

# Taiwan Semiconductor Manufacturing Company Limited

## Corporate Governance Guidelines

These Corporate Governance Guidelines (the “Guidelines”) of Taiwan Semiconductor Manufacturing Company Limited (the “Company”) are adopted to structure an effective corporate governance framework. The Guidelines, in conjunction with the Company’s Articles of Incorporation, Board committee charters, Rules and Procedures of Board of Directors Meeting, Guidelines for Nomination of Directors and other applicable rules, are designed to establish an effective mechanism for the Company to maintain sound corporate governance practices.

### Section I – Shareholders and Shareholders’ Meeting

#### Article 1

**Protection of Shareholders’ Rights and Interests:** The corporate governance system of the Company is designed with the overarching goal to protect the rights and interests of its shareholders, and to treat all shareholders equitably.

#### Article 2

**Convention of Shareholders’ Meeting:** The Company shall hold its shareholders’ meeting in accordance with relevant laws and rules, as well as the Company’s Articles of Incorporation and Rules of Procedures of Shareholders’ Meeting. The Company shall arrange the agenda items and procedures for shareholders’ meetings as appropriate.

#### Article 3

**Shareholders’ Meeting Matters:** The Company’s shareholders are encouraged to actively participate in shareholders’ meetings. The Company engages a professional shareholder services agent to handle shareholders’ meeting matters. The Company makes available all the information related to shareholders’ meetings, in both Chinese and English, through the Taiwan Stock Exchange’s Market Observation Post System (the “MOPS”) as well as the Company’s website. The Company adopts electronic voting, arranges for its shareholders to vote on each separate proposed resolution item, and publishes the voting results the same day on the MOPS following conclusion of the meeting. Meeting minutes are made and retained in compliance with applicable laws and made available at the Company’s website.

#### Article 4

**Board Member’s Presence at Shareholders’ Meeting:** Shareholders’ meetings shall be chaired by the Chairman of the Board (“Chairman”), unless Chairman is unable to do so or the shareholders’ meeting is not convened by the Board, whereby the chair of the shareholders’ meeting shall be decided in accordance with relevant laws. The Company’s Board members are encouraged to attend shareholders’ meetings to directly communicate with shareholders.

## Article 5

**Information Disclosure:** The Company highly values shareholders' rights and shall comply with applicable regulations regarding information disclosure by providing shareholders with timely information on the Company's financial conditions and operations, insider shareholdings, and corporate governance status through the MOPS or the Company's website. The Company has adopted insider trading rules prohibiting company insiders from trading securities based on information not disclosed to the market.

## Article 6

**Material Financial and Business Transactions:** The Company has established procedures in accordance with applicable laws and regulations for conducting material financial and business transactions such as acquisition or disposal of assets, lending funds, and making endorsements or providing guarantees. These procedures have been approved by the shareholders, and the Company shall fully comply with these procedures to protect shareholders' interests.

## Article 7

**Mechanism for Interaction with Shareholders:** The Company provides an "investors relations" web page on the Company's website as a window for investors to contact the Company.

## Section II – Composition of the Board

### Article 8

**Composition of the Board:** The Board shall be composed and the board meetings shall be convened in accordance with the Company's Articles of Incorporation. The Company's Nominating, Corporate Governance and Sustainability Committee may periodically review the size and composition of the Board and make recommendations to the Board.

### Article 9

**Board Membership Criteria:** The Board shall evaluate director candidates for election by the shareholders based on, among other considerations, their professional knowledge, experience, business judgment, commitment to uphold the Company's core values, and reputation in both ethical conduct and leadership. Diversity of backgrounds (including gender, age, and culture) of Board members shall also be considered.

### Article 10

**Director Term and Tenure:** Directors' term of office is set forth in relevant laws and the Company's Articles of Incorporation. Except as otherwise provided in applicable regulations regarding the tenure limits of independent directors, the Board has not established director tenure limits, 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. The Board will, however, assess director tenure on an on-going basis to ensure the Board continues to benefit from new perspectives.

### **Article 11**

**Independent Director:** It is the Company's goal for the Board to be composed of a majority of independent directors. A director is independent if he or she meets the requirements for independence under applicable laws. Independence criteria adopted by the stock exchange(s) where TSMC shares are listed shall also be considered. The board, however, may set forth stricter independence criteria than the regulations based on the Company's needs.

### **Article 12**

**Limitation of Director Service on Other Company Boards:** No director may serve on more than four other listed public company boards at any one time during his or her tenure. In addition, independent directors may not serve on more than three other Taiwan public company boards at any one time during his or her tenure.

### **Article 13**

**Directors Who Change Their Present Job Responsibilities:** Directors shall promptly notify both the Chairman of the Board and the Corporate Governance Officer of any significant change to his or her job responsibilities at other companies or associations, or any other circumstance that may cause his or her status as an independent director to change. The Board will then evaluate the continued appropriateness of Board membership under the circumstances.

### **Article 14**

**Chairