Intellectual Property Management System (TIPS) from Industrial Development Administration, Ministry of Economic Affairs in December 2021. The certification was successfully renewed in 2024, with validity from January 1, 2025, to December 31, 2027.

3.5 Code of Ethics and Business Conduct

Ethics at TSMC

"Integrity" is TSMC's most important core value. TSMC strictly adheres to the highest standards of integrity and promotes good ethical behavior to sustain the hard-earned trust and confidence of its shareholders, customers, suppliers, employees and the general public – constantly and vigilantly promoting integrity, fairness, and transparency in all that we say and do. We have zero tolerance for corruption, refrain from bribery, fraud, abuse or embezzlement of corporate assets, and prohibit the advancement of personal interests at the expense of or in conflict with TSMC. At the heart of our corporate governance culture is the "TSMC Ethics and Business Conduct Policy" (Ethics Code). The Ethics Code requires that each employee bears a heavy personal responsibility to preserve and to protect TSMC's ethical values and reputation. At the same time, we have formulated "TSMC's Supplier Code of Conduct" to ensure our suppliers understand and follow the Ethics Code and together fulfill our corporate social responsibilities.

Specifically, every TSMC employee must adhere to the following:

- Do not advance personal interests at the expense of or in conflict with the Company;
- Refrain from corruption (including collusion with others), bribery, unfair competition, fraud, extortion, embezzlement, and waste or abuse of corporate assets;
- Avoid any improper efforts to influence the decisions of anyone, including government officials, agencies, as well as TSMC's customers and suppliers;
- Do not undertake any practices detrimental to TSMC, to the environment, or to society;
- Procure all of our raw materials from socially responsible sources;
- Protect proprietary information of TSMC, our customers and suppliers; and
- Abide by the letter of all applicable laws, rules and regulations.

The protection of intellectual properties is also an important part of TSMC's Ethics Code. In order to build and sustain an environment of innovation, technology leadership, and sustainable profitable growth, the Ethics Code requires that TSMC promotes business relationships founded upon an unwavering respect for the intellectual property rights, proprietary information and trade secrets of TSMC, our customers, and others.

With regard to public disclosures, TSMC's officers, especially our Chairman and CEO, CFO, and General Counsel, with oversight from our Board, are responsible for full, fair, accurate, timely, and understandable financial accounting and financial disclosure in reports and documents filed by the Company with securities authorities and in all TSMC public communications and disclosures. TSMC has a variety of measures in place to ensure compliance with these disclosure obligations.

Any modification to the Ethics Code requires the approval of our Audit and Risk Committee to ensure our ethics compliance program is independently reviewed against corporate best practices.

Ethics Code Implementation

High Standard of Ethics Culture: Our ethics program is implemented in four ways by all TSMC's Board members, officers, and employees. First, the TSMC management team sets the "tone from top" by acting in accordance with the Ethics Code so that they will be an example to all stakeholders. Second, working-level managers are responsible for ensuring their staff's understanding of and compliance with applicable rules and regulations. Third, TSMC encourages an environment of open communications in discussing any questions related to the Ethics Code. Any employee may consult his or her direct supervisors, Human Resources or Legal to obtain timely and appropriate advice. Lastly, TSMC requires all employees to stay vigilant and report any noncompliance by anyone to their supervisors, the function head of Human Resources, or directly to the Chairman of the Audit and Risk Committee (an independent director) through the existing whistleblowing procedures, or the senior manager appointed by CEO to oversee the Ombudsman system.

Self-Assessment of All Departments and Employees: Self-assessment of all departments and employees is an important part of our ethics compliance program. All TSMC departments and subsidiaries are required to conduct Control Self-Assessment (CSA) tests annually in reviewing employees' awareness of the Ethics Code, and to evaluate and strengthen the effectiveness of internal controls related to the Ethics Code. The CSA results are reviewed to track the results of our compliance program. In addition, all employees must disclose any matters that cause, or may cause, actual or potential conflict of interest. In addition to newly hired employees who are asked to declare conflicts of interest when joining TSMC, employees with specific job grades or job responsibilities must annually declare any relationships that may constitute a conflict of interest, which enables TSMC to make necessary arrangements and report the results to the Audit and Risk Committee.

Internal Auditing: The Internal Auditor of TSMC plays a critical role in ensuring the Company's compliance with the Ethics Code and relevant rules and regulations. To ensure that our financial, managerial, and operating information is accurate, reliable, and timely and that our employees' actions are in compliance with applicable policies, standards, procedures, laws and regulations, our Internal Auditor conducts audits of various control points within the Company in accordance with its annual audit plan approved by the Board of Directors and subsequently reports its audit findings and remedial issues to the Board and management on a regular basis.

Training and Promotion: To promote awareness to our employees of their responsibilities under the Ethics Code, we publish our Ethics Code and related policies and documents on our intranet and, provide training courses, posters, emails, and other diversified ways to advocate the Company's core values and compliance system. In terms of training courses, TSMC not only provides the annual online course on the Ethics Code and requires all employees to complete the training, we also provide face-to-face training courses delving into more specific ethics-related topics for targeted employees. In 2025, the employees at TSMC and its subsidiaries that participated in the "Annual Ethics and Compliance Training Course" (mandatory 0.5 hour online course) and passed the course exam were 85,124 persons.

In addition to our internal compliance efforts, we expect and assist our business partners such as customers and suppliers, and any other entities with whom we deal (including consultants or third party agents who act for or on behalf of TSMC) to recognize and understand TSMC's ethical standards to fulfill our responsibilities as a corporate citizen. For instance, we require all of our first-tier suppliers to declare in writing that they will respect and comply with TSMC's ethical standards and culture. TSMC is a full member of the Responsible Business Alliance (RBA, formerly the Electronic Industry Citizenship Coalition, EICC). In addition to adopting the RBA Code of Conduct at all of its facilities, TSMC applied the RBA's standards to enhance our audit program of our suppliers and relevant business partners. We provide training and communicate our ethical culture to our suppliers through live seminars and online programs. For example, we held a sustainable supply chain ESH forum to share/exchange practical experiences on topics such as the Ethics Code, environmental protection, and occupational safety. We also exchange views on appropriate business conduct and TSMC's ethical standards and implementation status with our customers as part of customer audit programs and questionnaires.

Reporting Channels and Whistleblower Protection

TSMC has established relevant whistleblowing policies and set up "Irregular Business Conduct Reporting System", "Whistleblower Procedures" and other multiple reporting channels to deal with and listen to internal and external voices to protect the rights and interests of stakeholders and the Company. All reported incidents collected from reporting channels inside or outside of TSMC are properly recorded and traced. TSMC also prohibits any form of retaliation by providing proper protection for any individual who in good faith reports a suspected violation or participates in an investigation.

TSMC investigates each individual case according to its characteristics through specific divisions, and treats every received case seriously, carefully, and effectively to ensure the accuracy of the investigation. The TSMC Ethics Committee will evaluate each case to determine whether it is an exceptional case or whether it results from systemic issues of insufficient awareness in ethics. This allows TSMC to continue evaluating whether it is necessary to improve its management and internal control procedures. Awareness such as emails to employees describing the violations and disciplinary actions in each quarter are conducted to promote employees' awareness and avoid the recurrence of similar incidents.

In 2025, TSMC did not receive any reports related to insider trading, money laundering, or other finance, accounting or antitrust matters, nor did we receive any complaints concerning breach of customer privacy and loss of customer data, or any material regulatory violations (where a fine exceeds NT\$1 million), including non-monetary sanctions. Monetary sanctions received for non-compliance with the aforementioned regulations is shown as the following table:

Unit: NT\$

Year	FY2021	FY2022	FY2023	FY2024	FY2025
Amount	0	0	0	0	0

In 2025, the incidents reported through the Audit and Risk Committee Whistleblower Procedures, Ombudsman System, and Irregular Business Conduct Reporting System totaled 465. Among them, 322 cases were related to people management/employee relations, 128 cases were categorized as others (e.g., asking personal questions or private matters), and 15 cases were related to ethics. Two incidents were verified upon investigation and determined for disciplinary action by the Ethics Committee. In 2025, TSMC leveraged the two violations to strengthen ethics promotion for employees and suppliers in supplier-related activities. Below are the summary of reported incidents and reporting area.

Case	FY2021	FY2022	FY2023	FY2024	FY2025
Total reported cases	327	335	348	358	465
Ethics-related cases	17	11	13	16	15
Cases investigated and verified as ethics violations	4	4	5	1	2 (Note 1)
Sexual Harassment Investigation Committees Formed	14	19	35	50	45
Cases investigated and verified as violations	11	14	23	28	28 (Note 2)

Note 1: Of the two verified cases: one incident involved employee was found to have unjustly withheld payments to vendors under false pretenses for personal gain and was subsequently dismissed. Another incident involved employees failing to avoid a conflict of interest by obtaining discounted prices from vendors during personal activities. The employees involved received warnings.

Note 2: Employees who violated Company sexual prevention policy (the "Policy") were disciplined by the Company on case-by-case basis depending on the nature and severity of the verified misbehaviors. Since these violations involved various inappropriate behaviors, the Company summarized the violations and the Policy to educate employees what kinds of behaviors could be viewed as sexual harassment as well as emphasize the type and possible consequences for harassment in 2025 TSMC annual sexual harassment prevention training.

Cases Investigated and Verified as Violations in Different Reporting Area	FY2021	FY2022	FY2023	FY2024	FY2025
Corruption or Fraud	4	4	2	1	1
Discrimination or Harassment	11	14	23	28	28
Customer Privacy Data	0	0	0	0	0
Conflicts of Interest	-	-	1	0	1
Money Laundering or Insider Trading	-	-	0	0	0
Antitrust	0	0	0	0	0
Others	-	-	0	2	0

Ethics Code Violation Disciplinary Action

TSMC has zero tolerance for violations of the Ethics Code of any kind and treat every possible violation case seriously. For example, any employee who violates the Ethics Code (or relevant regulations) is subject to disciplinary actions in accordance with TSMC procedures, up to and including termination of employment, and will negatively affect their annual performance reviews (including bonus adjustment). Similarly, severe consequences, including business relationship termination and legal actions when appropriate, will be taken against any violating supplier.

3.5.1 Corporate Conduct and Ethics Implementation Status as Required by Taiwan Financial Supervisory Commission

Assessment Item	Implementation Status			Causes for the Difference
	Yes	No	Summary	
<p>1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures</p> <p>(1) Does the company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p> <p>(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?</p> <p>(3) Whether the company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?</p>	V		<p>(1) Integrity is the most important core value of TSMC's culture. TSMC is committed to acting ethically in all aspects of our business. We have established TSMC Code of Ethics and Business Conduct (the "Ethics Code") to require that each employee bears a heavy personal responsibility to uphold TSMC's ethics values. For more details on the Ethics Code and the measures that TSMC's Board of Directors (the "Board") and the management team take to ensure compliance with the Ethics Code please refer to TSMC's Annual Report and the Sustainability Report.</p> <p>(2) At the heart of our corporate governance culture is the Ethics Code that applies to TSMC and its subsidiaries, and this Ethics Code requires that each employee bears a heavy personal responsibility to preserve and to protect TSMC's ethical values and reputation and to comply with various applicable laws and regulations. Specific requirements under the Ethics Code can be found in our Annual Report. In addition, to educate and remind our employees of their responsibilities under the Ethics Code, we publish our Ethics Code, relevant policies and documents on our intranet and promote its awareness through training courses, posters, emails, and other diversified ways to advocate the company's core values and compliance. Furthermore, to ensure that our conduct meets relevant legal requirements and the highest ethical standards under the Ethics Code, TSMC provides multiple channels for reporting business conduct concerns. Please refer to Assessment Item 3 for details.</p> <p>We do not tolerate any violation of the Ethics Code and treat every possible violation incident seriously. Each violator of the Ethics Code (or relevant regulations), for employees, in addition to affecting individual annual performance evaluation, will be severely disciplined to the full extent of our policies and the law, up to and including immediate dismissal, or termination of business relationship for suppliers, and judicial prosecution as appropriate.</p> <p>(3) Under the framework of the Ethics Code, TSMC has established a regulatory compliance program that includes policies, guidelines and procedures in other policy areas, including: Corporate Governance, Securities Laws, Anti-bribery and Anti-corruption, Anti-harassment, Anti-discrimination, Labor Laws and Anti-trust (fair competition), Environmental Protection, Safety and Health, Export Control, Financial Reporting, Insider Trading, Intellectual Property, Proprietary Information Protection, Personal Data Protection, Record Retention and Disposal, as well as procuring certain raw materials from socially responsible sources (Conflict-free Minerals). The above-mentioned policies are crucial in facilitating overall compliance with the Ethics Code. TSMC provided an "Annual Ethics and Compliance Training Course" (mandatory 0.5 hour online course) covering various important regulatory compliance topics and the employees at TSMC and its subsidiaries that participated in this training course and passed the course exam were 85,124 persons. TSMC, its employees and its subsidiaries are expected to fully understand and comply with all laws and regulations that govern our businesses, as well as relevant policies, guidelines and procedures, and make ethical decisions in every circumstance. The Internal Auditor of TSMC also plays a critical role in ensuring the Company's compliance with the Ethics Code and relevant rules and regulations. To ensure that our financial, managerial, and operating information is accurate, reliable, and timely and that our employee's actions are in compliance with applicable policies, standards, procedures, laws and regulations, our Internal Auditor conducts audits of various control points within the Company in accordance with its annual audit plan approved by the Board of Directors and subsequently reports its audit findings and remedial issues to the Board and Management on a regular basis.</p>	None

(Continued)

Assessment Item	Implementation Status			Causes for the Difference
	Yes	No	Summary	
<p>2. Ethic Management Practice</p> <p>(1) Whether the company has assessed the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?</p> <p>(2) Whether the company has set up a unit which is dedicated to promoting the company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?</p> <p>(3) Whether the company has established policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?</p> <p>(4) To implement relevant policies on ethical conducts, has the company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically?</p> <p>(5) Does the company provide internal and external ethical conduct training programs on a regular basis?</p>	V		<p>(1) We expect and assist our customers, suppliers, business partners, and other entities with whom we deal (such as consultant or third party agents who act for or on behalf of TSMC) to understand and act in accordance with TSMC's ethical standards. For instance, we require all of our suppliers to declare in writing that they respect and comply with TSMC's ethical standards and culture. In addition to periodic audit, we provide training and communicate our ethical culture to our suppliers through live seminars or online programs to prevent any unethical conduct. We exchange views on appropriate business conduct and TSMC's ethical standards with our customers as part of customer audit programs and questionnaires.</p> <p>(2) TSMC's Board of Directors strives to perform the responsibilities of supervising the corporate conduct and ethics compliance practice through the Audit and Risk Committee and the Compensation and People Development Committee, the hiring of a financial expert consultant for the Audit and Risk Committee, and coordination with the Internal Audit department. The General Counsel and the Corporate & Compliance Legal Division (which directly reports to the General Counsel) promotes the Company's ethical standards, and the General Counsel reports quarterly to the Board on the implementation status. In addition, both the responsible senior manager appointed by the CEO to oversee the Ombudsmen system and Internal Auditors update the Board on ethical standards and compliance issues on a regular basis. Moreover, TSMC's officers, especially our CEO, CFO, and General Counsel, with oversight from our Board, are responsible for the full, fair, accurate, timely, and understandable financial accounting and financial disclosure in reports and documents filed by the Company with securities authorities and in all TSMC public communications and disclosures.</p> <p>(3) TSMC requires newly hired employees to declare any conflict of interest when joining TSMC. In addition, according to the Ethics Code, all employees must declare any actual or potential conflict of interest. Furthermore, employees with specific job grades or positions need to complete the conflict of interest declarations annually.</p> <p>(4) TSMC continues maintain the integrity of its financial reporting processes and controls and establishes appropriate internal control systems for preventing higher potential unethical conduct, and the Internal Auditors formulate annual audit plans based on the results of the risk assessment and subsequently reports its audit findings and remedial issues to the Board and Management on a regular basis. In addition, all departments and subsidiaries of TSMC are required to conduct Control Self-Assessment (CSA) tests annually to review the effectiveness of the internal control system.</p> <p>(5) Training is a major component of our compliance program, conducted throughout the year to refresh TSMC's employees' commitment to ethical conduct, and to get updated information on laws and regulations related to their daily operations. Please refer to Assessment Item 1 for more information regarding the training courses. As for our suppliers, we communicate our ethical culture to our business partners through live seminars or online programs to ensure their full understanding of our commitment to ethical conduct.</p>	None

(Continued)

Assessment Item	Implementation Status			Causes for the Difference
	Yes	No	Summary	
<p>3. Implementation of Complaint Procedures</p> <p>(1) Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?</p> <p>(2) Whether the company has established standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?</p> <p>(3) Does the company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?</p>	V		<p>(1) TSMC has established relevant whistleblowing policies and set up "Irregular Business Conduct Reporting System", "Whistleblower Procedures" and other multiple reporting channels to deal with and listen to internal and external voices to protect the rights and interests of stakeholders and the Company. TSMC accepts anonymous reports, and also requires all employees to stay vigilant and whistle-blow any noncompliance by anyone to their supervisors, the function head of Human Resources, or through those current reporting channels. TSMC designates responsible individuals to handle the complaint received.</p> <p>(2) TSMC treats any complaint and the investigation thereof in a confidential and sensitive manner, as is clearly stated in our bylaws.</p> <p>(3) TSMC strictly prohibits any form of retaliation against any individual who in good faith reports or helps with the investigation of any complaint, as is clearly stated in our bylaws.</p>	None
<p>4. Information Disclosure</p> <p>Does the company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System ("MOPS")?</p>	V		<p>TSMC provides the guidelines and informative articles related to ethics and honorable business conduct on its internal website (in both Chinese and English) for employees' easy access. In addition, TSMC posts its Annual Report (which is also available at the MOPS) and Sustainability Report on its external website (in both Chinese and English, available at: http://www.tsmc.com) to disclose TSMC Ethics Code and the information about implementation of the Ethics Code.</p>	None
<p>5. If the company has established corporate governance policies based on Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe any discrepancy between the policies and their implementation.</p> <p>TSMC has established the Ethics Code to require that all employees, officers and board members comply with the Ethics Code and the other policies and procedures. There is no discrepancy between the Ethics Code, including its affiliate policies and procedures, and its implementation. For more details, please refer to "3.5 Code of Ethics and Business Conduct" on pages 59-64 of this Annual Report.</p>				
<p>6. Other important information to facilitate better understanding of the company's corporate conduct and ethics compliance practices (e.g., review the company's corporate conduct and ethics policy).</p> <p>For details on the implementation of TSMC's corporate conduct and ethics, please refer to "3.5 Code of Ethics and Business Conduct" on pages 59-64 of this Annual Report.</p>				

3.6 Regulatory Compliance

TSMC's compliance systems are comprised of a series of legislation monitoring, developing and implementation of effective compliance policies and programs, training, and maintaining open reporting channels.

Legislative Monitoring

TSMC operates in many countries. To comply with governing legislation, applicable laws, regulations and regulatory expectations, we closely monitor domestic and foreign government policies and regulatory developments that could materially impact TSMC's business and financial operations. Our Legal organization periodically updates our relevant internal departments, management and the Audit and Risk Committee of applicable regulatory changes so that internal teams ensure compliance with new regulatory requirements in a timely manner. We are also proactive advocate for legislative and regulatory reform, and our comments and recommendations on legal reforms to the government have been accepted constructively. TSMC is increasingly dedicated to identifying potential regulatory issues and will continue to be involved in advocating public policy changes that foster a positive and fair business environment.

Policy and Compliance Program Development and Implementation

TSMC has established a regulatory compliance program that includes policies, guidelines and procedures in different compliance areas, including: Corporate Governance, Securities Laws, Anti-bribery and Anti-corruption, Anti-harassment, Anti-discrimination, Labor Laws, Antitrust (fair competition), Environmental Protection, Safety and Health, Export Control, Financial Reporting, Insider Trading, Intellectual Property, Proprietary Information Protection, Personal Data Protection, Record Retention and Disposal, as well as procuring certain raw materials from socially responsible sources (Conflict-free Minerals). It is our belief that these policies are crucial in strengthening overall compliance with the Ethics Code and compliance program. TSMC, its employees and its subsidiaries are expected to fully understand and comply with all laws and regulations that govern our businesses, as well as internal relevant policies, guidelines and procedures, and make ethical decisions in every circumstance.

Compliance Awareness Training

Training is one of the major components of our regulatory compliance program. TSMC provides regular promotion and training courses for employees to get updated information on laws and regulations related to their daily operations and to strengthen TSMC's employees' commitment to regulatory compliance and ethical conduct. Highlights of our training include:

- Multiple types for training and promotion: TSMC enriches employees' information sources for regulatory compliance through various promotional activities. Awareness promotion emails to employees, posters at our facilities, and compliance guidelines, news articles, tips and FAQs which our employees can access through our intranet.
- Customized face-to-face training courses for different business attributes: For important specific laws and regulations, TSMC provides face-to-face seminars. This customized training is made mandatory for those employees whose job responsibilities are especially relevant to a particular topic to ensure sufficient awareness of relevant laws and internal policies.
- Various on-line courses available to employees at any time: On-line learning programs updated frequently to provide most up-to-date information and timely and flexible access for employees to understand the law and key compliance issues, covering topics of Corporate Governance, Securities Laws, Anti-bribery and Anti-corruption, Anti-harassment, Anti-discrimination, Labor Laws, Antitrust (fair competition), Environmental Protection, Safety and Health, Export Control, Financial Reporting, Insider Trading, Intellectual Property, Proprietary Information Protection, Personal Data Protection, Record Retention and Disposal, as well as "Conflict-free Minerals" among others. The course contents will be updated with changes in applicable laws or TSMC internal policies to ensure the timeliness and accuracy of the course contents.
- Continuous training of the Legal team: TSMC's Legal team actively participate in external professional courses held in Taiwan and abroad to receive current developments of new laws and regulations and track the latest developments in various professional legal fields, and for its lawyers to comply with applicable continuing legal education requirements. External experts are also invited to give in-house lectures on key issues.

Reporting Channels

TSMC provides multiple channels for reporting business conduct concerns to ensure that our conduct meets relevant legal requirements and the highest ethical standards under the Ethics Code. For more details about the reporting channels, please refer to "3.5 Code of Ethics and Business Conduct" on pages 59-64 of this Annual Report.

Major Accomplishments

In 2025, TSMC achieved several major accomplishments in regulatory compliance. Externally, in addition to fulfilling the Company's obligations toward regulatory compliance matters, TSMC exercised its civic duties as a responsible corporate citizen by providing feedback on current regulations and regulations in legislation, with the intent to improve Taiwan's industrial investment environment, enhance economic development, and help align domestic laws with international law. Furthermore, TSMC continues to focus on the topics related to the Company Law, the Securities and Exchange Act, intellectual property protection and environmental protection. In addition, TSMC shared its practices and experiences on trade secrets, labor rights, regulatory compliance system and reporting channel with outside institutions.

Internally, TSMC provided multiple courses about legal and regulatory compliance. The important achievements are as follows:

- Ethics and Compliance: TSMC provided an "Annual Ethics and Compliance Training Course" (mandatory 0.5 hour online course). The course covers three parts: (i) Integrity, avoiding conflict of interests; (ii) compliance with various important laws and regulations, such as anti-bribery and anti-corruption, personal data protection law, insider trading, and unfair competition; and (iii) TSMC's whistleblowing channels anti-retaliation policies, clearly addressing how to use the whistleblowing channels, the investigation process of the reported incidents, and its protection on good faith whistleblowers. In 2025, the employees at TSMC and its subsidiaries that participated in this training course and passed the course exam were 85,124 persons.

- **Export Compliance:** TSMC’s export management system (EMS) and policy have been in place for a number of years, and was certified by the International Trade Administration, the Taiwan regulator, as a qualified Internal Compliance Program (ICP) exporter. It aims to ensure that TSMC complies with all applicable regulations covering the export of information, technologies, products, materials and equipment. In addition, TSMC implements “No ECCN, No Shipment” control and customers are required to provide end use and export control classification number (ECCN) of their products, among other required information, for TSMC to apply for applicable export licenses. To further enhance relevant employees’ awareness of the export control requirements, in addition to a poster awareness campaign, in 2025 TSMC altogether provided 9 face-to-face meeting sessions and a targeted on-line learning program to employees in relevant functions.
- **Supplier Management:** TSMC shares and exchanges practical experiences with suppliers with sales offices in Taiwan by holding a sustainable supply chain ESH forums on topics such as Ethics Code, environmental protection and occupational safety. In 2025, a total of 408 attendees from 105 suppliers participated (including through on-line meeting) in these activities.
- **Conflict-Free Supply Chain:** As a recognized global leader in the high-tech supply chain, we acknowledge our corporate social responsibility to strive to procure conflict-free minerals in an effort to recognize humanitarian and ethical social principles that protect the dignity of all persons. Meanwhile, we have implemented a series of compliance safeguards in accordance with industry leading practices, requesting suppliers to fill in the “Conflict Minerals Reporting Template” and sign the “TSMC Conflict-Free Minerals Declaration” every year. TSMC will continuously make progress to ensure a conflict-free supply chain.
- **Personal Data Protection:** Because of the importance of personal data protection, TSMC periodically reviews the Rules of Privacy and Personal Data Protection and external and internal privacy policies to identify the needs to update such documents. Based on current personal data protection laws and risks, TSMC conducts an annual training on privacy and personal data protection to enhance employees’ awareness and compliance. In addition, the Personal Data Protection Committee composed of Legal, Human Resources, and IT divisions convene on an annual basis to assist the implementation of and monitoring compliance with the rules. Furthermore, the Personal Data Protection Working Taskforce established under the Personal Data Protection Committee assists various TSMC functions by holding meetings to ensure that their business operations and system implementations comply with the rules.
- **Antitrust Compliance:** Based on annual antitrust risk assessment results, TSMC identified functions with potential higher risk from an antitrust perspective. To enhance targeted functions’ employee awareness of the importance of competition and antitrust laws and issues during daily operations, TSMC established antitrust training programs and conducted several antitrust trainings, via either face-to-face or on-line training sessions, for global sales personnel at Taiwan, North America, Europe, Asia Pacific, Japan and mainland China areas, and employees in other relevant departments.
- **Insider Trading Compliance:** To implement our insider trading regulatory compliance program and to strengthen employees’ awareness, in addition to introducing the basic concepts of insider trading in the “Annual Ethics and Compliance Training Course”, and the use of posters to promote important concepts from time to time, we developed an on-line advanced program for employees to take at any time. In 2025, a total of 680 employees completed this insider trading on-line advanced program (0.5 hour-length course), with the exam pass rate reaching 100%.

3.7 Internal Control System Execution Status

3.7.1 Statement of Internal Control System

Taiwan Semiconductor Manufacturing Company Limited


Statement of Internal Control System

February 10, 2026

Based on the findings of a self-assessment, Taiwan Semiconductor Manufacturing Company Limited (TSMC) states the following with regard to its internal control system during the year 2025:

1. TSMC’s Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Internal control system is designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency and regulatory compliance of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and TSMC takes immediate remedial actions in response to any identified deficiencies.
3. TSMC evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the “Regulations”). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component also includes several items which can be found in the Regulations.
4. TSMC has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, TSMC believes that, on December 31, 2025, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of TSMC’s annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This Statement was passed by the Board of Directors in their meeting held on February 10, 2026, with none of the ten attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Taiwan Semiconductor Manufacturing Company Limited



C.C. Wei
Chairman & Chief Executive Officer

3.7.2 If CPA Was Engaged to Conduct a Special Audit of Internal Control System, Provide Its Audit Report: None.

3.8 Status of Personnel Responsible for the Company's Financial Operation

Certification of Employees Whose Jobs Are Related to the Release of the Company's Financial Information

Certification	Number of Employees	
	Internal Audit	Finance
Certified Public Accountants (CPA)	3	68
US Certified Public Accountants (US CPA)	3	28
Certified Internal Auditor (CIA)	7	4
Chartered Financial Analyst (CFA)	-	6
Certified Management Accountant (CMA)	-	1
Financial Risk Manager (FRM)	-	2
Certified Fraud Examiner (CFE)	3	-

3.9 Information Regarding TSMC's Independent Auditor

3.9.1 Audit Fees

The Audit and Risk Committee approves all fees payable to TSMC's independent auditor and recommends the same to the Board of Directors for further approval. The Board of Directors has authorized the Audit and Risk Committee to approve any increase not exceeding 10% of the approved fees.

Unit: NT\$ thousands

Accounting Firm	Name of CPA	CPA's Audit Period	Audit Fee	Non-audit Fee (Note)	Total	Remark
Deloitte & Touche	Shih-Tsung Wu and Shang-Chih Lin	01/01/2025~12/31/2025	91,637	8,152	99,789	-

Note: The fees were mainly related to audit of annual income tax returns.

3.9.2 CPA's Information

(1) Former CPAs

Date of Change	Approved by the Board of Directors on November 11, 2025		
Reasons and Explanation of Changes	In compliance with regulatory requirements on rotation, the co-signing partner Shang-Chih Lin will be replaced by Yen-Chun Chen starting from 2026. The engagement partner will remain to be Shih-Tsung Wu.		
State Whether the Appointment Is Terminated or Rejected by the Consignor or CPAs	Status	Client	Consignor
	Appointment terminated automatically	Not available	Not available
	Appointment rejected (discontinued)	Not available	Not available
The Opinions Other than Unmodified Opinion Issued in the Last Two Years and the Reasons for the Said Opinions (Note)	None		
Is There Any Disagreement in Opinion with the Issuer	Yes		Accounting principle or practice
			Disclosure of financial statements
			Auditing scope or procedures
			Others
	No	V	
	Explanation		
Supplementary Disclosure (Disclosures Specified in Article 10.5.1.4~7 of the Standards)	None		

(2) Successor CPAs

Accounting Firm	Deloitte & Touche
CPA	Shih-Tsung Wu and Yen-Chun Chen
Date of Engagement	Approved by the Board of Directors on November 11, 2025
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that Might be Rendered on the Financial Report	None
Written Opinions from the Successor CPAs that Are Different from the Former CPA's Opinions	None

(3) The Reply of Former CPAs on Article 10.5.1 and Article 10.5.2.3 of the Standards: None.

3.9.3 TSMC's Chairman, Directors, Chief Executive Officer, Chief Financial Officer, and Managers in Charge of Its Finance and Accounting Operations Did Not Hold Any Positions within TSMC's Independent Audit Firm or Its Affiliates in the Most Recent Year.

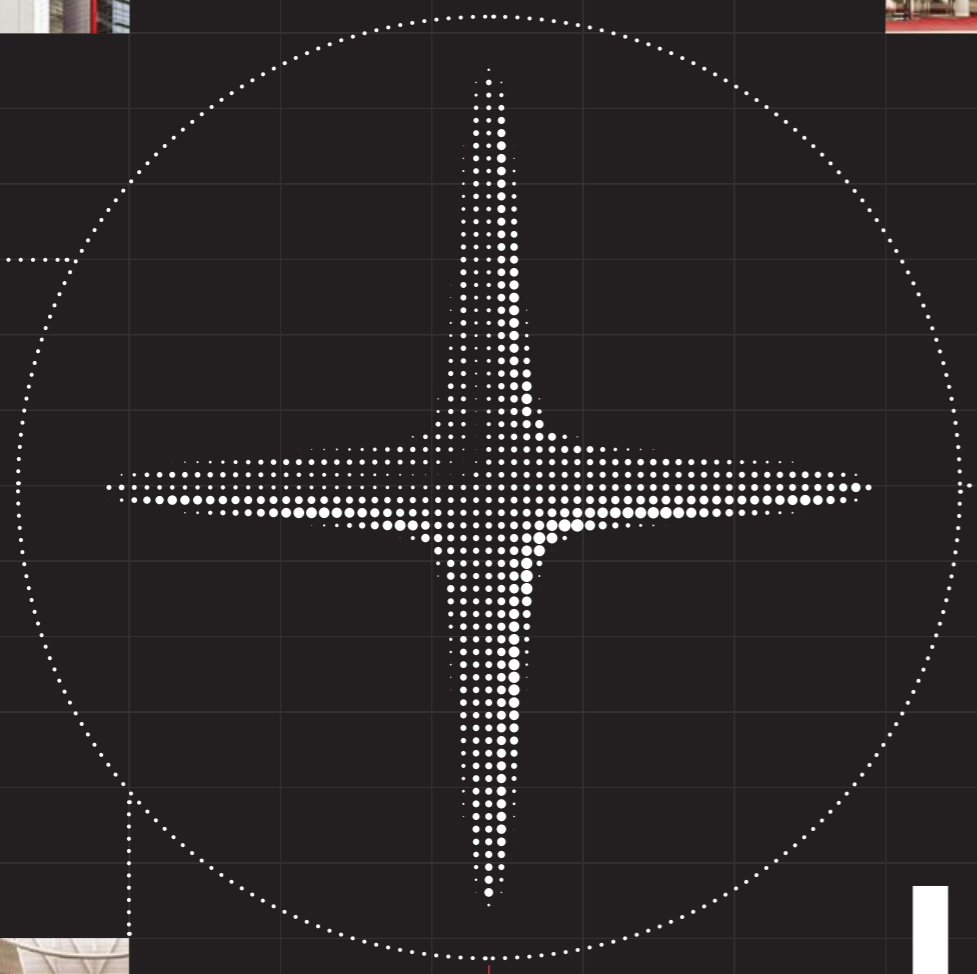
3.9.4 Evaluation of the External Auditor's Independence and Suitability

The Audit and Risk Committee annually monitors the independence and suitability of TSMC's external auditor by conducting the following evaluation standards and reports the same to the Board of Directors:

1. The auditor's independence declaration
2. The Audit and Risk Committee pre-approves all audit and non-audit services conducted by the auditor to ensure that the non-audit services do not influence the results of the audit
3. Ensure the audit partner rotates every five years
4. Annually evaluate the independence and suitability of the external auditor based on the results of the auditor survey and the Audit Quality Indicator (AQI) released by Financial Supervisory Commission (FSC) regarding its financial interests, commercial relations, employment relations, etc.

CHAPTER

Capital and Shares



4

TSMC continued to increase our investment in R&D to US\$7.92 billion to extend our technology leadership and differentiation.

4.1 Capital and Shares

4.1.1 Capitalization

Unit: Shares/NT\$

As of 02/28/2026

Month/Year	Face Value Per Share	Authorized Share Capital		Capital Stock		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by Assets Other than Cash	Date of Approval (Month/Day/Year) & Approval Document No.
06/2025	10	28,050,000,000	280,500,000,000	25,932,615,521	259,326,155,210	Employee Restricted Stock Awards Cancellation: NT\$1,177,210	None	06/04/2025 Chu Shang Tzu No. 1140016761
11/2025	10	28,050,000,000	280,500,000,000	25,932,524,521	259,325,245,210	Employee Restricted Stock Awards Cancellation: NT\$910,000	None	11/25/2025 Chu Shang Tzu No. 1140036788

Note: On 03/01/2026, based on the vesting conditions, 32,060 common shares, 81,394 common shares, and 41,000 common shares in the form of Employee Restricted Stock Awards for year 2022, year 2023, and year 2024, respectively, were reclaimed and will be cancelled subsequently.

4.1.2 Capital and Shares

Unit: Shares

As of 02/28/2026

Type of Stock	Authorized Share Capital		Total
	Listed Shares	Unissued Shares	
Common Stock	25,932,524,521	2,117,475,479	28,050,000,000

Shelf Registration in Taiwan: None.

4.1.3 Major Shareholders

Common Shares

As of 12/17/2025 (Note)

Shareholders	Shareholding	Shareholding Percentage
ADR-Taiwan Semiconductor Manufacturing Company Ltd.	5,313,592,968	20.49%
National Development Fund, Executive Yuan	1,653,709,980	6.38%
Government of Singapore	538,629,101	2.08%
Norges Bank	470,454,846	1.81%
Yuanta/P-shares Taiwan Top 50 ETF	416,782,820	1.61%
Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	355,197,748	1.37%
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	328,625,605	1.27%
New Labor Pension Fund	309,948,796	1.20%
iShares Core MSCI Emerging Markets ETF	250,902,123	0.97%
EUPAC Fund	184,520,799	0.71%

Note: Record date for the second quarter of 2025 cash dividend distribution.

4.1.4 Net Change in Shareholding by Directors, Management and Shareholders with 10% Shareholdings or More

Common Shares

Unit: Shares

Title Name	2025		01/01/2026 - 02/28/2026	
	Net Change in Shares Held	Net Change in Shares Pledged	Net Change in Shares Held	Net Change in Shares Pledged
Chairman & Chief Executive Officer C.C. Wei	824,175	-	-	-
Director F.C. Tseng	-	-	-	-
Director National Development Fund, Executive Yuan Representative: Chun-Hsien Yeh (Note 1)	-	-	-	-
Independent Director Sir Peter L. Bonfield	-	-	-	-
Independent Director Michael R. Splinter	-	-	-	-
Independent Director Moshe N. Gavriellov	-	-	-	-
Independent Director L. Rafael Reif	-	-	-	-
Independent Director Ursula M. Burns	-	-	-	-
Independent Director Lynn L. Elsenhans	-	-	-	-
Independent Director Chuan Lin	-	-	-	-
Executive Vice Presidents and Co-Chief Operating Officer Y.P. Chyn	174,562	-	-	-
Executive Vice Presidents and Co-Chief Operating Officer Y.J. Mii	173,375	-	-	-
Senior Vice President and Deputy Co-Chief Operating Officer/ Chief Information Security Officer Cliff Hou	153,639	-	-	-
Senior Vice President and Deputy Co-Chief Operating Officer Kevin Zhang	149,387	-	-	-
Senior Vice President Lora Ho	164,850	-	-	-
Senior Vice President Wei-Jen Lo (Note 2)	2,850	-	-	-
Executive Consultant Rick Cassidy (Note 3)	-	-	-	-
Senior Vice President/Former Chief Information Security Officer J.K. Lin (Note 2)	112,100	-	-	-
Senior Vice President and General Counsel/Corporate Governance Officer Sylvia Fang	109,725	50,000	-	-
Senior Vice President, Chief Financial Officer/Spokesperson Wendell Huang	110,456	-	-	-
Senior Vice President Y.L. Wang	95,475	-	-	-
Senior Vice President and TSMC Senior Fellow T.S. Chang	95,475	-	-	-
Senior Vice President Michael Wu	95,950	-	-	-
Senior Vice President Geoffrey Yeap	96,162	-	-	-
Vice President and TSMC Distinguished Fellow Douglas Yu (Note 2)	71,962	-	-	-
Vice President Min Cao	95,950	-	-	-
Vice President/CEO, JASM Y.H. Liaw	61,512	-	-	-

(Continued)

Title Name	2025		01/01/2026 - 02/28/2026	
	Net Change in Shares Held	Net Change in Shares Pledged	Net Change in Shares Held	Net Change in Shares Pledged
Vice President Simon Jang	61,037	-	-	-
Vice President C.S. Yoo	61,987	-	-	-
Vice President Jun He	60,799	-	-	-
Vice President and Chief Information Officer Chris Horng-Dar Lin	61,037	-	-	-
Vice President Jonathan Lee	77,154	-	225	-
Vice President Arthur Chuang	61,037	-	-	-
Vice President and TSMC Senior Fellow L.C. Lu	64,749	-	-	-
Vice President K.C. Hsu	61,987	-	-	-
Vice President/CEO, TSMC Arizona Ray Chuang	44,557	-	-	-
Vice President Vanessa Lee (Note 2)	-	-	-	-
Vice President P.H. Chen (Note 4)	-	-	-	-
Vice President Y.K. Hwang (Note 5)	-	-	-	-
Vice President B.Z. Tien (Note 5)	-	-	2,000	-
Vice President S.S. Lin (Note 5)	-	-	-	-
Vice President Lipen Yuan (Note 5)	-	-	-	-

Note 1: Dr. Chun-Hsien Yeh was appointed as the representative of the National Development Fund succeeding Mr. Chin-Ching Liu on September 1, 2025.

Note 2: Senior Vice President Mr. J.K. Lin retired, effective April 10, 2025. Vice President Dr. Douglas Yu retired, effective July 8, 2025. Vice President Ms. Vanessa Lee resigned, effective July 13, 2025. Senior Vice President Dr. Wei-Jen Lo retired, effective July 27, 2025. Their shareholdings were no longer required to be disclosed from that date.

Note 3: Senior Vice President Mr. Rick Cassidy changed his job responsibility to Executive Consultant, effective July 1, 2025. His shareholding was no longer required to be disclosed from that date, and he subsequently retired, effective January 31, 2026.

Note 4: Mr. P.H. Chen was promoted to Vice President, effective February 12, 2025. His shareholding was disclosed starting from that date.

Note 5: Mr. Y.K. Hwang, Mr. B.Z. Tien, Dr. S.S. Lin, and Dr. Lipen Yuan were promoted to Vice President, effective February 10, 2026. Their shareholdings were disclosed starting from that date.

4.1.5 Stock Trade with Related Party: None.

4.1.6 Stock Pledge with Related Party: None.

4.1.7 Related Party Relationship among TSMC's 10 Largest Shareholders

Common Shares

As of 12/17/2025 (Note)

Name	Shares Held		Shares Held by Spouse & Minors		Shares Held in the Name of Others		Name and Relationship between TSMC's Shareholders	
	Shares	%	Shares	%	Shares	%	Name	Relationship
ADR-Taiwan Semiconductor Manufacturing Company Ltd.	5,313,592,968	20.49%	N/A	N/A	N/A	N/A	None	None
National Development Fund, Executive Yuan Representative: Chun-Hsien Yeh	1,653,709,980	6.38%	N/A	N/A	N/A	N/A	None	None
	-	-	-	-	-	-	None	None
Government of Singapore	538,629,101	2.08%	N/A	N/A	N/A	N/A	None	None
Norges Bank	470,454,846	1.81%	N/A	N/A	N/A	N/A	None	None
Yuanta/P-shares Taiwan Top 50 ETF	416,782,820	1.61%	N/A	N/A	N/A	N/A	None	None
Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	355,197,748	1.37%	N/A	N/A	N/A	N/A	None	None

(Continued)

Name	Shares Held		Shares Held by Spouse & Minors		Shares Held in the Name of Others		Name and Relationship between TSMC's Shareholders	
	Shares	%	Shares	%	Shares	%	Name	Relationship
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	328,625,605	1.27%	N/A	N/A	N/A	N/A	None	None
New Labor Pension Fund	309,948,796	1.20%	N/A	N/A	N/A	N/A	None	None
iShares Core MSCI Emerging Markets ETF	250,902,123	0.97%	N/A	N/A	N/A	N/A	None	None
EUPAC Fund	184,520,799	0.71%	N/A	N/A	N/A	N/A	None	None

Note: Record date for the second quarter of 2025 cash dividend distribution.

4.1.8 Long-Term Investment Ownership

As of 12/31/2025

Long-term Investment	Ownership by TSMC (1)		Ownership by Directors, Managers and Directly/Indirectly Owned Subsidiaries (2)		Total Ownership (1) + (2)	
	Shares	%	Shares	%	Shares	%
Equity Method:						
TSMC Partners, Ltd.	988,268,244	100%	-	-	988,268,244	100%
TSMC Global Ltd.	36,984	100%	-	-	36,984	100%
TSMC North America	11,000,000	100%	-	-	11,000,000	100%
TSMC Europe B.V.	200	100%	-	-	200	100%
TSMC Japan Limited	6,000	100%	-	-	6,000	100%
TSMC Korea Limited	80,000	100%	-	-	80,000	100%
TSMC Design Technology Japan, Inc.	15,000	100%	-	-	15,000	100%
TSMC Japan 3DIC R&D Center, Inc.	49,000	100%	-	-	49,000	100%
TSMC China Company Limited	Not Applicable (Note 1)	100%	Not Applicable (Note 1)	-	Not Applicable (Note 1)	100%
TSMC Nanjing Company Limited	Not Applicable (Note 1)	100%	Not Applicable (Note 1)	-	Not Applicable (Note 1)	100%
TSMC Arizona Corporation	21,250,000 (Note 2)	100%	-	-	21,250,000 (Note 2)	100%
Japan Advanced Semiconductor Manufacturing, Inc.	3,010,894	72.65%	-	-	3,010,894	72.65%
European Semiconductor Manufacturing Company (ESMC) GmbH	805,000	70.00%	-	-	805,000	70.00%
VisEra Technologies Company Ltd.	213,619,000	67.25% (Note 3)	-	-	213,619,000	67.25%
Systems on Silicon Manufacturing Co. Pte. Ltd.	313,603	38.79%	-	-	313,603	38.79%
Vanguard International Semiconductor Corp.	506,709,324	27.55% (Note 4)	300,744,837	16.36% (Note 5)	807,454,161	43.91%
Xintec Inc.	111,281,925	41.01%	-	-	111,281,925	41.01%
Global UniChip Corporation	46,687,859	34.84%	-	-	46,687,859	34.84%
Emerging Fund L.P.	Not Applicable (Note 1)	99.90%	Not Applicable (Note 1)	-	Not Applicable (Note 1)	99.90%

Note 1: Not applicable. These firms do not issue shares. TSMC's investments are measured as a percentage of ownership.

Note 2: TSMC Arizona Corporation completed capital injections in January 2026 and February 2026. After the capital injections, TSMC holds 24,000,000 shares and 100% equity interests in TSMC Arizona Corporation.

Note 3: TSMC's ownership of VisEra Technologies Company Ltd. is calculated based on its common shares outstanding, excluding unvested RSA shares.

Note 4: TSMC's ownership of Vanguard International Semiconductor Corp. is calculated based on its common shares outstanding, excluding unvested RSA shares.

Note 5: TSMC's director, National Development Fund of Executive Yuan, held 16.25%, while TSMC's other directors and management held 0.11%.

4.1.9 Dividend Policy and Distribution of Earnings

Except as otherwise specified in the Articles of Incorporation or under the R.O.C. law, TSMC will not pay dividends or make other distributions to shareholders when there are no earnings. The Company's profits may be distributed by way of cash dividend, stock dividend, or a combination of cash and stock. Pursuant to the Company's Articles of Incorporation, distributions of profits shall be made preferably by way of cash dividend. In addition, the ratio for stock dividends shall not exceed 50% of the total distribution. Distribution of stock dividends is subject to approval by the R.O.C. Financial Supervisory Commission.

Pursuant to TSMC's Articles of Incorporation, the Company's Board of Directors is authorized to approve quarterly cash dividends after the close of each quarter. After the Company's Board of Directors approves quarterly cash dividends, TSMC will distribute the dividend within six months. The respective amounts and payment dates of 2025 quarterly cash dividends are demonstrated in the table below. TSMC intends to maintain a sustainable and steadily increasing cash dividend on both an annual and quarterly basis.

2025 Quarterly Earnings Distribution

Unit: NT\$

Period	Approval Date	Payment Date	Cash Dividend Per Share	Total Earnings Distribution Amount
First quarter of 2025	05/13/2025	10/09/2025	NT\$5.00001754 (Note 1)	129,663,077,605
Second quarter of 2025	08/12/2025	01/08/2026	NT\$5.00001118 (Note 1)	129,662,912,605
Third quarter of 2025	11/11/2025	04/09/2026	NT\$6.00003573 (Note 1)	155,595,147,126
Fourth quarter of 2025	02/10/2026	07/09/2026	NT\$6.0 (Note 2)	155,595,147,126

Note 1: The cash dividend per share was adjusted, as authorized by the Board of Directors, based on the actual number of common shares outstanding as of the record date for such dividend payment.
Note 2: The actual cash dividend per share shall be subject to adjustment based on the actual number of common shares outstanding as of the record date for such dividend payment.

4.1.10 Compensation to Directors and Profit Sharing to Employees

Based on TSMC's Articles of Incorporation, before paying dividends or bonuses to shareholders, TSMC shall set aside not more than 0.3% of its annual profit to directors as compensation and not less than 1% to employees as profit sharing (among which not less than 30% as profit sharing bonuses to entry-level employees).

As resolved by TSMC's Board of Directors on February 10, 2026, a profit sharing to employees was expensed based on a certain percentage of 2025 profit; compensation to directors was expensed based on the estimated amount of payment. If the actual amounts subsequently paid differ from the above estimated amounts, the differences will be recorded in the year paid as a change in accounting estimate.

2025 Directors' Compensation and Employees' Profit Sharing

The 2025 directors' compensation is NT\$156,305 thousand. The directors' compensation is to be distributed in cash.

The 2025 employees' profit sharing of NT\$103,072,958 thousand was approved by the Board of Directors in its meeting for the first quarter of 2026. The employees' profit sharing is to be distributed in cash.

Note: NT\$103,072,958 thousand business performance bonus was already distributed following each quarter of 2025. The aforementioned employees' profit sharing will be distributed in July, 2026.

2024 Directors' Compensation and Employees' Profit Sharing

The 2024 directors' compensation was NT\$358,989 thousand, and the employees' profit sharing was NT\$70,296,283 thousand, both distributed in cash. The aforementioned directors' compensation and employees' profit sharing were expensed under the Company's 2024 statement of comprehensive income, with no difference in the actual disbursed amounts.

4.1.11 Impact to 2025 Business Performance and EPS of Stock Dividend Distribution: Not applicable.

4.1.12 Buyback of Common Shares: None.

4.2 Issuance of Corporate Bonds

4.2.1 Corporate Bonds

NTD Corporate Bonds

As of 02/28/2026

Issuance	Domestic Unsecured Bond (109-1)	Domestic Unsecured Bond (109-2)	Domestic Unsecured Bond (109-3)	Domestic Unsecured Bond (109-4)	Domestic Unsecured Bond (109-5)	Domestic Unsecured Bond (109-6, Green Bond)
Issue Date	03/23/2020	04/15/2020	05/29/2020	07/14/2020	09/03/2020	12/02/2020
Denomination	NT\$10,000,000					
Offering Price	Par					
Total Amount	NT\$24,000,000,000	NT\$21,600,000,000	NT\$14,400,000,000	NT\$13,900,000,000	NT\$15,600,000,000	NT\$12,000,000,000
Coupon (Per Annum)	Tranche A: 0.58% Tranche B: 0.62% Tranche C: 0.64%	Tranche A: 0.52% Tranche B: 0.58% Tranche C: 0.60%	Tranche A: 0.55% Tranche B: 0.60% Tranche C: 0.64%	Tranche A: 0.58% Tranche B: 0.65% Tranche C: 0.67%	Tranche A: 0.50% Tranche B: 0.58% Tranche C: 0.60%	Tranche A: 0.40% Tranche B: 0.44% Tranche C: 0.48%
Tenure and Maturity Date	Tranche A: 5 years Maturity: 03/23/2025 Tranche B: 7 years Maturity: 03/23/2027 Tranche C: 10 years Maturity: 03/23/2030	Tranche A: 5 years Maturity: 04/15/2025 Tranche B: 7 years Maturity: 04/15/2027 Tranche C: 10 years Maturity: 04/15/2030	Tranche A: 5 years Maturity: 05/29/2025 Tranche B: 7 years Maturity: 05/29/2027 Tranche C: 10 years Maturity: 05/29/2030	Tranche A: 5 years Maturity: 07/14/2025 Tranche B: 7 years Maturity: 07/14/2027 Tranche C: 10 years Maturity: 07/14/2030	Tranche A: 5 years Maturity: 09/03/2025 Tranche B: 7 years Maturity: 09/03/2027 Tranche C: 10 years Maturity: 09/03/2030	Tranche A: 5 years Maturity: 12/02/2025 Tranche B: 7 years Maturity: 12/02/2027 Tranche C: 10 years Maturity: 12/02/2030
Repayment	Bullet			Two equal installments in last two years		
Outstanding	NT\$21,000,000,000	NT\$15,700,000,000	NT\$9,900,000,000	NT\$8,200,000,000	NT\$10,800,000,000	NT\$10,400,000,000
Credit Rating	Not Applicable					
Underwriter (Lead Underwriter)	Yuanta Securities Co., Ltd.	MasterLink Securities Co., Ltd.	Hua Nan Securities Co., Ltd.	Capital Securities Co., Ltd.	KGI Securities Co., Ltd.	Capital Securities Co., Ltd.
Trustee	Taipei Fubon Commercial Bank Co., Ltd.					
Guarantor	None					
Legal Counsel	True Honesty International Law Offices					
Auditor	Deloitte & Touche					
Redemption or Early Repayment Clause	None					
Covenants	None					
Other Rights of Bondholders	Conversion Right	None				
	Amount of Converted or Exchanged Common Shares, ADRs or Other Securities	Not Applicable				
Dilution Effect and Other Adverse Effects on Existing Shareholders	None					
Custodian	None					

(Continued)

Issuance	Domestic Unsecured Bond (109-7)	Domestic Unsecured Bond (110-1)	Domestic Unsecured Bond (110-2)	Domestic Unsecured Bond (110-3)	Domestic Unsecured Bond (110-4)	Domestic Unsecured Bond (110-6)	Domestic Unsecured Bond (110-7)	Domestic Unsecured Bond (111-1, Green Bond)	Domestic Unsecured Bond (111-2)	Domestic Unsecured Bond (111-3, Green Bond)	Domestic Unsecured Bond (111-4, Green Bond)	Domestic Unsecured Bond (111-5)	Domestic Unsecured Bond (111-6, Green Bond)
Issue Date	12/29/2020	03/30/2021	05/03/2021	06/25/2021	08/19/2021	10/05/2021	12/09/2021	01/12/2022	03/29/2022	05/20/2022	07/27/2022	08/25/2022	10/20/2022
Denomination	NT\$10,000,000												
Offering Price	Par												
Total Amount	NT\$18,500,000,000	NT\$21,100,000,000	NT\$19,200,000,000	NT\$19,700,000,000	NT\$21,600,000,000	NT\$16,300,000,000	NT\$16,700,000,000	NT\$5,400,000,000	NT\$14,200,000,000	NT\$6,100,000,000	NT\$13,900,000,000	NT\$15,600,000,000	NT\$10,200,000,000
Coupon (Per Annum)	Tranche A: 0.36% Tranche B: 0.41% Tranche C: 0.45%	Tranche A: 0.50% Tranche B: 0.55% Tranche C: 0.60%	Tranche A: 0.50% Tranche B: 0.58% Tranche C: 0.65%	Tranche A: 0.52% Tranche B: 0.58% Tranche C: 0.65%	Tranche A: 0.485% Tranche B: 0.50% Tranche C: 0.55% Tranche D: 0.62%	Tranche A: 0.535% Tranche B: 0.54% Tranche C: 0.60% Tranche D: 0.62%	Tranche A: 0.65% Tranche B: 0.675% Tranche C: 0.72%	Tranche A: 0.63% Tranche B: 0.72%	Tranche A: 0.84% Tranche B: 0.85% Tranche C: 0.90%	1.50%	Tranche A: 1.60% Tranche B: 1.70% Tranche C: 1.75% Tranche D: 1.95%	Tranche A: 1.65% Tranche B: 1.65% Tranche C: 1.65% Tranche D: 1.82%	Tranche A: 1.75% Tranche B: 1.80% Tranche C: 2.00%
Tenure and Maturity Date	Tranche A: 5 years Maturity: 12/29/2025 Tranche B: 7 years Maturity: 12/29/2027 Tranche C: 10 years Maturity: 12/29/2030	Tranche A: 5 years Maturity: 03/30/2026 Tranche B: 7 years Maturity: 03/30/2028 Tranche C: 10 years Maturity: 03/30/2031	Tranche A: 5 years Maturity: 05/03/2026 Tranche B: 7 years Maturity: 05/03/2028 Tranche C: 10 years Maturity: 05/03/2031	Tranche A: 5 years Maturity: 06/25/2026 Tranche B: 7 years Maturity: 06/25/2028 Tranche C: 10 years Maturity: 06/25/2031	Tranche A: 4 years Maturity: 08/19/2025 Tranche B: 5 years Maturity: 08/19/2026 Tranche C: 7 years Maturity: 08/19/2028 Tranche D: 10 years Maturity: 08/19/2031	Tranche A: 4.5 years Maturity: 04/05/2026 Tranche B: 5 years Maturity: 10/05/2026 Tranche C: 7 years Maturity: 10/05/2028 Tranche D: 10 years Maturity: 10/05/2031	Tranche A: 5 years Maturity: 12/09/2026 Tranche B: 5.5 years Maturity: 06/09/2027 Tranche C: 7 years Maturity: 12/09/2028	Tranche A: 5 years Maturity: 01/12/2027 Tranche B: 7 years Maturity: 01/12/2029	Tranche A: 4.5 years Maturity: 09/29/2026 Tranche B: 5 years Maturity: 03/29/2027 Tranche C: 7 years Maturity: 03/29/2029	5 years Maturity: 05/20/2027	Tranche A: 4 years Maturity: 07/27/2026 Tranche B: 5 years Maturity: 07/27/2027 Tranche C: 7 years Maturity: 07/27/2029 Tranche D: 10 years Maturity: 07/27/2032	Tranche A: 4 years 10 months Maturity: 06/25/2027 Tranche B: 5 years Maturity: 08/25/2027 Tranche C: 7 years Maturity: 08/25/2029 Tranche D: 10 years Maturity: 08/25/2032	Tranche A: 5 years Maturity: 10/20/2027 Tranche B: 7 years Maturity: 10/20/2029 Tranche C: 10 years Maturity: 10/20/2032
Repayment	Two equal installments in last two years	Bullet											
Outstanding	NT\$16,600,000,000	NT\$21,100,000,000	NT\$19,200,000,000	NT\$19,700,000,000	NT\$17,600,000,000	NT\$16,300,000,000	NT\$16,700,000,000	NT\$5,400,000,000	NT\$14,200,000,000	NT\$6,100,000,000	NT\$13,900,000,000	NT\$15,600,000,000	NT\$10,200,000,000
Credit Rating	Not Applicable												
Underwriter (Lead Underwriter)	KGI Securities Co., Ltd.	Capital Securities Co., Ltd.	SinoPac Securities Co., Ltd.	Yuanta Securities Co., Ltd.	KGI Securities Co., Ltd.	Capital Securities Co., Ltd.	Capital Securities Co., Ltd.	Yuanta Securities Co., Ltd.	Capital Securities Co., Ltd.	Capital Securities Co., Ltd.	SinoPac Securities Co., Ltd.	Capital Securities Co., Ltd.	Yuanta Securities Co., Ltd.
Trustee	Taipei Fubon Commercial Bank Co., Ltd.												
Guarantor	None												
Legal Counsel	True Honesty International Law Offices												
Auditor	Deloitte & Touche												
Redemption or Early Repayment Clause	None												
Covenants	None												
Other Rights of Bondholders	Conversion Right	None											
	Amount of Converted or Exchanged Common Shares, ADRs or Other Securities	Not Applicable											
Dilution Effect and Other Adverse Effects on Existing Shareholders	None												
Custodian	None												

(Continued)

Issuance	Domestic Unsecured Bond (112-1, Green Bond)	Domestic Unsecured Bond (112-2, Green Bond)	Domestic Unsecured Bond (112-3)	Domestic Unsecured Bond (112-4)	Domestic Unsecured Bond (112-5)	Domestic Unsecured Bond (113-1, Green Bond)	Domestic Unsecured Bond (113-2, Green Bond)	Domestic Unsecured Bond (114-1, Green Bond)	Domestic Unsecured Bond (114-2, Green Bond)	Domestic Unsecured Bond (114-3, Green Bond)	Domestic Unsecured Bond (114-4, 10-year tranche is Green Bond)	Domestic Unsecured Bond (114-5, Green Bond)
Issue Date	03/28/2023	05/03/2023	06/01/2023	08/16/2023	10/16/2023	03/15/2024	05/17/2024	03/28/2025	06/02/2025	07/09/2025	09/18/2025	11/20/2025
Denomination	NT\$10,000,000											
Offering Price	Par											
Total Amount	NT\$19,300,000,000	NT\$20,700,000,000	NT\$20,000,000,000	NT\$15,900,000,000	NT\$9,800,000,000	NT\$22,800,000,000	NT\$11,500,000,000	NT\$19,200,000,000	NT\$14,100,000,000	NT\$12,300,000,000	NT\$17,800,000,000	NT\$23,500,000,000
Coupon (Per Annum)	Tranche A: 1.54% Tranche B: 1.60% Tranche C: 1.78%	Tranche A: 1.60% Tranche B: 1.65% Tranche C: 1.82%	Tranche A: 1.60% Tranche B: 1.65% Tranche C: 1.80%	Tranche A: 1.60% Tranche B: 1.65% Tranche C: 1.76%	Tranche A: 1.62% Tranche B: 1.76%	Tranche A: 1.64% Tranche B: 1.76%	Tranche A: 1.98% Tranche B: 2.10%	Tranche A: 1.90% Tranche B: 2.05%	Tranche A: 1.92% Tranche B: 2.05%	Tranche A: 1.92% Tranche B: 2.05%	Tranche A: 1.66% Tranche B: 1.73%	Tranche A: 1.50% Tranche B: 1.53% Tranche C: 1.58%
Tenure and Maturity Date	Tranche A: 5 years Maturity: 03/28/2028 Tranche B: 7 years Maturity: 03/28/2030 Tranche C: 10 years Maturity: 03/28/2033	Tranche A: 5 years Maturity: 05/03/2028 Tranche B: 7 years Maturity: 05/03/2030 Tranche C: 10 years Maturity: 05/03/2033	Tranche A: 5 years Maturity: 06/01/2028 Tranche B: 7 years Maturity: 06/01/2030 Tranche C: 10 years Maturity: 06/01/2033	Tranche A: 5 years Maturity: 08/16/2028 Tranche B: 7 years Maturity: 08/16/2030 Tranche C: 10 years Maturity: 08/16/2033	Tranche A: 5 years Maturity: 10/16/2028 Tranche B: 10 years Maturity: 10/16/2033	Tranche A: 5 years Maturity: 03/15/2029 Tranche B: 10 years Maturity: 03/15/2034	Tranche A: 5 years Maturity: 05/17/2029 Tranche B: 10 years Maturity: 05/17/2034	Tranche A: 5 years Maturity: 03/28/2030 Tranche B: 10 years Maturity: 03/28/2035	Tranche A: 5 years Maturity: 06/02/2030 Tranche B: 10 years Maturity: 06/02/2035	Tranche A: 5 years Maturity: 07/09/2030 Tranche B: 10 years Maturity: 07/09/2035	Tranche A: 5 years Maturity: 09/18/2030 Tranche B: 10 years Maturity: 09/18/2035	Tranche A: 5 years Maturity: 11/20/2030 Tranche B: 7 years Maturity: 11/20/2032 Tranche C: 10 years Maturity: 11/20/2035
Repayment	Bullet											
Outstanding	NT\$19,300,000,000	NT\$20,700,000,000	NT\$20,000,000,000	NT\$15,900,000,000	NT\$9,800,000,000	NT\$22,800,000,000	NT\$11,500,000,000	NT\$19,200,000,000	NT\$14,100,000,000	NT\$12,300,000,000	NT\$17,800,000,000	NT\$23,500,000,000
Credit Rating	Not Applicable											
Underwriter (Lead Underwriter)	Yuanta Securities Co., Ltd.	Fubon Securities Co., Ltd.	Cathay United Bank Co., Ltd.	SinoPac Securities Corporation	SinoPac Securities Corporation	Yuanta Securities Co., Ltd.	KGI Securities Co., Ltd.	Yuanta Securities Co., Ltd.	Hua Nan Securities Co., Ltd.	Hua Nan Securities Co., Ltd.	President Securities Corporation	Yuanta Securities Co., Ltd.
Trustee	Taipei Fubon Commercial Bank Co., Ltd.											
Guarantor	None											
Legal Counsel	True Honesty International Law Offices											
Auditor	Deloitte & Touche											
Redemption or Early Repayment Clause	None											
Covenants	None											
Other Rights of Bondholders	Conversion Right	None										
	Amount of Converted or Exchanged Common Shares, ADRs or Other Securities	Not Applicable										
Dilution Effect and Other Adverse Effects on Existing Shareholders	None											
Custodian	None											

Onshore USD Corporate Bonds

As of 02/28/2026

Issuance	US-dollar Domestic Unsecured Bond (109-1)	US-dollar Domestic Unsecured Bond (110-5)
Issue Date	09/22/2020	09/23/2021
Denomination	US\$1,000,000	
Listing	Taipei Exchange	
Offering Price	Par	
Total Amount	US\$1,000,000,000	US\$1,000,000,000
Coupon (Per Annum)	2.70%	3.10%
Tenure and Maturity Date	40 years Maturity: 09/22/2060	30 years Maturity: 09/23/2051
Repayment	Bullet	
Outstanding	US\$1,000,000,000	US\$1,000,000,000
Credit Rating	Not Applicable	
Underwriter	Goldman Sachs (Asia) L.L.C., Taipei Branch KGI Securities Co., Ltd. (lead underwriter)	
Trustee	Mega International Commercial Bank Co., Ltd.	
Guarantor	None	
Legal Counsel	True Honesty International Law Offices	
Auditor	Deloitte & Touche	
Redemption or Early Repayment Clause	Callable on the 5 th anniversary of the issue date and every anniversary thereafter	
Covenants	None	
Other Rights of Bondholders	Conversion Right	None
	Amount of Converted or Exchanged Common Shares, ADRs or Other Securities	Not Applicable
Dilution Effect and Other Adverse Effects on Existing Shareholders	None	
Custodian	None	

Offshore USD Corporate Bonds

As of 02/28/2026

Issuer	TSMC Global Ltd. (Note 1)	TSMC Global Ltd. (Note 1)	TSMC Arizona Corporation (Note 1)	TSMC Arizona Corporation (Note 1)	TSMC Global Ltd. (Note 1)
Issuance	Senior Unsecured Notes (Note 2)	Senior Unsecured Notes (Note 2)	Senior Unsecured Notes (Note 2)	Senior Unsecured Notes (Note 2)	Senior Unsecured Notes (Note 2)
Issue Date	09/28/2020	04/23/2021	10/25/2021	04/22/2022	07/22/2022
Denomination	US\$200,000 and integral multiples of US\$1,000 in excess thereof				
Listing	Singapore Exchange				
Offering Price	2025 Notes: 99.907% 2027 Notes: 99.603% 2030 Notes: 99.083%	2026 Notes: 99.759% 2028 Notes: 99.751% 2031 Notes: 99.831%	2026 Notes: 99.976% 2031 Notes: 99.561% 2041 Notes: 98.898% 2051 Notes: 98.658%	2027 Notes: 99.829% 2029 Notes: 99.843% 2032 Notes: 99.742% 2052 Notes: 99.771%	2027 Notes: 99.951% 2032 Notes: 99.124%
Total Amount	US\$3,000,000,000	US\$3,500,000,000	US\$4,500,000,000	US\$3,500,000,000	US\$1,000,000,000
Coupon (Per Annum)	2025 Notes: 0.75% 2027 Notes: 1.00% 2030 Notes: 1.375%	2026 Notes: 1.25% 2028 Notes: 1.75% 2031 Notes: 2.25%	2026 Notes: 1.75% 2031 Notes: 2.50% 2041 Notes: 3.125% 2051 Notes: 3.25%	2027 Notes: 3.875% 2029 Notes: 4.125% 2032 Notes: 4.250% 2052 Notes: 4.500%	2027 Notes: 4.375% 2032 Notes: 4.625%
Tenure and Maturity Date	2025 Notes: 5 years Maturity: 09/28/2025 2027 Notes: 7 years Maturity: 09/28/2027 2030 Notes: 10 years Maturity: 09/28/2030	2026 Notes: 5 years Maturity: 04/23/2026 2028 Notes: 7 years Maturity: 04/23/2028 2031 Notes: 10 years Maturity: 04/23/2031	2026 Notes: 5 years Maturity: 10/25/2026 2031 Notes: 10 years Maturity: 10/25/2031 2041 Notes: 20 years Maturity: 10/25/2041 2051 Notes: 30 years Maturity: 10/25/2051	2027 Notes: 5 years Maturity: 04/22/2027 2029 Notes: 7 years Maturity: 04/22/2029 2032 Notes: 10 years Maturity: 04/22/2032 2052 Notes: 30 years Maturity: 04/22/2052	2027 Notes: 5 years Maturity: 07/22/2027 2032 Notes: 10 years Maturity: 07/22/2032
Repayment	Bullet				
Outstanding	US\$2,000,000,000	US\$3,500,000,000	US\$4,500,000,000	US\$3,500,000,000	US\$1,000,000,000
Credit Rating	Aa3 (Moody's Investors Service, 09/21/2020) AA- (S&P Global Ratings, 09/21/2020)	Aa3 (Moody's Investors Service, 04/19/2021) AA- (S&P Global Ratings, 04/18/2021)	Aa3 (Moody's Investors Service, 10/19/2021) AA- (S&P Global Ratings, 10/18/2021)	Aa3 (Moody's Investors Service, 04/19/2022) AA- (S&P Global Ratings, 04/18/2022)	Aa3 (Moody's Investors Service, 07/19/2022) AA- (S&P Global Ratings, 07/18/2022)
Underwriter	Goldman Sachs International as lead underwriter		Goldman Sachs & Co. LLC as lead underwriter		Goldman Sachs International as lead underwriter
Trustee	Citicorp International Limited		Citibank, N.A.		Citicorp International Limited
Guarantor	TSMC				
Legal Counsel	Sullivan & Cromwell (Hong Kong) LLP Harney Westwood & Riegels Lee and Li, Attorneys-at-Law		Sullivan & Cromwell (Hong Kong) LLP Fennemore Craig, P.C. Lee and Li, Attorneys-at-Law		Sullivan & Cromwell (Hong Kong) LLP Harney Westwood & Riegels Lee and Li, Attorneys-at-Law
Auditor	Deloitte & Touche				
Redemption or Early Repayment Clause	Issuer may, at its option, redeem the Notes, at any time, in whole or in part at the relevant redemption price according to relevant agreements				
Covenants	None				
Other Rights of Bondholders	Conversion Right	None			
	Amount of Converted or Exchanged Common Shares, ADRs or Other Securities	Not Applicable			
Dilution Effect and Other Adverse Effects on Existing Shareholders	None				
Custodian	None				

Note 1: A wholly-owned subsidiary of TSMC.

Note 2: Unconditionally and irrevocably guaranteed by TSMC.

4.2.2 Convertible Bond: None.

4.2.3 Exchangeable Bond: None.

4.2.4 Shelf Registration in Taiwan: None.

4.2.5 Bond with Warrants: None.

4.3 Preferred Shares

4.3.1 Preferred Shares: None.

4.3.2 Preferred Shares with Warrants: None.

4.4 Issuance of American Depositary Shares

Issue Date	10/08/1997	11/20/1998	01/12/1999 - 01/14/1999	07/15/1999	08/23/1999 - 09/09/1999	02/22/2000 - 03/08/2000	04/17/2000	06/07/2000 - 06/15/2000	05/17/2001 - 06/11/2001	11/27/2001	02/07/2002 - 02/08/2002	11/21/2002 - 12/19/2002	07/14/2003 - 07/21/2003	11/14/2003	08/10/2005 - 09/08/2005	05/23/2007
Total Amount (US\$ million)	595	185	36	296	159	379	225	1,168	539	321	1,002	160	909	1,077	1,402	2,563
Offering Price Per ADS (US\$)	24.78	15.26	17.75	24.516	28.964	57.79	56.16	35.75	20.63	16.03	16.75	8.73	10.40	10.77	8.60	10.68
Units Issued	24,000,000	12,094,000	2,000,000	12,094,000	5,486,000	6,560,000	4,000,000	32,667,800	26,110,000	20,000,000	59,800,000	18,348,000	87,357,200	100,000,000	163,027,500	240,000,000
Common Shares Represented	Each unit of ADS represents five TSMC Common Shares.															
Underlying Securities	TSMC Common Shares from Selling Shareholders							Cash Offering and TSMC Common Shares from Selling Shareholders								
Apportionment of Expenses for Issuance and Maintenance	(Note 3)							(Note 4)								
Issuance and Listing	NYSE															
Rights and Obligations of ADS Holders	Same as those of Common Share Holders															
Trustee	Not Applicable															
Depository Bank	Citibank, N.A. – New York															
Custodian Bank (Note 1)	Citibank, N.A. – Taipei Branch															
ADSs Outstanding (Note 2)	As of February 28, 2026, total number of outstanding ADSs was 1,062,690,167															
Terms and Conditions in the Deposit Agreement and Custody Agreement	See Deposit Agreement and Custody Agreement for Details															
Closing Price Per ADS (US\$; source: Bloomberg)	01/01/2025 - 12/31/2025	High	310.14													
		Low	141.37													
		Average	230.30													
	01/01/2026 - 02/28/2026	High	387.73													
		Low	318.01													
		Average	345.21													

Note 1: Citibank, N.A., Taipei Branch changed its name to "Citibank Taiwan Limited" in 2009.

Note 2: TSMC has in aggregate issued 813,544,500 ADSs since 1997, which, if taking into consideration stock dividends distributed over the period, would amount to 1,147,835,205 ADSs. Stock dividends distributed in 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008 and 2009 were 45%, 23%, 28%, 40%, 10%, 8%, 14.08668%, 4.99971%, 2.99903%, 0.49991%, 0.50417% and 0.49998%, respectively. As of February 28, 2026, total number of outstanding ADSs was 1,062,690,167 after 85,145,038 ADSs were redeemed.

Note 3: All fees and expenses related to issuance of ADSs were paid by the selling shareholders, while maintenance expenses were borne by TSMC.

Note 4: All fees and expenses related to issuance of ADSs were paid proportionately by TSMC and the selling shareholders, while maintenance expenses were borne by TSMC.

4.5 Status of Employee Stock Option Plan

4.5.1 Issuance of Employee Stock Options: None.

4.5.2 Employee Stock Options Granted to Management Team and to Top 10 Employees: None.

4.6 Status of Employee Restricted Stock

4.6.1 Status of Employee Restricted Stock

As of 03/01/2026 (Note)

Type of Employee Restricted Stock	Employee Restricted Stock Awards for Year 2021								
Effective Registration Date and Total Number of Shares	08/06/2021 /2,600,000 shares								
Issue Date	03/01/2022								
Number of Restricted Employee Shares Issued	1,387,000 shares								
Number of Restricted Employee Shares Still Available for Issuance	0 share								
Issued Price	None								
Ratio of the Number of Restricted Employee Shares Issued to the Total Number of Issued Shares	0.00535%								
Vesting Conditions of Restricted Employee Shares	<p>1. The RSAs granted to an executive can only be vested if (a) the executive remains employed by the Company on the last date of each vesting period; (b) during the vesting period, the executive may not breach any agreement with the Company or violate the Company's work rules; and (c) certain executive performance metrics (a year-end performance rating of at least "S" (Note) or above for the year immediately preceding the expiration of each vesting period) and the Company's business performance metrics are met. (Note: "S" stands for "Successful")</p> <p>2. The maximum percentage of granted RSAs that may be vested each year shall be as follows: one-year anniversary of the grant: 50%; two-year anniversary of the grant: 25%; and three-year anniversary of the grant: 25%; provided that the actual percentage and number of the RSAs to be vested in each year will be calculated based on the achievement of the Company's business performance metrics, as detailed in the following point.</p> <p>3. The maximum number of RSAs that may be vested in each year will be set as 110%, among which 100% will be subject to a calculation based on the Company's relative TSR (Note) achievement (see table below) to determine the number of RSAs to be vested; this number will be further subject to a modifier to increase or decrease up to 10% based on the Compensation Committee's evaluation of the Company's ESG achievements. The number of shares so calculated should be rounded down to the nearest integral.</p> <table border="1" data-bbox="500 995 1395 1141"> <thead> <tr> <th>The Company's TSR Relative to the TSR of S&P 500 IT Index</th> <th>Ratio of Shares to be Vested</th> </tr> </thead> <tbody> <tr> <td>Above the Index by X percentage points</td> <td>50% + X * 2.5%, with the maximum of 100%</td> </tr> <tr> <td>Equal to the Index</td> <td>50%</td> </tr> <tr> <td>Below the Index by X percentage points</td> <td>50% - X * 2.5%, with the minimum of 0%</td> </tr> </tbody> </table> <p>Note: TSR: Total Shareholder Return (including capital gains and dividends)</p>	The Company's TSR Relative to the TSR of S&P 500 IT Index	Ratio of Shares to be Vested	Above the Index by X percentage points	50% + X * 2.5%, with the maximum of 100%	Equal to the Index	50%	Below the Index by X percentage points	50% - X * 2.5%, with the minimum of 0%
The Company's TSR Relative to the TSR of S&P 500 IT Index	Ratio of Shares to be Vested								
Above the Index by X percentage points	50% + X * 2.5%, with the maximum of 100%								
Equal to the Index	50%								
Below the Index by X percentage points	50% - X * 2.5%, with the minimum of 0%								
Restriction on Rights in the Restricted Employee Shares	<p>1. Upon the grant of the RSAs, the RSAs shall be deposited in a trust/custody account. Before the vesting conditions are fulfilled, the executives cannot request the trustee/custodian to return to them the RSAs for any reasons or by any means.</p> <p>2. During each vesting period, no executives granted RSAs may sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, any shares under the unvested RSAs.</p> <p>3. Subject to the restrictions mentioned above, the rights of the executives with regard to the unvested RSAs granted under these Rules before the fulfillment of the vesting conditions, including but not limited to the entitlement to any distribution regarding dividends, bonuses and capital reserve, and the subscription right of the new shares issued for any capital increase, are the same as those of holders of common shares of the Company. The relevant matters shall be handled in accordance with the RSA trust/custody agreement.</p> <p>4. Before the vesting conditions are fulfilled, the attendance, proposal rights, speech rights, voting rights and any other shareholder rights shall be exercised by the engaged trustee/custodian on the executives' behalf.</p> <p>5. During each vesting period, if the Company conducts a capital reduction for cash return, capital reduction for loss offset, or other non-statutory capital reduction, the unvested RSAs shall be cancelled proportionally by the ratio of such capital reduction. If the Company conducts a capital reduction for cash return, the returned cash shall be deposited in a trust/custody account and shall not be delivered to the executives until the vesting conditions are fulfilled; otherwise, the cash will be returned to the Company.</p>								

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Custody of the Restricted Employee Shares	<p>1. Upon the grant of the RSAs, the RSAs shall be deposited in a trust/custody account. Before the vesting conditions are fulfilled, the executives cannot request the trustee/custodian to return to them the RSAs for any reasons or by any means.</p> <p>2. During the period when the granted RSAs are deposited in a trust/custody account, each executive must enter into an agreement authorizing the Company to, among others, negotiate, execute, modify, extend, rescind, and terminate the trust/custody agreement with the trustee/custodian, and give instructions to deliver, use, and dispose of any of the properties under the trust/custody, on their behalf, with full power and authority.</p>
Treatment of the Restricted Shares for Which the Grantee Fails to Meet the Vesting Conditions after Receiving or Subscribing to the Shares	<p>1. The Company will reclaim the granted RSAs and cancel the same at no extra cost to the Company, where an executive fails to meet the vesting conditions.</p> <p>2. Voluntary Separation, separation with a severance, or involuntary discharge: Any unvested RSAs will be forfeited on the effective date of separation due to a voluntary separation, separation with a severance, or involuntary discharge of such executives. The Company will reclaim the RSAs granted to them and cancel the same at no extra cost to the Company.</p> <p>3. Leave Without Pay: All the rights and obligations in connection with the unvested RSAs will not be affected as a result of executives taking extended leave without pay. However, the actual number of shares that may be vested will not only be calculated according to the vesting conditions but also be prorated based on the number of months of their service during the year prior to the applicable vesting day. If such executives are on leave without pay on any vesting day, it shall be deemed that they fail to meet the vesting conditions, and the Company will reclaim the RSAs granted to them and cancel the same at no extra cost to the Company.</p> <p>4. Retirement: All the rights and obligations in connection with the unvested RSAs will not be affected as a result of an employee's retirement. However, the actual number of shares that may be vested shall be calculated according to the vesting condition, and the performance rating granted to them shall be deemed "S".</p> <p>5. Employment Termination Due to Death or Physical Disability Caused by Occupational Accidents: The unvested RSAs shall be deemed immediately vested in the case of death or physical disability due to an occupational accident, where the RSAs vested shall be based on the assumption that the Company's TSR equals to the TSR of S&P 500 IT Index and there is no further adjustment for the Company's ESG achievements. In the case of death, the respective heir(s) may apply for entitlement to those inheritable shares after completing all necessary legal procedures and providing relevant supporting documents. In the case of physical disability caused by occupational injury, the vested RSAs will be received by such executives.</p> <p>6. Position Transfer: Where any executives apply for transferring to any of the Company's subsidiaries, affiliates, or other companies, the measures to be taken with respect to their unvested RSAs will be the same as those specified in "Voluntary Separation". Where any executives are assigned by the Company to a position in any of the Company's subsidiaries, affiliates, or other companies, all the rights and obligations in connection with the unvested RSAs will not be affected as a result. However, subject to the vesting conditions, such executives shall continue working in the assigned subsidiaries, affiliates, or other companies on the vesting dates. Otherwise, they will be considered to fail to meet the vesting conditions, and the Company will reclaim the RSAs granted to them and cancel the same at no extra cost to the Company. With respect to the evaluation of the achievement of individual performance goals, Chairman and Chief Executive Officer will determine whether the vesting conditions are met by reviewing the evaluation of the executives' performance provided by the assigned subsidiaries, affiliates, or other companies.</p> <p>7. Where any executives declare to voluntarily relinquish the granted RSAs with a written statement, the Company will reclaim the RSAs granted to them and cancel the same at no extra cost to the Company.</p> <p>8. Where any executives, after being granted the RSAs, breach any agreement with the Company employment agreement or violate the Company's work rules, the Company will reclaim the RSAs granted to them and cancel the same at no extra cost to the Company.</p> <p>9. Where any executives terminate or revoke their authorization given to the Company regarding the executive's RSA trust/custody account, the Company will reclaim their unvested RSAs and cancel the same at no extra cost to the Company.</p>
Number of Restricted Employee Shares That Have Been Retired or Bought Back	783,557 shares
Number of Restricted Employee Shares That Have Vested	603,443 shares
Number of Unvested Restricted Employee Shares	0 share
The Ratio of Number of Unvested Restricted Employee Share to the Total Number of Issued Shares (%)	0%
The Effect on Shareholders' Equity	The potential dilution of the Company's EPS is minimal; therefore, there is no material impact on shareholders' interest.

Note: The printed date of this Annual Report.

Type of Employee Restricted Stock	Employee Restricted Stock Awards for Year 2022																										
Effective Registration Date and Total Number of Shares	07/25/2022 /3,065,000 shares																										
Issue Date	03/01/2023																										
Number of Restricted Employee Shares Issued	2,110,000 shares																										
Number of Restricted Employee Shares Still Available for Issuance	0 share																										
Issued Price	None																										
Ratio of the Number of Restricted Employee Shares Issued to the Total Number of Issued Shares	0.00814%																										
Vesting Conditions of Restricted Employee Shares	<p>1. The RSAs granted to an employee can only be vested if (a) the employee remains employed by the Company or the Company's subsidiaries on the last date of each vesting period; (b) during the vesting period, the employee may not breach any agreement with the Company or the Company's subsidiaries or violate the Company's or the Company's subsidiaries' work rules; and (c) certain employee performance metrics (a year-end performance rating of at least "S" (Note) or above for the year immediately preceding the expiration of each vesting period) and the Company's business performance metrics are met. (Note: "S" stands for "Successful")</p> <p>2. The maximum percentage of granted RSAs that may be vested each year shall be as follows: one-year anniversary of the grant: 50%; two-year anniversary of the grant: 25%; and three-year anniversary of the grant: 25%; provided that the actual percentage and number of the RSAs to be vested in each year will be calculated based on the achievement of the Company's business performance metrics, as detailed in the following points.</p> <p>3. For eligible executive officers of the Company: The maximum number of RSAs that may be vested in each year will be set as 110%, among which 100% will be subject to a calculation based on the Company's relative TSR (Note) achievement (see table below) to determine the number of RSAs to be vested; this number will be further subject to a modifier to increase or decrease up to 10% based on the Compensation Committee's evaluation of the Company's ESG achievements. The number of shares so calculated should be rounded down to the nearest integral.</p> <table border="1"> <thead> <tr> <th>The Company's TSR Relative to the TSR of S&P 500 IT Index</th> <th>Ratio of Shares to be Vested</th> </tr> </thead> <tbody> <tr> <td>Above the Index by X percentage points</td> <td>50% + X * 2.5%, with the maximum of 100%</td> </tr> <tr> <td>Equal to the Index</td> <td>50%</td> </tr> <tr> <td>Below the Index by X percentage points</td> <td>50% - X * 2.5%, with the minimum of 0%</td> </tr> </tbody> </table> <p>Note: TSR: Total Shareholder Return (including capital gains and dividends)</p> <p>4. For eligible employees who are not executive officers of the Company and the Company's subsidiaries: The number of RSAs to be vested in each year will be calculated in accordance with the below table based on the Company's audited consolidated financial statements for the year prior to the vesting year. The number of shares so calculated should be rounded down to the nearest integral.</p> <table border="1"> <thead> <tr> <th></th> <th>Threshold</th> <th>Target</th> <th>Weighting</th> <th>Ratio of Shares to be Vested</th> </tr> </thead> <tbody> <tr> <td>Revenue Growth</td> <td>10%</td> <td>15%</td> <td>One-third</td> <td rowspan="3"> <ul style="list-style-type: none"> • < Threshold: 0% • = Threshold: 50% • ≥ Target: 100% • Between Threshold and Target: as calculated by interpolation method </td> </tr> <tr> <td>Gross Margin</td> <td>15%</td> <td>53%</td> <td>One-third</td> </tr> <tr> <td>Return on Equity (ROE)</td> <td>20%</td> <td>25%</td> <td>One-third</td> </tr> </tbody> </table>	The Company's TSR Relative to the TSR of S&P 500 IT Index	Ratio of Shares to be Vested	Above the Index by X percentage points	50% + X * 2.5%, with the maximum of 100%	Equal to the Index	50%	Below the Index by X percentage points	50% - X * 2.5%, with the minimum of 0%		Threshold	Target	Weighting	Ratio of Shares to be Vested	Revenue Growth	10%	15%	One-third	<ul style="list-style-type: none"> • < Threshold: 0% • = Threshold: 50% • ≥ Target: 100% • Between Threshold and Target: as calculated by interpolation method 	Gross Margin	15%	53%	One-third	Return on Equity (ROE)	20%	25%	One-third
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Treatment of the Restricted Shares for Which the Grantee Fails to Meet the Vesting Conditions after Receiving or Subscribing to the Shares	<p>1. The Company will reclaim the granted RSAs and cancel the same at no extra cost to the Company, where an employee fails to meet the vesting conditions.</p> <p>2. Voluntary Separation, separation with a severance, or involuntary discharge: Any unvested RSAs will be forfeited on the effective date of separation due to a voluntary separation, separation with a severance, or involuntary discharge of such employees. The Company will reclaim the RSAs granted to them and cancel the same at no extra cost to the Company.</p> <p>3. Leave Without Pay: All the rights and obligations in connection with the unvested RSAs will not be affected as a result of employees taking extended leave without pay. 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Exemption could be made case by case by Chairman and CEO.</p> <ul style="list-style-type: none"> - Not to get any full-time job; and - Not to engage in competition with the Company or the Company's subsidiaries, including without limitation: to join a competitor, to provide any competitive services, to establish any company or business that would involve a competitive foundry process or service, or to employ, induce, or attempt to induce any TSMC employee to undertake competitive services. <p>All the rights and obligations in connection with the unvested RSAs will not be affected as a result of an employee's retirement. However, the actual number of shares that may be vested shall be calculated according to the vesting condition, and the performance rating granted to them shall be deemed "S".</p> <p>5. 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In the case of physical disability caused by occupational injury, the vested RSAs will be received by such employees.</p> <p>6. Position Transfer:</p> <ul style="list-style-type: none"> - Where any employees apply for transferring to any of the Company's subsidiaries, affiliates, or other companies, the measures to be taken with respect to their unvested RSAs will be the same as "Voluntary Separation". - Where any employees are assigned by the Company or the Company's subsidiaries to a position in any of the Company's subsidiaries, affiliates, or other companies, all the rights and obligations in connection with the unvested RSAs will not be affected as a result. However, subject to the vesting condition, such employees shall continue working in the assigned subsidiaries, affiliates, or other companies on the vesting dates. 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Number of Restricted Employee Shares That Have Been Retired or Bought Back	1,113,440 shares
Number of Restricted Employee Shares That Have Vested	996,560 shares
Number of Unvested Restricted Employee Shares	0 share
The Ratio of Number of Unvested Restricted Employee Share to the Total Number of Issued Shares (%)	0%
The Effect on Shareholders' Equity	The potential dilution of the Company's EPS is minimal; therefore, there is no material impact on shareholders' interest.

Type of Employee Restricted Stock	Employee Restricted Stock Awards for Year 2023																										
Effective Registration Date and Total Number of Shares	12/28/2023 /6,249,000 shares																										
Issue Date	03/01/2024																										
Number of Restricted Employee Shares Issued	2,960,000 shares																										
Number of Restricted Employee Shares Still Available for Issuance	0 share																										
Issued Price	None																										
Ratio of the Number of Restricted Employee Shares Issued to the Total Number of Issued Shares	0.01141%																										
Vesting Conditions of Restricted Employee Shares	<p>1. The RSAs granted to an employee can only be vested if (a) the employee remains employed by the Company or the Company's subsidiaries on the last date of each vesting period; (b) during the vesting period, the employee may not breach any agreement with the Company or the Company's subsidiaries or violate the Company's or the Company's subsidiaries' work rules; and (c) certain employee performance metrics (a year-end performance rating of at least "S" (Note) or above for the year immediately preceding the expiration of each vesting period) and the Company's business performance metrics are met. (Note: "S" stands for "Successful")</p> <p>2. The maximum percentage of granted RSAs that may be vested each year shall be as follows: one-year anniversary of the grant: 50%; two-year anniversary of the grant: 25%; and three-year anniversary of the grant: 25%; provided that the actual percentage and number of the RSAs to be vested in each year will be calculated based on the achievement of the Company's business performance metrics, as detailed in the following points.</p> <p>3. For eligible executive officers of the Company: The maximum number of RSAs that may be vested in each year will be set as 110%, among which 100% will be subject to a calculation based on the Company's relative TSR (Note) achievement (see table below) to determine the number of RSAs to be vested; this number will be further subject to a modifier to increase or decrease up to 10% based on the Compensation Committee's evaluation of the Company's ESG achievements. The number of shares so calculated should be rounded down to the nearest integral.</p> <table border="1"> <thead> <tr> <th>The Company's TSR Relative to the TSR of S&P 500 IT Index</th> <th>Ratio of Shares to be Vested</th> </tr> </thead> <tbody> <tr> <td>Above the Index by X percentage points</td> <td>50% + X * 2.5%, with the maximum of 100%</td> </tr> <tr> <td>Equal to the Index</td> <td>50%</td> </tr> <tr> <td>Below the Index by X percentage points</td> <td>50% - X * 2.5%, with the minimum of 0%</td> </tr> </tbody> </table> <p>Note: TSR: Total Shareholder Return (including capital gains and dividends)</p> <p>4. For eligible employees who are not executive officers of the Company and the Company's subsidiaries: The number of RSAs to be vested in each year will be calculated in accordance with the below table based on the Company's audited consolidated financial statements for the year prior to the vesting year. The number of shares so calculated should be rounded down to the nearest integral.</p> <table border="1"> <thead> <tr> <th></th> <th>Threshold</th> <th>Target</th> <th>Weighting</th> <th>Ratio of Shares to be Vested</th> </tr> </thead> <tbody> <tr> <td>Revenue Growth</td> <td>10%</td> <td>15%</td> <td>One-third</td> <td rowspan="3"> <ul style="list-style-type: none"> • < Threshold: 0% • = Threshold: 50% • ≥ Target: 100% • Between Threshold and Target: as calculated by interpolation method </td> </tr> <tr> <td>Gross Margin</td> <td>15%</td> <td>53%</td> <td>One-third</td> </tr> <tr> <td>Return on Equity (ROE)</td> <td>20%</td> <td>25%</td> <td>One-third</td> </tr> </tbody> </table>	The Company's TSR Relative to the TSR of S&P 500 IT Index	Ratio of Shares to be Vested	Above the Index by X percentage points	50% + X * 2.5%, with the maximum of 100%	Equal to the Index	50%	Below the Index by X percentage points	50% - X * 2.5%, with the minimum of 0%		Threshold	Target	Weighting	Ratio of Shares to be Vested	Revenue Growth	10%	15%	One-third	<ul style="list-style-type: none"> • < Threshold: 0% • = Threshold: 50% • ≥ Target: 100% • Between Threshold and Target: as calculated by interpolation method 	Gross Margin	15%	53%	One-third	Return on Equity (ROE)	20%	25%	One-third
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In the case of physical disability caused by occupational injury, the vested RSAs will be received by such employees.</p> <p>6. Position Transfer:</p> <ul style="list-style-type: none"> - Where any employees apply for transferring to any of the Company's subsidiaries, affiliates, or other companies, the measures to be taken with respect to their unvested RSAs will be the same as "Voluntary Separation". - Where any employees are assigned by the Company or the Company's subsidiaries to a position in any of the Company's subsidiaries, affiliates, or other companies, all the rights and obligations in connection with the unvested RSAs will not be affected as a result. However, subject to the vesting condition, such employees shall continue working in the assigned subsidiaries, affiliates, or other companies on the vesting dates. Otherwise, they will be considered to fail to meet the vesting conditions, and the Company will reclaim the RSAs granted to them and cancel the same at no extra cost to the Company. With respect to the evaluation of the achievement of individual performance goals, Chairman and Chief Executive Officer will determine whether the vesting conditions are met by reviewing the evaluation of the employees' performance provided by the assigned subsidiaries, affiliates, or other companies. <p>7. Where any employees declare to voluntarily relinquish the granted RSAs with a written statement, the Company will reclaim the RSAs granted to them and cancel the same at no extra cost to the Company.</p> <p>8. Where any employees, after being granted the RSAs, breach any agreement with the Company employment agreement or violate the Company's work rules, the Company will reclaim the RSAs granted to them and cancel the same at no extra cost to the Company.</p> <p>9. Where any employees terminate or revoke their authorization given to the Company regarding the employees' RSA trust/custody account, the Company will reclaim their unvested RSAs and cancel the same at no extra cost to the Company.</p>
Number of Restricted Employee Shares That Have Been Retired or Bought Back	155,394 shares
Number of Restricted Employee Shares That Have Vested	2,102,106 shares
Number of Unvested Restricted Employee Shares	702,500 shares
The Ratio of Number of Unvested Restricted Employee Share to the Total Number of Issued Shares (%)	0.00271%
The Effect on Shareholders' Equity	The potential dilution of the Company's EPS is minimal; therefore, there is no material impact on shareholders' interest.

Type of Employee Restricted Stock	Employee Restricted Stock Awards for Year 2024																										
Effective Registration Date and Total Number of Shares	07/31/2024 /4,185,000 shares																										
Issue Date	09/01/2024																										
Number of Restricted Employee Shares Issued	2,353,000 shares																										
Number of Restricted Employee Shares Still Available for Issuance	1,832,000 shares																										
Issued Price	None																										
Ratio of the Number of Restricted Employee Shares Issued to the Total Number of Issued Shares	0.00907%																										
Vesting Conditions of Restricted Employee Shares	<p>1. The RSAs granted to an employee can only be vested if (a) the employee remains employed by the Company or the Company's subsidiaries on the last date of each vesting period; (b) during the vesting period, the employee may not breach any agreement with the Company or the Company's subsidiaries or violate the Company's or the Company's subsidiaries' work rules; and (c) certain employee performance metrics (a year-end performance rating of at least "S" (Note) or above for the year immediately preceding the expiration of each vesting period) and the Company's business performance metrics are met. (Note: "S" stands for "Successful")</p> <p>2. The maximum percentage of granted RSAs that may be vested each year shall be as follows: one-year anniversary of the grant: 50%; two-year anniversary of the grant: 25%; and three-year anniversary of the grant: 25%; provided that the actual percentage and number of the RSAs to be vested in each year will be calculated based on the achievement of the Company's business performance metrics, as detailed in the following points.</p> <p>3. For eligible executive officers of the Company: The maximum number of RSAs that may be vested in each year will be set as 110%, among which 100% will be subject to a calculation based on the Company's relative TSR (Note) achievement (see table below) to determine the number of RSAs to be vested; this number will be further subject to a modifier to increase or decrease up to 10% based on the Compensation Committee's evaluation of the Company's ESG achievements. The number of shares so calculated should be rounded down to the nearest integral.</p> <table border="1"> <thead> <tr> <th>The Company's TSR Relative to the TSR of S&P 500 IT Index</th> <th>Ratio of Shares to be Vested</th> </tr> </thead> <tbody> <tr> <td>Above the Index by X percentage points</td> <td>50% + X * 2.5%, with the maximum of 100%</td> </tr> <tr> <td>Equal to the Index</td> <td>50%</td> </tr> <tr> <td>Below the Index by X percentage points</td> <td>50% - X * 2.5%, with the minimum of 0%</td> </tr> </tbody> </table> <p>Note: TSR: Total Shareholder Return (including capital gains and dividends)</p> <p>4. For eligible employees who are not executive officers of the Company and the Company's subsidiaries: The number of RSAs to be vested in each year will be calculated in accordance with the below table based on the Company's audited consolidated financial statements for the year prior to the vesting year. The number of shares so calculated should be rounded down to the nearest integral.</p> <table border="1"> <thead> <tr> <th></th> <th>Threshold</th> <th>Target</th> <th>Weighting</th> <th>Ratio of Shares to be Vested</th> </tr> </thead> <tbody> <tr> <td>Revenue Growth</td> <td>10%</td> <td>15%</td> <td>One-third</td> <td rowspan="3"> <ul style="list-style-type: none"> • < Threshold: 0% • = Threshold: 50% • ≥ Target: 100% • Between Threshold and Target: as calculated by interpolation method </td> </tr> <tr> <td>Gross Margin</td> <td>15%</td> <td>53%</td> <td>One-third</td> </tr> <tr> <td>Return on Equity (ROE)</td> <td>20%</td> <td>25%</td> <td>One-third</td> </tr> </tbody> </table>	The Company's TSR Relative to the TSR of S&P 500 IT Index	Ratio of Shares to be Vested	Above the Index by X percentage points	50% + X * 2.5%, with the maximum of 100%	Equal to the Index	50%	Below the Index by X percentage points	50% - X * 2.5%, with the minimum of 0%		Threshold	Target	Weighting	Ratio of Shares to be Vested	Revenue Growth	10%	15%	One-third	<ul style="list-style-type: none"> • < Threshold: 0% • = Threshold: 50% • ≥ Target: 100% • Between Threshold and Target: as calculated by interpolation method 	Gross Margin	15%	53%	One-third	Return on Equity (ROE)	20%	25%	One-third
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Gross Margin	15%	53%	One-third																								
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Restriction on Rights in the Restricted Employee Shares	<p>1. Upon the grant of the RSAs, the RSAs shall be deposited in a trust/custody account. Before the vesting conditions are fulfilled, the employees cannot request the trustee/custodian to return to them the RSAs for any reasons or by any means.</p> <p>2. During each vesting period, no employees granted RSAs may sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, any shares under the unvested RSAs.</p> <p>3. Subject to the restrictions mentioned above, the rights of the employees with regard to the unvested RSAs granted under these Rules before the fulfillment of the vesting conditions, including but not limited to the entitlement to any distribution regarding dividends, bonuses and capital reserve, and the subscription right of the new shares issued for any capital increase, are the same as those of holders of common shares of the Company. The relevant matters shall be handled in accordance with the RSA trust/custody agreement.</p> <p>4. Before the vesting conditions are fulfilled, the attendance, proposal rights, speech rights, voting rights and any other shareholder rights shall be exercised by the engaged trustee/custodian on the employees' behalf.</p> <p>5. During each vesting period, if the Company conducts a capital reduction for cash return, capital reduction for loss offset, or other non-statutory capital reduction, the unvested RSAs shall be cancelled proportionally by the ratio of such capital reduction. If the Company conducts a capital reduction for cash return, the returned cash shall be deposited in a trust/custody account and shall not be delivered to the employees until the vesting conditions are fulfilled; otherwise, the cash will be returned to the Company.</p>																										

(Continued)

Custody of the Restricted Employee Shares	<p>1. Upon the grant of the RSAs, the RSAs shall be deposited in a trust/custody account. Before the vesting conditions are fulfilled, the employees cannot request the trustee/custodian to return to them the RSAs for any reasons or by any means.</p> <p>2. During the period when the granted RSAs are deposited in a trust/custody account, each executive must enter into an agreement authorizing the Company to, among others, negotiate, execute, modify, extend, rescind, and terminate the trust/custody agreement with the trustee/custodian, and give instructions to deliver, use, and dispose of any of the properties under the trust/custody, on their behalf, with full power and authority.</p>
Treatment of the Restricted Shares for Which the Grantee Fails to Meet the Vesting Conditions after Receiving or Subscribing to the Shares	<p>1. The Company will reclaim the granted RSAs and cancel the same at no extra cost to the Company, where an employee fails to meet the vesting conditions.</p> <p>2. Voluntary Separation, separation with a severance, or involuntary discharge: Any unvested RSAs will be forfeited on the effective date of separation due to a voluntary separation, separation with a severance, or involuntary discharge of such employees. The Company will reclaim the RSAs granted to them and cancel the same at no extra cost to the Company.</p> <p>3. Leave Without Pay: All the rights and obligations in connection with the unvested RSAs will not be affected as a result of employees taking extended leave without pay. However, the actual number of shares that may be vested will not only be calculated according to the vesting conditions but also be prorated based on the number of months of their service during the year prior to the applicable vesting day. If such employees are on leave without pay on any vesting day, it shall be deemed that they fail to meet the vesting conditions, and the Company will reclaim the RSAs granted to them and cancel the same at no extra cost to the Company.</p> <p>4. Retirement: All the rights and obligations in connection with the unvested RSAs will not be affected as a result of an employee's retirement, provided that the employee complies with both of the following conditions after his/her retirement. If any of the following conditions is not met, any unvested RSAs will be forfeited. Exemption could be made case by case by Chairman and CEO.</p> <ul style="list-style-type: none"> - Not to get any full-time job; and - Not to engage in competition with the Company or the Company's subsidiaries, including without limitation: to join a competitor, to provide any competitive services, to establish any company or business that would involve a competitive foundry process or service, or to employ, induce, or attempt to induce any TSMC employee to undertake competitive services. <p>All the rights and obligations in connection with the unvested RSAs will not be affected as a result of an employee's retirement. However, the actual number of shares that may be vested shall be calculated according to the vesting condition, and the performance rating granted to them shall be deemed "S".</p> <p>5. Employment Termination Due to Death or Physical Disability Caused by Occupational Accidents: The unvested RSAs shall be deemed immediately vested in the case of death or physical disability due to an occupational accident. For eligible executive officers of the Company, the RSAs vested shall be based on the assumption that the Company's TSR equals to the TSR of S&P 500 IT Index and there is no further adjustment for the Company's ESG achievements. For eligible employees who are not executive officers of the Company and the Company's subsidiaries, the RSAs vested shall be based on the assumption that the Company's Revenue growth, Gross Margin, and ROE are all equal to Threshold. In the case of death, the respective heir(s) may apply for entitlement to those inheritable shares after completing all necessary legal procedures and providing relevant supporting documents. In the case of physical disability caused by occupational injury, the vested RSAs will be received by such employees.</p> <p>6. Position Transfer:</p> <ul style="list-style-type: none"> - Where any employees apply for transferring to any of the Company's subsidiaries, affiliates, or other companies, the measures to be taken with respect to their unvested RSAs will be the same as "Voluntary Separation". - Where any employees are assigned by the Company or the Company's subsidiaries to a position in any of the Company's subsidiaries, affiliates, or other companies, all the rights and obligations in connection with the unvested RSAs will not be affected as a result. However, subject to the vesting condition, such employees shall continue working in the assigned subsidiaries, affiliates, or other companies on the vesting dates. Otherwise, they will be considered to fail to meet the vesting conditions, and the Company will reclaim the RSAs granted to them and cancel the same at no extra cost to the Company. With respect to the evaluation of the achievement of individual performance goals, Chairman and Chief Executive Officer will determine whether the vesting conditions are met by reviewing the evaluation of the employees' performance provided by the assigned subsidiaries, affiliates, or other companies. <p>7. Where any employees declare to voluntarily relinquish the granted RSAs with a written statement, the Company will reclaim the RSAs granted to them and cancel the same at no extra cost to the Company.</p> <p>8. Where any employees, after being granted the RSAs, breach any agreement with the Company employment agreement or violate the Company's work rules, the Company will reclaim the RSAs granted to them and cancel the same at no extra cost to the Company.</p> <p>9. Where any employees terminate or revoke their authorization given to the Company regarding the employees' RSA trust/custody account, the Company will reclaim their unvested RSAs and cancel the same at no extra cost to the Company.</p>
Number of Restricted Employee Shares That Have Been Retired or Bought Back	132,000 shares
Number of Restricted Employee Shares That Have Vested	1,102,000 shares
Number of Unvested Restricted Employee Shares	1,119,000 shares
The Ratio of Number of Unvested Restricted Employee Share to the Total Number of Issued Shares (%)	0.00432%
The Effect on Shareholders' Equity	The potential dilution of the Company's EPS is minimal; therefore, there is no material impact on shareholders' interest.

4.6.2 Employee Restricted Stock Granted to Management Team and to Top 10 Employees

Unit: Share

As of 03/01/2026

	Title	Name	No. of Employee Restricted Stock Granted	Employee Restricted Stock as a Percentage of Shared Issued (Note 1)	Restrictions Released			Restrictions Unreleased				
					No. of Shares	Issued Price (NT\$)	Issued Amount (NT\$ thousands)	Released Shares as a Percentage of Shares Issued (Note 1)	No. of Shares	Issued Price (NT\$)	Issued Amount (NT\$ thousands)	Unreleased Shares as a Percentage of Shares Issued (Note 1)
Management Team and Employee	Chairman & Chief Executive Officer	C.C. Wei	8,810,000	0.03397%	4,804,109	0	0	0.01853%	1,821,500	0	0	0.00702%
	Senior Vice President, Chief Financial Officer/Spokesperson	Wendell Huang										
	Executive Vice President and Co-Chief Operating Officer	Y.P. Chyn										
	Executive Vice President and Co-Chief Operating Officer	Y.J. Mii										
	Senior Vice President and Deputy Co-Chief Operating Officer/Chief Information Security Officer	Cliff Hou										
	Senior Vice President and Deputy Co-Chief Operating Officer	Kevin Zhang										
	Senior Vice President	Lora Ho										
	Senior Vice President	Wei-Jen Lo (Note 2)										
	Senior Vice President/Former Chief Information Security Officer	J.K. Lin (Note 2)										
	Senior Vice President	J.K. Wang (Note 2)										
	Senior Vice President and General Counsel/Corporate Governance Officer	Sylvia Fang										
	Senior Vice President	Y.L. Wang (Note 3)										
	Senior Vice President and TSMC Senior Fellow	T.S. Chang (Note 3, 4)										
	Senior Vice President	Michael Wu (Note 3)										
	Senior Vice President	Geoffrey Yeap (Note 3)										
	Vice President	Connie Ma (Note 2)										
	Vice President and TSMC Distinguished Fellow	Douglas Yu (Note 2)										
	Vice President	Min Cao										
	Vice President	Marvin Liao (Note 2)										
	Vice President/CEO, JASM	Y.H. Liaw										
	Vice President	Simon Jang										
	Vice President	C.S. Yoo										
	Vice President	Jun He										
	Vice President and Chief Information Officer	Chris Horng-Dar Lin										
	Vice President	Jonathan Lee										
	Vice President	Arthur Chuang										
Vice President and TSMC Senior Fellow	L.C. Lu (Note 4)											
Vice President	K.C. Hsu											
Vice President/CEO, TSMC Arizona	Ray Chuang											
Vice President	Vanessa Lee (Note 2)											
Employee	Y.C. Huang (Note 2)											

Note 1: The number of shares issued is based on the amended number of total shares disclosed on Ministry of Economic Affairs as of February 24, 2026.

Note 2: Vice President J.K. Wang retired, effective May 7, 2022. Vice President Connie Ma retired, effective November 1, 2022. Vice President Dr. Marvin Liao retired, effective November 11, 2022. Mr. Y.C. Huang retired, effective May 1, 2022. Senior Vice President Mr. J.K. Lin retired, effective April 10, 2025. Vice President Dr. Douglas Yu retired, effective July 8, 2025. Vice President Ms. Vanessa Lee resigned, effective July 13, 2025. Senior Vice President Dr. Wei-Jen Lo retired, effective July 27, 2025.

Note 3: Dr. Y.L. Wang, Dr. T.S. Chang, Dr. Michael Wu, and Dr. Geoffrey Yeap were promoted to Senior Vice President, effective February 10, 2026.

Note 4: Dr. T.S. Chang and Dr. L.C. Lu were promoted to TSMC Senior Fellow, effective June 17, 2025.

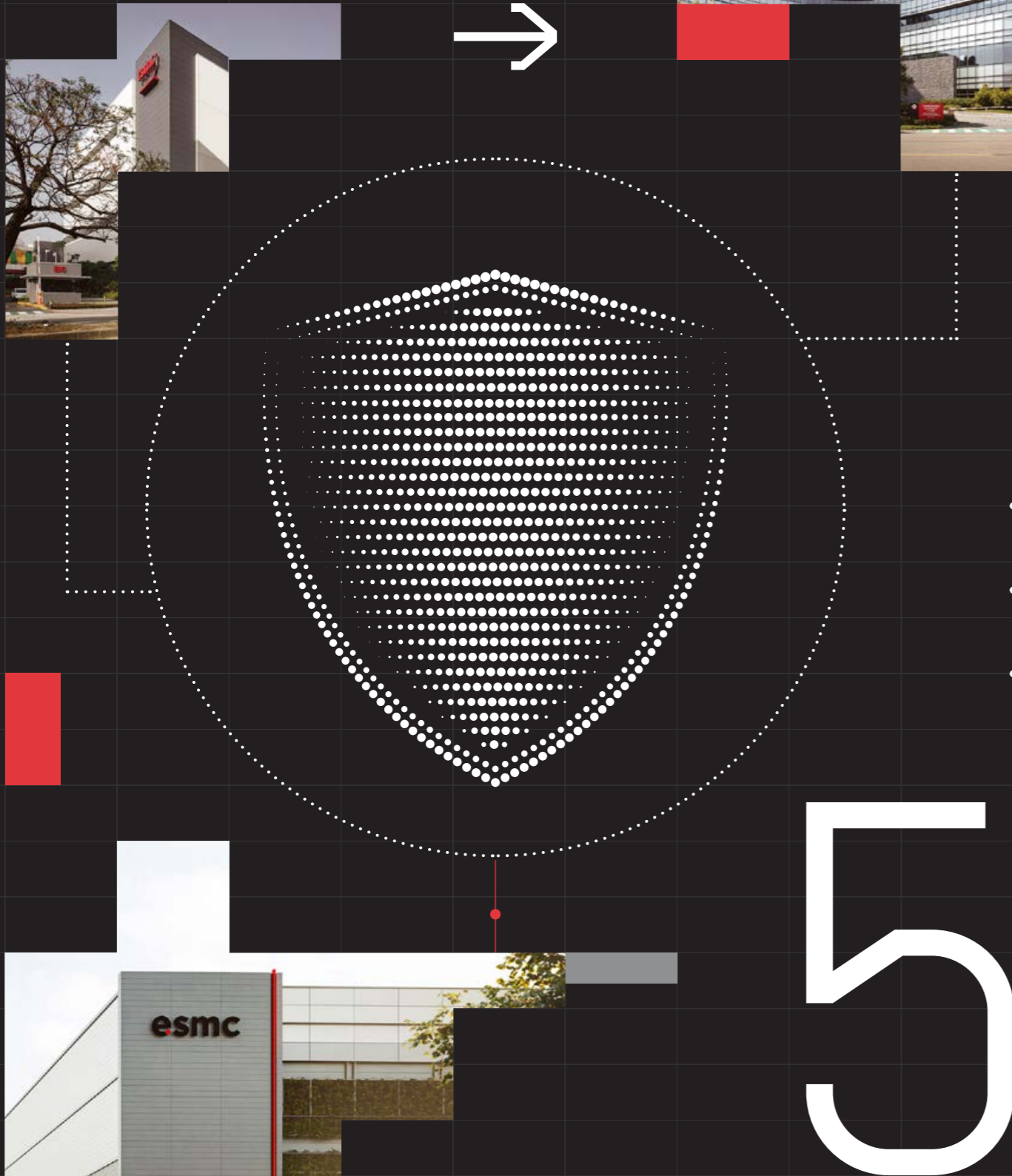
4.7 Status of New Share Issuance in Connection with Mergers and Acquisitions: None.

4.8 Funding Plans and Implementation

The funds raised by TSMC through issuances of domestic corporate bonds are used in accordance with respective funding plans and actual needs. As of the end of 2025, the implementation status of each uncompleted plan was as follow:

Projects	Gross Proceeds	Use of Proceeds	Implementation Status
Unsecured Corporate Bond (114-2, Green Bond)	NT\$14.1 billion	Green buildings, renewable energy purchase and environmental protection related expenditures	<p>Purchase/expansion of facilities and equipment: As of the end of 2025, the actual completion rate of fund uses was 88.80%, higher than the original plan of 16.21%, reflecting the progress of actual payment application. The funds were used in accordance with the original plans and there were no material differences between the expected benefits and the actual ones.</p> <p>Others: As of the end of 2025, the actual completion rate of fund uses was 17.69%, higher than the original plan of 0%, reflecting the progress of actual payment application. The funds were used in accordance with the original plans and there were no material differences between the expected benefits and the actual ones.</p>
Unsecured Corporate Bond (114-3, Green Bond)	NT\$12.3 billion	Green buildings, renewable energy purchase and environmental protection related expenditures	<p>Purchase/expansion of facilities and equipment: The funds are scheduled to be used from the second quarter of 2026.</p> <p>Others: The funds are scheduled to be used from the third quarter of 2026.</p>
Unsecured Corporate Bond (114-4, 10-year tranche is Green Bond)	NT\$17.8 billion	Purchase/expansion of facilities and equipment, green buildings, renewable energy purchase and environmental protection related expenditures	<p>Purchase/expansion of facilities and equipment: As of the end of 2025, the actual completion rate of fund uses was 88.21%, same as the original plan. The funds were used in accordance with the original plans and there were no material differences between the expected benefits and the actual ones.</p> <p>Others: The funds are scheduled to be used from the first quarter of 2027.</p>
Unsecured Corporate Bond (114-5, Green Bond)	NT\$23.5 billion	Green buildings and environmental protection related expenditures	<p>Purchase/expansion of facilities and equipment: As of the end of 2025, the actual completion rate of fund uses was 15.19%, higher than the original plan of 0%, reflecting the progress of actual payment application. The funds were used in accordance with the original plans and there were no material differences between the expected benefits and the actual ones.</p>

CHAPTER



Operational Highlights

TSMC manufactured 12,682 different products using 305 distinct technologies for 534 different customers.

5.1 Business Activities

5.1.1 Business Scope

As the founder and a leader of the dedicated semiconductor foundry segment, TSMC provides a full range of integrated semiconductor foundry services including leading advanced process and specialty technologies, advanced mask technologies, TSMC 3DFabric® advanced silicon stacking and packaging solutions, excellent manufacturing productivity and quality, as well as comprehensive design ecosystem support, to meet a growing variety of customer needs. The Company strives to provide unparalleled total value to its customers and views customer success as its own success. As a result, TSMC has gained customer trust from around the world and has experienced strong growth and success of its own.

TSMC made numerous technological advances in 2025:

Logic Technology

- A14 technology is the Company's next-generation, cutting-edge logic technology. A14 delivers full-node performance, power, and area (PPA) improvements through advanced dimensional scaling, setting a new benchmark for innovation. Optimized for high-performance computing (HPC), smartphone, and artificial intelligence (AI) applications, its development is progressing smoothly.
- TSMC A16™ technology features a nanosheet transistor structure with innovative backside power rail solution and provides greatly improved logic density and performance. It will further extend TSMC's technology leadership with even better PPA than N2P.
- 2nm (N2) technology development made excellent progress in both yield and performance improvement in 2025. N2 technology features TSMC's first generation of nanosheet transistor technology with full-node strides in performance and power consumption. Volume production started in 2025 as planned.
- 3nm fin field-effect transistor (FinFET) (N3) technology entered its fourth year of volume production in 2025 for customers' smartphone and HPC products.
- N3 Enhanced (N3E) technology, an enhanced version of N3 technology, continues to provide industry-leading advantages for both mobile communication and HPC applications. It entered its third year of volume production in 2025.
- N3P technology, an enhanced version of N3E technology, provides industry-leading advantages for both mobile communications and HPC applications. It entered its second year of volume production in 2025.
- N3 Compact (N3C) technology, building on N3P, offers compact cells, cost-effectiveness, and a simplified process.

With backward-compatible design rules, N3C enables seamless IP reuse and minimal design effort. Customer tape-out was received in 2025 and volume production is expected in 2026.

- N3X technology, a process tailored for HPC applications, was introduced in 2023 and completed qualification in 2024 and started volume production in 2025.
- 4nm FinFET (N4) technology, an enhanced version of 5nm FinFET (N5) technology, entered its fourth year of volume production in 2025.
- N4P technology, with an additional performance boost over N4 technology, entered its third year of volume production in 2025.
- N4 Compact (N4C) technology features innovative process improvements that offer higher density components and simplified process flow compared to N4P technology. It received customer product tape-outs in 2025.
- N4X technology, introduced in 2021, was TSMC's first HPC-focused technology. It represents the ultimate performance and maximum clock frequencies in TSMC's 5nm family and entered its second year of volume production in 2025.
- N5 Plus (N5P) technology, a performance-enhanced version of 5nm technology (N5), entered its fifth year of volume production in 2025 for customers' smartphones and HPC products.
- 6nm FinFET (N6) technology, widely adopted for smartphones, HPC, and digital consumer electronics (DCE) products, entered its sixth year of volume production in 2025.
- N6e® Ultra-Low Power (ULP) technology service's process design kits (PDK) and ecosystem of low V_{dd} SRAM, ULL_ SRAM, and low V_{dd} standard cell libraries have been released and adopted by wearable applications. It entered its second year of volume production in 2025 with more comprehensive offerings.
- 7nm FinFET (N7) family technologies, widely used in customers' 5G and HPC products for several years, entered their fifth year of volume production for DCE and automotive products in 2025.
- N12e® technology service continued to be well received for a variety of product applications in 2025, including microcontroller unit (MCU), application processor (AP), memory controller, and IoT connectivity, and vision/voice AI products. This technology service offers more low V_{dd} and ultra-low leakage devices solutions for speed and power optimization.
- 22nm Ultra-Low Leakage (ULL) technology entered its seventh year of volume production in 2025 having been adopted in a wide range of applications, including wireless connectivity products such as Bluetooth and Wi-Fi for IoT, MCU, digital TV chips, and smartphones.

Specialty Technology

- N3A automotive technology, based on N3E technology, is TSMC's most advanced automotive grade process to date. TSMC introduced the N3 Auto Early (N3AE) program in 2023, providing automotive PDKs to support automotive customers in designing with the most advanced 3nm technology for automotive applications. N3A V1.0 PDK was released in 2025 and the technology completed automotive grade qualification and offered automotive design enablement platform (ADEP).
- N4 Auto Early program (N4AE), based on N4P platform, was in development for automotive grade technology in 2025 with full automotive process qualification targeted for the end of 2026.
- N4C radio frequency (N4C RF) technology, the next generation of N4P RF technology, is in development and is expected to be launched in 2026.
- 5nm FinFET automotive (N5A) technology has received multiple customer product tape-outs since 2023. Some products were prototyped, qualified for automotive applications, and successfully entered volume production utilizing TSMC's automotive service package (ASP) in 2025.
- Second-generation N6 RF (N6 RF+) technology development was completed and its V1.1 PDK was released in 2025.
- 12FFC+ RF technology process enhancements offer an advanced RF f_T/f_{MAX} corner model, ultra-thick metal (UTM) with aggressive metal width push, and extreme narrow-width high resistance offerings in 2025. The technology has entered its third year of volume production for customers' 4G and 5G cellular RF and IoT wireless connectivity products in 2025.
- 16FFC FinFET Compact (16FFC) RF Enhancement III technology is in development, with continuous improvement of 16FFC RF technology, is expected to be launched in 2026. 16FFC RF technology has received many customer tape-outs since 2021. Development of its enhanced version (Enhancement I/II) was completed in 2022 to support applications such as 28/39/47GHz mmWave RF front-end module and 77GHz/79GHz automotive radar.
- 16MRAM technology, TSMC's second generation of magnetoresistive random-access memory (MRAM) technology, passed automotive grade qualification in 2025, achieving <1ppm chip fail rate after one million cycles.
- N12e® RRAM technology service, TSMC's third generation of resistive random-access memory (RRAM) solution, features balanced cost and performance and passed consumer grade qualification for production in 2025.
- 22RRAM technology, TSMC's second generation of RRAM technology, passed the 100K-cycle qualification in 2025 for high-endurance product applications with various memory macro offerings.

- 28nm high voltage (HV) technology entered its second year of volume production for smartphone organic light-emitting diode (OLED) display applications in 2025.
- 40nm silicon on insulator (N40SOI) technology on 12-inch wafers, which provides industry-leading competitive advantages, entered its fourth year of volume production in 2025.
- 80nm HV technology for micro-OLED-on-Silicon display backplanes in augmented reality (AR)/virtual reality (VR) devices entered its fifth year of volume production in 2025. This technology offers extremely high density with over 3,000 pixels per inch (PPI), enhancing vision quality for near-eye applications.
- Advanced second-generation 40nm Bipolar-CMOS-DMOS (40BCD Gen-2) technology PDK was ready in 2025.
- Competitive 90nm BCD technology received multiple tape-outs and entered its second year of volume production in 2025. This technology is positioned as the next-generation platform for 0.18μm BCD technology for high digital content products such as charger and audio amplifier ICs. Additionally, the new continuous improvement plan (CIP) is underway, targeting server applications, and its PDK is scheduled to be ready in 2026.
- 0.13μm BCD technology continued to be optimized for the DCE and automotive markets. Its latest PDK was released in 2024.
- 0.18μm Gen-2 BCD technology was extended to 100V to support 48V power systems used in AI servers and electric vehicles (EVs). Its PDK was released in 2025. In addition, an automotive grade embedded non-volatile memory (eNVM) solution is targeted to be qualified in 2026 for 0.18μm Gen-3 BCD technology.
- CMOS image sensor (CIS) technology was further enhanced, enabling new capabilities of customers' CIS products. In 2025, TSMC helped customers ramp up advanced high dynamic range products for both smartphone and automotive markets.
- For silicon photonics technology, the Company continued development work on an innovative 3D photonics stacking technology – compact universal photonic engine (COUPE), which can integrate a silicon photonics chip and an electrical control chip into a single-chip photonic engine. This photonic engine can be co-packaged with an HPC chip to provide low-power and high-speed data transmission, achieving 200 gigabits per second (Gbps) with several customers in 2025. TSMC also continued working on co-packaged optics (CPO) solutions to reduce data transmission power consumption in data centers, targeting volume production in 2026.

TSMC 3DFabric® – TSMC Advanced 3D Silicon Stacking and Packaging Solutions

- TSMC-SoIC® Chip-on-Wafer (CoW) 3D vertical integration solution offers high-density interconnect for chiplet architecture for HPC products. 3nm system on integrated chip (SoIC) stacking technology successfully entered volume production in 2025.
- TSMC-COUPETM technology service, leveraging the TSMC-SoIC® CoW stacking solution to integrate silicon photonics and electrical control chips for high-speed and low-power data transmission products, is on track for development, with volume production expected in 2026.
- CoWoS® advanced packaging service integrates multiple system-on-chip (SoC) chips and the high-bandwidth memory (HBM) stacks to enhance HPC products with superior compute power and memory bandwidth. CoWoS® with silicon interposer (CoWoS®-S) advanced packaging service features high interconnect routing density and embedded deep trench capacitor (eDTC) and has been in volume production for several years.
- CoWoS® with redistribution layer interposer (CoWoS®-R) advanced packaging service, featuring multiple redistribution layers (RDL) to enable product design simplicity, supports larger HPC products. This technology entered its third year of volume production in 2025.
- CoWoS®-L advanced packaging service enables larger HPC products by combining Chip on Wafer on Substrate with RDL-based interposer, higher density embedded local silicon interconnect (LSI), eDTC, and the integration of diverse embedded chips. This technology entered its second year of volume production in 2025 and is currently being adopted by multiple products featuring larger reticle interposer size, which are expected to start volume production in 2026.
- TSMC-SoW™ solution enables wafer-level heterogeneous integration for next-generation data center computing chips with better power efficiency, higher bandwidth, and greater chip density. The first-generation (logic only) technology entered its second year of volume production in 2025. The second generation, enabling the integration of logic and HBM, is currently on track in its development phase.
- Integrated Fan-Out Package-on-Package (InFO-PoP) technology enables advanced smartphone applications through the integration of SoC and dynamic random-access memory (DRAM). Products featuring backside RDL entered volume production in 2025.
- Fine pitch copper (Cu) bump technology for flip chip packaging on 2nm silicon successfully entered volume production in 2025.

5.1.2 Customer Applications

TSMC manufactured 12,682 different products for 534 customers in 2025. These chips were used across a broad spectrum of electronic applications, including artificial intelligence (AI) and high-performance computing servers, wired and wireless communication systems, automotive and industrial equipment, personal computers and peripherals and information appliances, as well as consumer electronics such as digital TVs, game consoles, digital cameras, AI-enabled IoT and wearables, and many others.

The rapid ongoing evolution of end products prompts customers to pursue product differentiation using TSMC's innovative technologies and services and, at the same time, spurs TSMC's own development of technology. As always, TSMC believes success depends on leading rather than following industry trends.

5.2 Technology Leadership

5.2.1 R&D Organization and Investment

The semiconductor industry is characterized by rapid technological change and the frequent introduction of new technologies to meet customer demand. To stay ahead of its competitors in the foundry service area, TSMC believes it must maintain its technology lead across the semiconductor industry.

In 2025, TSMC continued to invest in research and development, with total R&D expenditures amounting to 6.5% of revenue, a level that equals or exceeds the R&D investment of many other leading high-tech companies.

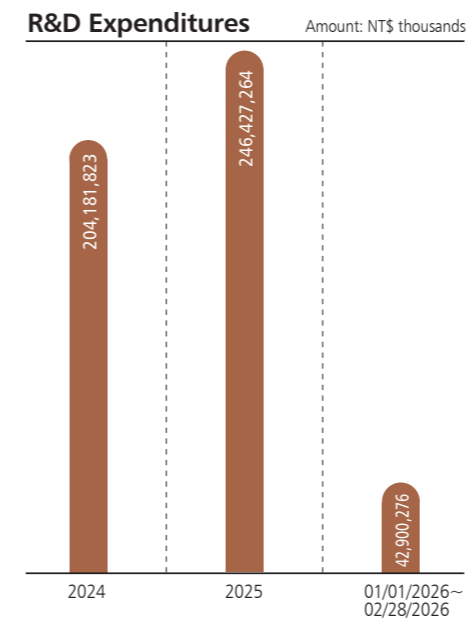
The Company continuously invests significant amounts in R&D to maintain its leading position in advanced process technologies. These efforts have allowed customers to access certain advanced process technologies, such as 7nm, 5nm and 3nm technology for volume production, ahead of competitors and many integrated device manufacturers. In addition, the Company is committed to developing more advanced process technologies to the 2nm level and below to sustain its leadership.

In 2025, as the development of 2nm technology progressed from the baseline consolidation to the yield enhancement stage, TSMC made good progress in the development of 16 Angstrom (A16) and 14 Angstrom (A14) technologies, which aim to further improve speed, power, density and cost. In addition, the Company's research efforts continued to push

forward with exploratory studies for nodes beyond A14. The Company is also committed to investing in R&D for mature technologies to provide function-rich process capabilities to its customers.

TSMC's research and development efforts include both centralized activities and those undertaken by individual fabs. Centralized R&D focuses primarily on the development of new logic, SoC, derivatives and package/system-in-package (SIP) technologies, along with cost-effective 3D wafer-level system integration solutions, including TSMC-SoIC®, CoWoS®, TSMC-SoW™, and TSMC COUPETM. R&D at the fab level is mainly concentrated on improving and upgrading manufacturing process technologies.

TSMC has long maintained strong partnerships with several world-class research institutions, including the Semiconductor Research Corporation (SRC) in the U.S. and the Interuniversity Microelectronics Centre (IMEC) in Belgium. The Company continues to expand research collaboration with leading universities worldwide not only to advance semiconductor technologies but also to nurture human talent for the future.



5.2.2 R&D Accomplishments in 2025

Highlights

• 2nm Technology

In 2025, TSMC's 2nm technological development focused on baseline consolidation, yield enhancement, transistor and interconnect R/C performance improvement, and reliability qualification. During the year, customers completed IP design and qualification and performed more new tape-outs (NTOs). The Company also developed low resistance redistribution layer (RDL) and super high-performance metal-insulator-metal (MIM) capacitors to further boost performance for the 2nm process family.

• A16 Technology

TSMC's A16 technology development made significant progress in 2025 toward enhancing logic gate density and power efficiency to support HPC applications. Built upon 2nm process technology and design rules, A16 process technology adopts a backside power delivery network resulting in superior improvements in speed, power consumption, and density under the same design dimensions.

• A14 Technology

TSMC continued development of A14 in 2025 with good progress. The A14 platform offers significant improvements in speed, power, density and cost over 2nm technology. Development activities focused on manufacturing baseline process setup, yield learning, transistor and interconnect R/C performance. TSMC plans to continue full development of A14 in 2026.

• Lithography Technology

In 2025, TSMC remained dedicated to developing lithography technology. The focus included supporting 2nm technology for risk production and volume production and ensuring stable process advancement. Concurrently, the Company initiated the development and risk production preparation for TSMC A16™ process technology and continued with the development of A14 and more advanced technologies. The lithography R&D team made progress in enhancing process yield and performance, continuously improving the application efficiency of EUV scanners, reducing overlay errors, mitigating material defects, and developing and applying new mask pellicles and blanks. Furthermore, the Company began developing lithography technology for high numerical-aperture (High-NA) EUV scanners to support TSMC's continuous evolution in critical advanced process technologies.

● Mask Technology

In 2025, the TSMC R&D team advanced extra ultraviolet (EUV) mask technology for the A14 node and beyond. This was achieved by optimizing EUV blank materials, enhancing multi-beam writer resolution, and perfecting mask process conditions, thereby improving the uniformity of critical dimension, pattern fidelity, and overlay accuracy of curvilinear patterns. At the same time, by continuously developing advanced e-beam inspection and repair technologies, mask defects were reduced to further improve wafer yield and productivity. Future improvements will focus on the development of new blank materials and manufacturing technologies.

Integrated Interconnect and Packaging

3DFabric[®], TSMC's fine pitch, chip-to-chip connection leveraging of wafer processes, consists of both wafer-level frontend and backend technologies. The Company's frontend technologies, or TSMC-SolC[®], enables leading-edge silicon for 3D silicon stacking. TSMC's advanced backend technologies includes CoWoS[®] advanced packaging service with chips placed onto pre-made RDLs and TSMC-SoW[™] with system on wafer technology service that enables wafer-level heterogeneous integration. The Company's 3DFabric[®] technology service offers the ultimate flexibility in product design with integrated frontend and backend technologies to meet future computing systems integration scaling needs.

● 3DIC and TSMC-SolC[®]

TSMC-SolC[®] is an innovative wafer-level frontend 3DIC chip stacking platform with outstanding bonding density, interconnect bandwidth, power efficiency, and good stacking flexibility. It extends Moore's Law through system-level scaling with sustainable performance gains and corresponding cost benefits. SolC integrated chips can be subsequently assembled by using conventional packages or TSMC's new 3DFabric[®] technology services, such as CoWoS[®] or TSMC-SoW[™], for next generation HPC, AI and mobile applications. Several ongoing developments will allow the SolC family to unleash more innovations, including the SolC Gen-2 process that enables advanced SoC (N2 and beyond) compatibility and compact universal photonics engine (COUPE) to enable Si photonic solution. TSMC will continue to pursue SolC technological improvements and co-optimize with the Company's advanced silicon technologies for further gains in transistor density, system PPA (power, performance, and area) and cost.

● CoWoS[®]

As the leading 2.5D technology, CoWoS[®] advanced packaging service has been experiencing strong growth due to surging AI

demand since 2023. CoWoS[®]-L at 3.5-reticle size has been in production since 2024 and the 5.5-reticle size CoWoS[®]-L will finish the qualification in 2026 to meet higher performance goal in a package. The further development of the 9.5-reticle size CoWoS[®]-L is also making good progress. In parallel, CoWoS[®] Co-packaged optics (CPO) for ultra-high-end network switch is under development to integrate interposer-based CoW module and COUPE-based optical IO's into one package to achieve higher data bandwidth and reduce system power consumption.

● TSMC-SoW[™]

System-on-wafer technology provides wafer-level heterogeneous integration for data center computing chips, leading to higher chip density, improved power efficiency and increased bandwidth. The first generation, focusing solely on logic, began volume production in 2024. A second generation, which will integrate logic with high bandwidth memory (HBM), is currently under development.

● Advanced Interconnect

TSMC is developing state-of-the-art technologies for back end of line (BEOL) interconnects to meet the demand for chips with faster speeds and lower power consumption. In 2025, the Company developed a novel patterning approach and interconnect structures to enhance chip performance. Additionally, significant progress was made in novel material developments leading to a reduction in both wire resistance and capacitance. These innovations enable TSMC customers to deliver more compelling and competitive products.

Corporate Research

TSMC corporate research is a consistent leader in low-dimensional transistor exploration, innovating both devices and materials to achieve higher performance and lower power consumption for extremely scaled logic transistors. At the 2025 Symposium on VLSI Technology and Circuits (Symp. VLSI), TSMC showcased a carbon nanotube (CNT) nanosheet (NS) PFET that demonstrated record performance ($I_{MAX} = 0.9 \text{ mA}/\mu\text{m}$) and remarkably low leakage (I_{MIN} of $20 \text{ pA}/\mu\text{m}$) at $-0.5V V_{DS}$. Furthermore, at the 2025 IEEE International Electron Devices Meeting (IEDM), TSMC presented significant advancements in 2D transition metal dichalcogenide (TMD) channel transistors. This research focused on three key areas: process integration to enhance the mechanical strength of the nanosheet (NS) channel, innovative contact engineering utilizing atomic layer deposition (ALD) epitaxial contact metal and phosphorous doping, and optimized dielectric materials. These collective efforts resulted in a 1.6X improvement in carrier mobility.

TSMC also continues its research into emerging high-density, non-volatile memory for AI and HPC applications. At the 2025 IEDM, the Company demonstrated a novel Type-C spin-orbit torque MRAM (SOT-MRAM) that featured for the first time a circular-shaped magnetic tunnel junction (MTJ) with built-in magnetic anisotropy (MA). This Type-C SOT-MRAM operates field-free while maintaining strong data retention and excellent performance. Furthermore, the Type-C device offers a 48% reduction in cell size and a 25% decrease in switching current, presenting a highly compelling solution for emerging applications that demand cost-effective, high-performance non-volatile memories.

Intra-chip thermal dissipation has become a critical issue for 3D integration with CMOS technology, given its higher power density and poorer heat dissipation. At the 2025 IEDM, TSMC demonstrated aluminum nitride (AlN) films as a promising and scalable thermal material for 3D ICs. Sub-500 nm thick polycrystalline AlN films achieved exceptionally high cross-plane and in-plane thermal conductivities, reaching up to $100 \text{ Wm}^{-1}\text{K}^{-1}$ and $30 \text{ Wm}^{-1}\text{K}^{-1}$, respectively.

TSMC continues to advance the frontier of hardware accelerators for AI and HPC applications. In a March 2025 Nature article, TSMC presented a mixed-precision, heterogeneous resistive random-access memory (RRAM) and static random-access memory (SRAM) compute-in-memory (CIM) AI edge processor. This work demonstrated state-of-the-art computational energy efficiency with minimal accuracy degradation. Furthermore, at the 2025 International Solid-State Circuits Conference (ISSCC), TSMC also presented a 16nm microscaling multi-mode gain-cell compute-in-memory macro. This macro was the first of its kind to support microscaling, integer, and floating-point formats, achieving the highest MX-MAC energy efficiency.

Specialty Technologies

TSMC offers a broad array of specialty technologies to address a wide range of applications:

● Mixed Signal/Radio Frequency (MS/RF)

In 2025, the semiconductor landscape saw a clear divergence between cutting-edge logic and premium, high-performance "workhorse" nodes. While 2nm and 3nm nodes drove flagship smartphone SoCs and the newest AI accelerators, the 4nm and 6nm node platforms solidified their roles as critical foundations for wireless cellular, networking, IoT, and HPC interconnects. The intersection of Edge AI and MS/RF technologies is driven by advanced semiconductor nodes, specifically 4nm and 6nm, to achieve high performance with ultra-low power consumption.

TSMC's MS/RF technologies are built upon product-proven logic process with comprehensive SPICE model and PDK support. The 4nm and 6nm RF technologies enable high-speed wireless connectivity for Edge AI applications. New low flicker noise devices at 4nm have been developed to meet challenging signal-to-noise ratio (SNR) specs. RF technology at 16nm is being optimized for mmWave auto radar application. TSMC will continue to refine its MS and RF technology offerings to enable customer innovations and accelerate product success.

● Power IC/Bipolar-CMOS-DMOS (BCD)

Due to the widespread adoption of Edge AI computing, the prerequisites for power management ICs (PMICs) in mobile devices have become increasingly stringent, requiring not only higher power density and superior energy efficiency but also extreme miniaturization. To meet this challenge, TSMC has successfully developed and launched two generations of industry-leading BCD (bipolar-CMOS-DMOS) technology platforms. In 2025, TSMC released a new 5V device process design kit (PDK) based on 55nm BCD technology, providing strong support for customers in designing high-performance, small-sized PMICs. Also in 2025, the Company began volume production of its second-generation 40nm ultra-low power (ULP) BCD process chips and developed technology entering the reliability verification stage to push the operating voltage to 45V, greatly extending the application range of the 40nm BCD process.

● Micro-Electromechanical Systems (MEMS)

In 2025, TSMC's PiezoMEMS platform technology was validated for its application in cooling HPC AI-related devices, effectively reducing the operating temperature of high-frequency computing chips. Furthermore, the next generation of high-voltage capacitive micromachined ultrasonic transducers (CMUT) was successfully validated for reliability. Future plans include developing applications such as wearable ultrasonic sensing technology.

Display Drivers

In 2025, TSMC completed N16HV platform reliability qualification and verified customer test-chip yield. The Company will begin the production yield validation stage in 2026. Additionally, to maintain the leading position in the field of high-voltage panel driver technology, TSMC began developing an N16HVP process with higher performance of HV/MV devices and lower power of logic devices, to help customers design more competitive OLED display driver ICs. Validation of customer test-chip yield is expected to start in 2026.

• Complementary Metal-Oxide-Semiconductor (CMOS) Image Sensors

TSMC achieved several key accomplishments in this area in 2025. For mobile applications, the Company developed a 3D-MiM (Gen-1) embedded lateral overflow integration capacitor (LOFIC) pixel, which was implemented in high-end smartphones, exhibiting a significant dynamic range improvement from 90dB to 110dB. Furthermore, a newly developed Gen-3 3D-MiM storage capacitor, offering a 12X capacitance boost compared to Gen-1, passed process qualification and mass production is scheduled for 2026. In advanced small pixel development, the world's smallest 0.43 μ m pitch quad photodiode CMOS image sensor, utilizing 3-wafer stacking and dual-backside deep trench isolation (dual-BDTI) technologies, was successfully demonstrated and introduced by TSMC at the 2025 IEDM. In parallel, the Company developed another low-cost process solution for advanced pixels, using dual-BDTI in a conventional 2-wafer stacked pixel in a 0.6 μ m-pitch pixel, achieving 10Ke- FWC while maintaining a significantly low dark current of 1e-/s at 60C. For photodetectors TSMC is developing a novel avalanched photodiode (APD) with a 7 μ m pixel pitch for Optical I/O in AI applications. This APD has already met industry requirements by achieving >2GHz operation with very low power consumption. Also, the Company made significant progress on Ge/Si heterogeneous SPADs (single-photon avalanche diodes), including an approximate tenfold reduction in dark count rate (DCR) and improved performance uniformity. This achievement was also presented at the 2025 IEDM.

• Emerging Memory/Memory WoW Stacking Technology

The Company reached several major milestones in emerging memory technologies in 2025. TSMC offered RRAM as a low-cost embedded non-volatile memory (NVM) solution for the price sensitive IoT market. The Company's 40nm, 28nm and 22nm nodes entered volume production and completed the technical qualification of 12nm consumer-grade RRAM, the 12nm automotive grade qualification is currently underway while 6nm node also entered development stage.

TSMC is firmly committed to developing MRAM technology, which performs very high-speed read/write operations with endurance in excess of a million read/write cycles, supports solder reflow, and has excellent high-temperature data retention. In 2025, TSMC successfully completed the qualification of 16nm automotive-grade MRAM and made this product available to meet customer requirements for high-specification memory. To address future market demand, TSMC is simultaneously developing 12nm automotive-grade MRAM and 5nm high-speed MRAM, aiming to support new

applications in diverse fields such as automotive electronics, consumer electronics, data centers and communication equipment, industrial applications, and edge AI.

In 2025, the Company continued to develop wafer stacking (WoW) technology, creating a heterogeneous process platform for logic wafers and dynamic random-access memory. TSMC made good progress in the development of 55nm, 6nm, and 3nm logic wafers with single memory wafer stacking process technology. 55nm was the first to enter production with stable yields. TSMC will extend WoW technology to advanced logic wafers (6nm, 3nm) bonded with multi-wafer memory stacking to enable faster computing capabilities and higher memory bandwidth. WoW is suitable for AI chips and data center needs and can also be used in mobile phone chips and mining chips. This new memory architecture is compatible with advanced packaging technology, which is expected to satisfy a wide range of application needs and shorten product development times.

5.2.3 Technology Platform

TSMC provides customers with advanced technology platforms that include the comprehensive infrastructure needed to optimize PPA (performance, power, area) design and cycle times. These include electronic design automation (EDA) flows, silicon-proven libraries and IPs, simulation and verification design kits (also known as PDKs) and technology files.

For its advanced process technologies such as TSMC A16™, 2nm, 3nm, 4nm and 3DFabric®, the Company provides certified EDA tools and IP solutions that customers can use at various design stages to meet their product requirements. To help plan new product tape-outs incorporating library/IP from the Company's Open Innovation Platform® collaboration ecosystem, customers can use a portal to connect to solution providers, including 13 EDA partners, seven Cloud partners, 37 IP partners, 29 design center alliance (DCA) partners, and eight value chain aggregator (VCA) partners, as well as 23 partners with 3DIC expertise in the TSMC 3DFabric® collaboration alliance.

5.2.4 Design Enablement

Design enablement within TSMC's Open Innovation Platform® collaboration alliance is a critical component that focuses on providing customers with the necessary tools, methodologies and support to successfully create and verify their designs for manufacturing in TSMC's fabs. The Company's technology platforms provide a solid foundation to facilitate the design process for customers and acts as the bridge between a

customer's innovative design idea and its successful realization in silicon and advanced package technologies. Customers can design using a combination of the Company's internally developed IPs and IPs and EDA tools as well as those available from Open Innovation Platform® collaboration alliance partners.

Tech Files and PDKs

EDA tool certification is an essential element to enable design for IP and to ensure that its features meet TSMC process technology requirements. Validation results and related information can be found on TSMC-Online. Corresponding technology files and PDKs for validation tools are available for customers to download and use with certified EDA tools. The Company provides a broad range of PDKs for digital logic, mixed-signal, RF, high-voltage driver, CMOS image sensor (CIS) and embedded flash technologies from 0.5 μ m to TSMC A16™ process technology. In addition, TSMC provides technology files for design rule (DRC) and layout versus schematic (LVS) checking, resistance-capacitance (RC) extraction, automatic place and route, and layout editing to ensure that process technology information is accurately represented in EDA tools. By 2025, the Company had provided customers with more than 58,000 technology files and around 4,000 PDKs.

Library and IP

Silicon intellectual property (IP) is the basic building block of IC designs. Various types of IP are available to support different customer design applications including foundation, analog/mixed-signal, embedded memory, interface and soft IP. TSMC and its alliance partners offer customers a rich portfolio of reusable IPs, which are essential building blocks for many circuit designs. To support 3DIC customer needs, the Company introduced 3DIC IP in 2019. By 2025, TSMC had expanded its library and silicon IP portfolio to contain around 93,000 titles from 0.5 μ m to TSMC A16™ process technology, a 12% increase over 2024.

Design Methodology and Flow

Design reference flows are developed using certified EDA tools to provide robust and comprehensive design methodology innovations that can help boost productivity. In 2025, the Company released TSMC A16™ digital and custom design reference flows through Open Innovation Platform® collaboration and announced their availability for customer adoption. In addition to process technology advancements, the Company released design reference flows for extending analog design migration from N2 to TSMC A16™ as well as N6RF+ to N4PRF for RF design migration, and continued to develop and offer 3DFabric® design solutions for both 3D chip

stacking and 2.5D advanced packaging services. These included solutions supporting the IEEE P3537 standard to lower 3DIC design barriers, thus helping customers improve productivity in their system-level designs. These design reference flows feature solutions to optimize PPA and are integrated with AI and machine learning (ML) techniques that enable faster design creation and verification across various stages of the chip design flow.

5.2.5 Intellectual Property

For a long time, TSMC has been protecting R&D innovation and operation development by way of utilizing patents and trade secrets as dual tracks under the established comprehensive IP management system, encouraging Company's innovation culture, and strengthening Company's competitive strengths so as to fulfill the company's ESG vision. TSMC's General Counsel updates the Board of Directors on the status of the intellectual property management scheme.

TSMC's comprehensive patent management system includes: Patent management strategies, such as Global patent deployment, Exploratory invention mining, Patent portfolio expansion, and Patent exploitation and exercise; and Patent management rules, such as Tier-based IP evaluation, Patent competition rewards, Educational patent promotion, and Patent professional training. TSMC has established technological patent road maps by way of innovative patent strategy, strict management and risk-control measures; analyzed and monitored competitors by using intelligent patent maps; conducted core technology mining through invention workshops; expanded patent families on key technologies; filed and maintained patents by tier-based management, further enhanced patent protection through quality control on patent applications and continued to construct massive global patent portfolio with high quality; and, diversified exploitation of patent assets. In terms of patent filings, TSMC has accumulated more than 114,000 patent applications worldwide as of end of 2025, including more than 9,600 applications filed in 2025. TSMC ranked No. 2 among global U.S. patent applicants, and No. 1 among patent applicants in Taiwan. In terms of patent grants, TSMC has accumulated almost 79,000 patents worldwide as of end of 2025, including more than 7,700 global patents received. TSMC ranked No. 2 among U.S. Patentees, and No. 1 among patentees in Taiwan. In terms of patent quality, the allowance rate of TSMC's U.S. applications approached near 100%.

Turning to trade secret management and strategy, TSMC pioneered the "Trade Secret Registration System" in 2013 and was followed by the establishment of the "Trade Secret

Sustainable Intelligent Management Center” in 2024, which integrates eleven systems developed entirely in-house. In 2025, the “Trade Secret Innovation Talent Scouting Online Merge Offline Service” saw its services extended from front-end manufacturing to advanced packaging, strengthening the company’s sustainable innovative culture and competitive advantage. TSMC identifies and rewards impactful and high-quality innovations through the annual Golden Trade Secret Award ceremony, having presented 3,858 Golden Trade Secret Award out of 656,387 registered trade secrets between 2013 and 2025, demonstrating immense innovative drive and potential. TSMC also established the “Green Trade Secret Registration” column in 2021, and to date recorded a total of 2,416 registrations, including 528 registrations made in 2025 alone, demonstrating TSMC employees’ continuous emphasis placed on Green Trade Secrets. TSMC and the Allied Association for Science Park Industries jointly hosted the inaugural 2025 Trade Secret Intelligent Management Expo. Ten members of the Trade Secret Intelligent Management Alumni Association including TSMC, comprising of companies of varying industries and sizes, for the first time, presented real-world success stories through physical exhibition booths and public sharing forums, where they shared their experiences and insights on establishing trade secret registration systems and promoting intelligent management. The event attracted nearly 300 attendees from science park companies and other professionals interested in trade secret management.

TSMC received a AAA (the highest tier) certificate by Taiwan Intellectual Property Management System (TIPS) from Industrial Development Administration, Ministry of Economic Affairs in December 2021. The certification was successfully renewed in 2024, with validity from January 1, 2025, to December 31, 2027.

TSMC’s IP team works closely with technical teams from R&D in early stage to mass production, and actively constructs IP portfolio for each key innovative technology, including the latest technology nodes, so as to ensure Company’s technology leadership in semiconductor field; TSMC utilize patents and trade secrets as dual tracks to successfully protect Company’s main business including process technologies, designs, manufacturing and sales, and have been strategically utilized for defense and cross-license negotiation, so as to secure freedom of business operation worldwide.

5.2.6 TSMC University Collaboration Programs

In recent years, TSMC has collaborated closely with several prestigious universities in Taiwan to carry out a variety of joint research projects. These collaborations encourage more university professors to conduct leading-edge semiconductor research in areas such as novel devices, process, materials manufacturing technologies, specialty technologies for electronic applications, and green manufacturing. At the same time, these projects provide hands-on training opportunities for interested students and prepare them to join the semiconductor industry after graduation.

Starting in 2013, TSMC established joint research centers at four top universities in Taiwan: National Yang Ming Chiao Tung University, National Taiwan University, National Cheng Kung University and National Tsing Hua University. In the past twelve years, more than 400 professors and 5,200 students with backgrounds in the disciplines of electronics, electrical engineering, physics, materials, chemistry, chemical engineering, and mechanical engineering have joined the research centers. In 2022, TSMC also actively supported the establishment of semiconductor or key technology research academies at National Taiwan University, National Cheng Kung University, National Tsing Hua University, National Yang Ming Chiao Tung University, National Sun Yet San University, and National Chung Hsing University, providing continuous funding for forward-looking research in Taiwan’s semiconductor field and planning scholarship programs to encourage interested students.

In 2019, the Company jointly launched the TSMC-NTHU semiconductor program. By 2025, the list of school partners had grown to 19 universities with over 19,000 students enrolled. The institutions are: National Taiwan University, National Cheng Kung University, National Yang Ming Chiao Tung University, National Taipei University of Technology, National Taiwan University of Science and Technology, National Central University, National Sun Yet San University, National Chung Hsing University, National Chung Cheng University, Feng Chia University, Yuan Ze University, Chung Yuan Christian University, National Taiwan Normal University, National Yunlin University of Science and Technology, National Pingtung University of Science and Technology, National Kaohsiung University of Science and Technology, National University of Kaohsiung and National Kaohsiung Normal University.

In addition, TSMC has long conducted strategic research projects with over 30 top overseas institutions such as the Massachusetts Institute of Technology, Stanford University, Harvard University, the University of California, Berkeley, the National University of Singapore, Princeton University, Cornell University, the University of Chicago, Nanyang Technological University, the University of California, Los Angeles, the University of Tokyo, the University of California, San Diego and so on, all focusing on innovations in transistors, interconnects, materials, device simulation and circuit design.

TSMC University Shuttle Program

The TSMC university shuttle program was established to provide professors at outstanding research universities worldwide with access to the reliable silicon process technologies needed to develop innovative circuit design concepts. In 2025, TSMC expanded this industry-academia collaboration to include 7nm technology, connecting more research-driven professors, outstanding graduate students, and passionate TSMC executives. This initiative aims to foster the development of advanced silicon design, achieve innovation, cultivate a new generation of semiconductor talent, and promote close collaboration between industry and academia. The program provides TSMC’s silicon process technology, supporting digital and analog/mixed-signal circuits, RF design, non-volatile memory, and ultra-low power design. In this way, TSMC and program participants achieve a win-win collaboration, allowing graduate students to realize exciting designs and demonstrate innovation in various end-product applications.

5.2.7 Future R&D Plans

To maintain its technology leadership, TSMC plans to continue investing heavily in R&D. While its A16 and A14 advanced CMOS logic nodes are progressing through the development pipeline, the Company’s exploratory R&D work is focused on nodes beyond A14, as well as on areas such as 3D transistors, new memories, and low-R interconnect. This work aims to lay a strong foundation to foster the development of innovative technology platforms in the future. TSMC’s 3DFabric® advanced packaging R&D is developing innovations in subsystem integration to further enhance advanced CMOS logic applications. The Company maintains an intense focus on new specialty technologies such as RF and 3D intelligent sensors for edge-AI and smart IoT applications. TSMC’s

research continues to develop novel materials and new processes, devices and memories that may be adopted in the longer-term future of ten years and beyond. The Company also continues to collaborate with external research bodies from academia and industry consortia, aiming for early awareness and adoption of future cost-effective technologies and manufacturing solutions. With a highly competent and dedicated R&D team and an unwavering commitment to innovation, TSMC is confident in its ability to drive future business growth and profitability for years to come by delivering advanced, competitive semiconductor technologies to its customers.

Summary of TSMC’s Major Future R&D Projects

Project Name	Description
2nm logic technology platform and applications	3D CMOS technology platform for SoC
A16 logic technology platform	3D CMOS technology platform for SoC
A14 and beyond logic technology platform and applications	3D CMOS technology platform for SoC
3DIC	Cost-effective solutions with better form factor and performance for 3DIC integration
Next-generation lithography	Next-generation EUV lithography and related patterning technology
Long-term research	Specialty SoC technology (including new emerging memory NVM, MEMS, RF, analog) and transistors with 8 to 10 years horizon

The projects above account for roughly 89% of the total R&D budget for 2026. Total R&D budget is estimated to be around 7% of 2026 revenue.

5.3 Manufacturing Excellence

5.3.1 GIGAFAB® Facilities

In the semiconductor manufacturing industry, TSMC continues to play a pivotal role, with its core objective being to provide stable and reliable production capacity. Currently, TSMC operates four cutting-edge 12-inch Gigafabs: Fab 12, Fab 14, Fab 15, and Fab 18. As of 2025, the combined capacity of these four fabs has exceeded 13 million 12-inch equivalent wafers, offering process technologies covering the full generation and half-generation designs from 0.13 micrometers to 3 nanometers.

Looking ahead, TSMC continues to expand its advanced process footprint. While comprehensively deepening its 2-nanometer advanced production bases in Hsinchu and Kaohsiung, it is simultaneously expanding its advanced packaging capacity in Chiayi and Tainan, and actively

commencing the construction of its 1.4-nanometer fab in Taichung. These strategic deployments aim to flexibly respond to changes in market demand, providing the necessary wafer capacity support for the high-speed development of Artificial Intelligence (AI) technology and other applications.

Furthermore, to further strengthen its global service network, TSMC continues to expand its overseas production bases in Arizona, USA, and Kumamoto, Japan, and has established a new production site in Dresden, Germany. Through these global layouts, TSMC's global operations will become more mature and robust.

5.3.2 Quality and Yield Advancement

As advanced processes develop, integrated circuit linewidths continue to shrink, while diverse product portfolios deepen the challenges in process control. To pursue quality and manufacturing excellence, TSMC's process control system integrates multiple intelligent applications. Through Intelligent Detection, Smart Diagnosis, and Self-Learning, utilizing the latest information technology, it achieves the most stringent process control standards, thereby enabling TSMC to achieve remarkable results in yield improvement and quality control.

Concurrently, TSMC has long cultivated expertise in Artificial Intelligence (AI)-related fields, widely applying advanced technologies such as Machine Learning, Neural Networks, and Computer Vision to various production stages, including yield analysis, process control, equipment failure detection, virtual metrology, and wafer defect inspection, thereby achieving comprehensive optimization of production line scenarios. Building on this foundation, the company is also actively introducing Generative AI technology, which, by combining with semiconductor production expert knowledge, effectively accelerates advanced process variation detection and engineering analysis, thereby maximizing precise process control capabilities.

To continuously improve and expand, TSMC is extending its intelligent manufacturing system from the front-end fabs to the back-end fabs, establishing a complete process management chain from wafer to die at each production stage. Simultaneously, this intelligent manufacturing system has also encompassed all global fabs, to achieve comprehensive, consistent, and high-quality process management.

5.3.3 Production and Operations Efficiency

In response to the strong demand for high-end chips driven by applications such as High Performance Computing, Mobile, Automotive, and Internet of Things under the Artificial Intelligence trend, TSMC is committed to enhancing production capacity flexibility and equipment production efficiency while steadily expanding its fabs.

To support more flexible capacity deployment, TSMC continuously accelerates the deployment of its Automated Material Handling System (AMHS), significantly improving the efficiency and stability of production processes by extending automated handling services to connect fab areas, thereby substantially expanding production capacity. For the automated handling needs of advanced packaging production, TSMC has also successfully developed a new AMHS wafer carrier, which can flexibly support various back-end specific wafer carriers, ensuring smooth capacity expansion. In terms of strengthening operational resilience, TSMC is actively developing an "Automated Transfer Earthquake Prevention, Disaster Reduction, and Recovery System," which uses innovative technology to accelerate recovery efficiency after earthquakes, effectively addressing natural disaster challenges.

To maximize equipment production performance, TSMC integrates an AI architecture into its intelligent dispatching system. This not only optimizes the scheduling engine, giving it powerful parallel processing capabilities, but also successfully expands the scope of scheduling processing and significantly accelerates computing performance. Through these innovations, the company further solidifies and expands its leading edge over competitors in equipment production efficiency.

5.3.4 Digital Transformation

TSMC is deepening its digital transformation strategy, gradually evolving its automated factories into intelligent manufacturing bases. The core objective of this transformation is to empower employees, comprehensively enhancing their professional skills and overall value. Through the integration of virtual and physical technologies, the company is dedicated to improving employees' digital collaboration capabilities, enabling efficient collaboration among remote teams via smart wearables. Concurrently, TSMC is actively introducing robotic applications, employing innovative strategies to comprehensively boost personnel productivity.

At the same time, TSMC is also fully promoting the application of Low-Code platforms for operational process automation. This not only significantly lowers the technical barrier for system development but also allows years of accumulated semiconductor manufacturing experience to be quickly and effectively converted into standardized system processes. Concurrently, the company is deeply engaged in establishing information visualization and self-service analytics systems, assisting colleagues in unleashing their creativity to build customized reports and research tools, thereby achieving significant improvements in work efficiency and quality.

In summary, through a global intelligent manufacturing system and comprehensively empowered personnel digital capabilities, TSMC ensures a high degree of consistency in operational efficiency and manufacturing quality across all global fabs, ultimately achieving the grand goal of global integrated manufacturing.

5.3.5 Raw Materials and Supply Chain Management

In 2025, in collaboration with various fab operations, quality management, and related business units, TSMC continued to work hand in hand with suppliers to review and resolve issues related to capacity shortages, quality defects, and potential supply chain risks. Additionally, TSMC and its suppliers are committed to the development of advanced materials, process innovation, quality improvement, and supply chain energy conservation and carbon reduction, with the aim of promoting the development of a sustainable supply chain and achieving mutually beneficial outcomes.

Major Raw Materials Supply

Major Materials	Major Suppliers	Market Status	Procurement Strategy
Raw Wafers	A Company B Company C Company D Company E Company	Supply and demand equilibrium	<ul style="list-style-type: none"> TSMC's suppliers of silicon wafers are required to pass stringent quality certification procedures. TSMC procures wafers from multiple sources to ensure adequate supplies for volume manufacturing and to appropriately manage supply risk. Raw wafer quality enhancement programs are in place to support TSMC's technology advancement. TSMC regularly reviews the quality, delivery, cost, sustainability and service performance of its wafer suppliers. The results of these reviews are incorporated into subsequent purchasing decisions. A periodic audit of each wafer supplier's quality assurance system ensures that TSMC can maintain the highest quality in its own products. TSMC takes various approaches with suppliers to optimize cost and supply.
Chemicals	F Company G Company H Company I Company J Company	Supply and demand equilibrium	<ul style="list-style-type: none"> Most suppliers have located their new operations closer to TSMC's major manufacturing facilities, thereby improving procurement logistics and reducing supply risk. All supplied products are regularly reviewed to ensure that TSMC's specifications are met and product quality is satisfactory. In order to effectively manage costs and supply chain, TSMC has collaborated with suppliers and adopted various strategies. TSMC encourages and collaborates with chemical suppliers to implement innovative green manufacturing improvement programs.
Lithographic Materials	K Company L Company M Company N Company O Company	Supply and demand equilibrium	<ul style="list-style-type: none"> TSMC works closely with suppliers to develop materials that meet all application and cost requirements. TSMC and suppliers periodically conduct programs to improve their quality, delivery, sustainability and green policies, and jointly set improvement programs and monitor progress to ensure continuous improvement in TSMC's supply chain.
Gases	P Company Q Company R Company S Company T Company	Supply and demand equilibrium	<ul style="list-style-type: none"> The majority of these suppliers have facilities in multiple geographic locations, which minimizes supply risk for TSMC. TSMC conducts periodic audits to ensure that these suppliers meet TSMC's standards.
Slurry, Pad, Disk	U Company V Company W Company X Company Y Company	Supply and demand equilibrium	<ul style="list-style-type: none"> TSMC works closely with suppliers to develop materials that meet all application and cost requirements. TSMC and suppliers periodically conduct programs to improve their quality, delivery, sustainability and green policy, and jointly set improvement programs and monitor progress to ensure continuous improvement in TSMC's supply chain. Most suppliers have relocated or plan to establish new manufacturing sites closer to TSMC's major manufacturing facilities, thereby improving procurement logistics and reducing supply risks.

Suppliers Accounting for at Least 10% of Annual Consolidated Net Procurement in 2025 and 2024

Unit: NT\$ thousands

Supplier	2025			2024		
	Procurement Amount	As % of 2025 Total Net Procurement	Relation to TSMC	Procurement Amount	As % of 2024 Total Net Procurement	Relation to TSMC
Company A	27,209,602	26%	None	18,225,314	19%	None
Company B	20,552,324	19%	None	19,640,121	21%	None
Company C	10,271,830	10%	None	7,158,534	7%	None
Others	47,865,229	45%	-	50,596,085	53%	-
Total Net Procurement	105,898,985	100%	-	95,620,054	100%	-

- **Reason for Increase or Decrease:** The changes of procurement amount and percentage were mainly due to customer product demand change.

5.3.6 Quality and Reliability (Q&R)

TSMC strives to offer excellence in semiconductor manufacturing services to all its customers worldwide. The Company is dedicated to providing outstanding quality in every facet of its business and maintains a culture of continuous improvement to assure customer satisfaction. TSMC implements containment and preventive measures to protect customers from potential product defects.

In the technology development stage, the Q&R organization helps customers design in superior product reliability. In 2025, Q&R worked continuously with R&D in advanced logic, specialty and advanced packaging technologies throughout development and qualification stages to ensure meeting commitments to customers with respect to device characteristics, process yield and product reliability.

For advanced logic process technology, following the successful volume production of N3 and its performance-enhanced version N3P FinFET technology, Q&R also completed the process reliability qualification and product quality certification for N2 technology, the first nanosheet technology. For specialty technologies, Q&R achieved a critical milestone by qualifying the first high-voltage display driver integrated circuit (DDIC) process and product using N16 FinFET technology. Q&R also completed the qualification of N12 embedded RRAM technology for consumer grade and N16 embedded MRAM technology for automotive grade-1. In advanced packaging technology, TSMC has integrated front-end wafer fabrication with back-end chip packaging to provide advanced packaging solutions. The development focus has shifted from the original Si interposer technology to reconfigured interposers with multiple LSIs. In 2025, Q&R completed the certification of CoWoS® advanced packaging solution for 5.5x mask/reticle size interposers and will initiate volume production in 2026 to meet the higher performance targets of AI and HPC requirements. In the area of InFO_PoP technology, TSMC continues to lead the industry in the volume production of N3P-related chips, achieving higher efficiency and lower power consumption to support mobile applications.

To continuously reduce product defects, enhance process controls, facilitate early detection of abnormalities and prevent quality problems in general, Q&R collaborates with operational entities to improve real-time defense systems using advanced AI to continuously optimize quality tools through statistical methods. Q&R and the Company's fabs have also worked together on enhancements for automotive product quality improvement, including design rule extension and migration to Automotive Quality System 2.0. This covers process capability requirements to tighten in-line and wafer acceptance testing in fabs and the handling of maverick wafers. Q&R also provides dedicated resources for field/line return analysis and timely physical failure analysis (PFA) for process improvement to meet automotive customers' stringent defective parts per million (DPPM) requirements.

Q&R has actively advanced multiple digital transformation initiatives, covering areas such as laboratory tool and analysis automation, automatic defect detection and classification, intelligent statistical process control (SPC) and metrology. By leveraging advanced digital technologies and platform integration, Q&R has helped meet TSMC's digital transformation goals. Especially in light of the Company's ongoing expansion, digital transformation solutions have been employed to effectively address challenges related to employee needs. Looking ahead to 2026, Q&R will continue to promote automatic workflows and the application of AI to achieve quality and efficiency excellence, further strengthening TSMC's overall competitiveness.

Q&R's supply chain management strategy focuses on four core areas: quality excellence, responsible supply chain, green manufacturing and sustainable operations. While continuously assisting suppliers in making improvements based on professional expertise and best-known methods, Q&R's state-of-the-art chemical lab monitors the quality of raw materials and helps the R&D achieve breakthroughs in advanced materials.

In 2025, Q&R increased its emphasis on the "shared prosperity" strategy within its supply chain management approach. In addition to conducting quality audits for material suppliers, Q&R collaborated closely with colleagues from Intelligent Engineering Center, Nano-Materials Center, Material Supply Chain Management, Facility, and Material Technology Boards. Together, the team identified key suppliers for focused development and improvement and carried out onsite guidance visits. Unlike traditional audit supervision, TSMC's experts from various fields visited suppliers' production facilities to provide hands-on training and exercises on statistical process control (SPC) for management and frontline employees. The taskforce assisted in establishing real-time monitoring (RTM) systems for critical processes, offering resources and advice on production line automation design and investment strategies. Looking ahead to 2026, Q&R will continue to deepen this management strategy, progressively enhancing the quality management capabilities of the supply chain and driving its digital transformation. These efforts aim to ensure continuous improvement and strengthen the local competitiveness of the supply chain.

To enhance employee problem-solving skills and develop relevant quality systems and methodologies, TSMC implemented continuous improvement initiatives and organized company-wide competitions and training programs. To strengthen TSMC's quality culture, Q&R began offering quality culture courses for new employees in 2022. These courses help new employees establish correct quality values and accelerate the integration and adaptation to their roles. In addition to internal cross-organizational learning and sharing, TSMC participates in the Taiwan Continuous Improvement Awards (TCIA) to promote the development of other local industries by sharing its experiences. In 2025, TSMC's outstanding performance was recognized with five gold, three silver and four "best improvement and innovation" awards. Meanwhile, Q&R encouraged local material suppliers to participate in the TCIA for capability and quality culture enhancement, and they won a total of three gold, two silver, five bronze medals and two "best improvement and innovation" awards.

Thanks to qualification in technology development, real-time defense systems and innovative applications in semiconductor manufacturing services, as well as its continuous quality improvement culture, TSMC had no product recalls initiated by customers due to safety concerns in 2025. Meanwhile, a third-party audit verified the effectiveness of the Company's quality management systems in compliance with IATF 16949: 2016 and IECQ QC 080000: 2017 requirements. In 2025, TSMC's backend fabs also continually passed the certification of American National Standards Institute ANSI/ESD (electrostatic discharge) S20.20 standard. Regular customer feedback indicates that products shipped from TSMC have consistently met or exceeded all field quality and reliability requirements. In these ways, TSMC helps customers improve time-to-market delivery and competitiveness with excellent, reliable products for the major growth markets that the Company serves: HPC, smartphones, IoT, automotive, and digital consumer electronics.

5.4 Customer Trust

5.4.1 Customers

TSMC has customers with wide-ranging product portfolios who are top-tier in each sector within the semiconductor industry from all over world, including fabless semiconductor companies, system companies, and integrated device manufacturers.

Customer Service

TSMC is committed to providing customers with the highest quality service. The Company believes that excellent customer service is key to maintaining and improving customer satisfaction, solidifying existing customers, and attracting new customers. To this end, TSMC has established a dedicated customer service team to act as the primary contact window, facilitating seamless communication and coordination with customers in areas such as product design, mask making, wafer manufacturing, and 3DFabric® technology services, ensuring worldclass service every step of the way. TSMC is committed to continuously improving customer satisfaction, earning customer trust, maintaining sales and profitability, and solidifying its role as one of the most reliable partners.

To improve customer interaction on a real-time basis, TSMC-Online offers a suite of web-based applications to provide more proactive customer service and support in design, engineering and logistics. Customers thus have 24-7 access to critical information. TSMC-Online facilitates design collaboration by maintaining data availability and accessibility and providing customers with accurate up-to-date information at each stage of the design process. Engineering collaboration focuses on wafer, and 3DFabric® technology service includes processes, yield and wafer acceptance test analysis, as well as data quality and reliability. Logistics collaboration includes information on wafer fabrication, advanced packaging, testing, and transportation. In addition, customers can generate customized reports through TSMC-Online to meet their system automation needs.

Customer Satisfaction

To ensure customer satisfaction, TSMC must fully comprehend its customers' needs. To this end, the Company works with third-party consulting firms to conduct annual customer satisfaction surveys (ACSS) with the majority of existing customers, either via online surveys or in direct interviews. In addition to the survey, TSMC also conducts quarterly business/technical reviews (QBR/QTR) with customers to collect their feedback on a regular basis. Customer feedback is routinely reviewed, analyzed and used to develop appropriate improvement plans, all in all becoming an integral part of the customer satisfaction process. Through surveys and feedback reviews, TSMC is able to closely interact with customers, provide better services, and enhance the quality of customer collaboration.

Customer Information Protection

TSMC complies with applicable regulations and international standards to protect customer information and has received ISO 27001 international information security certification. In addition, relevant proprietary information protection policies and standard work processes are also established to ensure only authorized personnel can access the engineering and production data of any specific customer.

Customers Accounting for at Least 10% of Annual Consolidated Net Revenue in 2025 and 2024

Unit: NT\$ thousands

Customer	2025			2024		
	Net Revenue	As % of 2025 Total Net Revenue	Relation to TSMC	Net Revenue	As % of 2024 Total Net Revenue	Relation to TSMC
Customer A	726,974,278	19%	None	352,271,213	12%	None
Customer B	645,178,671	17%	None	624,345,477	22%	None
Others	2,436,901,323	64%	-	1,917,691,009	66%	-
Total Net Revenue	3,809,054,272	100%	-	2,894,307,699	100%	-

- **Reason for Increase or Decrease:** The changes of sales amount and percentage were mainly due to customer product demand change.

5.4.2 Open Innovation Platform®

At TSMC innovation is a core value and is fostered through the Open Innovation Platform, a key component of the TSMC Grand Alliance. The Open Innovation Platform® collaboration alliance initiative facilitates active collaboration with external partners through an "outside in" approach to complement traditional "inside out" methods.

The Open Innovation Platform® collaboration alliance is a comprehensive design technology infrastructure that encompasses all critical IC implementation areas to lower design barriers, improve cycle times and raise first-time silicon success rates. Through the use of TSMC process technologies and partnered solutions, Open Innovation Platform® collaboration alliance promotes the rapid adoption of cutting-edge innovation within the semiconductor industry.

Crucial to Open Innovation Platform® collaboration alliance are ecosystem interfaces and collaborative components initiated and supported by TSMC to empower innovation throughout the supply chain. Also key is TSMC's active accuracy assurance (AAA) initiative, which provides the precision and quality required by the ecosystem interfaces and collaborative components.

TSMC's Open Innovation® collaboration brings together the creative thinking of customers and partners under the common goal of shortening each of the following: design time, time to volume production, time to market and, ultimately, time to revenue. The model features:

- The EDA alliance, launched in 2011, stands as the foundry segment's earliest and most comprehensive electronic design automation certification program. It encompasses all stages of advanced IC and package development, provides design reference flows for innovative methodologies, and ensures timely design tool readiness for new process technologies.
- Established with the initiation of Open Innovation Platform® collaboration alliance in 2008, the IP alliance delivers the foundry segment's most comprehensive and robust portfolio of silicon-proven intellectual properties and libraries. IP quality assessment requirements are conducted through the TSMC 9000 program and the library quality and management program.
- Launched in 2018, the cloud alliance accelerates time-to-market for IC and system design by facilitating cloud-based semiconductor design. This enhances scalability, agility and flexibility, meeting diverse customer requirements. EDA on cloud certification is also available for market-leading cloud service provider (CSP) infrastructures.

- Also established within Open Innovation Platform® collaboration alliance from the beginning, the design center and value chain alliances provide comprehensive design services. They support customer demand for resources and capabilities across various semiconductor design stages and the entire value chain, adapting to diverse project scopes and requirements.
- The TSMC 3DFabric® alliance, launched in 2022, is the latest addition. It encompasses partners across EDA, IP, test, DCA/VCA, memory, substrate and OSAT. Its mission is to drive innovation and readiness in the 3DIC ecosystem, enabling customers' system-level designs by integrating multiple chips/chiplets through 3D stacking and advanced packaging.
- Open Innovation Platform® collaboration alliance participants include 13 EDA partners, seven cloud partners, 37 IP partners, 29 design center alliance (DCA) partners, eight value chain aggregator (VCA) partners and 23 partners in the TSMC 3DFabric® alliance.
- A partner management portal facilitates communication with ecosystem partners for efficient business productivity – designed with a highly intuitive interface and accessible via direct link from TSMC-Online.

TSMC and its partners work together proactively and engage earlier and deeper than ever before to address the mounting design challenges of advanced technology nodes. Through this early and intensive collaboration, Open Innovation Platform® collaboration alliance delivers the needed design infrastructure with timely readiness of EDA tools, early availability of critical IPs, and quality design services when customers need them. Taking full advantage of the process technologies once they reach production-ready maturity is key to customer success. This enables TSMC process technologies, Open Innovation Platform® collaboration alliance design solutions, and customer product designs to synergize for design technology co-optimization (DTCO). The availability of these design ecosystem solutions helps customers successfully pursue opportunities in all major markets: HPC, smartphones, IoT, automotive and digital consumer electronics.

The 2025 annual Open Innovation Platform® Ecosystem Forum, conducted in North America and elsewhere around the world, demonstrated how the Company and its ecosystem partners jointly develop design solutions on top of TSMC's advanced technologies through Open Innovation Platform® collaboration alliance. At the forum, TSMC made key presentations on its comprehensive 2nm technology family and TSMC A16™ process technology that continue the full-node PPA scaling trend, together with offering high-density and

high-performance libraries and design solutions to support smartphone and HPC design applications. The Company also made presentations on the readiness of analog cells that can help boost IP yields and analog design productivity, with design solutions to enable EDA and design flow automation to support analog design migration. At the forum, the Company highlighted expanded collaboration with ecosystem partners to drive AI applications that improve design quality and productivity.

In response to the rising demand for more complex system level designs, TSMC collaborates with TSMC 3DFabric® alliance partners, who have 3DIC expertise in EDA, IP, DCA/VCA, test, memory, substrate, and outsourced semiconductor assembly testing (OSAT) to provide 3D chip stacking and 2.5D advanced packaging design solutions. These, together with EDA tools compliant to the IEEE P3537 open standard, facilitate integration of multiple chips/chiplets in system-level designs using TSMC 3DFabric® advanced packaging services, which include TSMC-SoIC®, CoWoS®, TSMC-SoW™, and TSMC COUPET™, and achieve system and process co-optimization.

5.5 Information Security Management

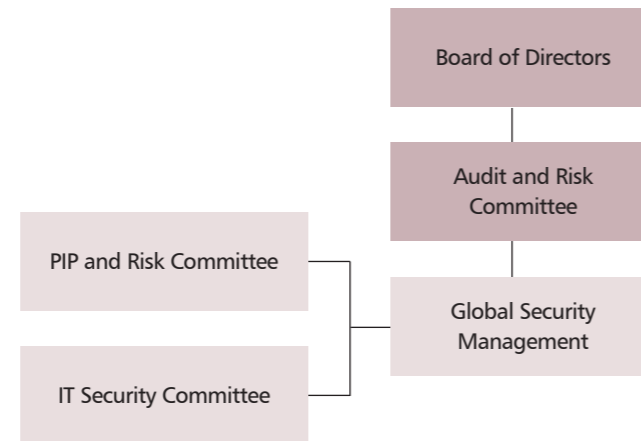
5.5.1 Information Security Policy and Organization

TSMC is committed to information security and confidentiality protection for its customers, shareholders and partners. To this end, the Company has formulated, implemented and regularly updated rigorous information security policies, procedures and measures as reflected in TSMC's information security declaration.

In 2022, following the regulations of the Financial Supervisory Commission of Taiwan, TSMC created the role of Chief Information Security Officer (CISO). Starting from 2025, TSMC appointed Cliff Hou, Senior Vice President and Deputy Co-COO as CISO, responsible for overall planning and coordination of Company resources and for communicating on information security policies and directions. TSMC has established a dedicated global security management (GSM) organization, to be responsible for the implementation, planning, monitoring and management of information security. TSMC's PIP and risk committee and the IT security committee cooperate with the Company's IT and related organizations to strengthen corporate information protection and management mechanisms. Both committees are chaired by the CISO and comprise VP-level executives who meet regularly to review and deliberate on important information

security policies as well as project implementation. Every six months, GSM executives report risk management measures to the Audit and Risk Committee, including global information security trends, corporate information security policies, plans, and implementation results. In turn, the chair of the Audit and Risk Committee reports to the Board of Directors on the effectiveness of information security supervision and risk control measures throughout the Company.

Global Security Management Organization Structure



5.5.2 Information Security Management Strategy and Resources

To achieve TSMC's information security goals and maintain competitiveness, the Global Security Management organization actively strengthens information security, confidential information protection mechanisms and physical security management. GSM sets clear policy, procedures and guidelines, continuously enhances the Company's management systems, and implements comprehensive risk controls. In addition, GSM regularly performs information security risk assessments and sets priorities based on the impact and probability of a risk, as well as the cost of reducing such risk. GSM uses the plan-do-check-act (PDCA) methodology to continuously enhance multi-layer information security defenses and establish key performance indicators (KPIs) for information security. In 2025, TSMC invested in excess of NT\$1 billion to strengthen information security, involving more than a thousand employees for information security-related activities, with more than 1,800 external security personnel engaged in the physical aspects of information security services.

5.5.3 Information Security Incident Handling and Notification

TSMC has established enterprise risk management mechanisms and procedures to handle information security incidents. The mechanisms and procedures define relevant processes and measures for incident notification, designation of personnel responsible for handling material information security incidents, and assessment of losses suffered as well as additional measures needed, evaluation of potential impacts of information security risks to the Company's financial and operations, and proposed countermeasures to mitigate these risks. In 2025 and as of the date of this Annual Report, TSMC has not suffered any financial losses, nor experienced any operational impact, due to material information security incidents.

5.6 Human Capital

Human capital is TSMC's most treasured asset. The Company strives to provide employees with meaningful work, continuous learning, a healthy and inclusive workplace, and high-quality compensation and benefits. TSMC goes beyond this by actively encouraging employees to nurture and enjoy a healthy family life, develop personal interests, expand social participation, and, in general, live a happy life.

5.6.1 Human Rights Policy and Specific Actions

TSMC strongly believes that respecting human rights and promoting a safe, respectful work environment are vitally important. The Company is committed to supporting international human rights standards while complying with local laws in all operating locations, treating and respecting all personnel equally. The TSMC human rights policy applies to the management team and all employees (those employed by TSMC and receiving wages or compensation), affiliated enterprises, suppliers, contractors, and partners including customers and communities, as well as all other stakeholders committed to eliminating human rights violations.

Management Principles

• Human Rights Governance Structure

TSMC has established a human rights governance structure with the Board of Directors at the highest level. The ESG committee has established a cross-department human rights taskforce, encompassing customer service, corporate sustainability, environmental safety and health, human resources, information technology, corporate information security, materials management, legal, operations, quality and

reliability, research and development and other functional organizations to systematically and effectively promote human rights management activities. In addition to regularly reporting progress to the ESG steering committee, the chairperson of the ESG committee reports to the Nominating, Corporate Governance and Sustainability Committee under the Board of Directors on human rights management actions and implementation results.

• Due Diligence

TSMC follows the recommendations of the OECD guidance for responsible business conduct to carry out the Company's due diligence process. TSMC conducts the due diligence process by embedding responsible business practices into its policies and management systems, regularly identifying and assessing risks, implementing prevention and mitigation measures, and tracking mechanisms.

• Training and Advocacy

TSMC has developed human rights protection training to establish awareness and develop a culture of respecting human rights. Through such training, the Company informs employees about human rights concepts and their importance, accessible grievance channels available to all, and TSMC's measures for the handling, prevention, and remediation of human rights violations.

• Grievance Channels

TSMC has established robust grievance and communication channels and is committed to protecting complainants. Potential human rights violations can be reported anonymously or through a variety of communication mechanisms to express concerns or suspected violations to TSMC, and the Company is committed to initiating appropriate follow-up actions.

• Remediation

Once a human rights violation is identified, the Company will initiate a remediation mechanism based on the type of incident and, if necessary, cooperate with relevant stakeholders to prevent recurrence.

• Communication and Disclosure

TSMC identifies affected individuals on a case-by-case basis based on salient human rights issues to build a solid, trusting relationship, and listens to the voices of stakeholders through diverse and open two-way communication channels. The Company regularly discloses human rights management goals, actions, performance, and progress in its sustainability and human rights reports on the Company's ESG website.

In 2025, the Company used the Responsible Business Alliance's self-assessment questionnaire (SAQ) to identify the greatest risks regarding labor, health and safety, environment, and ethical matters and to formulate substantive actions and managerial response. The SAQ scores of each of TSMC's operating fabs in Taiwan were in the low-risk range (defined as 80 points or above).

TSMC actively fosters employees' fundamental understanding of business and human rights and strengthens their understanding of the Human Rights Policy. In 2025, TSMC offered an online course: "TSMC Human Rights Policy – Build a Workplace Free of Sexual Harassment" with 80,938 participants completing the training, respectively. The Company expects employees to integrate respect for human rights into their daily decisions and actions, thereby fulfilling its human rights commitments.

TSMC abides by laws and regulations and respects the freedom of collective consultation, assembly and association of all employees. The Company will not interfere or intervene with these activities. TSMC holds Silicon Garden (labor-management) meetings on a regular basis, listens to employees' opinions and makes timely and appropriate responses through a diversified and comprehensive internal communication framework, in order to strengthen communication between the management team and employees and ensure harmonious employee relations.

5.6.2 Inclusive Workplace

TSMC is dedicated to accelerating innovation to address some of the world's most complex technological challenges. This requires a culture that encourages contributions from all employees, at every level, in any role, regardless of their background or identity. Building an inclusive workplace reflects TSMC's core values and business philosophy. Through actively promoting an open-style management approach, the Company encourages diverse talents to join the semiconductor industry.

In accordance with TSMC's global inclusive workplace statement and its people vision, the Company has committed to three key endeavors: delivering an inclusive experience throughout the employee lifecycle, empowering diverse talents through employee resource groups (ERGs), and fostering connections with external resources and partners. At every stage of an employee's lifecycle, TSMC examines the

procedures and policies to ensure recruitment channels and development opportunities are in place to promote diversity.

In 2025, TSMC continued to host the GIW (Global Inclusive Workplace) Month series of initiatives to foster a strong sense of belonging and promote allyship among employees. In addition, the Company has expanded the Inclusion Champion program to a global scale, encouraging colleagues worldwide to take meaningful and actionable steps toward inclusion. As part of the ongoing commitment to support diversity – in addition to Women@tsmc, Global Family@tsmc, Accessibility@tsmc, and the U.S.-based Veterans@tsmc – TSMC launched Pride@tsmc at its headquarters. These ERGs champion diversity topics across gender, sexual orientation, race and nationality, disability, and the U.S. protected veterans. ERGs are open to all employees, regardless of whether they possess the relevant identity, allowing all employees to participate and show their support, aiming to enhance their sense of belonging. As for connecting with external resources, the Company benchmarks with international standards and establishes partnerships with professional organizations to ensure alignment with global best practices. TSMC's strategic partnerships include global organizations such as the Global Semiconductor Alliance (GSA) and Disability: IN. The Company also collaborates with Out & Equal to advance LGBTQ+ inclusion and has deepened its involvement with GSA Talent Initiative (GTI) to promote female leadership in STEM areas and encourage broader industry participation. Additionally, TSMC has enhanced stakeholder communication and transparency through the redesign of websites.

TSMC has also developed a learning structure and core training courses by job level for all employees. The aim is to help employees understand the essence of inclusion, encourage them be mindful of unconscious biases, cultivate their ability to identify and respond appropriately to biases while enhancing their awareness of this topic. In addition, the Intercultural Intelligence Program was launched to empower employees to work effectively with peers from diverse backgrounds.

5.6.3 Workforce Structure

At the end of 2025, TSMC had 90,557 employees worldwide, including 9,582 managers, 44,690 professionals, 11,368 assistants and 24,917 technicians. The following two tables summarize the makeup of TSMC's workforce and the female portion of management as of the end of February 2026:

Workforce Structure

		12/31/2024	12/31/2025	02/28/2026
Job	Managers	8,737	9,582	9,744
	Professionals	40,477	44,690	45,064
	Assistant Engineer/Clerical	10,207	11,368	11,451
	Technicians	24,404	24,917	25,094
Total		83,825	90,557	91,353
Gender	Male	66.3%	67.0%	67.0%
	Female	33.7%	33.0%	33.0%
Education	Ph.D.	3.7%	3.6%	3.6%
	Master's	48.5%	49.8%	50.0%
	Bachelor's	29.9%	29.7%	29.7%
	Other Higher Education	7.5%	7.0%	6.9%
High School		10.5%	9.9%	9.8%
Average Age		36.2	36.3	36.4
Average Years of Service		8.7	8.9	8.9

Female Ratio in Management

	12/31/2024	12/31/2025	02/28/2026
Female Ratio in Junior Management	15.0%	15.6%	15.6%
Female Ratio in Senior Management	14.0%	14.1%	14.2%
Female Ratio in Top Management	11.4%	6.3%	5.7%

Note: Junior management positions include first-line managers; top management positions include vice presidents and higher as well as the CEO.

5.6.4 Recruitment

TSMC believes growth and success depend on its employees sharing a common vision and values. As an equal opportunity employer, the Company is committed to searching for and hiring top professionals in all positions through an open and fair recruitment process. In addition to prioritizing integrity and ability as the primary conditions for employment, TSMC also considers suitability for the position, evaluating all candidates equally regardless of nationality, race, class, language, belief, religion, political party, place of ancestry, place of birth, gender, sexual orientation, age, marital status, appearance, facial features, and physical and mental disabilities.

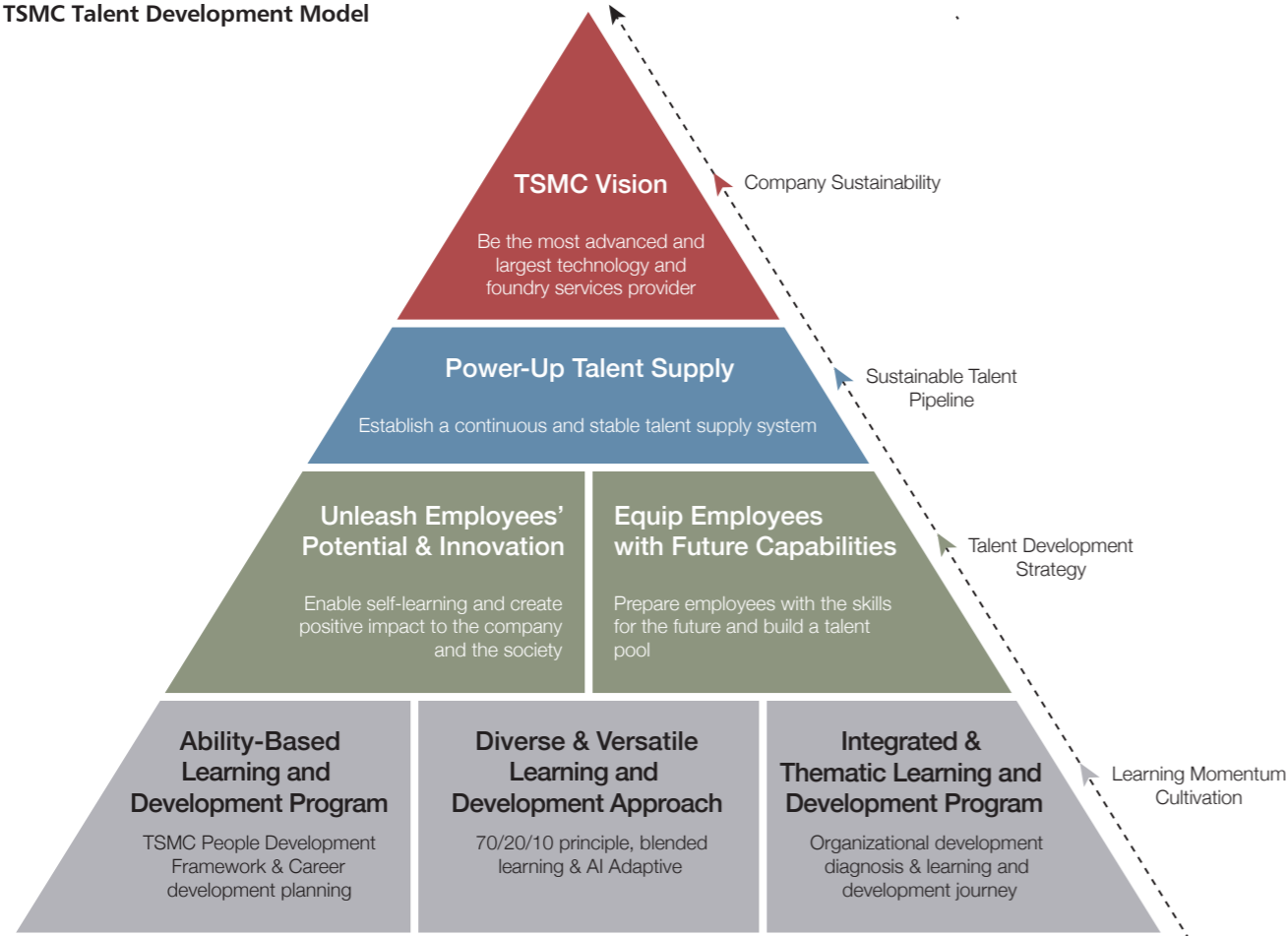
TSMC adheres to its core values and continues to move towards its lofty vision. To ensure the talent it needs for continuous growth, the Company keeps expanding its recruitment channels to attract top professionals in all positions. In 2025, TSMC employed over 9,200 people worldwide.

5.6.5 People Development

TSMC firmly believes that talent is the basis of the Company's growth and is committed to realizing its People Vision by inspiring and enabling employees to perform their best in the workplace. This, in turn, helps establish a continuous and stable talent supply system, ensuring the Company's long-term competitiveness and sustainable development. To achieve this vision, TSMC has developed its "TSMC Talent Development Model" as the cornerstone, featuring two major strategies: (1) unleashing employees' potential and innovation, i.e. enabling self-learning and creating positive impact to the Company and the society, and (2) equipping employees with future capabilities, i.e. preparing employees with the skills for future work and building a talent pool.

Following these talent development strategies, TSMC has initiated ability-based learning and development programs. In addition to focusing on the core attributes of character, perseverance, resilience, initiative, innovation, decisiveness and judgment, broadness of mind and breadth/depth of knowledge, the Company also integrates career planning to develop colleagues' leadership, professional and general skills according to different positions and professions, and the Company's organizational needs. At the same time, TSMC offers diverse and versatile learning and development approaches, utilizing the 70/20/10 principle of experiential learning (70%), feedback and guidance (20%), and education and training (10%), supplemented by blended learning and future AI adaptive learning. Furthermore, in response to the increasingly complex organizational ecosystem and diverse needs, TSMC proactively plans for talent, starting with organizational development diagnostics to customize learning and development journeys for different roles, levels, and organizations, integrating and systematically cultivating the capabilities required by employees, thereby supporting employees and TSMC in achieving continuous growth and breakthroughs.

TSMC Talent Development Model



In 2025, TSMC offered 10,079 in-person courses, including both face-to-face and live online, and 40,410 online learning resources, including internal and external learning platforms, providing over 8.18 million hours of training with an excess of 3.57 million participants. The average annual training time per employee is 90.4 hours. TSMC training expenses reached NT\$1.38 billion in 2025 and the average training cost reached NT\$15,200 per employee, a 23.1% increase over the previous year (Note).

Note: In order to align the definition of training expenses with international market research information (as in Training magazine) to include total training spending, outside products and services, and training staff payroll, starting in 2022 the Company began including training staff payroll in annual training expenses.

5.6.6 Competitive Overall Compensation

In order to develop the most effective compensation strategies, TSMC benchmarks companies annually and collects market information on compensation data of the whole industry for competitive analysis. TSMC’s compensation program includes a monthly salary, performance bonuses based on quarterly business results, and profit sharing based on annual results.

The purpose of the business performance bonus and profit sharing programs is to reward employee contributions appropriately, to encourage employees to work consistently toward ensuring TSMC’s success, and to align employee interests with those of TSMC’s shareholders so as to achieve win-wins for the Company, shareholders and employees alike. The Company determines the bonus and profit sharing amounts based on operating results and domestic industry practice. The amount and distribution of employee bonuses are recommended by the Compensation and People Development Committee to the Board of Directors for approval. Individual rewards are based on each employee’s job responsibility, contributions and performance. A similar approach is used in TSMC’s compensation programs at its subsidiaries. In addition to providing employees with a locally competitive base salary, annual bonuses are granted as a part of total compensation, in line with local regulations, market practices and the overall operating performance of the subsidiary.

In addition to the competitive compensation described above, the Company established a global employee stock purchase plan in 2022, which is available to all regular employees of TSMC and its wholly owned subsidiaries. In 2024, the Company extended participation to employees of majority-owned subsidiaries as well. Through this plan, employees are encouraged to participate in the Company’s long-term success.

To strengthen the link between TSMC executives and shareholders’ interests, the Company established corporate officer shareholding guidelines in 2020. The required holding value of TSMC shares by the chairman, CEO, and corporate officers is proportional to their annual base salary: 18 times for the chairman and CEO, nine times for officers in Taiwan and three times for officers overseas. Officers must reach the required value within three years of appointment and maintain it for the entire period of employment. Furthermore, to attract and retain corporate executives and other critical talent and to link their compensation with shareholder interests and environmental, social, governance (ESG) achievements, TSMC established employee restricted stock awards for each year from 2021 to 2024.

Effective in 2025, TSMC will implement an annual Long-Term Incentive (LTI) bonus plan. This plan expands the scope of performance indicators beyond the existing linkage to shareholder interests and ESG achievements, to also include company financial indicators. Through these diverse and clear quantitative metrics, the plan aims to strengthen management’s long-term and continuous creation of company revenue and shareholder value, concurrently enhancing ESG performance.

5.6.7 Employee Benefits Exceed Legal Requirements

TSMC generally offers employee benefits superior to those required by applicable statutes. In addition to twelve national holidays per year, additional memorial days are also designated as holidays. To alleviate traffic congestion during commuting hours, support family care needs, and create an inclusive workplace, the Company implemented a staggered commuting policy in 2023, which is continuously optimized. To encourage employee participation in the Company’s vision of “making society better,” TSMC provides one day of volunteer leave per year starting in 2023. The Company provides employees with statutory labor insurance and national health insurance as well as comprehensive paid group insurance plans. Coverage includes life insurance and insurance for accidents, hospitalization, cancer, critical illness, maternity and international business travel. There are also various, unique self-paid group insurance plans available for employee family members. The group insurance coverage is extended to employees on approved unpaid leave. To support new hires, TSMC offers one day of annual leave for every two months of service in the first year. Employees who need to take long leaves of absence for military service or health reasons can also apply for unpaid leave, and then apply for reinstatement after the expiration of the period. TSMC provides pensions, financial assistance for emergencies, subsidies for marriage, childbirth and funerals, as well as discounts in designated shops. In response to the continuous growth and diversification of its workforce, and to enhance support for employees’ lives and family care, the Company launched its global flexible benefit plan (tFlex) in 2024, building on its existing benefits system. This plan is divided into four main categories: medical and insurance, family care, wellness, and development and volunteering. The plan offers each full-time employee worldwide flexible benefit points equivalent to around US\$250 per year. For employees in Taiwan, it’s equivalent to NT\$8,000. Employees can freely choose and redeem benefits that align with their lifestyle.

In accordance with local laws and regulations, TSMC provides lactation rooms. To help employees balance their personal and work lives, TSMC not only offers parental leave but also provides a comprehensive leave management system. In 2023, the Company enhanced its TSMC Childcare benefit program 2.0, extending maternity leave for a second birth from 12 to 16 weeks and for a third birth from 16 to 20 weeks. TSMC also offers a maximum maternity subsidy of NT\$20,000 (NT\$10,000 from the employee welfare committee plus up to NT\$10,000 from maternity insurance).

To further cultivate a family-friendly workplace, TSMC introduced childcare benefit program 3.0 in 2024, with official implementation at its Taiwan fabs starting in 2025. This comprehensive program delivers corresponding resources for every stage – from pre-pregnancy, pregnancy, and childbirth to early childhood (below age 1, ages 2-6, and under age 12). It also offers valuable fertility education sessions and parenting consultation services, aiming to provide holistic support to employees at every family stage. Beyond these programs, TSMC has set up four onsite kindergartens for employees in Taiwan. In addition, a holiday STEAM (science, technology, engineering, art and math) campus has been organized for employees' children.

All TSMC fabs are equipped with a 24-hour wellness center, where occupational health professionals (physicians, nursing practitioners, psychologists) and appointed onsite physicians provide quality services beyond those required legally. The wellness centers work with hospitals and employee assistance providers to offer comprehensive support for the emotional and physical well-being of employees. In addition to annual checkups for all employees, TSMC provides employees with five advanced checkup items upon completion of every five years of service.

- The Company encourages employees to exercise regularly by subsidizing approximately 70 clubs or exercise facilities and holding regular sports events to help employees find peers with similar sports interests.
- To help employees balance their work and life, TSMC provides convenient onsite services and amenities such as in-fab cafeterias, convenience stores, and other services.
- TSMC provides comprehensive health management services, including in-fab clinic services, post health-exam follow-up activities, and employee assistance programs.
- TSMC also offers diverse employee welfare programs, leisure and art events, hobbyist clubs, vibrant sports centers and onsite preschool services to meet employees' needs for childcare, festival bonuses and emergency subsidies.

Vacation and insurance policies at TSMC's overseas offices are designed to comply with local regulations. In China, North America and Europe, TSMC provides more vacation days to employees than legally required. In overseas offices, TSMC offers a more comprehensive life and medical insurance than required by local regulations and customs.

5.6.8 Diverse Employee Recognition

TSMC sponsors various internal award programs to recognize employees for outstanding achievement and significant contribution, both individual and at a team level. The aim of these award programs is to encourage continued employee development, which also enhances the Company's competitiveness. Examples include:

- TSMC Academy award for outstanding scientists and experts for individual technical contributions
- TSMC Excellent Employee award for technicians' for outstanding performance
- Various recognitions for excellence and continuous improvement
- Service award to show appreciation for employees' long-term commitment and dedication
- Excellent Trainer Award for the outstanding contribution by internal trainers of training courses

In addition to the recognitions above, there are function-wide awards dedicated to innovation, such as the Idea Forum, the Total Quality Excellence Conference and the ESG Award, which recognize employee initiative and continuous implementation of innovative practices. Furthermore, TSMC encourages employees to participate in external awards and competitions. In 2025, distinguished TSMC employees continued to be recognized through a host of awards, such as the Model Labor award, the Taiwan Continuous Improvement awards, the National Manager Excellence award, the National Industrial Innovation awards, and the Executive Yuan award for outstanding science and technology contribution.

5.6.9 Employee Engagement

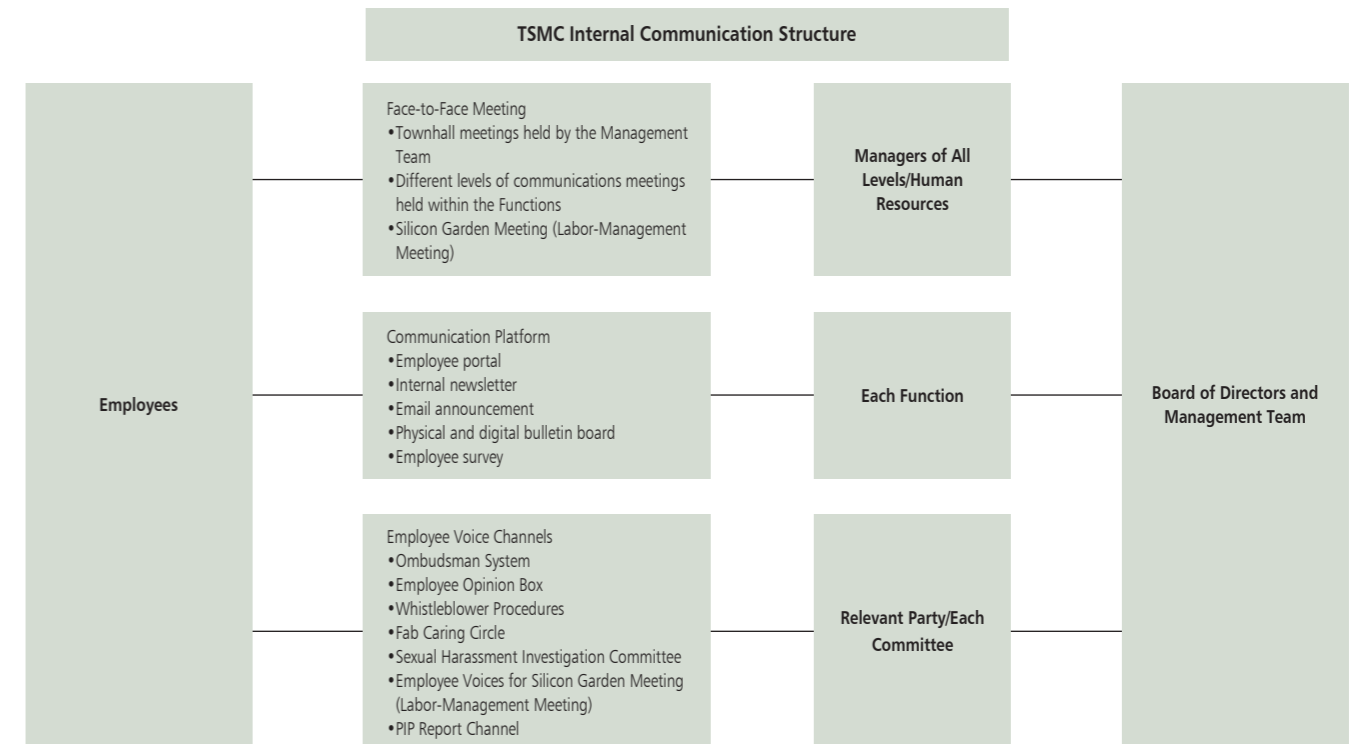
TSMC is committed to creating a fun and dynamic workplace. Through a diverse series of initiatives, the Company continues to enhance employee engagement.

TSMC provides a wide variety of communication channels, including:

- Townhall meetings held by management teams and communication meetings held within various functions;
- Quarterly Silicon Garden (Labor-Management Meeting) to provide business updates and discuss issues of concern;

- A biennial global survey conducted to promote understanding of the Company's core values from the employees' perspective;
- A biennial global survey to promote understanding of employee engagement and work experience;
- Periodic employee pulse surveys and service satisfaction surveys given to selected employees with follow-up actions based on survey findings;
- myTSMC employee portal - an internal website featuring talks by the founder and former Chairman as well as the Chairman and the CEO, corporate messages, announcements of recent activity and other topics of interest to employees;
- eSilicon Garden reports on significant Company activities and stories of outstanding teams or individuals to deepen employees' connection with the Company's core values;
- Three channels for reporting complaints regarding managerial, financial, auditing, ethics and business conduct issues:
 - The whistleblower reporting system, the complaints are received directly by the Chairman of the Audit and Risk Committee (an independent director);
 - The irregular business conduct reporting system, administered by the Ethics committee;
 - The ombudsman system, administered by a senior manager, appointed by the CEO;
- The employee opinion box, which provides an opportunity to submit suggestions or opinions regarding work and the work environment;
- The fab caring circle in each fab, which addresses issues related to employees' work and personal life – dedicated mainly to the Company's direct laborers;
- The sexual harassment investigation committee – consisting of three directors appointed by the CEO, one from human resources, one from legal affairs, and the third from another organization – acting as a channel to ensure the work environment free from the threat of sexual harassment. Taiwan also establishes an investigation team, including external experts, in accordance with governmental regulations to conduct case investigations.

Employee Communication Channels



During 2025 and as of the date of this Annual Report, TSMC has not incurred any labor-dispute related losses. However, the Company was fined three times for the extension of working hours combined with the regular working hours exceeding permitted limit (Labor Standards Act Article 32 Paragraph 2): NT\$350,000 on 02/14/2025, NT\$400,000 on 04/17/2025, NT\$450,000 on 05/08/2025, and NT\$450,000 on 09/04/2025.

The Company has reviewed its working hour management process and established indices to remind employees to apply for overtime payment on time and for managers to respond to such applications efficiently and in a timely fashion, and to be more diligent about employee working hours as well as to strengthen communication about these matters and relevant policies.

5.6.10 Retention

In 2025, TSMC conducted a global engagement survey of 76,279 full-time employees including subsidiaries, which achieved a high response rate of 88%. Compared to the 2023 survey results, TSMC's employee experience showed significant improvement across all four dimensions: Vision Alignment, Work Effectiveness, Overall Compensation, and Team Leadership. Furthermore, TSMC employees' confidence in the leadership team, the company's overall competitiveness in the market, their feeling of empowerment, growth opportunities, and their satisfaction with compensation have exceeded the benchmark of global top-performing companies. This further solidified employee trust and satisfaction. It's worth mentioning that in the area of "Sustainable Engagement," we have achieved a historic milestone, having outperformed global top-performing companies.

Looking ahead, TSMC will continue to focus on improving employee experience and collaborating with all colleagues to actively build a more competitive work environment while concentrating on the following three key drivers:

- Strengthening supervisors' leadership skills to establish a psychologically safe team culture and encourage active innovation
- Enhancing internal development by offering more diverse and rich learning resources, combined with employee development needs

- Actively exploring more non-monetary, diversified means of recognition to enhance employee engagement and satisfaction and further promote talent stability

In 2025, TSMC launched its culture refresh program 2.0, deeply integrating the Company's core values into key stages of the employee experience lifecycle, including talent sourcing, recruitment, onboarding, development, and retention. To achieve this, TSMC selected 16 culture ambassadors and redesigned training programs for new hires and newly appointed managers, aiming to deepen employees' understanding of and identification with TSMC's core values.

As of 2025, TSMC has conducted over 500 culture workshops globally. In 2025, a special focus was placed on JASM, where six culture workshops were successfully held. These efforts fostered cross-regional and cross-generational consensus on the Company's core values, built internal cultural literacy, and attracted and retained more like-minded talent. Moving forward, TSMC will continue to advance and refine its global cultural strategy and blueprint, aiming to comprehensively enhance the sense of belonging and identification with the corporate culture among all employees at TSMC and its global subsidiaries.

TSMC's turnover rate was 2.9% in 2025 compared to 3.5% in 2024, both within the healthy range of less than 10% (based on Willis Towers Watson's high performance employee experience or HPEX model).

5.6.11 Retirement Policy

TSMC has a statutory defined benefit plan and a supervisory committee of labor retirement reserve according to the Labor Standards Act, and also a statutory defined contribution plan according to Labor Pension Act, which became effective in 2005. For each region, TSMC has also established pension plans according to local standards and regulations. The previously mentioned supervisory committee not only holds quarterly meetings but also supervises affairs in connection with labor's retirement reserve fund. To meet legal requirements for financial disclosure and ensure sufficient funding levels, TSMC makes contributions based on statutory requirements and also engages an actuarial consulting firm to

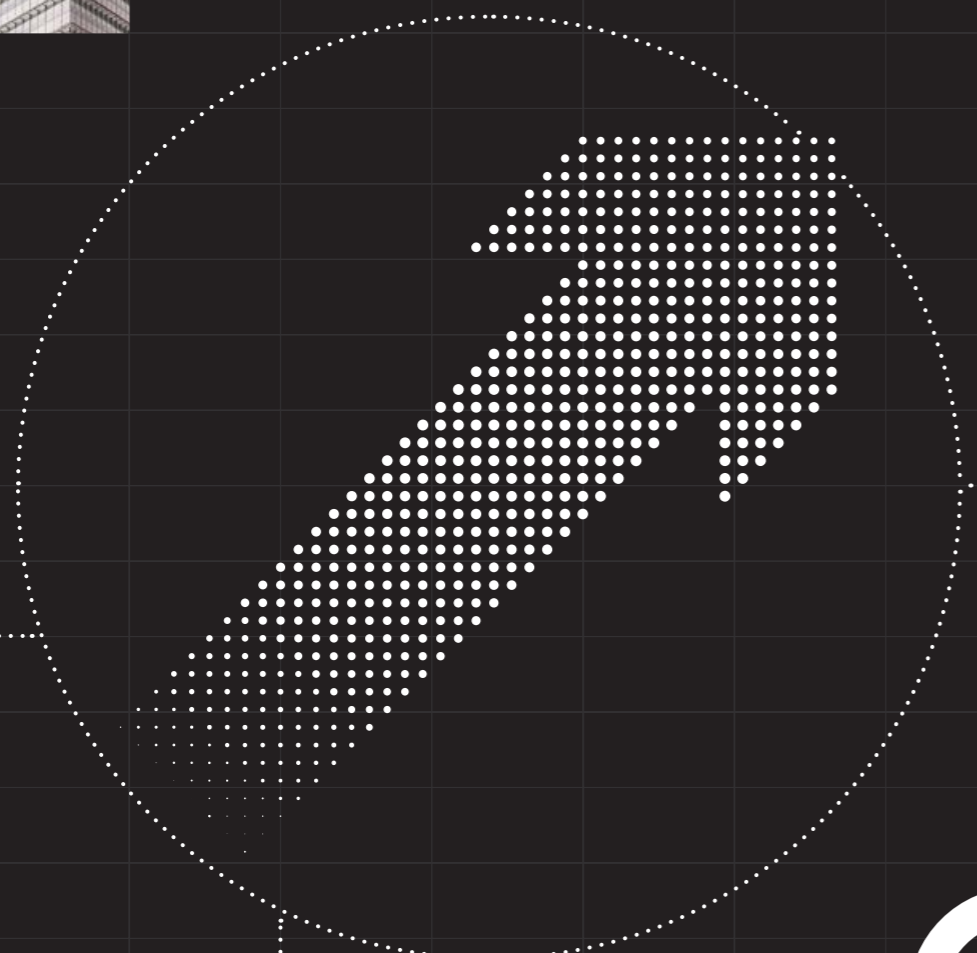
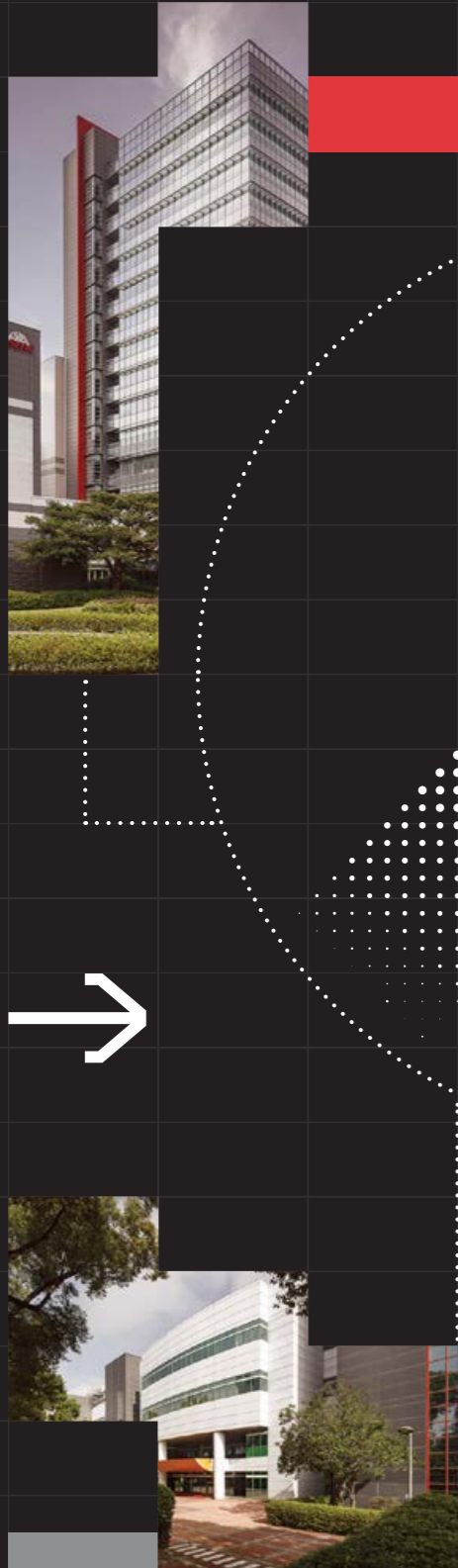
assess the valuation of the defined benefit plan. Please refer to pages 47 to 50 of TSMC's consolidated financial statements for details. Thanks to the Company's sound financial condition, it is able to ensure the future viability of employee retirement benefits and solid pension contributions and payments, all of which incentivize employees to make long-term career plans with and further deepen their commitment to TSMC.

5.7 Material Contracts

TSMC is not currently a party to any material contracts, other than those entered into in the ordinary course of its business. The Company's "Significant Contingent Liabilities and Unrecognized Commitments" are disclosed in our company's consolidated financial statements on the Market Observation Post System (MOPS).

Link to MOPS: <https://mops.twse.com.tw/mops/#/web/hom>

CHAPTER



6

Financial Highlights and Analysis

Advanced technologies (7-nanometer and beyond)
accounted for 74 percent of TSMC's total wafer revenue.

6.1 Financial Status and Operating Results

6.1.1 Financial Status

Consolidated

Unit: NT\$ thousands

Item	2025	2024	Difference	%
Current Assets	3,817,130,817	3,088,352,120	728,778,697	24%
Long-term Investments (Note 1)	172,370,373	149,040,373	23,330,000	16%
Property, Plant and Equipment	3,691,840,916	3,234,980,070	456,860,846	14%
Right-of-use Assets	43,918,910	40,128,391	3,790,519	9%
Intangible Assets	24,952,615	26,282,520	(1,329,905)	-5%
Other Assets (Note 2)	182,810,247	153,154,526	29,655,721	19%
Total Assets	7,933,023,878	6,691,938,000	1,241,085,878	19%
Current Liabilities	1,458,019,289	1,264,524,964	193,494,325	15%
Noncurrent Liabilities	1,014,209,306	1,103,837,171	(89,627,865)	-8%
Total Liabilities	2,472,228,595	2,368,362,135	103,866,460	4%
Capital Stock	259,325,245	259,327,332	(2,087)	0%
Capital Surplus	73,445,601	73,260,765	184,836	0%
Retained Earnings	5,103,501,560	3,917,252,023	1,186,249,537	30%
Others Equity	(16,676,412)	38,705,047	(55,381,459)	-143%
Equity Attributable to Shareholders of the Parent	5,419,595,994	4,288,545,167	1,131,050,827	26%
Total Equity	5,460,795,283	4,323,575,865	1,137,219,418	26%

Note 1: Long-term investments consist of noncurrent financial assets at fair value through profit and loss, noncurrent financial assets at fair value through other comprehensive income, noncurrent financial assets at amortized cost, and investments accounted for using equity method.

Note 2: Other assets consist of deferred income tax assets, refundable deposits, and other noncurrent assets

• Analysis of Deviation over 20%

Increase in Current Assets: The increase was mainly due to increase in cash and cash equivalents.

Increase in Retained Earnings: The increase was mainly due to net income of 2025, partially offset by distribution of earnings.

Decrease in Others Equity: The decrease was mainly due to increase in currency exchange loss arising from translation of foreign operations in 2025.

Increase in Equity Attributable to Shareholders of the Parent: The increase was mainly due to increase in retained earnings.

Increase in Total Equity: The increase was mainly due to increase in equity attributable to shareholders of the parent.

• **Major Impact on Financial Position:** The above deviations had no major impact on TSMC's financial position.

• **Future Plan on Financial Position:** Not applicable.

Unconsolidated

Unit: NT\$ thousands

Item	2025	2024	Difference	%
Current Assets	1,630,955,164	1,609,565,096	21,390,068	1%
Long-term Investments (Note 1)	2,493,853,020	1,759,646,229	734,206,791	42%
Property, Plant and Equipment	2,991,673,431	2,537,292,611	454,380,820	18%
Right-of-use Assets	41,870,717	37,899,147	3,971,570	10%
Intangible Assets	19,574,877	20,452,082	(877,205)	-4%
Other Assets (Note 2)	98,287,124	72,394,135	25,892,989	36%
Total Assets	7,276,214,333	6,037,249,300	1,238,965,033	21%
Current Liabilities	1,305,953,219	1,173,346,326	132,606,893	11%
Noncurrent Liabilities	550,665,120	575,357,807	(24,692,687)	-4%
Total Liabilities	1,856,618,339	1,748,704,133	107,914,206	6%
Capital Stock	259,325,245	259,327,332	(2,087)	0%
Capital Surplus	73,445,601	73,260,765	184,836	0%
Retained Earnings	5,103,501,560	3,917,252,023	1,186,249,537	30%
Others	(16,676,412)	38,705,047	(55,381,459)	-143%
Total Equity	5,419,595,994	4,288,545,167	1,131,050,827	26%

Note 1: Long-term investments consist of noncurrent financial assets at fair value through other comprehensive income, and investments accounted for using equity method.

Note 2: Other assets consist of deferred income tax assets, refundable deposits, and other noncurrent assets.

• Analysis of Deviation over 20%

Increase in Long-term Investments: The increase was mainly due to increase in investments accounted for using equity method.

Increase in Other Assets: The increase was mainly due to increase in other noncurrent assets.

Increase in Total Assets: The increase in total assets was mainly due to increase in long-term investments and property, plant and equipment.

Increase in Retained Earnings: The increase was mainly due to net income of 2025, partially offset by distribution of earnings.

Decrease in Others Equity: The decrease was mainly due to increase in currency exchange loss arising from translation of foreign operations in 2025.

Increase in Total Equity: The increase was mainly due to increase in retained earnings.

• **Major Impact on Financial Position:** The above deviations had no major impact on TSMC's financial position.

• **Future Plan on Financial Position:** Not applicable.

6.1.2 Financial Performance

Consolidated

Unit: NT\$ thousands

Item	2025	2024	Difference	%
Net Revenue	3,809,054,272	2,894,307,699	914,746,573	32%
Cost of Revenue	1,527,760,293	1,269,954,135	257,806,158	20%
Gross Profit	2,281,293,979	1,624,353,564	656,940,415	40%
Operating Expenses	345,649,630	301,070,315	44,579,315	15%
Other Operating Income and Expenses, Net	447,328	(1,230,199)	1,677,527	NM
Income from Operations	1,936,091,677	1,322,053,050	614,038,627	46%
Non-operating Income and Expenses	105,571,163	83,785,585	21,785,578	26%
Income before Income Tax	2,041,662,840	1,405,838,635	635,824,205	45%
Income Tax Expenses	326,266,060	233,406,876	92,859,184	40%
Net Income	1,715,396,780	1,172,431,759	542,965,021	46%
Other Comprehensive Gain (Loss), Net of Income Tax	(56,326,519)	71,585,646	(127,912,165)	-179%
Total Comprehensive Income for the Year	1,659,070,261	1,244,017,405	415,052,856	33%
Total Net Income Attributable to Shareholders of the Parent	1,717,882,627	1,173,267,703	544,614,924	46%
Total Comprehensive Income Attributable to Shareholders of the Parent	1,661,253,891	1,245,836,616	415,417,275	33%

● Analysis of Deviation over 20%

Increase in Net Revenue: The increase was mainly attributed to rise in average selling price and higher wafer shipments, partially offset by the unfavorable impact of change in foreign exchange rate.

Increase in Cost of Revenue: The increase was mainly due to higher sales.

Increase in Gross Profit: The increase was mainly due to higher capacity utilization and cost improvement, partially offset by the unfavorable impact of change in foreign exchange rate.

Increase in Other Operating Income and Expenses, Net: The increase was mainly due to lower loss on disposal or retirement of property, plant and equipment and reversal of impairment losses in 2025.

Increase in Income from Operations: The increase was mainly due to higher gross profit.

Increase in Non-operating Income and Expenses: The increase was mainly due to higher interest income in 2025.

Increase in Income before Income Tax: The increase was mainly due to higher income from operations.

Increase in Income Tax Expenses and Net Income: The increase was mainly due to higher income before income tax.

Decrease in Other Comprehensive Gain (Loss), Net of Income Tax: The decrease was mainly due to increase in currency exchange loss arising from translation of foreign operations in 2025.

Increase in Total Comprehensive Income for the Year, Total Net Income Attributable to Shareholders of the Parent and Total Comprehensive Income Attributable to Shareholders of the Parent: The increase was mainly due to higher net income in 2025.

● Sales Volume Forecast and Related Information: For additional details, please refer to "1. Letter to Shareholders."

● Major Impact on Financial Performance: The above deviations had no major impact on TSMC's financial performance.

● Future Plan on Financial Performance: Not applicable.

Unconsolidated

Unit: NT\$ thousands

Item	2025	2024	Difference	%
Net Revenue	3,784,388,760	2,880,383,350	904,005,410	31%
Cost of Revenue	1,564,313,067	1,306,140,916	258,172,151	20%
Gross Profit	2,220,075,693	1,574,242,434	645,833,259	41%
Operating Expenses	312,921,396	255,546,895	57,374,501	22%
Other Operating Income and Expenses, Net	(663,339)	(1,549,447)	886,108	57%
Income from Operations	1,906,490,958	1,317,146,092	589,344,866	45%
Non-operating Income and Expenses	137,498,724	90,462,877	47,035,847	52%
Income before Income Tax	2,043,989,682	1,407,608,969	636,380,713	45%
Income Tax Expenses	326,107,055	234,341,266	91,765,789	39%
Net Income	1,717,882,627	1,173,267,703	544,614,924	46%
Other Comprehensive Gain (Loss), Net of Income Tax	(56,628,736)	72,568,913	(129,197,649)	-178%
Total Comprehensive Income for the Year	1,661,253,891	1,245,836,616	415,417,275	33%

● Analysis of Deviation over 20%

Increase in Net Revenue: The increase was mainly attributed to rise in average selling price and higher wafer shipments, partially offset by the unfavorable impact of change in foreign exchange rate.

Increase in Cost of Revenue: The increase was mainly due to higher sales.

Increase in Gross Profit: The increase was mainly due to higher capacity utilization and cost improvement, partially offset by the unfavorable impact of change in foreign exchange rate.

Increase in Operating Expenses: The increase was mainly due to higher research and development expenditures.

Increase in Other Operating Income and Expenses, Net: The increase was mainly due to lower loss on disposal or retirement of property, plant and equipment and reversal of impairment losses in 2025.

Increase in Income from Operations: The increase was mainly due to higher gross profit.

Increase in Non-operating Income and Expenses: The increase was mainly due to higher share of profits of subsidiaries and associates in 2025.

Increase in Income before Income Tax: The increase was mainly due to higher income from operations.

Increase in Income Tax Expenses and Net Income: The increase was mainly due to higher income before income tax.

Decrease in Other Comprehensive Gain (Loss), Net of Income Tax: The decrease was mainly due to increase in currency exchange loss arising from translation of foreign operations in 2025.

Increase in Total Comprehensive Income for the Year: The increase was mainly due to higher net income in 2025.

● Sales Volume Forecast and Related Information: For additional details, please refer to "1. Letter to Shareholders."

● Major Impact on Financial Performance: The above deviations had no major impact on TSMC's financial performance.

● Future Plan on Financial Performance: Not applicable.

6.1.3 Cash Flow

Consolidated

Unit: NT\$ thousands

Cash Balance 12/31/2024	Net Cash Provided by Operating Activities in 2025	Net Cash Used in Investing Activities in 2025	Net Cash Used in Financing Activities in 2025	Effect of Exchange Rate Changes on Cash and Cash Equivalents in 2025	Cash Balance 12/31/2025	Remedy for Liquidity Shortfall	
						Investment Plan	Financing Plan
2,127,627,043	2,274,975,625	(1,144,393,407)	(440,344,692)	(50,008,167)	2,767,856,402	None	None

• Analysis of Cash Flow

NT\$2,275.0 billion net cash generated by operating activities: mainly include net income, along with depreciation and amortization expenses.

NT\$1,144.4 billion net cash used in investing activities: primarily for capital expenditures.

NT\$440.3 billion net cash used in financing activities: mainly for cash dividend payment.

• **Remedial Actions for Liquidity Shortfall:** As a result of positive operating cash flows and cash on-hand, remedial actions are not required.

• **Cash Flow Projection for Next Year:** Not applicable.

Unconsolidated

Unit: NT\$ thousands

Cash Balance 12/31/2024	Net Cash Provided by Operating Activities in 2025	Net Cash Used in Investing Activities in 2025	Net Cash Used in Financing Activities in 2025	Effect of Exchange Rate Changes on Cash and Cash Equivalents in 2025	Cash Balance 12/31/2025	Remedy for Liquidity Shortfall	
						Investment Plan	Financing Plan
1,035,061,499	2,154,331,121	(1,011,471,597)	(1,102,032,648)	(8,852,943)	1,067,035,432	None	None

• Analysis of Cash Flow

NT\$2,154.3 billion net cash generated by operating activities: mainly include net income, along with depreciation and amortization expenses.

NT\$1,011.5 billion net cash used in investing activities: primarily for capital expenditures.

NT\$1,102.0 billion net cash used in financing activities: mainly for investment in subsidiaries and cash dividend payment.

• **Remedial Actions for Liquidity Shortfall:** As a result of positive operating cash flows and cash on-hand, remedial actions are not required.

• **Cash Flow Projection for Next Year:** Not applicable.

6.1.4 Recent Years Major Capital Expenditures and Impact on Financial and Business

Unit: NT\$ thousands

Plan	Actual or Planned Source of Capital	Total Amount for 2025 and 2024	Actual Use of Capital	
			2025	2024
Production Facilities, R&D and Production Equipment	Cash flow generated from operations and issuance of corporate bonds	2,196,423,023	1,256,658,618	939,764,405
Others	Cash flow generated from operations	31,994,042	15,751,911	16,242,131
Total		2,228,417,065	1,272,410,529	956,006,536

Based on capital expenditures listed above, TSMC's annual production capacity increased by approximately 0.5 million 12-inch equivalent wafers in 2025.

6.1.5 Long-Term Equity Investment Policy and Results

TSMC's long-term equity investments, accounted for using the equity method, were all made for strategic purposes. In 2025, the gains from these investments amounted to NT\$5,496,594 thousand on a consolidated basis, up from the previous year mainly due to increases in product demand. In the future, TSMC's long-term equity investments, accounted for using the equity method, will continue to focus on strategic purposes through prudent assessments.

6.2 Risk Management

6.2.1 Risk Management Overview

Risk Management Policy and Framework

TSMC adopts a balanced risk-reward management strategy that aims to optimize business returns. This applies to all aspects of the business, including addressing environmental, social and governance (ESG) issues and delivering long-term sustainable value to all stakeholders. TSMC's risk management policy, approved by its Board of Directors and signed by the Chairman and CEO, outlines the Company's commitment to maintaining a proactive and robust enterprise risk management (ERM) system to assist in making well-considered, risk-based decisions that fulfill the corporate vision and safeguard the interests of TSMC and its stakeholders.

TSMC draws from the International Organization for Standardization (ISO) 31000: 2018 Risk Management System and the Enterprise Risk Management-Integrated Framework by COSO (Committee of Sponsoring Organizations of the Treadway Commission) to form its risk governance organization, integrating operational and business processes to strengthen overall risk management capabilities.

TSMC's ERM framework is a systematic approach that enables the Company to respond to changing dynamics in the business environment, as well as to capitalize on business opportunities. The ERM framework specifies the risk governance structure, the management process that integrates business operations, and the tools that facilitate the identification, assessment, response, monitoring, and review of risks. A risk criteria matrix on the potential likelihood of impact on financial, operational, reputational and compliance is applied in the assessment and prioritization of risks identified.

A formalized training and communication program to build risk competency and foster a risk-aware culture helps management in making informed risk-based decisions while implementing corporate strategies. Internal and external audits of the ERM framework and process are conducted to identify opportunities to improve the effectiveness of the risk management system. TSMC recognizes that its systems and processes provide reasonable but not absolute assurance and hence continually strives to improve its ability to manage and respond to risks and capitalize on opportunities.

Enterprise Risk Management Framework and Procedure



Risk-Aware Culture

A strong risk-aware culture is key to effective risk management. The key dimensions of TSMC's risk-aware culture are:

- **Risk leadership:** Strong tone and commitment at the top towards applying risk management, encouraging risk consciousness, and making risk-based decisions.
- **Risk accountability:** Employees are expected to be accountable for managing risks within their areas of responsibility with clear risk ownership. To strengthen risk accountability, risk management metrics are embedded into the performance evaluation process of management reinforcing responsibility towards implementing the risk management framework.
- **Risk communication:** Consistency, transparency and openness in sharing information about pressing risk issues, including reporting of incidents, near-misses, as well as exchanges of lessons learned are promoted.
- **Risk capability and competence:** Tasking TSMC's Risk Management Academy with the goal of raising risk management competency for employees at all levels, including the Board of Directors and management.
- **Risk management process:** Systems, tools, processes, policies, and procedures in place to support risk management. Risk management is embedded in daily operations, guided by risk appetite statements and assessment of key risk indicators.

Risk-Aware Culture Dimensions



Risk Appetite and Risk Management Scope

TSMC has defined its risk appetite in statements that outline the nature and extent of the risks it is willing to take in pursuit of its business goals:

- The risk taken should be carefully evaluated, commensurate with rewards and in line with the Company's strategic, investment, financial, and corporate objectives.
- Risk considerations are an integral part of business operations and managed within the risk tolerance of the divisions, of relevant functional units, and of the Company itself.
- The Company will not invest or participate in any business activities that exceed its risk tolerance.
- The Company does not tolerate safety-related breaches or lapses, non-compliance with laws and regulations, or illegal acts such as fraud, bribery, and corruption.

Emerging Risks

In a dynamic business environment, the Company recognizes the impact of global and emerging risks on corporate strategy and continues to scan the environment for risks that could impact its business or operations. Where relevant, these risks are examined and discussed at various forums and by the Risk Management Steering Committee to determine if any further actions or responses are warranted. TSMC is committed to evaluating all significant risks in a balanced and holistic manner with the objective of delivering sustainable long-term value to all stakeholders.

TSMC's top emerging risks have been identified as:

- **Evolving Complexity in the Cyber Landscape:** Advancements in AI, quantum computing, and cloud technologies, alongside geopolitical tensions, have amplified cybersecurity risks. Critical industries tied to TSMC, like semiconductor ecosystems and infrastructure (electricity and telecommunications), face growing vulnerabilities. Cyber incidents could disrupt supply chains, operations, and reputations, causing interruptions, legal scrutiny, and financial losses. Potentially negative impacts include operational disruptions, confidence erosion, compliance breaches, reputational harm, and costs from recovery efforts and legal issues. Mitigating actions involve regular oversight by the Audit and Risk Committee (ARC), multi-layered defenses, simulation exercises, zero-trust systems, boundary shields, external intelligence collaboration, and audits with awareness initiatives.

● **De-Globalization and Fragmentation of the High-Tech Industry:** Rising national security concerns have accelerated semiconductor self-sufficiency efforts, spurring export restrictions, tariffs, and protectionist policies in major economies like the U.S., China, the EU, and Japan. Measures such as on-shoring and friend-shoring disrupt supply chains, raise production costs, and undermine globalization by restricting trade, technology flow, and market access. TSMC faces challenges such as elevated costs, operational risks, compliance complexities, supply chain inefficiencies, and lost business opportunities. Mitigating actions include developing localized supply chains, strengthening business continuity frameworks, monitoring regulations, diversifying operations, and securing subsidies to adapt to geo-economic shifts.

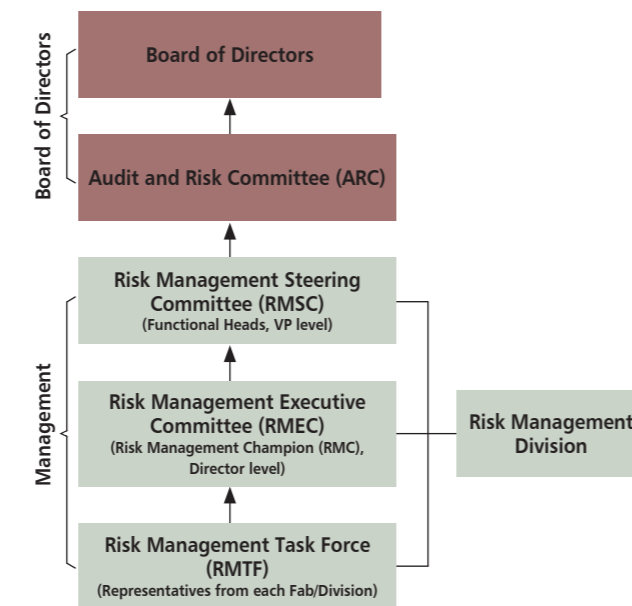
● **Challenges in ESG Transition by 2050:** TSMC aims to achieve net-zero emissions by 2050 to meet global standards and customer demands for sustainable practices. Taiwan, where most of the Company's facilities are located, has a limited renewable energy infrastructure, which hinders progress and impacts operations, reputation, and customer alignment. Failing to meet the net-zero goals risks reputational damage, operational delays, customer loss, revenue impacts, and non-compliance with sustainability regulations. Mitigating actions include forming a renewable energy task force, managing a low-carbon supply chain, optimizing energy use, deploying advanced GHG technologies, acquiring carbon credits, building green-certified fabs, innovating carbon capture, and partnering with governments for renewable energy expansion.

Risk Management Governance Structure

TSMC's risk management involves both the Board of Directors and the management team to integrate effective risk management practices into business decisions and operations throughout the Company. The Board has the overall responsibility for the governance of risk. Through the Audit and Risk Committee (ARC), the Board guides management in formulating and implementing the ERM framework. The identification and day-to-day handling of risks rest with managers, who are responsible for the effective implementation of risk management strategies, policies, and processes. At the executive level, the risk management governance structure includes the Risk Management Steering Committee (RMSC), the Risk Management Executive Council (RMEC), the Risk Management Task Force (RMTF), and the Risk Management Division.

To assist the ARC in establishing and overseeing a proactive and effective risk management system, the Risk Management Division works with each function and fab in applying the ERM framework to assess and mitigate risks throughout TSMC by monitoring and implementing risk related policies and guidelines, as well as rolling out implementation initiatives. Every six months, following briefings by the Risk Management Division, the ARC chairperson reports to the Board of Directors on TSMC's risk profile and risk mitigation.

Risk Management Governance Structure



The roles and responsibilities of the various committees under the risk management governance structure are defined below:

Risk Management Steering Committee (RMSC)

- Advises the Board in determining overall risk appetite, tolerance, strategy, and resource allocation, taking into account current and prospective macroeconomic, technological, regulatory, environmental and social developments, and trends.
- Reviews and oversees the applicability and performance of the risk management framework, policies, and procedures.
- Provides advice and assurance to the Board by adopting a holistic view of the key risks that TSMC is exposed to, and approves the prioritization of risk mitigations.
- Sets the tone for risk management from the top, sponsors initiatives and activities to nurture the desired risk culture, awareness, and capabilities to effectively manage key risks and new types of risks, including clarifying risk ownership.

- Ensures that risk management is incorporated into strategic business development and operational planning, as well as day-to-day management and decision-making.
- Advises the Board on proposed transactions so as to address strategic risks and capitalize on opportunities.
- Reviews and advises on the progress and effectiveness of risk management activities and lessons learned.
- Reports to the Audit and Risk Committee and executes the decisions made by the Board.

Risk Management Executive Council (RMEC)

- Identifies potential and emerging risks that may impact TSMC in achieving its objectives and/or the continued effectiveness and efficiency of its business operations.
- Conducts threat and risk assessments, defines mitigation plans including incident management plans, provides sponsorship, and allocates sufficient resources to enable timely and effective mitigation.
- Leads and drives cross-functional task forces, meetings, or other activities to ensure that risks are adequately and effectively mitigated, including collaborating with the Risk Management Division and various other parties.
- Defines key risk indicators (KRIs) to proactively monitor risk dynamics and respond in a timely and effective manner.
- Builds a risk-aware culture and raises risk competency in fabs and divisions, including but not limited to training, exercises, and continuous improvement.
- Ensures and improves the effectiveness of risk management mechanisms, including root cause analysis and action plans to prevent recurrences of major incidents or high-risk events in accordance with major findings of internal and/or external reviews.
- Reports to the Risk Management Steering Committee on the progress of effectiveness review, risk management activities and initiatives, lessons learned from incidents or risks events, and implements the decisions made by Risk Management Steering Committee.

Risk Management Task Force (RMTF)

- Identifies and assesses potential risks and threats that may impede TSMC from achieving its business objectives; deploys risk mitigation plans, executes risk prevention and mitigation in accordance with various scenarios.
- Organizes and/or participates in cross-functional meetings to address risks that span multiple disciplines, divisions or fabs.
- Participates in the implementation and execution of risk management initiatives and activities.
- Reviews division or fab investigations of major incidents or high-risk events and their major findings.
- Monitors the effectiveness of action plans.

Risk Management Division

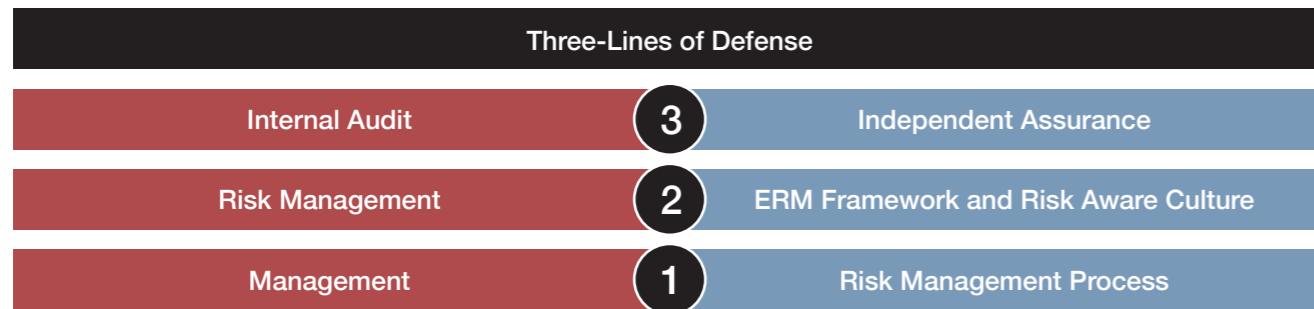
- Assists the Board in establishing and overseeing a proactive and effective mechanism of risk management and business continuity, including risk appetite and tolerance, risk strategy and management framework, policies, and procedures.
- Strengthens risk-aware culture and risk management capabilities through continuous training, communications and awareness programs.
- Identifies and analyzes the sources and categories of risks to the Company and regularly reviews their impact with risk owners.
- Helps risk management committees and risk owners in the implementation of risk management activities and initiatives to identify and manage risks, including the review of plans for mitigation, business continuity, crisis management; reviews the effectiveness of risk management activities through documented reports, management discussions and meetings.
- Coordinates cross-department and cross-functional interaction and communication of risk management operations and decisions, including implementing decisions of the Risk Management Steering Committee.
- Works with management, consultants and peers on best practices and standards for continuous improvement and benchmarking.
- Prepares reports to stakeholders that may be required from time to time by regulators, government agencies, insurers/brokers, and customers, including an annual report on the implementation of the Company's risk management system.
- Facilitates semi-annual risk management reporting to the Audit and Risk Committee (ARC), the Risk Management Steering Committee (RMSC), and the Risk Management Executive Council (RMEC).

Three Lines of Defense

TSMC employs a three lines of defense model to ensure the adequacy and effectiveness of its risk management system.

- Under the first line, management is supported by their respective line functions and committees such as the Risk Management Executive Council, comprising the risk management champions responsible for the identification, assessment, and mitigation of risks (including strategic, financial, operation, and compliance risks) facing the Company. The Risk Management Task Forces are formed in specific risk areas. Guided by TSMC's ERM framework, appropriate policies and procedures are implemented and made operational in line with the TSMC's risk appetite to address such risks.

- Under the second line, TSMC's risk management policy is established to enable oversight and governance of operations and activities undertaken by management under the first line. The Risk Management Steering Committee supports the Board in its oversight of the adequacy and effectiveness of the risk management framework. The Risk Management Division works alongside business management to ensure relevant policies and processes are designed and implemented to manage risks effectively and foster a risk-aware culture.
- The third line comprises independent assurance, including internal and external audit. TSMC conducts internal and external audits of the risk management framework and process periodically to identify opportunities to improve their effectiveness. The Internal Audit Division reports quarterly to the Audit and Risk Committee.



Risk Management Initiatives in 2025

The table below outlines the key initiatives taken to strengthen our risk management program:

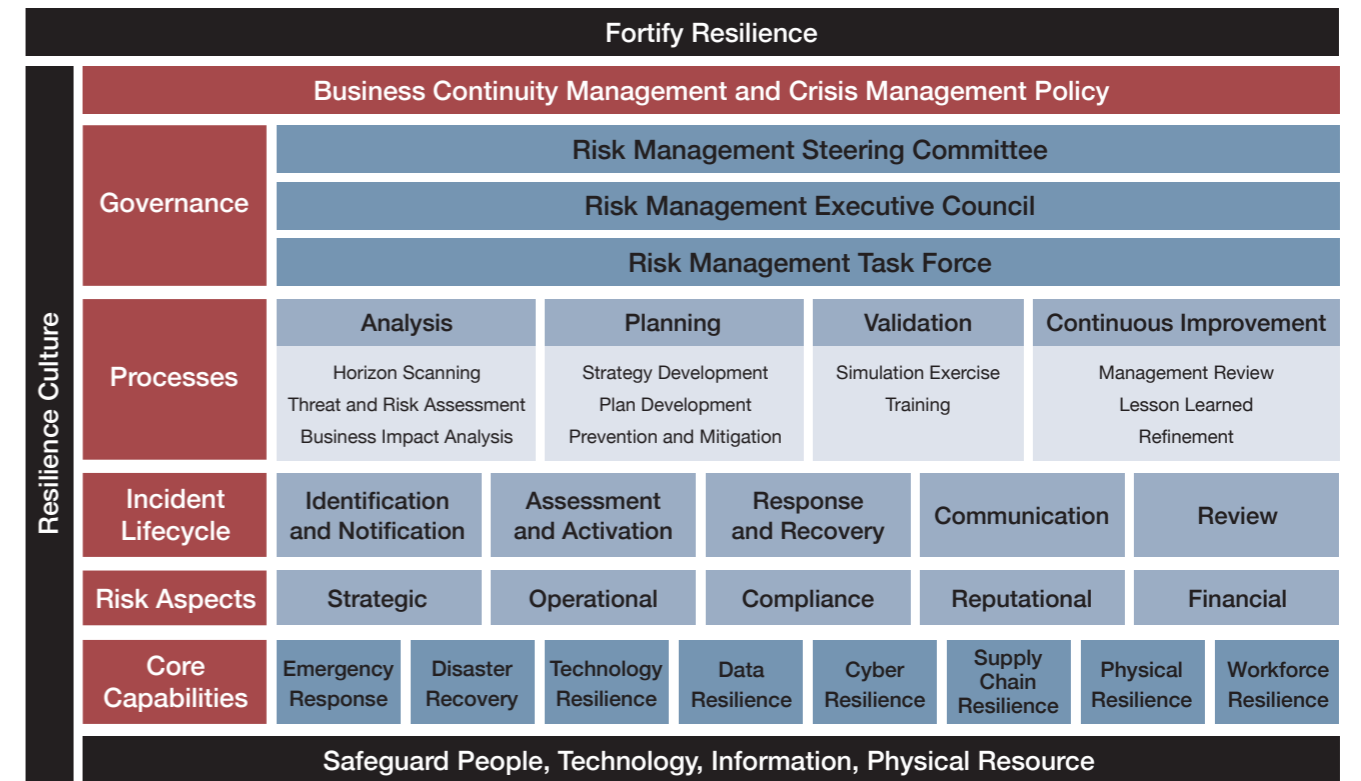
Strengthen Risk Governance	Optimize Process	Implement Tools & Technology	Foster Risk-Aware Culture & Training	Deepen Stakeholder Engagement	Enhance Assurance
<ul style="list-style-type: none"> • All Fabs Risk Management Maturity Benchmark • Risk Management Indicators in Performance Management 	<ul style="list-style-type: none"> • Investment and Project Risk Management • Business Continuity Management (BCM) Review • Formalize Crisis Management Framework and Communication Protocols 	<ul style="list-style-type: none"> • Digitalization of Risk Management Process: Risk Management Information System (RMIS) 	<ul style="list-style-type: none"> • Risk Management Training for Board • Risk-Aware Culture Survey • TSMC Risk Management Conference • Risk Management Communication & Publicity • Employee Training under Risk Management Academy 	<ul style="list-style-type: none"> • Engagement of Stakeholders (customer, partners, government, suppliers, insurers) 	<ul style="list-style-type: none"> • Independent Assurance to the Board and Senior Leaders • Foster External Engagements with Industry Partners and Peers

Business Continuity and Crisis Management

TSMC is committed to maintaining operational resilience and business continuity by closely adhering to standards that enable the Company to respond effectively to business disruption. The Company is cognizant of the major risks of natural and man-made disasters, including earthquakes, floods, typhoons, droughts, tsunamis, sandstorms, wildfires, volcanic eruptions, fire, gas/chemical leaks or spills, pandemics, cyber attacks, supply chain disruption, geopolitical tension, sabotage, terrorism, the failure of critical facilities and equipment, and the disruption of water, electricity, and natural gas.

To mitigate the operational impact of crisis events, the Risk Management Division implements pre-crisis risk assessment, response procedures and recovery plans. Exercises and drills are also conducted to validate emergency responses, crisis management, and business continuity plans to enhance operational preparedness. In major incidents or events, the crisis management guidelines are followed. The Central Crisis Command Center (C4), headed by the Chairman and CEO and comprised of senior executives across key functions, provides guidance and decision-making to maintain operational readiness, including timely communication to key stakeholders.

TSMC's Business Continuity Management and Crisis Management (BCM & CM) framework guides the Company in responding effectively and promptly to business disruption, which safeguards the interests of the Company and its stakeholders. The BCM & CM framework outlines the governance structure, processes, and capabilities in ensuring timely and effective responses across the incident lifecycle. Overall operational resilience is fortified by a resilient culture.



6.2.2 Strategic Risks

Risks Associated with Changes in Technology and Industry

• Industry Developments

The electronics industries and semiconductor market are cyclical and subject to significant and often rapid fluctuations in product demand, which could impact TSMC's semiconductor foundry business. Variations in customer order levels may result in volatility in the Company's revenue and earnings.

From time to time, the electronics and semiconductor industries have experienced significant and occasionally prolonged periods of downturn and overcapacity. Because TSMC is, and will continue to be, dependent on the demand of electronics and semiconductor companies for its services, periods of downturn and overcapacity in the general electronics and semiconductor industries could lead to reduced demand for overall semiconductor foundry services, including TSMC's services. If TSMC is not able to take appropriate actions, such as reducing its costs to sufficiently offset declines in demand, the Company's revenue, margins, and earnings will likely suffer during periods of downturn and overcapacity.

• Changes in Technology

The semiconductor industry and its technologies are constantly changing. TSMC competes by developing process technologies using increasingly advanced nodes and manufacturing products with more functions. The Company also competes by developing new derivative technologies. If TSMC does not anticipate these changes in technologies and rapidly develop new and innovative technologies, or the Company's competitors unforeseeably gain sudden access to additional technologies, TSMC may not be able to provide services on competitive terms. For example, the global surge in the development of artificial intelligence (AI) has had a significant impact on customer demand for advanced semiconductor chips and the market dynamics in TSMC's industry; thus, TSMC's ability to continuously develop relevant technologies, products and services to meet these customer needs and changes in the AI industry will be critical for the Company to effectively compete in this space. In addition, TSMC's customers have accelerated the cadence of introducing new products and services to the market. If TSMC is unable to meet these shorter product time-to-market, it risks losing these customers. These factors have also been intensified by the shift of the global technology market

to AI-related products, such as AI smartphones, AI PCs, and AI accelerators, and increasing competition and concentration of customers (all further discussed among these risk factors).

The uncertainty and instability inherent in advanced technologies impose challenges for achieving expected product quality and product yield. If TSMC fails to overcome these challenges, it may result in loss of revenue and additional cost, as well as loss of business or customer trust. TSMC also believes that the effective use of AI in its internal operations is important to its long-term success. As the AI technologies are rapidly evolving, if TSMC is unable to deploy new AI technologies in its internal operations as effectively as its competitors, it may hurt the Company's competitive position.

If the Company is unable to overcome the above factors, it may become less competitive and its revenue may decline significantly. Regarding the response measures for the above-mentioned risks, please refer to "2.2.4 TSMC Position, Differentiation and Strategy" on pages 19-21 of this annual report.

● IT Security

Even though TSMC has established a comprehensive internet and computing security network, the Company cannot guarantee that its computing systems, which control or maintain vital corporate functions such as its manufacturing operations and enterprise accounting, would be completely immune to crippling cyberattacks. In the event of a serious cyberattack, TSMC's systems may lose important corporate data or its production lines may be shut down pending the resolution of such attack. Major cyberattacks could also lead to loss or divulgence of trade secrets and other sensitive information, such as proprietary information of its customers and other stakeholders and personal information of its employees. While TSMC seeks to continuously review and assess its cybersecurity policies and procedures to ensure their adequacy and effectiveness, it cannot guarantee that will not be susceptible to new and emerging risks and attacks in the evolving landscape of cybersecurity threats. For example, as AI continues to evolve, cyber-attackers could also use AI to develop malicious codes and sophisticated phishing attempts.

Malicious hackers may also try to introduce computer viruses, corrupted software or ransomware into TSMC's network systems to disrupt its operations, blackmail the Company to regain control of its computing systems, or spy on it for sensitive information. These attacks may result in TSMC having to pay damages for its delayed or disrupted orders or incur significant expenses in implementing remedial and

improvement measures to further enhance its cybersecurity network, and may also expose the Company to significant legal liabilities arising from or related to legal proceedings or regulatory investigations associated with such breaches.

In the past, TSMC has experienced, and may in the future be subject to attack by malicious software. The Company has implemented and continually updates rigorous cybersecurity measures to prevent and minimize harm caused by such attacks. These measures comprehensively enhance global security protection capabilities across internet services, offices, fabs, data centers and cloud platforms to ensure operational stability and data integrity. As a result, TSMC's scores in international security assessments are significantly higher than the industry average, demonstrating the Company's ongoing commitment to and high regard for cybersecurity.

In 2025, TSMC further strengthened its cybersecurity defense strategy, achieving several key objectives. These included enhancing application security to improve cybersecurity throughout the lifetime of the software; continuously refining comprehensive automated scanning and protection for data centers to ensure the resilience and protection capabilities of the infrastructure; strengthening mechanisms for privileged account management to control high-privilege access and reduce potential threat risks; enhancing security protection for regional information technology and regional offices, supplemented by centralized management of regional information technology services by headquarters, effectively improving local cybersecurity response and management capabilities; continuously improving critical data protection measures to ensure the integrity, confidentiality, and availability of all important data; and applying artificial intelligence to enhance the efficiency of cybersecurity protection and incident response speed. Through the implementation of these concrete actions, TSMC has established a more robust and intelligent cybersecurity defense system to respond more effectively to evolving cyber threats.

Furthermore, TSMC continues to deepen the cybersecurity resilience of its supply chain, focusing on collaborating with 127 key suppliers. By utilizing third-party cybersecurity risk rating services and guidance on critical control measures, TSMC assists suppliers in improving their cybersecurity. This not only enhances the suppliers' security protection capabilities but also strengthens trust and communication between TSMC and its suppliers, promoting the cybersecurity defense capabilities of the entire supply chain. As a core driver, TSMC further collaborated with partners such as the Ministry of Digital Affairs and SEMI (Semiconductor Equipment and Materials

International) in 2025 to jointly promote and officially release the SEMI E187 Cybersecurity Certification and Accreditation System for Semiconductor Equipment. This initiative introduced the SEMI E187 standard into the supply chain from the source, requiring equipment suppliers to pass cybersecurity certification, thereby strengthening the cybersecurity resilience of the supply chain. TSMC continuously fortifies its own and its supply chain's cybersecurity, fulfilling its corporate social responsibility. In recognition, TSMC has won the Taiwan Corporate Sustainability/Information Security Leadership award for each of the past five years since 2021.

In addition, TSMC employs certain third-party service providers for the Company and its affiliates worldwide with whom it needs to share highly sensitive and confidential information to enable them to provide the relevant services. While TSMC requires such third-party service providers to strictly fulfill the confidentiality and/or internet security requirements in its service agreements with them, there is no assurance that each of them will comply with such obligations. Moreover, such third-party service providers may also be susceptible to cyberattacks. If TSMC or its service providers are not able to timely resolve the respective technical difficulties caused by such cyberattacks, or ensure the integrity and availability of its data (and data belonging to its customers and other third parties) or maintain control of its or its service providers' computing systems, the Company's commitments to its customers and other stakeholders may be materially impaired and its results of operations, financial condition, prospects and reputation may also be materially and adversely affected.

Risks Associated with Decrease in Demand and Average Selling Price

A vast majority of the Company's revenue is derived from customers who use TSMC products in HPC (including AI applications), smartphones, IoT, automotive, and digital consumer electronics. Any deterioration in or a slowdown in the growth of such end markets driven by various factors such as shortages in the supply of certain components, constraints in power supply or environmental, social, and governance (ESG) concerns, which results in a substantial decrease in the demand for overall global semiconductor foundry services, including TSMC products and services, could adversely affect the Company's revenue. Further, semiconductor manufacturing facilities require substantial investment to construct and are largely fixed cost assets once they are in operation. Because TSMC owns most of its manufacturing capacities, a significant portion of its operating costs is fixed. In general, these costs do not decline when customer demand or its capacity utilization rates drop, and thus declines in customer demand, among

other factors, may significantly decrease the Company's margins. Conversely, as product demand rises and factory utilization increases, the fixed costs are spread over increased output, which can improve the Company's margins. In addition, the historical trend of declining average selling prices (ASP) of end-use applications places downward pressure on the prices of the components that go into such applications. Decreases in the ASP of end-use applications may increase pricing pressure on components produced by TSMC, which, in turn, may negatively impact its revenue, margin and earnings.

Risks Associated with Competition

The competition in the semiconductor foundry segment is fierce. TSMC competes with other foundry service providers, as well as a number of integrated device manufacturers. Some of these companies may have access to more advanced or different technologies than the Company. Other companies may have greater financial and other resources than the Company, such as the possibility of receiving direct or indirect government subsidies, economic stimulus funds, or other incentives that may be unavailable to TSMC. The governments of the United States, China, Europe, South Korea and Japan provide various incentive programs to promote developments of their domestic semiconductor industries, such as the Creating Helpful Incentives to Produce Semiconductors and Science Act of 2022 (the U.S. CHIPS Act), which provides financial incentives to incentivize the development of U.S. semiconductor industry. In November 2024, TSMC Arizona Corporation ("TSMC Arizona") entered into agreements with the U.S. Department of Commerce for the receipt of certain incentives pursuant to the U.S. CHIPS Act, which includes up to US\$6.6 billion in total direct funding and up to US\$5 billion of proposed loans. In December 2024, European Semiconductor Manufacturing Company (ESMC) GmbH ("ESMC"), TSMC's subsidiary in Germany, entered into an agreement with the Federal Republic of Germany for the receipt of up to EUR5 billion state aid under the European Chips Act (Regulation (EU) 2023/1781). Although governments in certain countries or regions where TSMC is currently expanding or planning to expand its production capacity have extended or may in the future extend certain financial incentives to the Company, there is no assurance that TSMC will be able to receive such financial incentives, including pursuant to the U.S. CHIPS Act, at the levels the Company anticipate or at all. Additionally, any financial incentives the Company receives may be subject to conditions and requirements imposed by the grantors, such as restrictions on the expansion of facilities in foreign countries of concern and on joint research and technology licensing efforts with foreign entities of concern on any technology or product that raises national security concerns. Noncompliance with

the terms and conditions of the grants that the Company may receive could result in a delay or forfeiture of all or a portion of any future amounts to be received, as well as obligate us to repay all or a portion of amounts already received pursuant to the grants. Even if the Company satisfies the conditions and requirements for the funding disbursement, it is possible that the grantor may delay the disbursement or be unable to provide the funding. While the Company expects to continue benefiting from government incentives, failure to obtain grants that the Company seeks, to fully utilize available grants, or to comply with the terms and conditions of grants, could impact the Company's ability to achieve its goals for the projects that would otherwise benefit from grant funding and could have an adverse effect on its business, results of operations, and financial condition.

Moreover, the Company's competitors may, from time to time, also decide to undertake aggressive pricing initiatives. The Company's competitors may also compete for its customers who seek to diversify their supply chains. These competitive activities may decrease TSMC's customer base, its pricing, or both. If the Company is unable to compete effectively with such competitors on technology, manufacturing capacity, product quality, supply chain diversification and resilience, and customer satisfaction, it risks losing customers or business to such contenders and its profit margin and earnings may decrease.

Risks Associated with Changes in the Government Policies and Regulatory Environment

TSMC management closely monitors all domestic and foreign governmental policies and regulations that might impact TSMC's business and financial operations. During 2025 and as of the date of this Annual Report, the following changes or developments in governmental policies and regulations may influence the Company's business operations:

The manufacturing, assembling and testing of TSMC's products require the use of chemicals and materials that are subject to environmental, climate related, health and safety laws and regulations issued worldwide as well as international accords such as the Paris Agreement. The Climate Change Response Act of the R.O.C., effective since 2015 and amended in February 2023, set a goal of reaching net-zero emissions in Taiwan by 2050 and established a carbon fee system to collect carbon fee. For emitters with direct and indirect emissions exceeding a certain threshold, carbon fees are levied starting from 2025. As TSMC's emissions from each fab in Taiwan exceed the current regulatory threshold, we will start to pay carbon fees from 2026 (for the 2025 fees), which will result in increased

manufacturing costs for us. Also, the R.O.C. legislative authority is regularly reviewing various environmental issues to develop laws and regulations relating to environmental protection and climate changes. The impact of such laws and regulations is currently indeterminable.

It is not expected that other governmental policies or regulatory changes would materially impact TSMC's operations or financial condition.

6.2.3 Operational Risks

Natural and Man-Made Disasters

TSMC is committed to maintaining operational resilience by following business continuity management standards to respond effectively to a business disruption. The Company's operations are vulnerable to interruptions from various natural and man-made disasters. These include earthquakes, floods, typhoons, droughts, tsunamis, sandstorms, wildfires, volcanic eruptions, fire, gas/chemical leakage or spill, pandemics, cyberattacks, supply chain disruption, geopolitical tensions, sabotage, and terrorism. Additionally, the failure of critical facilities and equipment, along with disruptions in utility services as water, electricity, and natural gas, could also interrupt its operations.

Most of TSMC's production facilities, as well as those of many of its suppliers, customers, and upstream providers of complementary semiconductor manufacturing services, are located in areas susceptible to various natural disasters. These locations may also face potential shortages of electricity and/or water, which could cause interruptions to TSMC's operations. For instance, in April 2024 and January 2025, several earthquakes struck Taiwan, causing damage to our inventories, plant facilities, machinery, and equipment. We recognized approximately NT\$3 billion and NT\$5.3 billion in losses from earthquakes, net of insurance claim, respectively, in the second quarter of 2024 and the first quarter of 2025. If one or more natural and man-made disasters were to create a prolonged disruption to TSMC's operations or those of its customers or suppliers, it could significantly reduce TSMC's manufacturing capacity and lead to the loss of important customers. In addition, disruption to the Company's customers' operations could reduce demand for its products and services. Either scenario could therefore have an adverse and material impact on its operational and financial performance.

To cope with possible droughts resulting from climate change, TSMC implemented manufacturing process water saving and expanded industrial water recycling plants, using household

water and cooperating with government to mitigate water shortage risk. TSMC's business continuity plans include water conservation measures and the use of alternative water sources. Close monitoring of the water situation, stress testing and exercises are carried out to validate TSMC's response plan.

TSMC has occasionally suffered power outages, dips, or surges caused by difficulties encountered by its electricity supplier or other power consumers on the same power grid. Some of these incidents have resulted in interruptions to TSMC's operations. Such outages, shortages or interruptions in electricity supply could further be exacerbated by changes in energy policy of the government. If TSMC is unable to secure reliable and uninterrupted supply of electricity for its manufacturing fabs, its ability to fill customers' orders would be jeopardized. Moreover, TSMC has encountered and may continue to encounter utility increases in the price of utilities. For example, effective from April 1, 2024, TSMC became subject to a higher electricity tariff rate in Taiwan, which increased by 25% compared to the tariff rate applicable to the Company in 2023. In October 2024, the electricity tariff rate further increased by 14%. The hike in electricity prices could increase TSMC's manufacturing costs and therefore adversely impact its financial results. In addition, due to climate change, severe weather events, such as droughts, and any measures taken by governments in response to such severe weather events may materially affect TSMC's operations and its suppliers' production. For example, the measures taken by governments in response to droughts, including water rationing and conservation, may cause interruption to TSMC's operations or its expansion plans. If such events were to occur over prolonged periods of time, TSMC's operations and financial performance may be materially adversely affected.

TSMC continues to strengthen its business continuity management, which includes periodic risk assessments and mitigations, implementation of centralized scenario planning and the establishment of taskforces. Taskforces define emergency response, crisis communication, recovery plans and preventative measures based on a thorough analysis of derivative effects and alternative solutions to ensure the impacts to lives, business operations and assets are minimized. TSMC periodically reviews its business continuity plans and refines them to reflect findings from exercise results and implementation. In both Taiwan and Japan, TSMC continues to improve its earthquake emergency response, tool anchorage and seismic isolation facilities, and readiness for tool salvage and production recovery. These improvements have been integrated into new fab design and processes.

The Company maintains a comprehensive risk management system dedicated to human safety, the conservation of natural resources and the protection of property. In order to cope effectively with emergencies and natural disasters, management at each facility has developed comprehensive plans and procedures that focus on risk prevention, emergency response, crisis management and business continuity. All TSMC manufacturing fabs have been ISO 14001 certified for environmental management and ISO 45001 certified for occupational health and safety management. All manufacturing fabs in Taiwan have also been TOSHMS (Taiwan Occupational Safety and Health Management System certified). By Company policy, new fabs must also attain these certifications within 18 months after acquiring factory registration certification.

TSMC and many of its suppliers use flammable and toxic materials in their manufacturing processes and are therefore subject to risks that cannot be completely eliminated arising from potential explosion, fire, or environmental influences. TSMC maintains multiple layers of risk prevention and protection, as well as fire and casualty insurance, but these may not always be sufficient to cover all potential losses. If any of TSMC's fabs or vendor facilities were to be damaged or cease operations as a result of an explosion, fire or environmental causes, it could reduce the TSMC's manufacturing capacity, leading to the loss of important sales and customers and have a negative impact on TSMC's financial performance.

TSMC continues to monitor key disruptive threats to its business operations and implement plans to ensure operational resilience.

Risks Associated with Capacity Expansion

TSMC performs long-term market demand forecasts on a regular basis for its products and services to manage its overall capacity. Based on market demand, the Company has continued to add capacity to meet market needs for its products and services, including in Taiwan, in Arizona, U.S., in Kumamoto, Japan and in Dresden, Germany.

Implementing these capacity expansion plans will increase its costs, and the increases may be substantial. For example, the Company would need to build new facilities, purchase additional equipment and hire and train personnel to operate the new equipment. If the market demand does not materialize, and/or TSMC does not increase its net revenue accordingly, its financial performance may be adversely affected by these increased costs.

In addition, market conditions are dynamic, and TSMC's market demand forecasts may change significantly at any time. During periods of decreased demand, certain manufacturing lines or tools in some of the Company's manufacturing facilities may be suspended or shut down temporarily. However, if demand subsequently increases rapidly over a short period of time, TSMC may not be able to restore the capacity in a timely manner to take advantage of the upturn. In such circumstances, its financial performance and competitiveness may be adversely affected.

In order to mitigate the risk associated with capacity expansion, TSMC continuously watches for changes in market conditions and works closely with its customers. When market demand is not as expected, the Company tries to adjust its capacity plans in a timely manner to reduce the impact on its financial performance.

Risks Associated with Construction of New Fabs

The Company has multiple expansion projects that are currently underway, including the design and construction of new fabs worldwide. Global expansion has required and will continue to require considerable managerial, financial and other resources. The Company expects to face particular challenges in global expansion and operations, including but not limited to:

- higher costs associated with the construction of new fabs, establishing supply chains for various materials in different locations, sustaining the Company's current level of productivity and manufacturing efficiency provided by its ecosystem, and recruiting and retaining talent;
- labor shortages, interruptions in the supply chains for various materials, and construction issues, which could substantially delay the completion of the Company's expansion projects, and could further result in substantial additional costs or failure to meet its capacity expansion plans;
- disruptions to the Company's operations caused by natural or man-made disasters, including earthquakes, flooding, typhoons, droughts, tsunamis, sandstorms, wildfires, volcanic eruptions, fire, gas/chemical leakage or spill, pandemic, cyberattacks, supply chain disruption, geopolitical tensions, labor issues, sabotage, failure of critical facilities and equipment and disruptions in utilities, such as water, electricity and natural gas, etc.;
- scarcity of industrial-use land, and access to utilities which could limit the Company's future expansion of operations;
- compliance with applicable foreign laws and regulations, and the risk of penalties if the Company's practices are deemed not to be in compliance;

- challenges in managing information technology infrastructure in multiple locations and across different systems and risks of our information technology infrastructure succumbing to cyberattacks worldwide;
- adverse changes relating to government grants or other government incentives, including non-receipt, delay and potential claw backs of government grants;
- challenges in creating an inclusive workplace in new sites to embrace the cultural differences and managing the operation over large geographic distances and in the context of different employment practices and labor laws and regulations;
- increased intellectual property infringement assertions and enforcement actions against TSMC; and
- exposure to different tax jurisdictions and potential adverse tax consequences.

If TSMC is unable to overcome the above challenges, the Company's business, financial condition and results of operations could be adversely affected.

Risks Associated with Sales Concentration

Over the years, the Company's customer profile and the nature of the Company's customers' business have changed dramatically. While TSMC generates revenue from hundreds of customers worldwide, TSMC's ten largest customers in 2023, 2024 and 2025 accounted for approximately, 70%, 76% and 78% of TSMC's net revenue in the respective year. TSMC's largest customer in 2023, 2024 and 2025 accounted for 25%, 22% and 19% of the Company's net revenue in the respective year. TSMC's second largest customer in 2023, 2024 and 2025 accounted for 11%, 12% and 17% of TSMC's net revenue in the respective year.

A more concentrated customer base may subject TSMC's revenue to seasonal demand fluctuations from the Company's large customers, and cause different seasonal patterns in the Company's business. This customer concentration results in part from the changing dynamics of the electronics industry with the structural shift to HPC and smartphone applications and software that provide the content for such devices.

There are only a limited number of customers who are successfully exploiting this new business model paradigm. Also, TSMC has seen changes in the nature of its customers' business models in response to this new business model paradigm. For example, there is a growing trend among system companies designing their own semiconductors and working directly with

the semiconductor foundries, which makes their products and services more marketable in a changing consumer market. These shifting business models could lead to significant variations in the Company's sales if the growth of their products and services, particularly in the AI sector, is volatile or not sustainable.

Also, since the global semiconductor industry has become increasingly competitive, some of TSMC's customers have engaged in industry consolidations in order to remain competitive. Such consolidations have taken the form of mergers and acquisitions. If more of TSMC's major customers consolidate, this will further decrease the overall number of the Company's customer pool. In addition, regulatory restrictions, such as export controls directed at TSMC's major customers, could impact the Company's ability to supply products to those customers or reduce those customers' demand for TSMC's products and services and thus impact their business operations.

The loss of, or significant curtailment of purchases by, one or more of the Company's top customers including curtailments due to increased competitive pressures, industry consolidation, changes in applicable regulatory restrictions, product designs, manufacturing sourcing or outsourcing policies or practices of these customers, the timing of customer inventory adjustments, or changes in its major customers' business models, may adversely affect TSMC's results of operations and financial condition.

Risks Associated with Purchasing Concentration

● Raw Materials

TSMC's production operations require that it obtains supplies of raw materials such as silicon wafers, gases, chemicals and photoresist, on a timely basis and at commercially reasonable prices. In the past, shortages in the supply of some materials, whether by specific suppliers or by the semiconductor industry generally, have resulted in occasional industry-wide price adjustments and delivery delays. Moreover, major natural disasters, trade barriers and political or economic turmoil, including military conflicts and inflation, occurring within the country of origin of such raw materials may also significantly disrupt the availability of such raw materials or increase their prices. Also, since TSMC procures some of its raw materials from sole-sourced suppliers, there is a risk that the Company's needs for such raw materials may not be met or that back-up supplies may not be readily available. Importation and domestic production limitations may also restrict its ability to obtain adequate supplies of raw materials as well as materials

of the necessary quality. In addition, recent trade tensions could result in increased prices or even unavailability of raw materials due to tariffs, export control or other non-tariff barriers. TSMC's revenue and earnings could be adversely affected if it is unable to obtain adequate supplies of the necessary raw materials in a timely manner or if there are significant increases in the costs of raw materials.

To reduce the supply chain risk and to manage costs effectively, TSMC engages early and extensively with primary suppliers on managing quality and capacity issues so as to be prepared for any unexpected need to ramp up or curtail production. The Company has formed a dedicated team for supplier plant onsite or remote audits to extend supply chain best practices to its upstream suppliers. In addition, in response to the rapid increase or decrease in production capacity of new products, TSMC has continued to improve its inventory monitoring system to achieve more accurate demand forecasts and ensure that the supply chain maintains sufficient inventory levels. The Company also performs supply chain risk assessments to ensure that critical suppliers meet various standards in labor, ethics, environmental, safety and health (ESH) practices and business continuity plans (BCPs). TSMC routinely strives to develop new sources of qualified raw material suppliers. The Company also encourages its suppliers to reduce their supply chain risk by decentralizing production plants to improve their cost competitiveness and to support TSMC global demands in a timely fashion.

● Equipment

The Company's operations and ongoing expansion plans depend on its ability to obtain necessary equipment and related services available from a limited number of suppliers. As a result, TSMC may encounter the situation of limited supply and/or long delivery cycles. To better manage its supply chain, the Company evaluates and projects delivery lead times to minimize the impact of supply chain risks on operating costs. TSMC has also implemented various collaborative business models and risk management contingencies with suppliers to ensure supply and shorten the procurement lead time. To enhance its sourcing capabilities for its global sites, the company has also taken steps to strengthen its understanding of local regulations, policies, and supply chains. However, if TSMC is unable to acquire in a timely manner the equipment and parts it needs, it may fail to successfully implement capacity expansion plans and exploit time sensitive business opportunities. Additionally, ongoing trade tensions could result in increased prices for, or even unavailability of, key equipment, through delay or denial of necessary export licenses, adoption

of additional export control measures and other tariff or non-tariff barriers. If TSMC is unable to obtain equipment in a timely fashion to fulfill its customers' demand for technology and production capacity, or unable to do so at a reasonable cost, its financial condition and results of operations could be negatively impacted.

Risks Associated with Intellectual Property Rights

The Company's ability to compete successfully and to achieve future growth depends in part on the continued strength of its intellectual property portfolio. While the Company actively enforces and protects its intellectual property rights, there can be no assurance that its efforts will be adequate to prevent the misappropriation or improper use of its proprietary technologies, software, trade secrets or know-how. Also, the Company cannot assure you that, as its business or business models expand into new areas, it will be able to develop independently the technologies, patents, software, trade secrets or know-how necessary to conduct its business or that it can do so without unknowingly infringing the intellectual property rights of others. As a result, the Company may have to rely on, to a certain degree, licensed technologies and patent licenses from others. To the extent that the Company relies on licenses from others, there can be no assurance that it will be able to obtain any or all of the necessary licenses in the future on terms it considers reasonable or at all. The lack of necessary licenses could expose the Company to claims for damages and/or injunctions from third parties, as well as claims for indemnification by its customers in instances where it has contractually agreed to indemnify its customers against damages resulting from infringement claims.

The Company has received, from time to time, communications from third parties, including non-practicing entities and semiconductor companies, asserting that TSMC's technologies, its manufacturing processes, or the design IPs of the semiconductors made by TSMC or the use of those semiconductors by its customers may infringe their patents or other intellectual property rights. Because of the nature of the industry, its market position, and the expansion of its manufacturing operations outside of Taiwan, the Company may receive an increased number of such communications in the future. The assertions made and lawsuits initiated by litigious, well-funded, non-practicing entities are particularly aggressive in their monetary demand and in seeking court-issued injunctions. Recent developments at the U.S. Patent and Trademark Office limiting access to *inter partes review* to remove erroneously issued patents may result in an increase of such assertions and lawsuits and hinder TSMC's

ability to reach a reasonable resolution with patent owners. Such lawsuits and assertions may increase TSMC's cost of doing business and may potentially be extremely disruptive if these asserting entities succeed in blocking the trade of products made and services offered by TSMC. Also, with the expansion of its manufacturing operations into certain non-R.O.C. jurisdictions, it has faced increased challenges in managing risks of intellectual property misappropriation. Despite our efforts to adopt robust measures to mitigate the risk of intellectual property misappropriation in such new jurisdictions, we cannot guarantee that the protection measures we adopted will be sufficient to prevent us from potential infringements by others, or at all.

If the Company fails to obtain or maintain certain technologies or intellectual property licenses or fails to prevent our intellectual property from being misappropriated and, if litigation relating to alleged intellectual property matters occurs, it could: (1) prevent the Company from manufacturing particular products or selling particular services or applying particular technologies; and (2) reduce our ability to compete effectively against entities benefiting from our misappropriated intellectual property, which could reduce its opportunities to generate revenue.

The Company has taken related measures to minimize potential loss of shareholder value arising from intellectual property claims and litigation filed against it. These measures include: strategically obtaining licenses from certain semiconductor and other technology companies as needed; timely securing intellectual property rights originating within and outside of TSMC for defensive and/or offensive protection of TSMC technology and business; and aggressively defending against baseless litigation.

Risks Associated with Litigious and Non-Litigious Matters

As is the case with many companies in the semiconductor industry, the Company has received from time to time communications from third parties asserting that its technologies, its manufacturing processes, or the design of the semiconductors made by TSMC or the use of those semiconductors by its customers may infringe upon their patents or other intellectual property rights. These assertions have at times resulted in litigation by or against the Company and settlement payments by the Company. Irrespective of the validity of these claims, the Company could incur significant costs in the defense thereof or could suffer adverse effects on its operations. The Company is also subject to antitrust compliance requirements and scrutiny by governmental

regulators in multiple jurisdictions. Any adverse results of such proceeding or other similar proceedings that may arise in those jurisdictions could harm TSMC's business and distract its management, and thereby have a material adverse effect on its results of operations or prospects, and subject the Company to potential significant legal liability.

Currently, TSMC's material legal proceeding is as follows:

In February 2025, Longitude Licensing Ltd. and Marlin Semiconductor Limited (collectively, "Marlin") filed complaints with the U.S. International Trade Commission ("ITC") and the U.S. District Court for the Eastern District of Texas alleging that TSMC and its customers infringe five U.S. patents. The ITC instituted an investigation on March 21, 2025 and the lawsuit in the Eastern District Court for Texas was statutorily stayed on April 23, 2025 pending the ITC investigation. The outcome cannot be determined, and we cannot make a reliable estimate of the contingent liability at this time.

Other than the matter described above, as of the date of this Annual Report, TSMC is not currently a party to any other material legal proceedings.

Risks Associated with Mergers and Acquisitions

In 2025 and as of the date of this Annual Report, TSMC had not conducted any merger or acquisition.

Risks Associated with Talent Recruitment

TSMC relies on the continued services and contributions of its management team, as well as skilled technical and professional personnel. Company's business could suffer from the inability to fulfill personnel needs with high quality professionals in a timely fashion caused by the loss of personnel, talent shortages, illegal talent poaching, immigration controls, or related changes in market demand for its products and services. The fierce competition for talent could potentially lead to the Company's being unable to ensure timely fulfillment of its personnel demand.

In order to reduce the risk of talent shortage, TSMC encourages job rotation and employs an on-the-job training and certification system. In this way, employees can continuously learn and enhance their work efficiency and effectiveness. Moreover, TSMC has forged multiple recruitment channels and continues to hire diverse top professionals from Taiwan and overseas. At the same time, the Company continues to expand its industry-academic collaboration to uncover top professionals at an early phase and recruit them for the future.

Future R&D Plans and Expected R&D Spending

For additional details, see "5.2.7 Future R&D Plans" on page 109 of this Annual Report.

Changes in Corporate Reputation and Impact on the Company's Crisis Management

TSMC has established an excellent reputation worldwide based on its core values of integrity, commitment, innovation and customer trust. The Company's positive image also reflects outstanding operations, rigorous corporate governance and dedication to sustainable responsibility by serving as a good corporate citizen. TSMC's image is also bolstered by its pursuit of continuous improvement and breakthroughs in economic, environmental and social dimensions.

In 2025, TSMC was honored with numerous awards and citations for achievements in various areas including operations, corporate governance, patents, profit growth, investor relations, environmental protection, and corporate sustainability. The Company was selected as a part of the Dow Jones Best-in-Class World Index for the 24th consecutive year (Formerly the Dow Jones Sustainability World Index. As of March 2026, the DJBIC's 2025 constituents have been unannounced.). TSMC was given *CommonWealth* magazine's talent sustainability award and also received the corporate sustainability award for 2025 from the Taiwan Institute for Sustainable Energy. The Company earned top honors for the Taiwan Top Ten Sustainability Exemplary, as well as awards for its corporate sustainability report, climate leadership, circular economy leadership, supply chain management, sustainable water management and information security leadership. The S&P Global recognized TSMC as a member of its Sustainability Yearbook award for 2025 and the Company also ranked in the top five percent of the Taiwan Stock Exchange corporate governance evaluation for the 11th year in a row. TSMC was named a member of *Fortune* magazine's 2025 World's Most Admired Companies, and the *Fortune* Global 500 rated TSMC as "Prime" in its ISS-oekom (or ISS ESG) corporate rating. The Company is a member of PricewaterhouseCoopers' Global Top 100 Companies by market capitalization and was also listed on the 2025 Carbon Clean 200TM issued by the media research company Corporate Knights and the non-profit As You Sow organization. TSMC was honored as part of the World Benchmarking Alliance's SDG2000, the 2,000 Most Influential Companies, and in Morgan Stanley Capital International's MSCI Selection Index, MSCI Emerging Markets Selection Index, while also being ranked AA by MSCI Research in its ESG indexes.

To promote sustainability, TSMC's ESG steering committee, led by Chairman and CEO Dr. C.C. Wei, presented the sixth

TSMC ESG Award in 2025, honoring internal organizations and divisions for tangible achievements in the Company's five ESG strategic initiatives: drive green manufacturing, build a responsible supply chain, create a diverse and inclusive workplace, develop talent, and care for the disadvantaged. This award presentation encourages all employees to propose new ideas for sustainability to be assessed for feasibility and potential incorporation in the Company's implementation plans. The 2025 annual ESG Award generated 5,841 innovative ideas and proposals, an increase from 4,330 in 2024, adding new energy to the Company's culture of sustainability.

TSMC is committed to maintaining operational resilience and business continuity by following standards that enable the Company to respond effectively to major risks of natural and man-made disasters, including earthquakes, floodings, typhoons, droughts, tsunamis, sandstorms, wildfires, volcanic eruptions, fire, gas/chemical leaks or spills, pandemics, cyber-attacks, supply chain disruption, geopolitical tensions, sabotage, terrorism, failure of critical facilities and equipment, and disruptions in utilities such as water, electricity and natural gas. TSMC also implements pre-crisis risk assessment, response procedures and recovery plans. In major incidents or crisis events, TSMC adheres to established crisis management guidelines. The Central Crisis Command Center (C4), led by the Chairman and CEO and consisting of senior executives from key functions, provides guidance and decision-making to ensure response readiness, including timely communication with key stakeholders.

In 2025, TSMC received a rating of Low ESG Risk from Sustainalytics ESG Risk Ratings.

TSMC has further strengthened its business continuity management, which includes periodic risk assessments and mitigation strategies. This also involves implementing centralized scenario planning for business continuity management exercises and establishing dedicated task forces. TSMC has also deepened the risk management mechanisms of its overseas subsidiaries and offices by conducting risk management and business continuity management workshops and incident commander training. These efforts aim to fortify operational resilience and raise risk awareness of operational preparedness across TSMC's global footprint.

If the aforementioned crisis occurs, relevant personnel at TSMC's headquarters and global operating locations can deploy comprehensive emergency response measures to eliminate or minimize the impact on personnel safety,

environment, property and operations. Responders also involve the public relations division from the initial stage to ensure that communication channels with stakeholders are open, and that external communication is timely, clear, and consistent regarding the situation.

Risks Associated with Change in Management

In 2025 and as of the date of this Annual Report, there were no such risks for TSMC.

Risks Regarding Non-Compliance with Export Control, Environmental and Climate Change Related Laws, Regulations and Accords, and Failure to Timely Obtain Requisite Approvals Necessary for Conducting Business

Because TSMC engages in manufacturing activities in multiple jurisdictions and conducts business with its customers located worldwide, such activities are subject to a myriad of governmental regulations. For example, the manufacturing, assembling and testing of TSMC's products require the use of equipment that is subject to export control laws and regulations, as well as metals, chemicals, and materials that are subject to environmental, climate-related, health and safety, and humanitarian forced labor prohibition and conflict-free sourcing laws, regulations and guidelines issued worldwide. The Company's failure to comply with any such laws or regulations, as amended from time to time, and its failure to comply with any information and document sharing requests from the relevant authorities in a timely manner could result in:

- significant penalties and legal liabilities, such as the denial of import or export permits or third party private lawsuits, criminal or administrative proceedings;
- the temporary or permanent suspension of production of the affected products;
- the temporary or permanent inability to procure or use certain production critical chemicals or materials;
- unfavorable alterations in TSMC's manufacturing, fabrication and assembly and test processes;
- challenges from its customers that place TSMC at a significant competitive disadvantage, such as loss of revenue in case the Company is unable to satisfy the applicable legal standard or customer requirement;
- restrictions on TSMC's operations or sales;
- loss of tax benefits, including termination of current tax incentives, disqualification of tax credit application and repayment of the tax benefits that the Company is not entitled to; and
- damages to TSMC's goodwill and reputation.

TSMC's role in the semiconductor supply chain inherently limits its visibility into the downstream use or user of final products that incorporate its customers' semiconductor products manufactured by it. This constraint impedes TSMC's ability to fully ensure such semiconductors will not be diverted to unintended end use or end-user, including potentially by its customers, or by third parties. In addition, export controls over certain semiconductors often depend on the products' specific features or performance characteristics that foundries may not be able to verify independently. If TSMC's customers' activities or products are found to be subject to such export controls and TSMC's exports to them did not obtain the required authorization, TSMC could be found in violation of applicable export control or sanctions laws. This could adversely affect TSMC through reputational harm, government investigations, penalties or other financial exposures resulting from relevant legal proceedings, or other adverse consequences. In October 2024, TSMC notified relevant U.S. and Taiwan authorities that one type of its customer's chip manufactured by it might have been diverted to a restricted entity or incorporated into a restricted entity's product, and since then has been cooperating with the authorities' requests for additional information and documents. Despite TSMC's best efforts to comply with all relevant export control and sanctions laws and regulations, there is no assurance that its business activities will not be found in compliance with export control laws and regulations.

TSMC is subject to antitrust laws and regulations in multiple jurisdictions, and from time to time receive related inquiries from enforcement agencies.

With TSMC's success in the foundry business and the increasing criticism on the concentration of the semiconductor industry and sometimes directly on TSMC, TSMC is subject to heightened risks of antitrust investigations. Any adverse results of potential antitrust proceedings could harm TSMC's business and distract TSMC's management, and thereby have a material adverse effect on TSMC's results of operations or prospects, and subject TSMC to potential significant legal liability.

Complying with applicable laws and regulations, such as environmental and climate related laws and regulations, could also require TSMC, among other things, to do the following: (1) purchase, use or install remedial equipment; (2) implement remedial programs such as climate change mitigation programs and air pollution reduction plans; (3) modify its product designs and manufacturing processes, or incur other

significant expenses such as paying any incurred carbon fees if the Company's emission levels exceed applicable thresholds, and obtaining renewable energy sources, renewable energy certificates or carbon credits, substitute raw materials or chemicals that may cost more or be less available for the Company's operations.

TSMC's inability to timely obtain approvals necessary for the conduct of its business could impair its operational and financial results. For example, if the Company is unable to timely obtain environmental related approvals needed to undertake the development and construction of a new fab or expansion project, then such inability may delay, limit, or increase the cost of its expansion plans that could also in turn adversely affect its business and operational results. In light of increased public interest in environmental issues, TSMC's operations and expansion plans may be adversely affected or delayed in response to public concern and social environmental pressures even if the Company complies with all applicable laws and regulations.

TSMC believes that climate change should be regarded as a significant corporate risk that must be managed to improve competitiveness.

For TSMC's climate change related risks and control measures, see the Climate Change and Energy Management section under "7.2.1 Environmental Protection" on pages 162-163 of this Annual Report.

6.2.4 Financial Risks

Economic Risks

Any future systemic political, economic or financial crisis or market volatility, including but not limited to interest rate and foreign exchange rate fluctuations, inflation or deflation or changes in economic, fiscal and monetary policies in major economies, could cause revenue or profits for the semiconductor industry as a whole to decline dramatically. If the economic conditions or financial conditions of the Company's customers were to deteriorate, the demand for its products and services may decrease and additional accounting related allowances may be required, which could reduce TSMC's revenue and income. For example, the geopolitical instability resulting from military conflicts cause, among others, supply chains disruptions, inflation, heightened regulatory uncertainty and volatility in financial markets, which may lead to broader negative impacts on the global economy.

● Interest Rate Fluctuation

TSMC is exposed to interest rate risks primarily in relation to its investment portfolio and outstanding debt. Changes in interest rates affect the interest earned on the Company's cash and cash equivalents and fixed income securities, the fair value of those securities, as well as the interest paid on its debt.

The objective of TSMC's investment policy is to achieve a return that will allow the Company to preserve principal and support liquidity requirements. The policy generally requires the Company to invest in investment grade securities and limits the amount of credit exposure to any one issuer. The majority of TSMC's fixed income investments are fixed-rate securities, which are classified as financial assets at fair value through other comprehensive income (FVTOCI) or at amortized cost. For those fixed income investments classified as financial assets at FVTOCI, changes in their fair value are recognized through other comprehensive income; for those classified as financial assets at amortized cost, changes in their fair value are not reflected in the carrying amount. Both classifications are recognized in profit or loss if the assets are sold.

The majority of TSMC's debt is fixed-rate and measured at amortized cost and, as such, changes in interest rates would not affect future cash flows or the carrying amount.

TSMC has entered and may in the future enter into interest rate derivatives to partially hedge interest rate risk on its fixed income investments and anticipated debt issuance. However, these hedges can offset only a limited portion of the financial impact from movements in interest rates.

● Foreign Exchange Volatility

Substantially all of TSMC's sales are denominated in U.S. dollars and over half of its capital expenditures are denominated in currencies other than the NT dollar, primarily in U.S. dollars, Euros and Japanese yen. As a result, any significant fluctuations to its disadvantage in the exchange rate of the NT dollar against such currencies, in particular a weakening of the U.S. dollar against the NT dollar, would have an adverse impact on the Company's revenue and operating profit as expressed in NT dollars. For example, every one percent depreciation of the U.S. dollar against the NT dollar would result in an approximately 0.3 percentage point decrease in the Company's operating margin based on its 2025 results.

Conversely, if the U.S. dollar appreciates significantly versus other major currencies, the demand for the products and services of TSMC's customers and for its goods and services will likely decrease, which will negatively affect the Company's revenue. TSMC uses foreign currency derivatives contracts, such as currency forwards or currency swaps, and non-derivative financial instruments, such as foreign currency denominated debts and bank deposits, to protect against currency exchange rate risks associated with non-NT dollar-denominated monetary assets and liabilities, net investments in foreign operations, and certain forecasted transactions. These hedges reduce, but do not entirely eliminate, the effect of foreign currency exchange rate movements on the assets and liabilities.

Fluctuations in the exchange rate between the U.S. dollar and the NT dollar may affect the U.S. dollar value of the Company's common shares and the market price of the Company's American Depositary Shares (ADSs) as well as any cash dividends paid in NT dollars on TSMC's common shares represented by ADSs.

● Inflation

TSMC is subject to the effects of inflation through increases in the cost of items such as raw materials and equipment used to produce its products, wage expenses and employee benefits, electricity costs, and costs in relation to construction of fabs. Although TSMC does not believe that inflation has had a material impact on its financial position or results of operations to date, a high inflation in the future may have an adverse effect on the Company's ability to maintain current levels of profit margin if the selling prices of its products and services do not increase with these increased costs.

● Amendments to Tax Regulations or Implementation of New Tax Laws

Any amendments to existing tax regulations or the implementation of any new tax laws in the jurisdictions in which TSMC operates its business may have an adverse effect on its net income.

While the Company is subject to tax laws and regulations in various jurisdictions in which it operates or conducts business, TSMC's principal operations are in the R.O.C. and it is exposed primarily to taxes levied by the R.O.C. government. Any unfavorable changes of tax laws and regulations in these jurisdictions could increase TSMC's effective tax rate and adversely affect its operating results. Further, changes in the

tax laws of foreign jurisdictions could arise as a result of the base erosion and profit shifting ("BEPS") project that was undertaken by the Organization for Economic Cooperation and Development (OECD). These changes may increase tax uncertainty and have an adverse effect on TSMC's operating results.

In order to control tax risk, the Company closely monitors all domestic and foreign governmental policies and regulations that might impact its financial operations. TSMC has established risk management procedures to collect information, analyze potential tax implications, and develop countermeasures.

Risks Associated with External Financing

In addition, sufficient external financing may not be available to the Company on a timely basis, on commercially reasonable terms to the Company, or at all. If sufficient external financing is not available when TSMC needs such financing to meet its capital requirements, the Company may be forced to curtail its expansion, modify plans or delay the deployment of new or expanded services until it obtains such financing. In conclusion, any of these events, including any future global systemic crisis or further escalation of trade tensions as described above, could materially and adversely affect our results of operations.

Risks Associated with High-Risk/Highly Leveraged Investments; Lending, Endorsements, and Guarantees for Other Parties; and Financial Derivative Transactions

In 2025 and as of the date of this Annual Report, TSMC made no high-risk or highly leveraged financial investments. All financial derivative transactions engaged by TSMC were strictly for hedging and not for trading or speculative purposes. All guarantees and intercompany loans provided by TSMC and its subsidiaries were solely for TSMC and/or its wholly-owned subsidiaries. All guarantees and intercompany loans were in compliance with relevant rules and regulations.

To manage risks of various financial transactions, TSMC has established internal control policies and procedures based on sound financial and business practices, all in compliance with the relevant rules and regulations issued by the R.O.C. Financial Supervisory Commission. TSMC's policies and procedures include Procedures for Financial Derivatives Transactions, Procedures for Lending Funds to Other Parties, Procedures for Acquisition or Disposal of Assets, and Procedures for Endorsement and Guarantee.

Risks Associated with Impairment Charges

Under Taiwan-IFRSs, TSMC is required to evaluate its tangible assets, right-of-use assets and intangible assets for impairment whenever triggering events or changes in circumstances indicate that the asset may be impaired. If certain criteria are met, TSMC is required to record an impairment charge. TSMC is not able to estimate the extent or timing of any impairment charge for future years. Any impairment charge required may have a material adverse effect on the Company's net income.

The determination of an impairment charge at any given time is mainly based on the projected results of operations over several years subsequent to that time. Consequently, an impairment charge is more likely to occur during a period when the Company's operating results are otherwise already depressed. In the process of evaluating the potential impairment of tangible assets, right-of-use assets and intangible assets other than goodwill, TSMC determines the independent cash flows, useful lives, expected future revenue and expenses related to the specific asset groups with the consideration of the nature of semiconductor industry. Any change in these estimates based on changed economic conditions or business strategies could result in significant impairment charges or reversal in future years.

6.2.5 Other Risks

Potential Impact and Risks Associated with Sales of Significant Numbers of Shares by TSMC's Directors, and/or Shareholders Who Own 10% or More of TSMC's Total Outstanding Shares

The value of TSMC shareholders' investment may be reduced by possible future sales of TSMC shares owned by major shareholders.

As of the date of this Annual Report, no single shareholder owned 10% or more of TSMC's total outstanding shares.

Risks of Trade Policies

As TSMC's revenue is primarily derived from sales to major economies in the world (please refer to "2.2.4 TSMC Position, Differentiation and Strategy" on pages 19-21 of this Annual Report), any changes in the trade policies (such as the increase of tariffs on certain products, the implementation of import and export controls, and the adoption of other trade barriers) of such major economies can affect the sales of TSMC or its customers and thereby affect TSMC's operating results. For

example, in April 2025, the U.S. President announced a 10% baseline tariff on imports into the U.S. from all countries, as well as varying reciprocal tariffs on most of the U.S.'s trading partners under the International Emergency Economic Powers Act ("IEEPA"). Collection of the reciprocal tariffs was delayed until August 2025, and while they excluded semiconductors, semiconductor manufacturing equipment and their respective derivative products (collectively "Semiconductor Items"), these tariffs nonetheless affected our cost of operations in the U.S. These tariffs were declared unlawful by a ruling of the February 2026 U.S. Supreme Court in February 2026, which held that the IEEPA does not authorize the U.S. President to impose tariffs ruling. While the ruling removes IEEPA as a basis for tariffs, its broader impact on the U.S.'s tariff and trade agenda, international trade activities, and the global economy remains uncertain. Following the Supreme Court ruling, the U.S. imposed a replacement tariff under Section 122 of the Trade Act of 1974 and in March 2026, the U.S. Trade Representative, using authority in Section 301 of the Trade Act of 1974, initiated two investigations relating to alleged manufacturing overcapacity and failures to take action on forced labor, targeting various economies, including Taiwan, which could result in trade actions such as the imposition of additional tariffs. Also, in April 2025, the U.S. government initiated a Section 232 investigation related to imports of Semiconductor Items, which concluded in December 2025. As a result, the U.S. issues a proclamation imposing a 25% ad valorem tariff on the import of certain advanced computing chips and derivative products meeting specified technical performance thresholds, unless such products are imported for designated use in the U.S. The proclamation also signaled the potential for broader tariffs on Semiconductor Items following further trade negotiations, accompanied by a tariff offset program intended to incentivize the U.S. domestic manufacturing. Further, in January 2026, the U.S. announced it had reached a trade and investment agreement with Taiwan, which would reduce U.S. reciprocal tariff rates on Taiwanese goods to no more than 15%. The agreement also grants preferential Section 232 treatment for Taiwanese semiconductor producers investing in U.S. manufacturing capacity. However, details regarding the impacts of the U.S. Supreme Court decision striking down the

IEEPA reciprocal tariffs as well as the preferential treatment with respect to Section 232 tariffs, including any offsets, are still unclear. Any tariffs imposed on imports of semiconductors and products incorporating chips into the U.S. may result in increased costs for purchasing such products, which may, in turn, lead to decreased demand for TSMC's products and services and adversely affect TSMC's business and future growth. Any tariffs imposed on imports of semiconductor manufacturing equipment into the United States may result in increased costs for TSMC's manufacturing operations in the United States and reduce TSMC's profitability.

Additionally, any increase in the use of export control restrictions and sanctions to target certain countries and entities, any expansion of the extraterritorial jurisdiction of such measures, or complete or partial ban on semiconductor products sales to certain entities could impact not only TSMC's ability to continue supplying products to those customers, but also our customers' demand for our products, and could even lead to changes in semiconductor supply chains. For example, in October 2022 and October 2023, the U.S. adopted additional export controls (the "October Rules") over specified countries (including China) under the U.S. Export Administration Regulations ("U.S. EAR") on certain advanced computing integrated circuits ("ICs"). In January 2025, the U.S. further issued new rules to reinforce controls on export of advanced computing ICs, pursuant to which we may need to obtain an export license prior to shipping products using 16-nanometer or below process to specified destinations unless specific conditions are met. As a result, shipments of certain products may be delayed or prohibited due to the license requirements and the Company's financial results may be adversely affected. The October Rules also impose license requirements for items subject to the U.S. EAR where the items are destined to a semiconductor fabrication facility in China that fabricates specified advanced node ICs as well as for U.S. persons' activities supporting such facility or semiconductor manufacturing items. In response, TSMC obtained from the U.S. Department of Commerce a Validated End-User (the "VEU") authorization for TSMC's fab located in Nanjing, China, which allowed TSMC's fab in Nanjing to

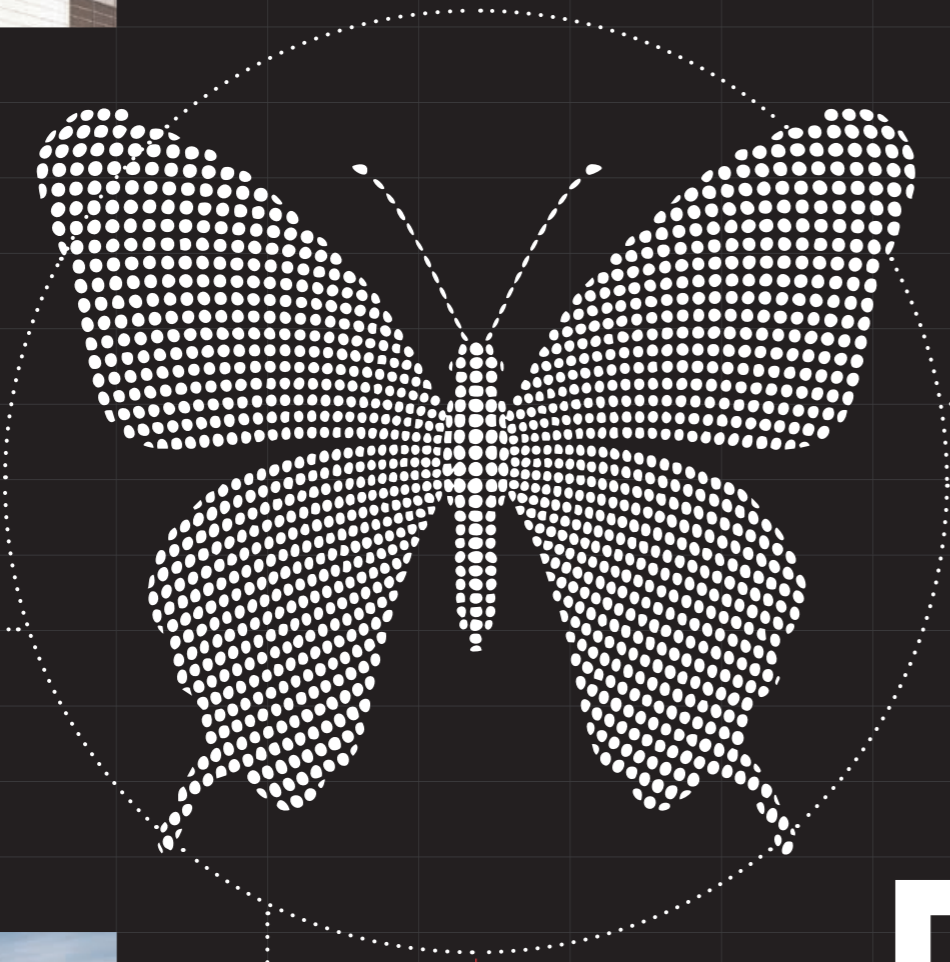
receive exports of eligible items from the U.S. without separate licenses. Although the VEU authorization expired in December 2025, the U.S. Department of Commerce has granted TSMC Nanjing Company Limited ("TSMC Nanjing") an annual export license that allows U.S. export-controlled items to be supplied to TSMC Nanjing, which ensures uninterrupted fab operations and product deliveries. However, there is no assurance that this annual export license will not be terminated, or we can timely get the license renewed in the future.

On the other hand, measures adopted by an affected country to counteract the impact of another country's actions or regulations could lead to significant legal liability to multinational corporations including our own. For example, in January 2021, China adopted a blocking statute that, among other matters, entitles Chinese entities incurring damages from a multinational's compliance with foreign laws to seek civil remedies.

Imposition of trade barriers, including protectionist measures, sanctions and import and export controls (including without limitation the export control measures mentioned in the foregoing paragraph), could increase TSMC's manufacturing costs, limit TSMC's access to certain supplies, make TSMC's pricing less competitive, and impact the sales of TSMC or its customers. In 2024 and as of the date of this Annual Report, the Company's current results of operations have not been materially affected by the expanded export control regulations or the novel rules or measures adopted to counteract them. Nevertheless, depending on future developments in global trade tensions and military conflicts, such regulations, rules, or measures may have an adverse impact on the Company's business and operations, and TSMC may incur significant legal liability and financial losses as a result.

TSMC continues to monitor the recent shifts in trade policies and measures among the relevant major economies and will take corresponding responsive actions in accordance with subsequent developments.

CHAPTER



Corporate Sustainability (ESG)

TSMC is the only semiconductor company to be selected as a component of the Dow Jones Best-in-Class World Indices for 24 consecutive years.

(As of March 2026, the Dow Jones Best-in-Class Indices' 2025 constituents have not been announced.)

7.1 Overview

TSMC fulfills its corporate social responsibilities by actively pursuing three core missions: acting with integrity, strengthening environmental protection, and caring for the underprivileged. In addition to striving for excellence in the semiconductor foundry business, the Company is also dedicated to advancing environmental, social, governance (ESG) practices across these dimensions. TSMC strives for continuous ESG progress by collaborating closely with all its stakeholders: employees, shareholders/investors, customers, suppliers/contractors, governments/associations, and communities. Through these collective efforts, TSMC is committed to fostering shared prosperity and building a sustainable future.

Guidance for Implementing ESG

TSMC's ESG Policy serves as the paramount guiding principle for sustainable development. The ESG Matrix, defined by the Company's founder, Dr. Morris Chang, delineates the Company's ESG scope. The horizontal axis represents the aspiration to set sustainability benchmarks in seven domains: morality, business ethics, economy, rule of law, sustainability, work-life balance/happiness, and philanthropy. The vertical axis showcases specific actions the Company has taken to promote integrity, law compliance, anti-corruption/anti-bribery/anti-cronyism, environmental protection/climate action/energy conservation, and corporate governance, all while providing well-paying jobs, generating good shareholder return, enhancing employee work-life balance, encouraging innovation and establishing a good work environment. Through the TSMC Charity Foundation and the TSMC Education and Culture Foundation, the Company actively engages in societal participation to amplify positive impacts.

TSMC ESG Matrix

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

ESG Management

The ESG Steering Committee is chaired by the Company's Chairman, with the Chairperson of the ESG Committee acting as the executive secretary. The committee, consisting of senior executives from various fields, collaboratively reviews ESG issues relevant to the Company's operations and formulates short-, medium-, and long-term strategic directions and development goals. The committee is committed to promoting sustainable development by integrating TSMC's core strengths with the United Nations Sustainable Development Goals (SDGs).

The ESG Committee, following the resolutions of the ESG Steering Committee, integrates resources and facilitates cross-departmental communication. It directs the Corporate Sustainability Office, which was established in 2019 and renamed in 2025, and works with cross-organizational management representatives to identify material issues that align with stakeholder concerns, are relevant to TSMC's operations, and can create a significant sustainability impact. Taskforces have been formed to address these issues by developing relevant strategies, objectives and action plans. Quarterly meetings are held to monitor progress

and ensure that ESG strategies are effectively implemented in TSMC's daily operations. Furthermore, the ESG Committee provides quarterly reports on ESG execution results and future plans to the Board of Directors and the Nominating, Corporate Governance, and Sustainability Committee incorporating feedback and recommendations to drive continuous improvement. These efforts aim to deepen TSMC's sustainability management and reinforce its commitment to sustainable development.

In 2025, TSMC's ESG efforts primarily focused on green manufacturing and supply chain management, including science based targets (SBT), water positive initiatives, and value chain decarbonization; inclusive workplace and talent development such as implementing workplace human rights improvement plans and strengthening intercultural learning programs; and social contributions including promotion of science education in rural areas, contractor workplace safety care projects, and biodiversity initiatives. TSMC utilizes its sustainability report as a key tool for ESG management and, for the first time, released its Responsible Supply Chain Report. Furthermore, several thematic reports were updated, including the Climate and Nature Report, the UN SDG Action Report, the Sustainability Impact Valuation Report, and the Human Rights Report. Through these diverse reports, TSMC addresses stakeholder concerns and collaboratively creates sustainable value.

Stakeholder Engagement

TSMC respects all stakeholders' rights and interests in sustainability issues through diverse communication platforms. These channels include a dedicated Sustainability website, an ESG mailbox, employee feedback channels, an Irregular Business Conduct Reporting System, a customer satisfaction survey, an Investor Relations mailbox, and a Supply Chain Employee Grievance Channel. TSMC incorporates stakeholders' concerns regarding sustainability issues as one of the key dimensions in its materiality analysis process, systematically manages and addresses stakeholders' opinions and expectations.

Stakeholders and Communication Channels in 2025

Stakeholders	Communication Channels
Employees	<ul style="list-style-type: none"> TSMC Core Values Survey and Employee Engagement Survey Workplace Human Rights Climate Survey and Risk-Aware Culture Survey Employee training (forums, lectures, physical and online courses) Silicon Garden Meeting (Labor-Management Meeting) Communication meetings for various levels and organizations of managers and employees, e.g., townhall meetings held by the Management team, and different levels of communication meetings held within the Functions Human Resources Business Partners and People Partners Employee portal, emails announcements, and physical and digital bulletin board Diverse communication channels, such as Silicon Garden Meeting, Ombudsman System, Whistleblower Procedures, Irregular Business Conduct Reporting, Sexual Harassment Investigation Committee, Fab Caring Circle, Employee Opinion Box, Wellness Center, Wellness website, etc.
Shareholders/Investors	<ul style="list-style-type: none"> General shareholders' meeting Annual Reports, Sustainability Reports, Theme Reports (Climate and Nature Reports, UN SDGs Action Reports, Materiality Analysis Reports, Sustainability Impact Valuation Reports, Human Rights Reports, Responsible Supply Chain Reports), and Form 20-F with the U.S. Securities and Exchange Commission Earnings conference Domestic and overseas broker conference Face-to-face meetings, video conference calls, telephone conference calls and Investor Relations mailbox Major announcements on the Market Observation Post System, and corporate press releases on the Company's website
Customers	<ul style="list-style-type: none"> Customer satisfaction survey Business and technology assessment Customer meetings Customer visits/audits
Suppliers/Contractors	<ul style="list-style-type: none"> Supply chain environment, safety and health training Supplier Self-Assessment Questionnaire (SAQ) Supplier human rights enhancement workshop and forum Supplier Code of Conduct and Sustainability Standards promotion Sustainable Supply Chain Environment, Safety and Health Forum, Supply Chain ESH Technical Forum Carbon reduction follow-up meeting with major emission suppliers Construction Site Safety Sharing Session Supplier meetings On-site support and audit Supply Chain Employee Grievance Channel Supply Online 360 Global Responsible Supply Chain Platform
Government/Industry Associations	<ul style="list-style-type: none"> Industry association communication platform Official correspondence, documents, emails and visits Offer industry experience and advice, and keynote speech Conferences (e.g., briefings, public hearings, symposia, seminars, meetups, phone conference)
Communities	<ul style="list-style-type: none"> Volunteer cadre meetings and volunteer activities and services Project collaboration and visit Sponsorship of charity projects and educational projects "Sending Love" charity platform TSMC Education and Culture Foundation and TSMC Charity Foundation websites Sustainability website, ESG Newsletter, ESG mailbox and social media (Facebook and LinkedIn) Irregular Business Conduct Reporting System

Responsibilities of ESG Steering Committee and ESG Committee Members

Committee Members	Responsibilities	Stakeholders
Business Development	Shaping an energy-efficient technology roadmap; building alliance with customers to foster smarter and greener product innovations; establishing and promoting TSMC as a responsible technology thought leader, and sharing its experiences and achievements	Employees Customers Communities
Customer Service	Customers' service and satisfaction, customer trust, customer confidentiality, Responsible Business Alliance and its code of conduct	Customers Government/Industry Associations
Environment, Safety and Health	Environmental policy and management system, climate change mitigation and adaptation, 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 Shareholders/Investors Customers Suppliers/Contractors Government/Industry Associations Communities
Finance	Financial disclosure, dividend policy, tax strategy	Employees Shareholders/Investors Customers Suppliers/Contractors Government/Industry Associations
Human Resources	Inclusive workplace, talent attraction and retention, talent development	Employees Government/Industry Associations Communities
Information Technology	Information security	Employees Shareholders/Investors Customers Suppliers/Contractors Government/Industry Associations
Investor Relations	Resolving issues of stakeholder concern, establishing trusting long-term relationships, effective two-way communication, annual report production	Shareholders/Investors
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/Industry Associations Communities
Materials Management	Materials and supply chain risk management, supplier management, conflict minerals, Responsible Business Alliance and its code of conduct, circular resources	Shareholders/Investors Customers Suppliers/Contractors Government/Industry Associations
Operations	Operational eco-efficiency, pollution prevention, water positivity and risk management, green manufacturing	Shareholders/Investors Customers Suppliers/Contractors
Public Relations	Stakeholder engagement, mechanism for reflecting issues of social concern, media relations	Employees Shareholders/Investors Customers Suppliers/Contractors Government/Industry Associations Communities
Quality and Reliability	Product quality and reliability, product recall mechanism	Customers Suppliers/Contractors
Research and Development	Innovation management, green products	Employees Customers Suppliers/Contractors Government/Industry Associations
Risk Management	Risk management, crisis management, emergency response and action plan	Employees Shareholders/Investors Customers Suppliers/Contractors
TSMC Education and Culture Foundation	Cultivate young generation, promote educational collaboration, promote arts and culture	Communities
TSMC Charity Foundation	Empower education, care for the elderly, protect the Environment	Communities

TSMC aligns with global sustainable disclosure trends and has published a non-financial report for 27 consecutive years, demonstrating its long-term commitment to sustainability. In 2024, the Company initiated the International Financial Reporting Standards (IFRS) sustainability disclosure project, forming a cross-departmental taskforce to enhance information transparency. In 2025, in accordance with IFRS S1 (general requirements for disclosure of sustainability-related financial information) and S2 (climate-related disclosures), TSMC identified sustainability and climate-related risks and opportunities, evaluated their financial impacts, and established relevant management metrics and targets. The Company will continuously refine its sustainability management and information disclosure and will regularly report on progress to the Board of Directors, as stipulated by Taiwanese regulatory authorities.

TSMC adheres to GRI 3 Material Topics 2021, incorporating the Materiality framework from the World Economic Forum (WEF) and the Double Materiality principle outlined in the European Sustainability Reporting Standards (ESRS), and constructs its materiality matrix based on three dimensions: stakeholder concerns, impact on organizations, and impact on sustainability. The scope includes all TSMC fabs in Taiwan, TSMC headquarters, all wafer fabs, and advanced backend fabs, as well as TSMC China, TSMC Nanjing, TSMC Arizona, TSMC Washington, LLC, Japan Advanced Semiconductor Manufacturing, Inc., VisEra, and other subsidiaries and entails identifying the Company's material issues to guide its sustainability management direction, integrating opportunity and risk perspectives to strategize and set sustainability goals, and enhancing its sustainability impact through cross-departmental collaboration.

In addition to complying with GRI Standards, TSMC's sustainability report follows the recommendations set forth by the Taskforce on Climate-related Financial Disclosures (TCFD) and the Taskforce on Nature-related Financial Disclosures (TNFD), as well as the Sustainability Accounting Standards Board (SASB) Standards and the AA1000 Accountability Principles. The Company also assesses its social investment projects in accordance with the Impact Reporting and Investment Standards (IRIS+). To enhance credibility, the report undergoes third-party verification by DNV Business Assurance Co., Ltd., with the scope and criteria for verification grounded in the DNV VeriSustain™ Protocol, GRI Standards, SASB metrics, and TCFD frameworks. These standards and verification processes collectively ensure comprehensive and transparent sustainability disclosures.

To meet global sustainability regulations, TSMC has strengthened its ESG governance framework and internal control mechanisms, adopting a more efficient, data-driven sustainability model. ESG principles are integrated across all operational facets, including research and development, manufacturing, talent development, and supply chain management, to uphold environmental protection, social responsibility, and corporate governance from within, aiming to achieve sustainable growth and create long-term value. As the only semiconductor company listed in the Dow Jones Sustainability World Index for 24 consecutive years, TSMC continues to deepen sustainability innovation, focusing on its five ESG directions: drive green manufacturing, build a responsible supply chain, create a healthy and inclusive workplace, develop talent, and care for the underprivileged. Through these efforts, TSMC aims to generate tangible, positive impacts while collaborating with stakeholders to drive positive change.

2025 ESG Awards and Ratings

Category	Organization	Awards and Ratings	
Overall ESG	Dow Jones Best-in-Class Indices (DJBI)	•Dow Jones Sustainability World Index for the 24 th consecutive year	
	MSCI Selection Index	•MSCI ESG Research – AA Ratings •MSCI ACWI Selection Index component •MSCI Emerging Markets Selection Index component	
	Sustainalytics	•Company ESG Risk Ratings: Low ESG Risk – Semiconductor Industry	
	ISS ESG	•"Prime" Rated by ISS ESG Corporate Rating	
	FTSE4Good Index	•FTSE4Good Emerging Index component •FTSE4Good All-World Index component •FTSE4Good TIP Taiwan ESG Index component	
	World Benchmarking Alliance (WBA)	•SDG2000 – The 2,000 Most Influential Companies	
	S&P Global	•The Sustainability Yearbook Award 2025 – Sustainability Yearbook Member	
	TIME	•TIME100 AI 2025, TSMC Chairman and Chief Executive Officer, Dr C.C. Wei	
	Taiwan Institute for Sustainable Energy	•The Most Prestigious Sustainability Award – Top Ten Domestic Corporates •The Most Prestigious Sustainability Award – Top One Hundred Domestic Corporates •Best Sustainability Report Award •Cyclical Economy Leadership Award •Information Security Leadership Award •Sustainable Supply Chain Leadership Award •Water Management Leadership Award •Climate Leadership Award	
	Morningstar	•The Best Sustainable Companies to Own in 2026	
	Economy and Governance	Extel 2025 All-Asia Executive Team	•Most Honored Company (Technology/Semiconductors) – 1 st Place (buy-side and sell-side) – All-Asia •Best CEO (Technology/Semiconductors) – 1 st Place (buy-side and sell-side) – All-Asia •Best CFO (Technology/Semiconductors) – 1 st Place (buy-side and sell-side) – All-Asia •Best IR Professionals (Technology/Semiconductors) – 1 st Place (buy-side and sell-side) – All-Asia •Best IR Team (Technology/Semiconductors) – 1 st Place (buy-side and sell-side) – All-Asia •Best IR Program (Technology/Semiconductors) – 1 st Place (buy-side and sell-side) – All-Asia •Best ESG Program (Technology/Semiconductors) – 1 st Place (buy-side and sell-side) – All-Asia •Best Company Board (Technology/Semiconductors) – 1 st Place (buy-side and sell-side) – All-Asia
		IFI Claims Patent Services	•Ranked as 2 nd in 2025 Top 50 US Patent Assignees
		Forbes	•Forbes Global 500
FORTUNE		•2025 World's Most Admired Companies •Fortune Global 500	
Brand Finance		•Brand Finance Global 500	
Business Today		•Top 1,000 Enterprises in Taiwan, Hong Kong and Mainland China	
Taiwan Stock Exchange		•Top 5% in Corporate Governance Evaluation of Listed Companies	
PricewaterhouseCoopers		•Global Top 100 Companies by Market Capitalization	
R.O.C. Ministry of Economic Affairs Intellectual Property Office		•Ranked No. 1 in Taiwan Patent Applications •Ranked No. 1 in Taiwan Patent Grants	
Industrial Development Administration, Ministry of Economic Affairs		•Taiwan Intellectual Property Management System (TIPS) AAA certification	
Germany Federal Office for Information Security		•Common Criteria, ISO/IEC 15408- EAL6 Site Certification	
Corporate Synergy Development Center		•Taiwan Continuous Improvement Award – Gold Tower Award – Fab 2, Fab 5, Fab 12A, Fab14 A •Taiwan Continuous Improvement Award – Silver Tower Award – Fab 6, Fab18B, R&D & ACCT •Taiwan Continuous Improvement Award – Fab 2, Fab 5, Fab 12 A, Fab 14 A, Fab 16	
Clarivate		•2025 Top 100 Global Innovators	
LexisNexis	•Innovation Momentum 2025: The Global Top 100		

(Continued)

Category	Organization	Awards and Ratings
Environment, Safety and Health	Corporate Knights & As You Sow	•2025 Carbon Clean 200™ List
	CDP	•Climate Change B Ratings •Water Security A- Ratings •Supply Chain Management A Ratings
	Alliance for Water Stewardship, AWS	•"Platinum" Class Certification for the 5th consecutive year – Fab 5, Fab 6, Fab 12A, Fab 12B, Fab 14P5, Fab 14P6, Fab 14P7, Fab 15A, Fab 15B, AP3
	U.S. Green Building Council	•Leadership in Energy and Environmental Design (LEED) – "Gold" Class Certification – TSMC Fab 12, Fab 14, Fab 15, Fab 18, Fab 23, Advanced Backend Fabs, total 57 buildings and office
	UL Solutions	•Platinum Rating for UL 2799 Waste Recycling Standard – TSMC's Taiwan Fabs, TSMC China, TSMC Nanjing
	Ministry of Environment, R.O.C.	•National Enterprise Environmental Protection Award – Excellence Award – Fab 14B •National Enterprise Environmental Protection Award – Gold Award – Fab 8, Fab 15, Fab 18P1 •Sustainable Water Innovation Award – Fab 15B •Green Procurement Award – Fab 2, Fab 3, Fab 5, Fab 8, Fab 12A, Fab 14, Fab 15B, AP6
	Society	Forbes
CommonWealth Magazine		•Talent Sustainability Award 2 nd Place
Global Views Monthly		•Best Workplace for Inclusion 1 st Place

7.2 Environmental, Safety and Health (ESH) Management

TSMC believes its environmental, safety and health (ESH) practices should not only meet legal requirements but also align with internationally recognized best practices. The Company's ESH policies aim to achieve "environmental sustainability" and "zero incidents" and to make TSMC a world-class organization with respect to environmental, safety and health management. The Company's strategies for attaining these goals are to comply with regulations, promote safety and health, strengthen recycling and pollution prevention, manage ESH risks, instill an ESH culture, establish a green supply chain, and fulfill its related corporate citizen responsibilities.

All TSMC and its subsidiaries' manufacturing facilities have received ISO 14001: 2015 certification for environmental management systems and ISO 45001: 2018 certification for occupational safety and health management systems. TSMC and its subsidiary fabs in Taiwan have each been certified by the Taiwan Occupational Safety and Health Management System (TOSHMS). TSMC began implementing the ISO 50001 energy management system for continuous improvement in energy conservation since 2011, and have continually maintained its effectiveness through third-party certification. All these certifications have been maintained and remain valid. Per TSMC policy, all new facilities are required to attain these certifications within 18 months after receiving their operating license.

To reduce overall environmental, safety and health risks, TSMC strives for continuous improvement and actively seeks to enhance climate-change management, pollution prevention and control, power and resource conservation, waste reduction and recycling, safety and health management, and fire and explosion prevention, as well as to minimize the impact of earthquake damage.

In order to meet regulatory and customer requirements for the management of hazardous materials, all TSMC fabs have been IECQ QC 080000 certified for hazardous substance process management (HSPM) and have maintained validity since 2006. This ensures that the Company's products comply with customer requirements and international regulations, including the EU's Restriction of Hazardous Substances (RoHS) directive, the EU's Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), the Montreal Protocol on Substances that Deplete the Ozone Layer, the "halogen-free in electronic products" initiative, and restriction standards for perfluorooctane sulfonates (PFOS), perfluorooctanoic acid (PFOA) and related substances. In addition, TSMC continues to phase out the use of the hazardous substance N-methylpyrrolidinone (NMP) in wet etching process. By the end of 2025, only one special process remained under evaluation for substitution, and it is expected to be eliminated in 2026.

Aiming to establish the healthiest possible workplace, in 2017 TSMC formed a corporate health promotion committee led by executives at the vice president level to address on an ad-hoc basis occupational disease cases or other health issues. The committee members include fab directors, managers of safety and health department, and representatives from wellness, HR and legal affairs divisions. External experts are also invited to discuss the potential risks of occupational diseases in the semiconductor manufacturing process and prevention plans for such diseases. To mitigate health risks to employees, suppliers and contractors in the workplace, TSMC has adopted rigorous safety and health control measures focused on preventing occupational injuries and diseases and promoting employee safety, physical and mental health.

To minimize supply chain risk and fulfill its corporate citizen responsibility, TSMC not only follows ESH best practices internally but also strives to improve the ESH performance of its suppliers and contractors through audits and counselling.

TSMC uses priority work management and self-management to govern services provided by contractors. The Company requires contractors performing level-one high-risk operations to complete certification for technicians and to establish their own ISO 45001 safety and health management system. The emphasis on self-management nurtures a sense of responsibility, with the goal of promoting safety awareness and technical improvement for all contractors in the industry. For onsite contractor personnel, TSMC not only provides standardized courses on safety and health but has also established interactive online training and increased the frequency of such courses to improve effectiveness and safety awareness. To ensure that the Company's safety protocols are accurately delivered to contractors on a timely basis, TSMC has also established a digital platform for mutual communication, a blue book for contractor safety, injury and illness programs, and enhanced job safety analysis to ensure onsite safety, thereby reducing operational risks at construction sites.

TSMC collaborates closely with its suppliers to promote sustainable supply chain management. The approach covers multiple critical aspects: from establishing rigorous sustainability standards for suppliers, formulating audit plans,

conducting audits and tracking improvements to providing professional guidance and training to ensure continuous progress. For those whose performance requires improvement, in-depth re-guidance is offered to jointly achieve sustainability goals. The focus in 2025 included enhancing supplier capabilities in environmental, safety, and health technologies, improving fire self-response and wastewater effluents, and increasing the understanding of biodiversity issues. To achieve these, the Company held a key risk workshop for small and medium enterprises that included 58 participants from 47 suppliers and continued the supplier ESH improvement program for senior executives that drew 26 participants from five suppliers. Additionally, for tenth consecutive year, suppliers have been invited to observe TSMC's annual emergency response drills (240 participants from 234 suppliers) and the Company's ESH sustainability forum focused on successful case sharing (443 participants from 230 suppliers). The ESH technical forum was held to provide solutions to common ESH and ESG issues (217 participants). TSMC also conducted ESH audits at supplier manufacturing sites and actively assisted suppliers in improving their ESH performance. Furthermore, TSMC continued to actively monitor potential climate change risks faced by the supply chain. The Company also required suppliers to conduct carbon inventories and strongly encouraged them to implement measures for energy saving, carbon reduction, water conservation and waste reduction, with the goal of jointly addressing climate challenges.

7.2.1 Environmental Protection

Climate Change and Energy Management

• **Taskforce on Climate-Related Financial Disclosures (TCFD)**
To address the potential financial risks of climate change on operations, in 2018 TSMC adopted the TCFD's recommendations released by the Financial Stability Board (FSB) to identify risks and opportunities and further establish metrics and management targets based on the results identified.

Management Structure of TSMC Climate-Related Risks and Opportunities

Category	Management Strategy and Actions
Governance	Board of Directors periodically reviews climate change related risks and opportunities <ul style="list-style-type: none"> ESG Steering Committee: TSMC's top organization in climate change management. Led by TSMC's Chairman with the chairperson of the ESG committee serving as executive secretary, the committee reviews TSMC's climate change strategies and goals every quarter and reports to the Board of Directors/Nominating, Corporate Governance and Sustainability Committee Energy Saving and Carbon Reduction Committee: The Company's management organization for taking action on climate change risk and opportunity. Chaired by the senior executive of fab operations, every quarter this committee formulates management plans, reviews implementation status, and discusses future plans
Strategy	Identify short-, medium- and long-term climate risks and opportunities through cross-departmental discussion
	Use scenario analysis to assess the potential operational and financial impact of significant climate risks and opportunities to the Company
	Promote low carbon manufacturing to approach net zero emissions and strengthen climate resilience
Risk Management	Through communication and coaching, enhance suppliers' climate risk awareness and response capabilities, and cooperate with suppliers to actively develop and implement specific carbon reduction actions
	Use the TCFD framework to establish TSMC's climate risk identification process
	Follow risk identification and ranking on climate change to develop relevant response projects
Metrics and Targets	Integrate climate risk identification and assessment into the enterprise risk management (ERM) process
	Set management metrics related to climate change
	Develop carbon emissions reduction targets for TSMC and its suppliers and regularly review the progress on achieving said targets

Financial Impact Analysis and Response of Climate Risks and Opportunities

Climate Risks	Potential Financial Impact	Climate Opportunities	Potential Financial Impact	2025 Actions
Greenhouse Gas (GHG) Emissions Cap and Carbon Tax/Carbon Fee	Restrictions on capacity expansion, increases in operation costs	<ul style="list-style-type: none"> Participation in renewable energy plans Participation in carbon trading market 	Early purchases of renewable energy, successfully increasing production capacity	<ul style="list-style-type: none"> Have signed power purchase agreements for renewable energy totaling 7.3 GW Used 5,780 GWh in renewable energy, and increased the proportion of renewable energy use to 20.1% Achieved 100% renewable energy used in overseas subsidiaries and offices for the eighth consecutive year
Trend to Net Zero Emission	<ul style="list-style-type: none"> Increased cost of installation and operation of carbon reduction equipment Increased cost of purchasing carbon offset products 	Win public recognition and carbon emissions offset cooperation	Accumulate carbon credits in preparation for future carbon emissions offset	<ul style="list-style-type: none"> Accumulatively received carbon credit for fluorinated-GHG and nitrous oxide reduction offset project about 1,500 thousand tons Purchased approximately 314 thousand tons of carbon credits, with around 234 thousand tons used to offset Scope 1 carbon emissions, achieving net-zero emissions.
		Develop low-carbon product services to improve product energy efficiency	Satisfy customer needs for energy-saving products and increase revenue	<ul style="list-style-type: none"> Developed energy saving products for the 3nm, 2nm and more advanced manufacturing process
Commitment of Environmental Impact Assessment (EIA)	The development of advanced technologies potentially hampered by inability to obtain renewable energy and reclaimed water	Use reclaimed water	Smooth construction of advanced production lines	<ul style="list-style-type: none"> Consumed 23.53 million cubic meter/year of reclaimed water
Uncertainty of Development of New Energy Saving Technology	Rising electricity consumption in advanced technology production lines increases production costs	Construct green buildings	Reduce utility costs	<ul style="list-style-type: none"> Received seven green building certifications
Impact on the Company's reputation	Inability to satisfy the expectations of stakeholders, negatively impacting the Company's reputation	Improve the Company's reputation	Upgrade TSMC performance in stakeholders' sustainability ranking	<ul style="list-style-type: none"> Led the industry as the only semiconductor company chosen for the Dow Jones Sustainability Indices (DJSI) for the 25th consecutive year
Drought (TSMC Operation)	Production negatively affected, causing financial losses and a decrease in revenue	Increase resilience and ability to cope with natural disasters	Strengthen resilience in coping with climate change impact, lower risk of operations disruption, and reduce potential losses	<ul style="list-style-type: none"> Raised the building base of Fab 22 Phase 2 by five meters higher to reduce the risk of flooding Fab 20 and Fab 22 are committed to using reclaimed water Required suppliers to assess drought and flooding risk in operating facilities and implement related risk reduction actions Implemented drills based on drought emergency procedures
Drought (Supply Chain)				
Flooding (TSMC Operation)				
Flooding (Supply Chain)				
Rising Temperatures	Increase in electricity consumption, cost, and carbon emissions	Strive for low-carbon, green manufacturing	Save energy and cut costs	<ul style="list-style-type: none"> Conserved 900 GWh of electricity through energy-saving projects

Greenhouse Gas (GHG) Emission Reduction and Energy Management

TSMC remains committed to becoming a global leader in green manufacturing. In response to threats presented by extreme weather, TSMC sets strategies and targets, ensures sound execution and strives to build a sustainable culture. In 2021, TSMC announced its long-term goal of net zero emissions by 2050, while setting the short-term goal of zero growth in emissions by 2025. By actively implementing emission reduction measures, the Company is working to return its carbon emissions to 2020 levels by 2030.

The Company actively participates in the initiatives of the World Semiconductor Council (WSC) and has leveraged its past experience to develop best practices, which were adopted and implemented starting in 2012 to reduce perfluorinated compounds (PFC) emissions. In 2018, in accordance with the Ministry of Environment’s regulation, “Greenhouse Gas Offset Project Management Regulations,” TSMC applied for recognition of GHG reduction and has accumulated 1.5 million tons of carbon dioxide credits since 2022. Those carbon credits can be used to offset GHG emissions of new manufacturing facilities regulated by Environmental Impact Assessment (EIA) Act in support of the Company’s sustainable operations and efforts to mitigate climate-change risk.

TSMC took a complete inventory of its GHG emissions to gain ISO 14064 certification in 2005. The inventory showed that the major direct GHG emissions were PFCs, which are widely used in semiconductor manufacturing. The primary indirect GHG emission comes from electricity consumption. The analysis of the inventory data was performed not only to meet domestic regulatory reporting requirements but also to serve as a baseline reference for the Company’s strategy to reduce GHG emissions going forward. TSMC has participated in the international disclosure and rating organization CDP for the past 21 years to publicly disclose climate change information and continuously review and improve related management practices.

In response to the commitments of the global climate summit “Paris Agreement” and to the R.O.C. Greenhouse Gas Reduction and Management Act, TSMC initiated a cross-functional platform for carbon management in 2016. The three areas of focus of this platform are legal compliance, emission reduction, and carbon credit acquisition. In addition to participating in official regulatory consultation and communications meetings, the Company also sets short-, medium- and long-term reduction targets through its energy

saving and carbon reduction committee led by the fab operations’ senior executive. The measures are carried out by energy and carbon reduction teams of individual fabs. Because more than 80% of TSMC’s GHG emissions come from electricity consumption, the Company emphasizes energy conservation and carbon reduction initiatives. TSMC has not only implemented energy-conserving designs in its manufacturing fabs and offices but has also continuously improved the energy efficiency in operating its facilities. These efforts simultaneously reduce carbon dioxide gas emissions and costs. As a result, TSMC has conserved 5.6 billion kilowatt hours (kWh) of power since 2016. In 2023, Taiwan renamed the “Greenhouse Gas Reduction and Management Act” to the “Climate Change Response Act” and amended the provisions, setting a target net-zero emissions by 2050 and establishing a carbon fee mechanism. In 2024, three subordinate regulations were announced: the carbon fee charging measures, regulations on the management of voluntary emission reduction programs, and designated greenhouse gas reduction targets for entities subject to carbon fee collection. The rate of the carbon fee was also announced. For emitters with direct and indirect emissions exceeding a certain threshold, carbon fees were levied starting in 2025. As TSMC’s emissions in Taiwan exceed the current regulatory threshold, the Company will pay a carbon fee in 2026 for the first time. TSMC will continue to integrate green management into its daily operations, actively implement greenhouse gas reduction targets, and propose a voluntary reduction plan to obtain preferential rates, thereby mitigating the financial impact on the Company.

Since 2018, TSMC has aggressively negotiated the purchase of renewable energy with suppliers in Taiwan. The Company aims to achieve 60% of its electricity consumption from renewable energy by 2030 on the way to fulfilling its long-term commitment of 100% renewable energy usage by 2040. In each of the past eight years, TSMC’s overseas manufacturing fabs and offices have offset all carbon emissions caused from power consumption by purchasing renewable energy, RECs and carbon credits. All TSMC overseas sites achieved net zero emissions in 2025. The development of renewable energy in Taiwan has recently entered an active planning and construction phase. TSMC’s renewable energy taskforce continuously communicates with the government, offering suggestions related to the development of renewable energy, with the aim of collaborating to accelerate the progress of renewable energy in Taiwan. TSMC continues to increase its procurement amount of renewable energy. By the end of 2025, the total installation capacity of renewable energy

contracted reached 7.3 GW (gigawatts). The renewable energy will be provided to TSMC gradually after the related business process has been completed. This is a clear manifestation of the Company’s active support of the UN sustainable development goals (SDGs).

TSMC GHG Reduction Target and Achievement Status

Strategy	2030 Goal	2025 Target and Achievement	Achievement Status
Continue to use best available technology to reduce GHG emissions and become an industry leader in low-carbon manufacturing	Reduce GHG emissions per unit product (metric ton of carbon dioxide equivalent (MTCO ₂ e)/12-inch equivalent wafer mask layer) by 30% (base year: 2020)	GHG emissions per unit product (metric ton of carbon dioxide equivalent (MTCO ₂ e)/12-inch equivalent wafer mask layer) increased by 2% (target: -10%)	Unachieved (Note)

Note: Target not achieved due to increase in production capacity of advanced processes and related carbon emissions, as well as the insufficiency of reduction plans and available renewable energy. TSMC will, therefore, continue to implement more energy saving and carbon reduction actions.

Air and Water Pollution Control

The Company has installed air and water pollution control equipment in each fab to meet regulatory emissions requirements. In addition, TSMC maintains backup pollution control systems, including emergency power supplies, to mitigate the risk of pollutant emissions in the event of equipment failure. The Company centrally monitors the operations of its air and water pollution control equipment 24 hours a day by rotating staff and treats system effectiveness as an important tracking item to ensure the quality of emitted air and discharged water.

To further enhance water resources sustainability, TSMC has adopted and followed the Alliance for Water Stewardship (AWS) standard, the sustainable water management standard (Note). In 2025, TSMC fabs located in Taiwan’s Hsinchu, Taichung, and Tainan science parks achieved platinum-level AWS certification.

In alignment with TSMC’s water statement to promote water sustainability, the Company actively implements environmental education initiatives. In 2025, TSMC launched its first public “TSMC Environmental Education Website” to promote environmental education. Through the website, the public and organizations can learn about TSMC’s environmental education programs, activities, and educational outreach information. To comprehensively promote the concept of water management in environmental education, the “TSMC Tainan Reclaimed Water Plant Environmental Education Learning Center” offers water resource learning programs tailored for upper elementary school students, middle school students, and adults. By providing diverse courses and age-appropriate educational formats, TSMC enhances public awareness and engagement in sustainable water resource utilization. By 2025, the Tainan Reclaimed Water Plant had hosted 71 environmental education activities, attracting 2,971 participants, showcasing TSMC’s proactive efforts and achievements in water resource management education. The Company remains committed to promoting sustainable water utilization while fostering environmental awareness within society.

In 2025, TSMC continued to implement four major water saving measures: improving the water production rate of the system, reducing facility system water consumption, increasing the wastewater recycling of facilities, and decreasing water discharge loss from the system. The overall system has increased water conservation by 6.73 million cubic meters. The goal of water management at TSMC is to optimize the use of every drop of water. In addition to implementing process water-saving measures, TSMC collaborates with industrial, governmental and academic organizations to invest in the development of water reclamation technology. Through participation in the professional committee activities of the Taiwan Science Park Association, TSMC shares water-saving experiences and professional knowledge with semiconductor industry peers to achieve the common goal of the entire park and ensure long-term water resource supply-demand balance.

In 2024, TSMC officially incorporated “water positive” into its core water resource management strategy. Through the development of diversified water resources, recycling and reuse, and the implementation of external water restoration projects, the amount of water returned to the local ecosystem is greater than or equal to the amount of water withdrawn for operations, actively engaging in water resource restoration with localized strategies. For example, JASM in Kumamoto, Japan, is dedicated to groundwater restoration, achieving 8.0 million cubic meters of restoration by 2025; the TSMC Arizona fab improves regional water use efficiency

Note: TSMC AWS certified fabs include Advanced Backend Fab 3, Fab 5, Fab 12A/B, Fab 15A/B, Fab 6, Fab 14B and Fab 14 Phase 7, covering the watersheds of all the fab locations across the Hsinchu, Central Taiwan and Southern Taiwan Science Park.

through improvements in the Salt River watershed. At the same time, TSMC’s fabs in Southern Taiwan Science Park also started using reclaimed water supplied by the Yongkang and Anping plants when they started up in 2022 and 2023 respectively. The cumulative use of reclaimed water exceeded 67,000 cubic meters per day and, by the end of 2025, over 23.53 million cubic meters of reclaimed water had been used, achieving an 18% replacement rate for Taiwan fabs.

Furthermore, TSMC collaborated with the Water Resources Bureau, Tainan City government to adopt an innovative inter-regional industrial user reclaimed water exchange model. Given that the Rende reclaimed water plant is located over 30 kilometers from the Tainan Science Park and has limited supply capacity, directly laying pipelines was not economically feasible. Instead, TSMC purchases reclaimed water from the Rende plant and supplies it to nearby users to exchange for an equivalent volume of tap water allocation. The Rende reclaimed water plant officially commenced operation in September 2025, with a daily reclaimed water supply capacity of 8,000 cubic meters. This approach not only reduced pipeline construction costs and long-distance transportation energy consumption but also minimized traffic impact and saved time. It demonstrates TSMC’s full support for diversified water resource policies, continuously promoting sustainable water resource management and innovative applications.

TSMC Water Usage in Recent Two Years

Year	Total Water Usage (million m ³) (Note 1)	Unit Product Water Usage (L/12-inch wafer-e-layer)
2025	151	153.3
2024	129	161.0

TSMC Water Usage Reduction Target and Achievement Status

Strategy	2030 Goal	2025 Target and Achievement	Achievement Status
Enforce climate change mitigation policies, implement water conservation and water shortage adaptation measures, develop diversified water resources, and execute external water resource restoration projects to reduce water resource risks	Reduce unit water consumption (liter/12-inch equivalent wafer mask layer) by 30% (base year: 2010)	Increased unit water consumption by 8.8% (Target: -2.7%)	Unachieved (Note 2)
	A global water positive achievement rate of over 65%. (Note 3)	Water positive achievement rate for global fabs is 21%. (Target: 17%)	Achieved

Note 1: Includes TSMC fabs in Taiwan and subsidiaries total use of city water and reclaimed water.
 Note 2: Affected by the global economic cycle, TSMC’s capacity utilization rate had not yet stabilized in 2025. The water usage per unit of product did not meet the annual target, and the company will continue to develop diverse water resources to reduce tap water consumption.
 Note 3: Due to global expansion and initial new fab operations impacting water intensity per unit product, TSMC is shifting its core water management goal to focus on the global water positive achievement rate. This provides a more macroscopic assessment of water resource management effectiveness and comprehensively guides sustainable development strategies.

Waste Management and Recycling

Waste production at TSMC has risen in recent years as the Company continues to develop advanced manufacturing processes and rapidly expand its production capacity both at home and overseas. This rise is due to the complexity of new manufacturing processes, the demand for reliable yield rates, and the increased use of raw materials.

To achieve sustainable resource utilization, TSMC has a designated unit responsible for waste recycling and disposal. Onsite process waste reduction and offsite recycling and regeneration are the preferred options while incineration and landfill are the least desirable. In addition, the “Waste Management Task Force” integrates cross-organizational collaboration among facility, process and resource recycling management departments. Reduction targets and improvement plans are set at the beginning of each year. Through measures such as adjusting production parameters, optimizing process technologies, and extending life cycles of chemicals, the consumption of raw materials is reduced. In 2025, waste generation was reduced by approximately 200 metric tons per month by optimizing the drainage settings of the isopropanol liquid waste equipment.

In 2017, TSMC amended its articles of incorporation to add four business items for chemical materials to enhance waste process flow and reduce risks of improper waste disposal by commissioned agencies. It also set up onsite resource activation facilities to convert waste resources produced during the manufacturing process into products to be used onsite or to sell to other industries. TSMC recycled copper sulfate waste, cobalt-containing liquid waste, sulfuric acid waste, ammonium sulfate waste and hydrogen fluoride (HF) waste, all of which were regenerated into usable products. At the same time, efforts were made to optimize regeneration systems. This included the upgrade to waste sulfuric acid reclaim system 2.0, which significantly reduced equipment corrosion rates and catalyst consumption, while also shortening chemical reaction times. Following the successful development in 2023 and 2024 of recycling cyclopentanone and tetramethylammonium hydroxide (TMAH) into electronic-grade materials, in 2025, TSMC further collaborated with suppliers to optimize distillation tower process technology. By identifying the optimal operating conditions, the efficiency of the separation of impurities was significantly enhanced, effectively removing mixed acids and metal ions from the waste liquid to meet the standards for electronic-grade reuse. TSMC has also successfully recycled isopropanol (IPA) to meet its process requirements for electronic-grade materials. The recycled IPA has been integrated into the fab process, establishing a sustainable recycling cycle.

In 2024, TSMC’s Taichung zero waste manufacturing center officially commenced operations, which included four major recycling and processing facilities: a solvent thermal recovery facility, a fluoride recycling facility, a silica recycling facility and an isopropanol recovery facility. These facilities convert waste generated from manufacturing processes into industrial-grade raw materials and evaluate the development of recycled electronic-grade chemicals for reuse in semiconductor manufacturing. This initiative helped to reduce outsourced waste processing volumes by 60,000 metric tons. To encourage suppliers to enhance their resource regeneration technologies, TSMC has also established a circular procurement mechanism based on a “lease-instead-of-buy” model. In collaboration with the Ministry of Environment’s Resource Circulation Administration, TSMC pioneered the “chemical leasing” business model. Notably, the “Waste Activated Carbon Regeneration and Reuse Project” became the first demonstration case of chemical leasing in Taiwan. This leasing scope will continue to expand throughout 2025.

Simultaneously, TSMC is vigorously pursuing projects to convert incinerated waste into reusable resources. In 2025, TSMC successfully converted organic sludge from incineration to recycling by adopting anaerobic digestion to produce biogas trial, which involves testing technologies or processes to convert organic waste into renewable methane fuel. In addition, through the use of aluminum-plastic separation technology, discarded packaging bags were transformed from incineration to recycling, being remanufactured into aluminum and recycled plastic pellets, with ongoing efforts to increase recycling volumes.

Overall, the Company has achieved a 98.1% waste recycling rate in 2025, with a landfill rate below 1% for the 16th consecutive year. TSMC will continue to strive towards its goal of net-zero emissions by 2050.

TSMC Waste Quantity and Outsourced Unit Waste Disposal in Recent Two Years (Note 1)

Year	Outsourced General Waste (ton) (Note 2)	Outsourced Hazardous Waste (ton) (Note 2)	Outsourced Waste amount Per Wafer Production in Taiwan (kg/12-inch equivalent wafer mask layer) (Note 3)	Outsourced Waste amount Per Wafer Production in Overseas Subsidiaries (kg/12-inch equivalent wafer mask layer) (Note 4)
2025	388,953	513,279	1.08	1.17
2024	344,056	445,152	1.15	1.38

Note 1: The data in the table are preliminary results collected by TSMC and have not yet been verified by a third party.
 Note 2: Applicable to all TSMC fabs around the world
 Note 3: Applicable to TSMC fabs and subsidiaries in Taiwan
 Note 4: Applicable to TSMC overseas fabs

TSMC Waste Reduction Target and Achievement Status

Strategy	2030 Goal	2025 Target and Achievement	Achievement Status
Promote waste reduction by source separation and require vendors to provide low chemical consumption equipment	1. Outsourced waste amount per wafer production in Taiwan: ≤ 0.50 (kg/12-inch equivalent wafer mask layer) 2. Outsourced waste amount per wafer production in overseas subsidiaries: ≤ 1.10 (kg/12-inch equivalent wafer mask layer)	1. Outsourced waste amount per wafer production in Taiwan 1.08 (kg/12-inch equivalent wafer mask layer) target: ≤ 1.11 2. Outsourced waste amount per wafer production in overseas subsidiaries 1.17 (kg/12-inch equivalent wafer mask layer) target: ≤ 1.36	Achieved

In order to ensure that all waste is treated and recycled properly, the Company carefully selects waste disposal and recycling vendors that are certified and have the required permits. Additionally, the Company proactively strengthens vendor oversight through audits. For example, starting in 2025, onsite pop quizzes have been implemented for waste removal contractors when they carry out waste removal operations at TSMC. This measure aims to help them familiarize themselves with operational procedures and enhance their awareness of safety culture. Additionally, after waste leaves the facility, all transportation contractors have agreed to join the GPS satellite fleet so that the cleanup transportation routes and abnormal stays for all trucks can be traced. To further ensure proper waste disposal, TSMC regularly checks the onsite operational status and reviews documents such manifests and treatment records. By comparing these records with actual reception, recycling, and treatment status of the waste, TSMC can closely monitor the recycling and reuse practices of its waste management vendors.

In 2022, TSMC began implementing the system of waste intelligent fast rack (S.W.I.F.T.). As of 2025, 56% of waste treatment vendors had instituted S.W.I.F.T. The Company also introduced digital inspection functions, driving the digital transformation among suppliers. TSMC intends to roll S.W.I.F.T. out to all waste treatment vendors by 2030. Using AI technology in lieu of in-person onsite spot checks increases inspection efficiency. In addition, TSMC conducts ongoing surveys of recycled product tracking and requires all recycling contractors to report their recycled product sales monthly to track waste flow and ensure that actions have been taken to adhere to lawful and proper waste recycling and treatment.

Environmental Accounting

The purpose of TSMC’s environmental accounting system is to identify and quantify environmental costs for internal management. At the same time, the Company also calculates and evaluates the savings or economic benefits of environmental protection programs so as to continuously promote economically effective programs. While environmental expenses are expected to continue to rise, environmental accounting can help manage these costs more effectively. TSMC’s approach measures various environmental costs, establishes independent environmental account codes, and provides the data to all units for use in annual budgeting. The Company’s economic benefit evaluation calculates cost savings for energy conservation, water or waste reductions and recycling benefits in accordance with its environmental protection programs. The benefits disclosed in this report include real income from projects such as waste recycling as well as savings from major environmental projects. In 2025, the total benefits of environmental protection programs of TSMC fabs including waste recycling exceeded NT\$9.687 billion.

2025 Environmental Cost of TSMC

Unit: NT\$ thousands

Classification	Description	Expense	Investment
1. Direct Costs for Reducing Environmental Impact			
(1) Pollution Control	Fees for air pollution control, water pollution control, and others	18,320,054	26,335,023
(2) Resource Conservation	Costs for resource (e.g. water) conservation	-	11,225,758
(3) Energy Conservation	Costs for electricity consumption saving	-	2,139,355
(4) GHG Reduction	Includes: (1) Process GHG emissions abatement equipment; (2) Premium for purchasing renewable energy; (3) Costs for purchasing carbon credits; (4) Other costs for direct GHG emissions reduction	6,446,090	7,293,556
(5) Industrial Waste Disposal and Recycling	Costs for waste treatment (including recycling, incineration and landfill)	7,211,628	313,263
2. Indirect Costs for Reducing Environmental Impact (Environmental Managerial Costs)			
	(1) Cost of employee environmental training (2) Environmental management system and certification expenditures (3) Environmental impact measurement and monitoring fees (4) Environmental protection product costs (5) Environmental protection organization fees	1,461,613	2,221,504
3. Other Environmental Costs			
	(1) Costs for soil decontamination and natural environment remediation (2) Environmental damage insurance fees and environmental taxes and expenses (3) Costs related to environmental settlement, compensations, penalties and lawsuits	-	-
Total		33,439,385	49,528,459

2025 Environmental Efficiency of TSMC Fabs in Taiwan

Unit: NT\$ thousands

Category	Description	Efficiency
1. Cost Savings of Environmental Protection Projects	Energy savings	3,453,667
	Water savings	84,175
	Waste reduction	2,134,442
2. Economic Efficiency for Industrial Waste Recycling	Recycling of used chemicals, wafers, sputter targets, batteries, lamps, packaging materials, paper cardboard, metals, plastics, and other waste	4,014,581
Total		9,686,865

Green Building and Green Factory

Since 2006 TSMC has followed standards from both the Taiwan Green Building and the U.S. green building councils’ LEED (leadership in energy and environmental design) approach for new fab and office building designs to achieve better energy and resource efficiency compared to conventional designs. The Company has also continued to upgrade existing office buildings to comply with the LEED standard each year. From 2008 to 2025, 57 of TSMC’s fabs and office buildings achieved LEED certification: three platinum and 54 gold. During this time, the Company also received 32 Taiwan ecology, energy saving, waste reduction and health (EEWH) certifications: 21 diamond, eight gold and three silver.

Environmental Audit Results in Violation of Environmental Regulations

In 2025 and as of the date of this annual report, TSMC has had no environmental regulation violations.

7.2.2 Sustainable Products

TSMC collaborates with its upstream material and equipment suppliers, design ecosystem partners and downstream assembly and testing service providers to minimize environmental impact. Reducing the resources and energy consumed for each unit of production allows the Company to provide customers with more advanced, power efficient, and ecologically sound products. These include ultra-low power (ULP) and low operating voltage (low Vdd) chips for wearables and IoT devices, low-power chips for mobile devices, high-efficiency LED driver chips for flat panel display backlighting, indoor/outdoor solid state LED lighting, Energy Star certified low standby AC-DC adaptor chips, high-efficiency DC brushless motor chips, electric vehicle chips and low-power server chips. By leveraging TSMC’s superior energy-efficient technologies, these chips contribute to more sustainable city infrastructure, greener vehicles, smarter grids, more energy efficient servers and data centers, and other applications. In addition to helping customers design low power, high performance products to reduce resource consumption over the product’s life cycle, TSMC’s green manufacturing practices provide additional green value to customers and other stakeholders as well.

TSMC-manufactured ICs are used in a broad variety of applications in various market segments including computer, communications, consumer, industrial, electric vehicle, server and data center, and other electronics. Through

TSMC’s manufacturing technologies, customers’ designs are realized, and their products are incorporated into people’s lives. These chips, therefore, make significant contributions to the progress of modern society. The Company endeavors to achieve profitable growth while providing products that add both environmental and social value. Listed below are several examples of how TSMC-manufactured products make significant contributions to the environment and society.

Environmental Contributions by TSMC Foundry Services

1. Driving Technology Continuously to Reduce Power Consumption and Save Resources

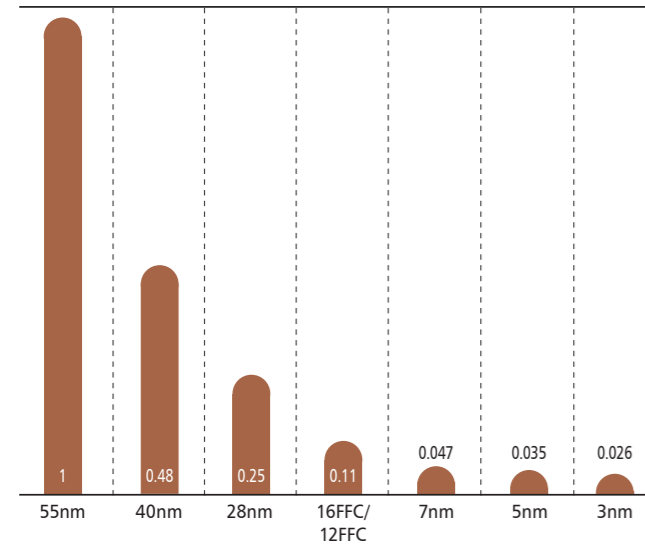
- To play its part in achieving sustainability, TSMC continues to drive the development of advanced semiconductor process technologies to help customers create more advanced, energy-efficient and environmentally friendly products. In each new technology generation, circuitry line widths shrink, making transistors smaller and reducing product power consumption for completing the same tasks or achieving the same level of performance. In addition, calculations using the model released by Industry, Science, and Technology International Strategy Center in 2020, reveal that TSMC helped the world conserve 4 kWh of energy for each 1 kWh spent in production – a testimony to TSMC’s commitment to green manufacturing both internally and externally. (Please refer to “Sustainable Products by TSMC Facilitates Global Energy Conservation” on page 11 of TSMC’s 2020 Corporate Social Responsibility Report.)
- As TSMC quickly ramped up its 7nm and newer generation technologies, the combined wafer revenue contribution of 7nm and more advanced technologies grew significantly from 41% in 2020 to 74% in 2025. TSMC’s objective is to continue R&D investment and increase the wafer revenue contribution from 7nm and more advanced technologies, helping the Company achieve both profitable growth and sustainability.

TSMC Wafer Revenue Contribution from 7nm and More Advanced Technologies

2020	2021	2022	2023	2024	2025
41%	50%	53%	58%	69%	74%

Chip Die Size Cross-Technology Comparison

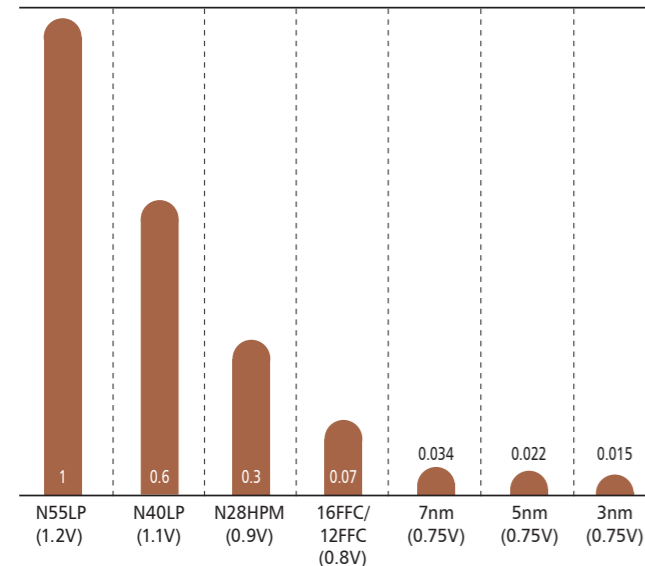
Die size shrinks as line width shrinks



Note: The logic chip/SRAM/IO (input/output) ratio, which affects die size and power consumption, was re-aligned.

Chip Total Power Consumption Cross-Technology Comparison

More power is saved as line width shrinks



Note: The logic chip/SRAM/IO (input/output) ratio, which affects die size and power consumption, was re-aligned.

2. Providing Customers Leading Power Management IC Processes with the Highest Efficiency

- TSMC's leading manufacturing technologies help customers design and produce green products. Power management chips, the key components that supply and regulate power to all other IC components within electronic devices, are the most notable green IC products. TSMC helps customers produce industry-leading power management chips with more stable and efficient power supplies and lower energy consumption. Power management ICs manufactured by TSMC are widely used in computers, communication, consumer electronics, electric vehicles, servers and data centers, and other products or systems throughout the world.

3. Driving the Industry-leading, Comprehensive ULP Technology Platform

- To meet low-power consumption requirements for IoT markets such as smart wearable, smart home, healthcare, and smart city products, TSMC continues to invest in expanding and enhancing its ultra-low power processes. The Company provides industry's leading and most comprehensive ULP technology platform to support various smart edge devices, including smart watches, hearing aids, pacemakers, continuous glucose monitoring (CGM) devices, environment monitoring, and smart grid infrastructure. TSMC's industry-leading ULP offerings have been widely adopted in various Edge AI system-on-a-chip (SoC) and battery-powered applications and include the FinFET-based 6nm technology, N6e[®] technology service, and the 12nm technology, N12e[®] technology service, both of which feature energy efficiency and high performance for enhanced computing power and AI inferencing, as well as 22nm Ultra-Low Leakage (ULL), 28nm ULP, and 40nm ULP. TSMC has also extended its low V_{dd} offerings for extreme low-power applications.

4. Developing Greener Manufacturing to Lower Energy Consumption

- TSMC continues to develop more advanced and efficient technologies to reduce energy/resource consumption and pollution per unit during the manufacturing process, as well as power consumption and pollution during product use. In each new technology generation, circuitry line widths shrink, making chips smaller for the same circuit designs and lowering the energy and raw materials consumed for per chip in manufacturing. In addition, the Company continuously provides process simplification and new design methodology based on its manufacturing excellence to help customers reduce design and process waste while producing more advanced, energy-saving and environmentally

friendly products. For total energy savings and benefits realized in 2025 through TSMC's green manufacturing, see "Environmental Accounting" on page 168 in this annual report.

Social Contributions by TSMC Foundry Services

1. Unleashing Customers' Mobile and Wireless Chip Innovations that Enhance Mobility and Convenience

- The steady growth of smartphones and tablets in recent years reflects healthy demand for mobile devices, which accelerates innovations for IC products such as baseband, RF transceivers, application processors (AP), wireless local area networks (WLAN), CMOS image sensors (CIS), near-field communication (NFC), Bluetooth, global positioning systems (GPS), ultra-wide band (UWB), organic light-emitting diode (OLED) display drivers, and power management ICs (PMICs) among others. These mobile devices offer remarkable convenience in daily living, and TSMC contributes significant value to these devices in the following ways: (1) new TSMC process technologies help chips achieve faster computing speeds in smaller sizes, leading to smaller form factors for these electronic devices. In addition, TSMC SoC technology integrates more functions into one chip, reducing the total number of chips in electronic devices, again resulting in a smaller system form factor; (2) new TSMC process technologies also help chips reduce power consumption, allowing mobile devices to be used for a longer period; and (3) TSMC helps spread the growth of more convenient wireless connectivity such as 3G/4G/5G and WLAN/Bluetooth/UWB, meaning people can communicate more efficiently and "work anytime and anywhere," significantly increasing the productivity and mobility of modern society.

2. Unleashing Customer Innovations in CMOS Image Sensor (CIS) and Micro-electromechanical Systems (MEMS) that Enhance Human Health and Safety and Create Green Products

- To make machines smarter, safer, and more user and environmentally friendly, sensors are a must. Optical, acoustic, motion, and environment sensors are mostly made using either CIS or MEMS technologies. TSMC continues to put substantial effort into developing more advanced CIS and MEMS technologies to enable customers to create new products for new applications. For CIS, TSMC and customers have extended applications from traditional RGB (red, green, blue) sensing to 3D depth sensing, optical fingerprint, near-infrared (NIR) machine vision, and so on. For MEMS, TSMC and customers have extended applications from traditional motion sensing to microphone, bio-sensing,

micro-speakers, medical ultrasound actuators, and more. TSMC customers' sensing devices are used in consumer electronics, mobile communications, automotive electronics, industrial, and medical devices, and they are increasingly smaller, faster, more accurate, and more energy efficient, greatly enhancing human convenience, health and safety, and contributing to sustainability.

Examples: TSMC customers introduced their latest automotive CIS products for car safety systems in 2025 with significantly improved dynamic range performance, which makes advanced driver-assistance systems (ADAS) and autonomous vehicles smarter and safer. Also, adopting TSMC's innovative MEMS technology, customers successfully introduced next-generation MEMS speakers with smaller form factors and better high frequency response. These features further improve user experience by enabling more flexible industry design, bigger battery space, and closer-to-natural sound quality for hearing aids and consumer-grade hearing assistance devices.

3. TSMC is developing silicon photonics technology and innovative 3D photonics stacking technology – compact universal photonic engine (COUPE), which can integrate a silicon photonics chip and an electrical control chip into a single-chip photonic engine. This photonic engine can be co-packaged with an HPC chip to provide low-power and high-speed data transmission. TSMC has achieved 200-gigabits-per-second (Gbps) high-speed data transmission with several customers in 2025 and continues to work on co-packaged optics (CPO) solutions that reduce data transmission power consumption by more than 50% in data centers.

7.2.3 Safety and Health

Safety and Health Management

TSMC's safety and health management complies with local and international standards and follows the "plan, do, check, act" approach to prevent accidents, promote employee safety and health, and protect Company assets. All TSMC fabs in Taiwan have received Taiwan Occupational Safety and Health Management System (TOSHMS) certification since 2009.

In 2018, the International Organization for Standardization released ISO 45001: 2018, replacing OHSAS 18001. This new standard introduced major changes, including an expanded scope, increased support and participation from leadership, and a focus on both internal and external issues. It also addressed the expectations and demands of stakeholders,

the assessment of risk inspections, communication and consultation with non-managers, the application of performance indicators, and the evaluation of corrective and preventive actions. These changes ensure that the system can be effectively implemented at upper levels through management review, internal audit, automatic check, job safety analysis and safety patrol to identify safety concerns and opportunities for improvement. All Company fabs in Taiwan received ISO 45001 certification for occupational health and safety in 2019 and all TSMC subsidiaries obtained the certification in 2020. The above certifications have all been maintained up to date through 2025. Per TSMC's internal policy, new facilities are required to achieve these certifications within 18 months upon receiving facility license.

In addition to accident prevention, TSMC has established emergency response procedures to aid employees and contractors if a disaster should occur, as well as injury and illness care programs to prevent and/or reduce the negative impact on the community, the environment and the families of operating personnel. TSMC communicates regularly with suppliers to ensure that the potential risk in operating production equipment is minimized and that safety control procedures are followed rigorously during installation. The Company places stringent controls on high-risk operations and also evaluates the seismic tolerance of its facilities and equipment to reduce the risk of earthquake damage.

For epidemics, TSMC has established corporate-level prevention committees and procedures for emergency response to outbreaks of infectious diseases.

Working Environment and Employee Safety and Health Protection

The Company's ESH policy is focused on establishing a safe working environment, preventing occupational injury and illness, keeping employees healthy, and enhancing every employee's awareness and sense of ESH accountability – in short, building a strong ESH culture.

There were a total of 58 occupational injuries at TSMC in 2025, involving 58 people, representing approximately 0.07% of the total number of employees. The disabling injury frequency rate (FR) was 0.34, under the 0.4 target, and the disability injury severity rate (SR) was 3, achieving the target of less than 4. TSMC routinely reviews potential improvement measures, such as the promotion of safety culture posters or animations

to strengthen employee safety awareness. By implementing interactive communication training courses on safety culture and "safety moment" activities, TSMC can integrate safety into daily life and encourage employees to proactively discuss safety-related issues. To reduce sports injuries, it is mandatory for the welfare committee and departments to conduct risk identification and hazard reminders before organizing sports activities. The Company continuously observes operations and conducts compliance inspections to identify potential injury risks in the workplace and implement improvement measures to enhance workplace safety. In addition to regular reviews, the caring program for employees has been enhanced and managers have been directed to pay closer attention to the physical and mental state of employees to ensure their safety and health while at work.

TSMC safety and health management operations apply to the following:

• Equipment Safety and Health Management

In addition to meeting regulatory requirements and internal standards, as well as mitigating ESH-related risks when building or expanding facilities, TSMC maintains procedures governing new equipment and raw materials, requires safety approvals for bringing new tools online, updates safety rules, and implements seismic protection and other safety measures.

TSMC insists that all new tools meet SEMI-S8 requirements and that appropriate supplementary control measures be taken to reduce ergonomic risk. Moreover, the Company endeavors to automate the transportation of 300mm front-opening unified pods (FOUPs) to prevent cumulative physical injury caused by repetitive manual handling of this equipment. TSMC 300mm fabs have all converted to automatic transportation control.

• Environmental, Safety and Health Evaluation of New Tools and New Chemical Substances

TSMC, a global semiconductor leader, the new tools and chemicals used in the R&D stage are becoming increasingly diverse. TSMC set up a new tool and chemical committee (NTCC) to manage ESH risks from new R&D tools and chemicals. The NTCC ensures compliance with local regulations and industry safety standard (e.g., SEMI-S2), as well as effective risk management through source 387 new tools and chemicals were reviewed. All tools and chemicals are reviewed in accordance with the aforementioned standards before installation and use.

• General Safety Management, Training and Audit

All TSMC manufacturing facilities hold monthly and headquarter hold quarterly environmental, safety and health committee meetings. TSMC has adopted multiple preventive measures such as controls on high-risk work, contractor management, chemical safety management, personal protective equipment requirements, and safety audit management. In addition, the Company maintains detailed disaster response procedures and performs regular drills designed to minimize injuries to employees and damage to property, as well as the social and the environmental impact, in the event of a mishap or disaster.

TSMC Safety-related Training in Recent Two Years

Year	Total Number of Employee Counts that Have Completed Safety-related Training
2025	358,575
2024	300,533

• Working Environment Hazardous Factors Management

TSMC conducts workplace hazard assessments to provide a safe, comfortable workplace for employees. The Company also educates employees on potential hazards and requires them, when appropriate, to use personal protective equipment (PPE) to prevent hazardous exposures.

The Company performs semi-annual workplace environment assessments of physical and chemical hazards, including CO₂ concentration, illumination, noise, and hazardous chemical substances as regulated by local laws. In addition, TSMC performs exposure assessments and uses hierarchy management control for chemicals with potential health hazards. If abnormal measurements occur, events happen, or an exposure assessment indicates there is an adverse health effect on employees, ESH professionals immediately conduct onsite investigation and intervention to reduce the risk of hazardous factors exposure to acceptable levels.

• Health Promotion Program

In order to establish the healthiest possible workplace and reduce the incidence of occupational disease, TSMC formed a corporate-level committee to carry out health promotion programs covering three key areas:

- 1. Exposure and health risk assessment:** develop an exposure assessment system to identify high health risk employees.
- 2. Hazardous training and notification:** use standardized training materials for employees and contractors in all TSMC fabs. Inform them of the health risks and prevention

measures at the workplace before they begin working or providing any services there.

- 3. Management of chemicals with significant health risks:** request that all materials suppliers prove to TSMC that they comply with applicable laws including clear disclosure of any hazardous substances; perform sampling of raw materials used in the manufacturing process to confirm that they do not contain any carcinogenic, mutagenic or toxic-reproductive materials as claimed on supplier's safety data sheets.

• Emergency Response

The planning and execution of an effective emergency response require identifying potential high-risk events via risk assessment and being prepared for various scenarios with a focus on continuous improvements and drills covering all potentially serious events. TSMC's emergency response plans include procedures for rapid response, crisis management and disaster recovery from potential incidents.

All TSMC fabs conduct major annual emergency response exercises and evacuation drills. TSMC's onsite service contractors are also required to participate in emergency response planning and exercises to ensure cooperation in handling accidents and to effectively minimize any damage caused by disasters. In 2025, the Company held 123 evacuation drills and 71 fire drills. At least every two years, each fab director invites fab management and support functions to participate in business continuity drills for potentially high-risk events such as earthquake, fire and flood (at the Tainan site). Since 2018, TSMC has conducted numerous comprehensive accident emergency response drills, including simultaneous scenarios for earthquake, fire and chemical spills, to ensure rapid response to emergencies so that losses can be minimized in the event of a real disaster. In 2020, TSMC took the lead in the industry by introducing the all-hazard approach as recommended by the Federal Emergency Management Agency (FEMA) to conduct disaster prevention exercises.

In response to the COVID-19 pandemic, TSMC added tabletop exercises to disaster prevention training in an effort to minimize the risks of group infections that might arise in full-scale, in-person exercises. The inclusion of tabletop exercises also aids in the verification of full-scale exercise procedures to make disaster response more comprehensive, thus effectively mitigating the impact of various types of disasters on business continuity in the future. As of 2025, in addition to 560 full-scale exercises, 159 sessions of tabletop exercises had been completed.

In addition to the regular emergency response drills held by engineering and facilities departments each quarter, the Company's laboratory, canteen, dormitory, and shuttle bus personnel also hold similar drills to prepare for events such as earthquakes, chemical spills, ammonia releases, fires and traffic accidents. The Company conducts an annual inventory of the public hazardous substances in all fabs to identify potential risks and enhance the disaster prevention management capabilities of the fab, effectively reducing the risks of fires and legal violations.

● Emerging Infectious Disease Response

TSMC has a dedicated corporate ESH organization to monitor emerging infectious diseases around the world, to assess any potential impact on the workplace, and to provide an appropriate strategic response plan. In previous outbreaks such as SARS in 2003, H1N1 influenza in 2009, and MERS in 2015, as well as with COVID-19 from 2019 to 2023, TSMC followed the Taiwan CDC's (center for disease control) rules and convened the corporate influenza response committee to develop the Company's strategies. These strategies included educating employees in prevention and response, publishing guidelines for managers, establishing guidelines for employee sick leave, and installing alcohol-based hand sanitizers at appropriate locations. The Committee also monitors the status of employee leave due to illness and, at the same time, develops a continuity plan to address manpower shortages and minimize business impact. For example, during the COVID-19 outbreak, in order to protect the health of TSMC employees, their families and work colleagues, employees were encouraged to be fully vaccinated if in healthy condition. In addition, TSMC periodically reviewed the situation and implemented appropriate preventive measures such as providing updated vaccination information and performing daily body temperature checks before entering Company facilities, while continuing to follow standard epidemic prevention recommendations such as mask wearing, frequent hand washing and social distancing.

● Employee Physical and Mental Health Enhancement

TSMC believes that employee physical and mental health is not only fundamental to maintaining sound business operations but is also an important part of a corporation's responsibility. To preserve and promote the physical and mental health of its employees, TSMC fosters collaboration among the onsite industrial safety and environmental protection department, the onsite medical personnel of the health center, and physicians of occupational medicine. TSMC strives to reduce cerebral

injuries and cardiovascular conditions that might be induced or aggravated by overwork, night work or shift work.

The Company conducts programs for maternal health protection and for prevention of cumulative trauma disorders as well. TSMC devotes significant resources to mental health awareness, focused not only on hazards at work but also on employee health in general. In 2025, planned personal health management activities included the following: (1) 478 female employees participated in the maternal health program with a completion rate of 100%. All of them were at first degree (lowest) risk, where there was no potential harm to the mother or infant. (2) Through analysis of historical cerebral and cardiovascular cases of its employees, combined with internal annual health examination reports and work scheduling information, the Company was able to identify 6,526 employees with middle to high risk for cerebral and cardiovascular diseases. These employees were provided with health education and medical assistance. Also, they and their managers received recommended changes in working hours and shifts to reduce health risks. (3) 170 employees were identified as high risk for cumulative trauma disorders, including 2 who might also have job-related risks, and the Company adjusted working conditions accordingly to reduce potential risks. (4) To continuously foster a healthy workplace environment, TSMC integrated health-conscious lifestyle initiatives through a series of activities, encouraging employees to establish good habits in their daily lives and promoting these quarterly.

In 2025, by linking a walking App with home smart scales, TSMC encouraged employees to develop a habit of regular weight measurement at home. 12,500 employees participated, a 74% increase from the previous year. TSMC also arranged online interactive health education seminars covering topics such as wearable devices and sleep hygiene, holding three sessions that attracted 1,332 participants. Furthermore, new continuous glucose monitoring (CGM) technology was introduced at TSMC clinics with 95 participants. Once fully launched, this will enable employees to monitor their blood glucose levels using their smartwatches or smartphones in their day-to-day lives.

Regarding mental well-being, the theme of 2025 was "Five Senses" with 900 exclusive "Squeeze Packs" designed to boost employee participation in mental health promotion activities. Continuing the initiatives begun in 2024, these included: (1) employee mental health lectures, with 16 sessions and a total

of 988 participants; (2) World mental wellness month activities, with 1,240 participants in online lectures; and (3) "Five Senses Practice" interactive activities, engaging 2,533 participants, a 48% increase over the previous year. TSMC will continue to organize relevant health promotion activities to collectively care for employees' physical and mental well-being.

7.2.4 Supplier Management

Management Aspect

For better supply chain management, TSMC is committed to communicating with and encouraging its suppliers and contractors to enhance their quality, cost effectiveness and delivery performance, and make continuous improvement in supply chain sustainability. Through regular communication with senior managers, site audits and experience sharing, the Company collaborates with major suppliers and contractors to establish partnerships and ensure continued improvement of performance and greater joint contributions to society. As noted above, contractors performing high-risk activities must lay out clearly defined safety precautions and preventative measures. In addition, contractors working on high-risk engineering projects must establish ISO 45001 or OHSAS 18001 systems, and their workers must successfully complete the related skill training. By 2021, all TSMC contractors performing high-risk activities had obtained ISO 45001 certification.

Supply Chain Sustainability

TSMC collaborates closely with suppliers across various sustainability domains to establish a green supply chain, manage carbon emissions to address climate change, reduce fire risk, and develop operational plans for environmental protection, safety and health management and natural disasters.

Since joining the Responsible Business Alliance (RBA) in 2015, TSMC has been committed to complying with the RBA code of conduct. This entails reviewing and improving the Company's policies and processes regarding labor, health and safety, environment, ethics, and management systems through rigorous internal assessments and policy adjustments.

To enhance sustainable management and effective risk management of the supply chain, TSMC works closely with suppliers to ensure compliance with Taiwan's environmental protection, safety, health, and fire requirements. TSMC has established sustainability standards for the supply chain,

which cover areas such as labor rights, health and safety, environmental protection, ethical standards, and management systems. TSMC collaborates closely with its suppliers to assess and mitigate risks and impacts in economic, environmental, and social domains. By regularly organizing forums and workshops for experience sharing and training, TSMC assists suppliers in improving their sustainability performance, aiming to exceed international standards and become a model in the global semiconductor supply chain.

TSMC is subject to the U.S. Securities & Exchange Commission (SEC) disclosure rule on conflict minerals released under Rule 13p-1 of the U.S. Securities Exchange Act of 1934. As a recognized global leader in the high-tech supply chain, the Company acknowledges its corporate social responsibility to ensure procurement of conflict-free minerals in an effort to support humanitarian, ethical and social principles that protect the dignity of all people. To this end, TSMC has implemented a series of compliance safeguards in accordance with leading industry practices such as adopting the due diligence framework in the Organization for Economic Cooperation and Development (OECD)'s model policy, issued in 2011, for a responsible global supply chain of minerals from conflict-affected and high risk areas.

TSMC is a strong supporter of the RBA and the Global e-Sustainability Initiative (GeSI). As a member of RBA, TSMC requires that suppliers source conflict-free minerals through their jointly developed responsible minerals initiative (RMI). Since 2011, TSMC has asked its suppliers to disclose and make timely updates on smelters information. The Company encourages suppliers to source minerals from facilities or smelters that have received a "conformant" designation by a recognized industry group (such as the RMI) and also requires those who have not received such designation to become compliant with RMI or an equivalent third-party audit program. TSMC uses conflict-free tantalum, tin, tungsten and gold in its products.

TSMC will continue to conduct its annual supplier survey and require suppliers to improve and expand their disclosure to fulfill regulatory and customer requirements. For further information, see the Company's Form SD filed with the U.S. SEC. (<https://investor.tsmc.com/english/sec-filings>)

7.3 TSMC Education and Culture Foundation

In 2025, the TSMC Education and Culture Foundation continued to dedicate resources, an investment exceeding NT\$178 million, towards three core pillars: promotion of arts and culture, education collaboration, and cultivation of younger generation. The Foundation took concrete steps to realize these goals. Aligning with the TSMC's global expansion and commitment to sustainable action, the Foundation promotes Taiwanese arts and culture overseas, showcasing Taiwan's culture to the world. The Foundation also presents internationally acclaimed performances and cultural events to domestic audiences, thereby broadening the cultural horizon of the Taiwanese public. In addition, by incorporating sustainability education and artificial intelligence (AI) into art exhibitions, cultural events and educational campaigns, the Foundation aims to enhance technological literacy among younger generations while raising the public's awareness of sustainability issues.

Deepening the Reach of Arts Promotion, Increasing Cultural Exchange

Guided by the principle of sustainable development, the TSMC Education and Culture Foundation sponsored the National Geographic "Secrets of the Whales" concert. Based on the documentary, produced by acclaimed Hollywood director and explorer James Cameron, and performed by National Symphony Orchestra (NSO), the concert drew the public's attention to the importance of conservation of the marine ecosystem combining high-quality artistic performances with popular scientific and environmental education.

The Foundation remains dedicated to international cultural exchange. In 2025, it sponsored the Berliner Philharmoniker's third visit to Taiwan. In addition to importing performances by musical groups from abroad, the Foundation facilitated many educational engagements, including a Side-by-Side rehearsal. In this program six members of the Berliner Philharmoniker, including first violinist Simon Bernardini, second violinist Christophe Horak, trombonist Janusz Widzyk, and first French Horn play Yun Zeng, rehearsed with and offered guidance to 48 young musicians from the National Symphony Youth Orchestra. The rehearsal exemplified intergenerational musical heritage and exchange. Also, Berliner Philharmoniker's second violinist Christophe Horals mentored 12 music students in the Berliner Master Class, elevating their artistic techniques. To further expand access, the Foundation invited over 230

students from six institutions in Taiwan to observe the rehearsals. These included the EMeil Bilingual Junior High School in Hsinchu, the specialized music class of the Chien Hua Junior High School in Hsinchu, the special music class of the National Hsinchu Senior High School, Institute of Music of the National Yang Ming Chiao Tung University, the department of music of the National Tsing Hua University, and the department of music of the National University of the Arts. This allowed the students to experience the magic of music of a worldclass orchestra up close. In total, 13,323 people attended these events, bridging generations and regions, connecting by music.

The Foundation continued to direct resources into overseas communities hosting events near TSMC fabs. For instance, it sponsored the National Symphony Orchestra's Japan tour, which staged a brilliant musical feast at the concert hall in Kumamoto Prefectural Theater. Continuing its mission to plant musical roots in the younger generation, the Foundation invited Taiwanese violinist Paul Huang to teach a master class in Kyushu, sharing his extensive performing experience with four young music students from Kyushu area in Japan. This exemplified the deepening cultural connections and interactions between Taiwan and Kyushu.

In 2025, the annual TSMC Hsin-chu Arts Festival was held in the communities surrounding the Company's operation centers in Hsinchu, Taichung and Tainan and presented a series of cross-disciplinary artistic performances and exhibitions under the theme "AI - Art & I." For the first time, the Arts Festival collaborated with Taiwan Contemporary Culture Lab (C-Lab) to relocate Taiwan's only giant movable outdoors immersive theater, the C-LAB Dome, from Taipei to the National Tsing Hua University campus in Hsinchu. The immersive theater showcased nine visual works from international and domestic artists, as well as two cross-field live performances. These works utilized AI image generation, AI generative art, and high-performance computing (HPC) platforms to create a visual feast, attracting over 3,800 people. The theatrical program featured the "New Century of Ukiyo-E," a co-production by three art groups: Maywa Denki, Hello Edo, and Dimension Plus. This partnership created a stylized electronic musical festival featuring self-made instruments, Japanese traditional festival visuals and auditory elements, blended with the cyberpunk aesthetics to offer a unique dimension of technological art.

The Foundation also maintained its commitment to promoting classical theater. It invited the Taipei Puppet Theater for an elegant interpretation of the play "Water Ghosts," which tells a moving story bridging the living and the dead. The theatrical program also included a performance of the youth version of "Wang Xi-Feng" by the GuoGuang Opera Theatre. Peking Opera master Wei Hai-Min mentored the lead Qui Yi Huang Shi Ya at the GuoGuang on how to perform a lively interpretation of the classic femme fatale role in the Peking Opera. On the classical music front, the Foundation invited classical music superstars from both the East and the West – Chopin Piano competition gold medalist Zhao Cheng-zhen and the French cellist Gautier Capucon – to perform in the Arts Festival. This year's "Literature Lectures" series, "Wandering in the Forest of Literature," featured essayist Jian Zheng, a giant of the Taiwanese literary scene, as the keynote speaker. In the talks, Jian Zheng guided the audiences on a journey through thousands of years of history, engaging in intimate dialogues with classical poets to appreciate the depth of literature that cannot be replicated by AI. In total, the 2025 Festival has showcased 106 quality performances, talks and exhibitions, attracting over 30,000 community members.

A New Chapter in AI Education, Promoting A.I. Literacy Education

To align with the global AI trend, Taiwan's education sector presented the "First Year of AI Education," and the Foundation sponsored the "Universal AI Literacy Project" launched by the Commonwealth Education Innovation Hub in a joint-effort with industry, academia, and NGOs. This project introduced the "Day of AI" curriculum, co-developed by MIT's RAISE (responsible AI for social empowerment and education) initiative and a multi-national educational institution i2Learning, to reach out to communities and families through campuses throughout Taiwan. This project responds to the demand for AI literacy from various sectors and opens up a dialogue of diverse voices on the topic. It aims to empower teachers in 237 primary and middle schools in Taiwan within three years, impacting an estimated 30,000 students.

In addition to AI literacy education, the Foundation continued to promote foundational literacy education in humanities and sciences. Through the Foundation's advocacy, 600 school children from rural areas all over Taiwan visited an exhibition at National Palace Museum called "From Impressionism to Early Modernism: French Masterpieces from the Robert Lehman Collection at the Metropolitan Museum of Art."

Through explanations and interactions with a professional tour guide, the museum tour kindled the children's curiosity and imagination regarding the world of art. Furthermore, the in-depth "TSMC Aesthetic Trip" and "TSMC Science Trip" programs entered their third year. In addition to visiting collections in major arts and science museums, both the Chinese calligraphy and the semiconductor science workshops helped deepen the students' learning. The "Teaching and Learning Project," a five-year collaboration with the *CommonWealth* magazine foundation and Prof. Hwawei Ko Reading Research Center of National Tsing Hua University, reached its fifth year. By using "understanding teaching" as its starting point, this project established and customized an educational support system for teachers in rural areas, adjusting its contents to educational needs as it sees fit. In just five years, the project has evolved from an educational initiative to a whole new teaching culture, breaking down geographical barriers faced by teachers in rural areas and improving their students' reading and writing skills. To date, over 6,500 students and teachers have participated.

Meanwhile, the Foundation continued to pursue its mission to preserve traditional theater art. The "Passing Traditional Theater Heritage on Campus" project has kicked off its second three-year cycle in September 2024. The project has continued to offer a one-year course in National Tsing Hua University and Tunghai University. Interim results from the first stage of the project's development were showcased in December 2025. To date, over 400 young students have benefited from this project. Additionally, "TSMC Traditional Theatre" teamed up with its various partners including the Taiwan Kunju troupe, the Hsing Legend Theater, and the Taipei Quyituan to organize talks and events promoting theater arts in Hsinchu, Taichung, Tainan and Kaohsiung, in hopes of exposing more high school students to the beauty of traditional theater. These events drew 3,291 attendees. The Foundation intends to offer new opportunities to broaden students' horizon through diverse arts and culture education in the future.

Creating a Stage for Show, Assisting Youth in Realizing Dreams

The TSMC Education and Culture Foundation places great importance on nurturing talent. In 2025, the new "TSMC Newcomer Short Story Awards" were established to encourage those under the age of forty to write short stories, thereby supporting young writers and fostering a robust literary climate. In total 312 people entered the competition. In

addition, in order to cultivate appreciation for the beauty of literature in middle school students in rural areas, the Foundation collaborated with the literary magazine *Unitas*, to organize the fifth “TSMC Young Student Literature Camp” at Emei Bilingual Junior High School. The camp serves 7th, 8th and 9th graders in the Taoyuan, Hsinchu, and Miaoli areas, with 335 attendees in total. In 2026, the camp will expand to include a winter vacation session, serving 7th, 8th and 9th graders in Tainan, Kaohsiung, and Pingtung, with the aim of enhancing and deepening literary education through the camp.

In addition to literary creation, the Foundation continued to promote the practice of calligraphy and organized the 18th “Youth Calligraphy and Seal-Carving Competition” and the “TSMC Penmanship Competition.” The former centered on the theme “Copying Calligraphic Rubbings,” encouraging students to learn classical calligraphic rubbings and calligraphic practice, and to inspire them to study and kindle their interest in calligraphy. In order to encourage even more students to be involved, a new “junior high school calligraphy” category was added in 2025. To broaden participation, the original “copying category” is divided into junior high school copying category” and senior high school/university copying category. In total, 402 students competed. To further root calligraphy education in the younger generation, in 2025 the Foundation launched the “TSMC Primary Calligraphy Class,” inviting past award winners as lecturers to offer a structured calligraphy course in ten primary schools in Taiwan, thereby hoping to inspire more students to understand the art of calligraphy. In 2025, nearly 280 students have participated in the course.

2025 marked the tenth anniversary of the “TSMC Udreamer” project since it was first launched in 2016. To celebrate the project’s tenth anniversary, the Foundation partnered with the Taipei City Department for Youth and National Taiwan University’s College of Design and Innovation to organize “Off Track,” a three-day interactive exhibition at SongShan Cultural and Creative Park in Taipei, aimed at encouraging the younger generation to break the mold courageously and take the first step toward pursuing their dreams. It was curated by nine Udreamers, who presented their own dream journeys towards into a collective exhibition for the public to see:

- “Lighten the Torch that is called Basketball Game,” incorporating basketball in education and supporting vulnerable children to pursue their dreams;

- “Alpha Tanzania,” dedicated to building a school in East Tanzania so as to improve the local educational environment;
- “Kai-Ting Kaitie – Creating with Palanquin,” blending traditional culture and technological art, demonstrating the beauty of Taiwanese culture;
- “Chen Huai Pu – Sailing into the World,” aiming to improve marine conservation as an ocean explorer;
- “TimbormosA,” upcycling discarded street trees and giving them new life through carpentry, creating a circular economy;
- “Chubby There’s Tropical Forest,” presenting the plants’ migration story in Taiwanese;
- “Lifting Chaos,” focusing on a feminist perspective and opening up a space for intimate dialogues;
- “Incubating and Accompanying Babies,” supporting new parents with science-based child-rearing concepts;
- “A Canteen for Rough Sleepers,” explaining issues relating to rough sleepers (unhoused people), thereby hoping to break down biases.

In addition to the exhibition, the Udreamers hosted 11 salon events to share and communicate with the public. At the same time, the Foundation called for mystery shoppers online, inviting them to vote and support the dreamers with a one-million-dollar grant. The mystery shoppers voted for their favorite Udreamer project and the grant was distributed among the candidates based on the proportion of votes they obtained. This exhibition attracted 30 enthusiastic volunteers and 90 mystery shoppers to participate in a meaningful way. The campaign reached 1.5 million online, while over 2,500 people visited the exhibition in person. Through this special exhibition and its related events, the Foundation hoped to ignite the imagination of young people and the public about dreams and empower youth to create their own future.

7.4 TSMC Charity Foundation

Since its inception in 2017, the TSMC Charity Foundation, under the leadership of Chairperson Sophie Chang, has championed the mission of empowering rural areas. Anchored in three core pillars – education empowerment, healthy aging, and environmental protection – this Foundation has built robust local support and created a lasting impact. The Foundation mobilizes corporate volunteers to address real societal needs through both physical and online services. Leveraging TSMC’s extensive industry network, it strengthens collaboration with local governments, corporations, and

universities to provide educational and medical resources for underprivileged children and their families. These initiatives aim to foster long-term self-sufficiency, enabling families to improve their quality of life. Additionally, through its “Sending Love” platform, the Foundation connects communities and amplifies social goodwill, enhancing local service capacities and promoting collective growth.

In 2025, the Foundation demonstrated its dedication to investing in public welfare and expanding projects in the following ways:

• Education Empowerment

The Foundation continued to enhance rural education by offering volunteer services, financial aid, and educational resources. Starting in 2022, the focus was expanded beyond providing essential support to strengthening the employability of rural students. In 2025, the Foundation hosted vocational job fairs featuring career exploration and employment matchmaking in collaboration with five county and city governments. These efforts were expected to benefit over 15,000 participants.

The Quick-Impact vocational training program, now in its fifth year, was scaled up to include TSMC suppliers and over a hundred leading companies such as SEMI, Happy Hair, 104 Job Bank and Chenglin Company. This program connected rural students with quality job opportunities through friendly employment expos and tailored training camps held in the following five cities: Taoyuan, Hsinchu, Yunlin, Pingtung and Taitung. By empowering over 7,700 young participants to explore diverse career paths, these initiatives have created avenues for sustainable livelihoods.

• Healthy Aging

Partnering with social welfare groups and medical institutions since 2014, the Foundation has striven to enhance the well-being of elderly individuals living alone. In 2022, a Smart Fitness club for seniors, developed in collaboration with National Yang Ming Chiao Tung University and Guandu Hospital, was established to help prevent disability and delay aging. With the support of TSMC volunteers, this initiative was expanded in 2023 to engage retired employees in meaningful contributions.

Beginning in 2024, the Foundation has partnered with National Yang Ming Chiao Tung University and Guandu Hospital, along with the town of Kikuyo in Kumamoto prefecture, Japan, and Kumamoto University, to formally establish a collaborative alliance. Combining the triangular model of “corporate x hospital/university x community,” smart philanthropy has been implemented in Kumamoto to create a healthy and prosperous community for all. Additionally, Kumamoto University Hospital supports around 500 TSMC employees and their families in JASM with medical resources, ensuring quality care and reducing language barriers.

• Protecting the Environment

The Foundation actively promotes green energy adoption and sustainable practices, continuing the “Green Energy for Charity Project” initiated in 2021. In 2025, it assisted 14 social welfare organizations in installing solar panel system to generate revenue of NT\$3.5 million annually from electricity sales. The goal for the future is to assist at least eight social welfare organizations every year to install solar panel system. Furthermore, 360 rural schools across nine counties benefited from LED energy-saving installations, reducing electricity costs by 30%, generating savings of NT\$6.8M and of carbon emissions by 1,285 tons – equivalent to the environmental impact of 6.8 Da’an Forest Parks, benefiting 120,000 teachers and students. These projects not only create sustainable support for rural schools but also set benchmarks for environmental stewardship.

7.5 TSMC i-Charity Platform

Established in 2014, the TSMC i-Charity platform empowers employees to initiate and support social projects, share outcomes, and participate in real-time fundraising activities.

In 2025, over 22,000 donors contributed to campaigns such as “Hualien Relief” and “Let’s join hands to assist southern Taiwan in repairing, restoring!” Four recurring projects, supporting rural baseball and academic education, garnered over NT\$60 million in cumulative donations.

Since its launch, the platform has raised more than NT\$500 million in charitable funds, reinforcing TSMC’s commitment to societal well-being. By encouraging employees to contribute in diverse ways, the Company continues to uphold its promise to drive positive change across communities.

7.6 Sustainability Development Implementation Status as Required by Taiwan Financial Supervisory Commission

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary	
1. Does the Company have a governance structure for sustainability development and a dedicated (or ad-hoc) sustainable development organization with Board of Directors authorization for senior management, which is reviewed by the Board of Directors?	V		For the Company's governance structure for sustainability development, please refer to "7.1 Corporate Sustainability (ESG) – Overview" on pages 156-161 of this Annual Report. For the time of establishment, structure, operations, implementation status and frequency of reporting to the Board of Directors of the Company's dedicated organization for sustainability development, please refer to "7.1 Corporate Sustainability (ESG) – Overview" on pages 156-161 of this Annual Report. For progress of the Board of Directors' supervision of the Company's sustainability development, please refer to "7.1 Corporate Sustainability (ESG) – Overview" on pages 156-161 of this Annual Report.	None
2. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy?	V		For the Company's scope of risk assessment, please refer to "7.1 Corporate Sustainability (ESG) – Overview" on pages 156-161 of this Annual Report. For the principle, process and result of the Company's materiality analysis of ESG related topics and risk management related policy or strategy, please refer to "7.1 Environmental, Social and Governance (ESG) – Overview" on pages 156-161 of this Annual Report.	None
3. Environmental Topic (1) Has the Company set an environmental management system designed to industry characteristics?	V		(1) For the Company's environmental management system and the regulations on which it is based, please refer to "7.2 Environmental, Safety and Health (ESH) Management" on pages 161-175 and "6.2.3 Risks Regarding Non-Compliance with Export Control, Environmental and Climate Change Related Laws, Regulations and Accords, and Failure to Timely Obtain Requisite Approvals Necessary for Conducting Business" on pages 148-149 of this Annual Report. For the Company's international certifications and their scope, please refer to "7.2 Environmental, Safety and Health (ESH) Management" on pages 161-175 of this Annual Report.	None
(2) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	V		(2) For the Company's improvement of resource efficiency and the use of renewable materials, please refer to "7.2.1 Environmental Protection – Climate Change and Energy Management/Waste Management and Recycling" on pages 162-163, 166-168 of this Annual Report.	
(3) Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?	V		(3) For the Company's evaluation of potential risks and opportunities of current and future climate change and measures taken related to climate topics, please refer to "7.2.1 Environmental Protection – Climate Change and Energy Management" on pages 162-163 of this Annual Report.	
(4) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in recent two years, and set greenhouse gas emissions reduction, water usage reduction and other waste management policies?	V		(4) For the Company's statistical data, intensity and data coverage for greenhouse gas emissions, water usage and waste quantity in recent two years, please refer to "7.2.1 Environmental Protection – Climate Change and Energy Management/Greenhouse Gas (GHG) Emission Reduction and Energy Management/Air and Water Pollution Control/Waste Management and Recycling" on pages 162-163, 164-165, 165-166, 166-168, "7.7 Climate-Related Information of Listed Companies – TSMC GHG Emissions in Recent Two Years" on page 171 of this Annual Report. For the Company's policies on the reduction of greenhouse gas emissions, water usage and waste management, please refer to "7.2.1 Environmental Protection" on pages 162-169 of this Annual Report. For the Company's certification status of each data set and its scope, please refer to "7.2.1 Environmental Protection – Climate Change and Energy Management/Greenhouse Gas (GHG) Emission Reduction and Energy Management/Air and Water Pollution Control/Waste Management and Recycling" on pages 162-163, 164-165, 165-166, 166-168 of this Annual Report.	

(Continued)

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary	
4. Social Topic (1) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?	V		(1) For the Company's policies and specific programs in compliance with regulations and internationally recognized human rights principles, please refer to "5.6.1 Human Rights Policy and Specific Actions" on page 117-118 of this Annual Report.	None
(2) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?	V		(2) For the Company's employee welfare measures, including salary and compensation, equitable and inclusive workplace, leave, allowance, bonuses, and subsidies, please refer to "5.6.6 Competitive Overall Compensation", "5.6.2 Inclusive Workplace", "5.6.3 Workforce Structure", and "5.6.7 Employee Benefit System Superior to Statute" on pages 118-121 of this Annual Report. For the information on how the Company's operational performance or achievements are reflected in the policy and implementation of employee salary and compensation, please refer to "5.6.6 Competitive Overall Compensation" on page 121 of this Annual Report.	
(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	V		(3) For the Company's status with respect to providing employees with a safe and healthy working environment, with regular safety and health training, please refer to "7.2.3 Safety and Health" on pages 171-175 of this Annual Report. For the Company's related certification status and its scope, please refer to "7.2.3 Safety and Health" on pages 171-175 of this Annual Report. For a presentation and analysis of the Company's occupational accidents in the current year, the number of employees involved, and the ratio of the number of employees involved to the total number of employees, as well as related improvement measures taken, please refer to "7.2.3 Safety and Health" on pages 171-175 of this Annual Report. The number of fire incidents and the number of casualties in the given year, and the ratio of the number of casualties to the total number of employees, and improvement measures related to fire incidents: In 2025 and as of the date of this Annual Report, TSMC and its subsidiaries experienced two fire incidents. Neither fire resulted in injuries or fatalities. Related improvement measures include: (1) educating employees to keep their vehicles and motorcycles in their original factory design and not to modify them (including not adding non-original components such as supercapacitors, and not using non-original batteries such as replacing lead-acid batteries with lithium iron phosphate batteries); (2) enhancing the intrinsic safety of equipment, requiring that covers for specific equipment components must use non-combustible materials, establishing safety specifications for their electrical components and design, and incorporating these into procurement documents.	
(4) Has the Company established effective career development training plans?	V		(4) For the scope and implementation of the Company's employee training plans, please refer to "5.6.5 People Development" on page 119 of this Annual Report.	
(5) Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling and set policies to protect consumers' or customers' rights and consumer appeal procedures?	V		(5) Not applicable as TSMC is not an end product manufacturer. For the Company's policy to protect customers' rights, please refer to "5.4.1 Customers – Customer Information Protection" on page 114 of this Annual Report.	
(6) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?	V		(6) For the Company's supplier management policy and related compliance norms, and specific requirements for suppliers in environmental protection, occupational safety and health or labor right, please refer to "7.2.4 Supplier Management" on page 175 and "5.6.1 Human Rights Policy and Specific Actions" on pages 117-118 of this Annual Report. For a description of the implementation of the Company's supplier management policy and related compliance norms, please refer to "7.2.4 Supplier Management" on page 175 of this Annual Report.	

(Continued)

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary	
5. Does the Company refer to international reporting rules or guidelines to publish Sustainability Report to disclose non-financial information of the Company? Has the said Report acquire third party verification or statement of assurance?	V		For the reporting rules and guidelines that the Company follows in disclosing non-financial information in the Sustainability Report, please refer to "7.1 Corporate Sustainability (ESG) – Overview" on pages 156-161 of this Annual Report. For third party verification, the items or scope certified, and the standards that are followed of the Sustainability Report, please refer to "7.1 Corporate Sustainability (ESG) – Overview" on pages 156-161 of this Annual Report.	None
6. If the Company has established its sustainable development code of practice according to "Listed Companies Sustainable Development Code of Practice," please describe the operational status and differences. TSMC follows the ESG Policy, to promote the Company's sustainable development through concrete practices. For sustainable development operational status, please refer to "7.1 Corporate Sustainability (ESG) – Overview" on pages 156-161 of this Annual Report and ESG related information on the Company's website: https://esg.tsmc.com/en-US				
7. Other important information to facilitate better understanding of the Company's implementation of sustainable development: Please refer to TSMC's website for its sustainable development implementation status: https://esg.tsmc.com/en-US				

7.7 Climate-Related Information of Listed Companies

Items	Execution Status
1. Description on the Board and Management's oversight and governance on climate-related risks and opportunities	<ul style="list-style-type: none"> ESG Steering Committee: TSMC's top organization in climate change management. Chaired by the Chairman of TSMC with the chairperson of the ESG Committee serving as executive secretary. The Committee reviews TSMC's climate change strategies and goals every quarter and reports to the Board of Directors. Energy Saving and Carbon Reduction Committee: The Company's management organization for taking action on climate change risk and opportunity. It is chaired by the Vice President of Fab Operations. Every quarter, this Committee formulates management plans, reviews implementation status, and discusses future plans.
2. Description on how the identified climate risks and opportunities impact the company's business, strategies, and finance (short, mid, long term)	TSMC identifies and updates climate risks and opportunities every two years based on the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) framework. Please refer to the "Financial Impact Analysis and Response of Climate Risks and Opportunities" table for details on page 163 of this Annual Report.
3. Description on the impact extreme climate events and transitional actions have on finance	Please refer to the "Financial Impact Analysis and Response of Climate Risks and Opportunities" table for details on page 163 of this Annual Report.
4. Description on how the climate risk identification, assessment, and management process is integrated in the overall risk management system	Please refer to the Risk Management in "Management Structure of TSMC Climate-related Risks and Opportunities" table for details on page 163 of this Annual Report.
5. Should scenario analysis be used to assess the Company's resilience in face of climate change risks, explanations on the scenario, parameters, hypothesis, analysis factors and major financial impacts should be provided	TSMC selected high-emission scenarios (SSP5-8.5) from IPCC AR6 to analyze physical risks and assess the potential short, mid and long-term risks in TSMC facilities and supply chains. In addition to the existing flood, drought, and heat risks, the Company further evaluated risks such as wind disasters from typhoons, landslide disasters, and rising ocean levels. Meanwhile, TSMC increased its scope to cover all facilities around the world as well as five critical supply chains - direct raw materials, indirect raw materials, equipment, fab facilities, and parts and components. Analysis of physical risks shows that the risks of droughts are the most significant physical risks, which cause the impact to self-operation resulting financial loss and revenue decrease due to water shortage.
6. Should there be transitional programs in response to managing climate-related risks, please explain the program's content and metrics and targets used to identify and manage physical and transitional risks	TSMC actively implements greenhouse gas reduction measures in accordance with the 2050 Net Zero Transition Plan, in order to achieve the RE100 target by 2040 and net-zero emissions by 2050. Throughout the process, TSMC will continue to introduce the best energy-saving and carbon-reducing technologies to reduce emissions, and will continuously expand the use of renewable energy until reaching the RE100 goal. Ultimately, TSMC plans to achieve the net-zero transition target by partially offsetting emissions with carbon credits.
7. Should the internal carbon pricing be used as the planning tool, the pricing mechanism should be explained	Internal carbon prices include carbon tax (fee), regulatory fines, carbon reduction and renewable energy cost, and carbon market price.
8. Should climate-related targets be in place, information such as their scope of action, GHG emissions, planned timeline, and yearly achieved progress should be stated; for targets achieved through carbon offset and RECs, the source of offset amount and number of RECs should be stated	<ol style="list-style-type: none"> Reduce unit GHG emissions by 30% compared to the base year (metric ton of carbon dioxide equivalent (MTCO₂e)/12-inch equivalent wafer mask layer), and restore GHG emissions to the 2020 level in 2030, net zero emissions in 2050. 60% renewable energy company-wide in 2030, 100% renewable energy company-wide in 2040. 2025 achievements: unit GHG emissions (metric ton of carbon dioxide equivalent (MTCO ₂ e)/12-inch equivalent wafer mask layer) increased by 2%; Used 5,780 GWh in renewable energy, and increased the proportion of renewable energy use to 20.1%.
9. GHG inventory and assurance status, and reduction goals, strategies and specific action plans	Please refer to "7.2.1 Environmental Protection – Climate Change and Energy Management" on pages 162-163 of this Annual Report, "7.2.1 Environmental Protection – Greenhouse Gas (GHG) Emission Reduction and Energy Management" on pages 164-165 of this Annual Report and the "TSMC GHG Emissions in Recent Two Years" table on page 183 of this Annual Report.

TSMC GHG Emissions in Recent Two Years

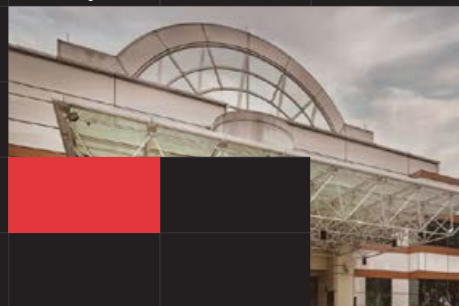
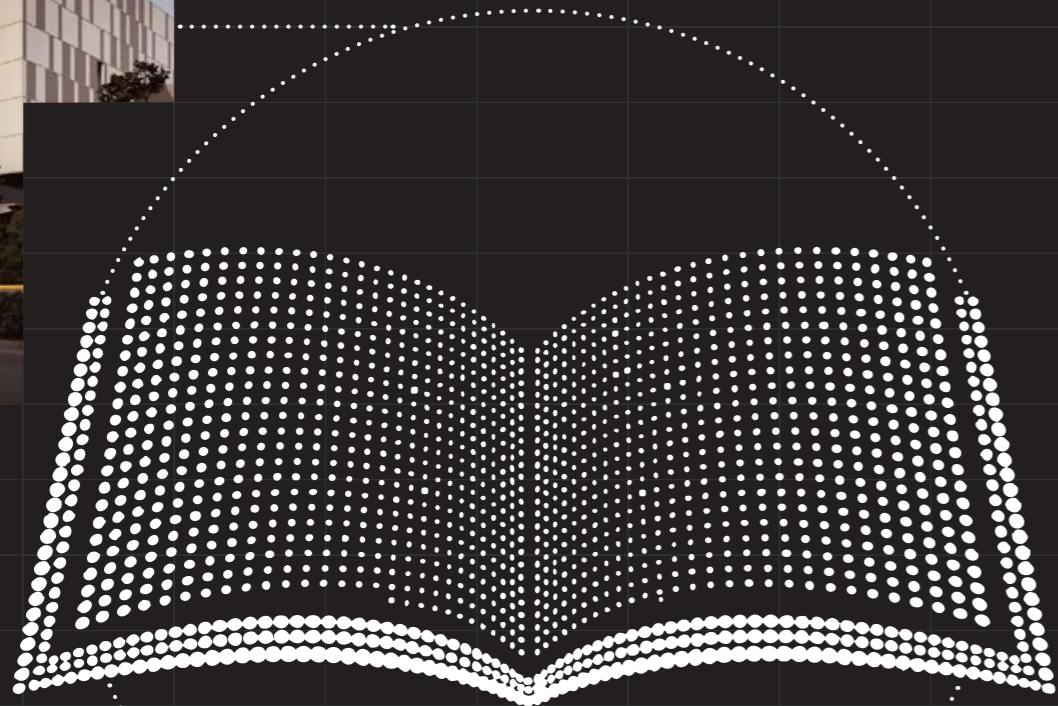
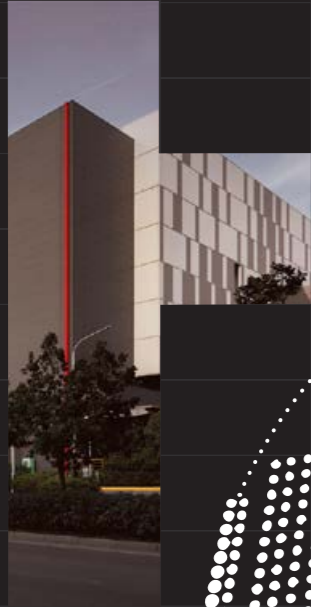
Year	Scope	Scope 1		Scope 2		Verification Party	Verification Guideline	Verification Statement
		Total Emissions (Metric Ton CO ₂ e)	Intensity (Metric Ton CO ₂ e / M NTD)	Total Emissions (Metric Ton CO ₂ e)	Intensity (Metric Ton CO ₂ e / M NTD)			
2025	Parent Company	1,872,907	0.49	11,130,187	2.94	DNV	ISO 14064-3	Reasonable Assurance
	VisEra Technologies Company Ltd.	6,527	0.73	29,665	3.32	DNV	ISO 14064-3	Reasonable Assurance
	TSMC China Company Limited	128,580	4.97	0	0	DNV	ISO 14064-3	Reasonable Assurance
	TSMC Nanjing Company Limited	69,139	0.98	0	0	DNV	ISO 14064-3	Reasonable Assurance
	TSMC Washington, LLC	51,899	7.21	0	0	AMN	ISO 14064-3	Reasonable Assurance
	TSMC Arizona Corporation	27,440	0.41	0	0			Has not been verified yet
	JASM	21,246	1.43	0	0	DNV	ISO 14064-3	Reasonable Assurance
2024	3DIC	203	0.18	0	0	DNV	ISO 14064-3	Reasonable Assurance
	Parent Company	1,581,312	0.55	10,926,644	3.79	DNV	ISO 14064-3	Reasonable Assurance
	VisEra Technologies Company Ltd.	5,043	0.5	30,753	3.07	DNV	ISO 14064-3	Reasonable Assurance
	TSMC China Company Limited	118,141	4.56	0	0	DNV	ISO 14064-3	Reasonable Assurance
	TSMC Nanjing Company Limited	53,216	0.77	0	0	DNV	ISO 14064-3	Reasonable Assurance
	TSMC Washington, LLC	54,238	9.12	0	0	AMN	ISO 14064-3	Reasonable Assurance
	JASM	14,241	131.37	0	0	DNV	ISO 14064-3	Reasonable Assurance
3DIC	196	0.21	0	0	DNV	ISO 14064-3	Reasonable Assurance	

Note 1: GHG includes CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃

Note 2: Scope 1: Direct emissions, i.e. sources owned or controlled by the Company, according to the 2019 Refinement to the Guidelines for National Greenhouse Gases Inventories of the United Nations; and use the Global Warming Potential (GWP) referring to the Intergovernmental Panel on Climate Change (IPCC) AR5 for calculation.

Scope 2: Indirect emissions, i.e. those arising from externally purchased electricity, heat or steam. The calculation is according to market-based method.

CHAPTER



8

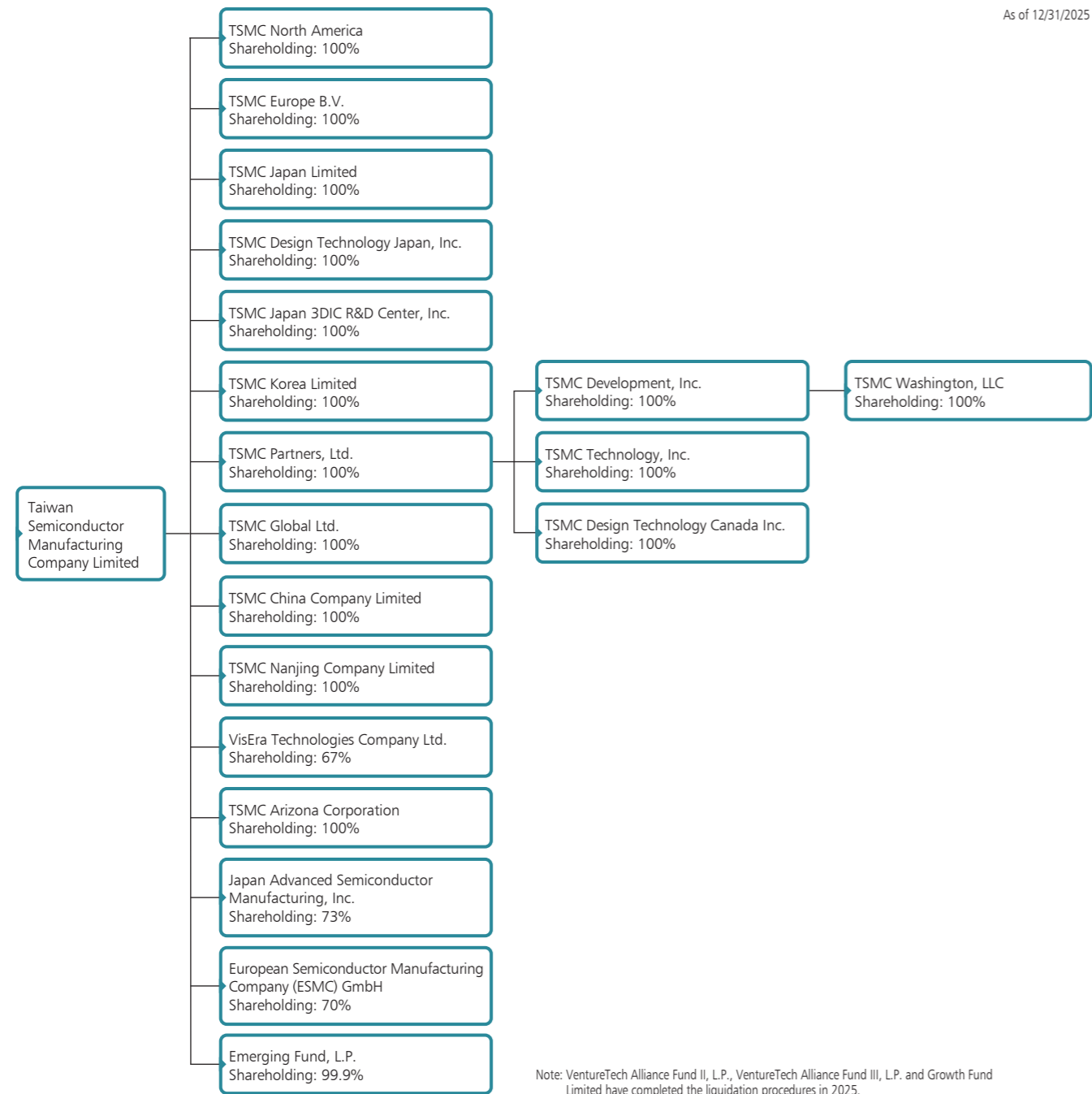
Subsidiary Information & Other Special Notes

TSMC will continue to play a critical and integral role in the global semiconductor industry, while supporting our customers' growth.

8.1 Subsidiaries

For the Company's consolidated business reports of affiliated enterprises, please refer to "8.1.1 TSMC Subsidiaries Chart" to "8.1.6 Operational Highlights of TSMC Subsidiaries" of this Annual Report.

8.1.1 TSMC Subsidiaries Chart (Note)



8.1.2 Business Scope of TSMC and Its Subsidiaries

TSMC and its subsidiaries strive to deliver the best possible foundry services. TSMC Washington, LLC in the United States and TSMC China provide 8-inch wafer capacity, while TSMC Nanjing, TSMC Arizona in the United States and Japan Advanced Semiconductor Manufacturing, Inc. in Japan provide 12-inch wafer capacity. TSMC's subsidiaries in North America, Europe, Japan, China, South Korea and other regions are dedicated to providing timely services and engineering support to customers worldwide and also support the Company's core foundry business with related services as well as investing in start-up companies in the semiconductor industry.

8.1.3 TSMC Subsidiaries

Unit: NT\$ (USD, EUR, JPY, KRW, RMB, CAD) thousands

As of 12/31/2025

Company	Date of Incorporation	Place of Registration	Capital Stock	Business Activities
TSMC North America	Jan. 18, 1988	San Jose, California, U.S.	US\$ 11,000	Sales and marketing of integrated circuits and semiconductor devices
TSMC Europe B.V.	Mar. 04, 1994	Amsterdam, The Netherlands	EUR 100	Customer service and supporting activities
TSMC Japan Limited	Sep. 10, 1997	Yokohama, Japan	JPY 300,000	Customer service and supporting activities
TSMC Korea Limited	May 02, 2006	Seoul, Korea	KRW 400,000	Customer service and supporting activities
TSMC Design Technology Japan, Inc.	Jan. 10, 2020	Yokohama, Japan	JPY 750,000	Engineering support activities
TSMC Japan 3DIC R&D Center, Inc.	Mar. 29, 2021	Yokohama, Japan	JPY 2,450,000	Engineering support activities
TSMC China Company Limited	Aug. 04, 2003	Shanghai, China	RMB 4,502,080	Manufacturing, sales, testing, and computer-aided design of integrated circuits and other semiconductor devices
TSMC Nanjing Company Limited	May 16, 2016	Nanjing, China	RMB 6,650,119	Manufacturing, sales, testing, and computer-aided design of integrated circuits and other semiconductor devices
TSMC Arizona Corporation	Nov. 10, 2020	Arizona, U.S.	US\$ 21 (Note)	Manufacturing, sales, and testing of integrated circuits and other semiconductor devices
Japan Advanced Semiconductor Manufacturing, Inc.	Dec. 10, 2021	Kumamoto, Japan	JPY 207,232,200	Manufacturing, sales, and testing of integrated circuits and other semiconductor devices
European Semiconductor Manufacturing Company (ESMC) GmbH	Jun. 30, 2023	Dresden, Germany	EUR 1,150	Manufacturing, sales, and testing of integrated circuits and other semiconductor devices
TSMC Technology, Inc.	Feb. 20, 1996	Delaware, U.S.	US\$ 0.001	Engineering support activities
TSMC Development, Inc.	Feb. 16, 1996	Delaware, U.S.	US\$ 0.001	Investing in companies involved in semiconductor manufacturing
TSMC Washington, LLC	Jun. 03, 1996	Delaware, U.S.	US\$ 0	Manufacturing, sales, and testing of integrated circuits and other semiconductor devices
TSMC Partners, Ltd.	Mar. 26, 1998	British Virgin Islands	US\$ 988,268	Investing in companies involved in the semiconductor design and manufacturing, and other investment activities
TSMC Design Technology Canada Inc.	May 28, 2007	Ontario, Canada	CAD 2,434	Engineering support activities
TSMC Global Ltd.	Jul. 18, 2006	British Virgin Islands	US\$ 36,984,000	Investment activities
Emerging Fund, L.P.	Jan. 27, 2021	Cayman Islands	US\$ 98,715	Investing in technology start-up companies
VisEra Technologies Company Ltd.	Dec. 01, 2003	Hsinchu, Taiwan	NT\$ 3,182,991	Research, design, development, manufacturing, sales, packaging and testing of color filter

Note: TSMC Arizona Corporation completed capital injections in January 2026 and February 2026 with capital stock of US\$24 thousands post the capital injections.

8.1.4 Shareholders in Common of TSMC and Its Subsidiaries with Deemed Control and Subordination: None.

8.1.5 Rosters of Directors, Supervisors, and Presidents of TSMC's Subsidiaries

Unit: NT\$ (USD), except shareholding

As of 12/31/2025

Company	Title	Name	Shareholding	
			Shares (Investment Amount)	% (Investment Holding %)
TSMC North America	Director	Sylvia Fang	-	-
	Director	David Keller (Note 1)	-	-
	CEO	David Keller (Note 1)	-	-
	President	Sajiv Dalal	-	-
			TSMC holds 11,000,000 shares	100%
TSMC Europe B.V.	Director	Wendell Huang	-	-
	Director	Paul de Bot (Note 2)	-	-
	President	Paul de Bot (Note 2)	-	-
			TSMC holds 200 shares	100%
TSMC Japan Limited	Representative Director	Makoto Onodera	-	-
	Director	Sylvia Fang	-	-
	President	Makoto Onodera	-	-
		TSMC holds 6,000 shares	100%	
TSMC Korea Limited	Representative Director	Wei-Li Chen	-	-
	Director	Ray Wan	-	-
	Director	Wendell Huang	-	-
		TSMC holds 80,000 shares	100%	
TSMC Design Technology Japan, Inc.	Representative Director	L.C. Lu	-	-
	Director	Wendell Huang	-	-
	Supervisor	Morris Cheng	-	-
			TSMC holds 15,000 shares	100%
TSMC Japan 3DIC R&D Center, Inc.	Representative Director	Jun He	-	-
	Director	David Liu	-	-
	Supervisor	Morris Cheng	-	-
			TSMC holds 49,000 shares	100%
TSMC China Company Limited	Chairman	F.C. Tseng	-	-
	Director	Y.P. Chyn	-	-
	Director	Roger Luo	-	-
	Supervisor	Lora Ho	-	-
	President	Roger Luo	-	-
			(TSMC invests US\$596,000,000)	(100%)
TSMC Nanjing Company Limited	Chairman	Lora Ho	-	-
	Director	Y.P. Chyn	-	-
	Director	Cliff Hou	-	-
	Director	Roger Luo	-	-
	Supervisor	Wendell Huang	-	-
	Supervisor	Sylvia Fang	-	-
	President	Roger Luo	-	-
			(TSMC invests US\$1,000,000,000)	(100%)
TSMC Arizona Corporation	Director	Ray Chuang	-	-
	Director	Rose Castanares	-	-
	Director	Sylvia Fang	-	-
	Director	Wendell Huang	-	-
	CEO	Ray Chuang	-	-
	President	Rose Castanares	-	-
			TSMC holds 21,250,000 shares (Note 3)	100%

(Continued)

Company	Title	Name	Shareholding	
			Shares (Investment Amount)	% (Investment Holding %)
Japan Advanced Semiconductor Manufacturing, Inc.	Representative Director	Y.H. Liaw	-	-
	Director	Bryan Hsu	-	-
	Director	Yuichi Horita	-	-
	Director	Yasuhiro Kono	-	-
	Supervisor	Morris Cheng	-	-
	CEO	Y.H. Liaw	-	-
	President	Yuichi Horita	-	-
		TSMC holds 3,010,894 shares	72.65%	
European Semiconductor Manufacturing Company (ESMC) GmbH	Shareholders' Committee Chairman	Arthur Chuang	-	-
	Shareholders' Committee Member	Weiyei Kuo	-	-
	Shareholders' Committee Member	Morris Cheng	-	-
	Shareholders' Committee Member	David Liu	-	-
	Shareholders' Committee Member	Stefan Joeres	-	-
	Shareholders' Committee Member	Alexander Gorski	-	-
	Shareholders' Committee Member	Maarten Dirkzwager (Note 4)	-	-
	Managing Director	Christian Koitzsch	-	-
		TSMC holds 805,000 shares	70%	
TSMC Technology, Inc.	Chairman	Wendell Huang	-	-
	Director	L.C. Lu	-	-
	President	L.C. Lu	-	-
		TSMC Partners, Ltd. holds 10 shares	100%	
TSMC Development, Inc.	Chairman	Wendell Huang	-	-
	Director	Sylvia Fang	-	-
	President	Wendell Huang	-	-
		TSMC Partners, Ltd. holds 10 shares	100%	
TSMC Washington, LLC	Director	Y.H. Liaw	-	-
	Director	Wendell Huang	-	-
	President	Julian Lee	-	-
		TSMC Development, Inc. holds 293,636,833 shares	100%	
TSMC Partners, Ltd.	Director	Wendell Huang	-	-
	Director	Sylvia Fang	-	-
	President	Wendell Huang	-	-
		TSMC holds 988,268,244 shares	100%	
TSMC Design Technology Canada Inc.	Director	L.C. Lu	-	-
	Director	Cormac Michael O'Connell	-	-
	Director	Sylvia Fang	-	-
	President	L.C. Lu	-	-
		TSMC Partners, Ltd. holds 2,300,000 shares	100%	
TSMC Global Ltd.	Director	Wendell Huang	-	-
	Director	Sylvia Fang	-	-
		TSMC holds 36,984 shares	100%	
Emerging Fund, L.P.	None	None	(TSMC invests US\$98,615,857)	(99.90%)
VisEra Technologies Company Ltd.	Chairman	Robert Kuan	264,500 shares	0.08%
	Director	Bryan Hsu	-	-
	Director	David Liu	-	-
	Independent Director	Laura Huang	-	-
	Independent Director	Emma Chang	-	-
	Independent Director	P.H. Chang	-	-
	Independent Director	Han-Fei Lin	-	-
	CEO/President	Robert Kuan	-	-
			TSMC holds 213,619,000 shares	67.25%

Note 1: Effective January 2026, Sajiv Dalal was appointed as the Director and CEO of TSMC North America.

Note 2: Effective January 2026, Christopher Thomas was appointed as the Director and President of TSMC Europe B.V.

Note 3: TSMC Arizona Corporation completed capital injections in January 2026 and February 2026. After the capital injections, TSMC holds 24,000,000 shares and 100% equity interests in TSMC Arizona Corporation.

Note 4: Effective January 2026, Mike Mevissen succeeded Maarten Dirkzwager as the Shareholders' Committee Member of European Semiconductor Manufacturing Company (ESMC) GmbH.

8.1.6 Operational Highlights of TSMC Subsidiaries

Unit: NT\$ thousands, except EPS (NT\$)

As of 12/31/2025

Company	Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share
TSMC North America	345,884	351,715,584	342,945,201	8,770,383	2,939,574,172	1,186,361	1,194,222	108.57
TSMC Europe B.V.	3,700	1,229,508	462,088	767,420	788,557	55,189	77,134	385.670
TSMC Japan Limited	60,390	290,605	161,453	129,152	328,753	12,408	5,123	853.83
TSMC Design Technology Japan, Inc.	150,975	751,728	318,402	433,326	1,003,609	52,853	31,851	2,123.4
TSMC Japan 3DIC R&D Center, Inc.	493,185	1,641,458	139,314	1,502,144	1,154,881	247,483	216,635	4,421.12
TSMC Korea Limited	8,720	45,174	727	44,447	12,303	1,151	1,670	20.88
TSMC Development, Inc.	0.03	38,144,903	0	38,144,903	652,875	251,299	114,205	11,420,500
TSMC Partners, Ltd.	31,075,107	75,934,854	65	75,934,789	2,179,818	2,172,398	2,172,398	2.2
TSMC Global Ltd.	1,162,924,896	1,556,734,787	205,360,549	1,351,374,238	56,345,764	51,520,610	51,520,610	1,904,564.53
TSMC Washington, LLC	0	8,161,406	3,264,396	4,897,010	7,198,993	(660,486)	(401,529)	(1.37)
TSMC China Company Limited	20,253,507	126,746,252	4,001,507	122,744,745	25,856,182	11,439,528	11,571,415	NA
TSMC Nanjing Company Limited	29,916,892	166,972,658	21,028,933	145,943,725	70,833,831	27,029,375	27,605,732	NA
VisEra Technologies Company Ltd.	3,182,991	22,327,282	3,903,820	18,423,462	8,938,168	1,334,779	1,273,995	4.01
TSMC Arizona Corporation	668	917,761,003	272,097,019	645,663,984	66,804,056	5,363,252	16,141,125	796.96
Japan Advanced Semiconductor Manufacturing, Inc.	41,715,842	149,424,173	82,736,495	66,687,678	14,819,954	(14,212,783)	(9,767,064)	(2,356.55)
European Semiconductor Manufacturing Company (ESMC) GmbH	42,553	82,240,527	25,847,937	56,392,590	0	(1,043,948)	(688,621)	(625.79)
TSMC Technology, Inc.	0.03	5,675,332	3,763,590	1,911,742	6,608,122	317,206	408,763	40,876,300
TSMC Design Technology Canada Inc.	55,881	552,291	80,016	472,275	415,888	37,808	44,729	19.45
VentureTech Alliance Fund III, L.P. (Note)	0	0	0	0	445	445	445	NA
Growth Fund Limited (Note)	0	0	0	0	475	445	445	NA
Emerging Fund, L.P.	3,103,981	4,151,792	33	4,151,759	176,863	158,117	158,117	NA

Note: Complete the liquidation procedures was achieved in 2025.

8.1.7 Consolidated Financial Statements and Affiliation Reports of Affiliated Enterprises

Please refer to our company's consolidated financial statements on the Market Observation Post System (MOPS).

Link to MOPS: <https://mops.twse.com.tw/mops/#/web/home>

8.2 Special Notes

8.2.1 Private Placement Securities in 2025 and as of the Date of This Annual Report: None.

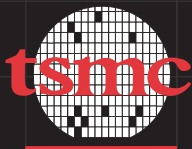
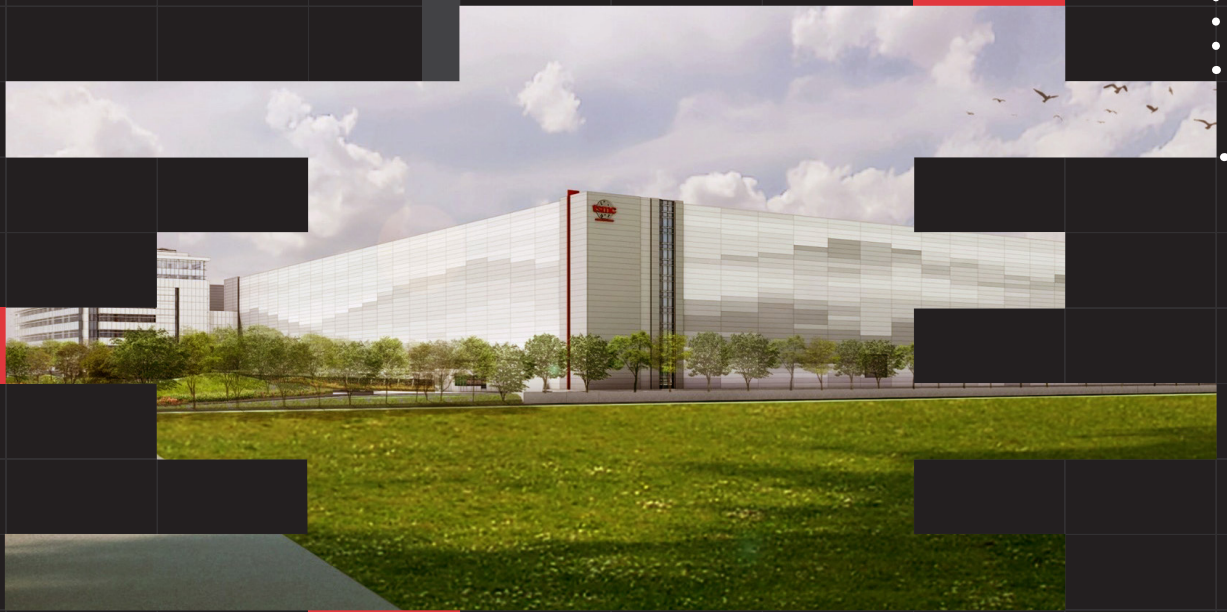
8.2.2 Any Events in 2025 and as of the Date of This Annual Report That Had Material Impacts on Shareholders' Interests or Securities Prices as Stated in Item 3 Paragraph 2 of Article 36 of Securities and Exchange Act of Taiwan: None.

8.2.3 Other Necessary Supplement: None.

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Our vision is to be the most advanced and largest technology and foundry services provider to fabless companies and IDMs, and in partnership with them, to forge a powerful competitive force in the semiconductor industry.

TSMC Vision



Taiwan Semiconductor Manufacturing Company, Ltd.



C.C. Wei, Chairman

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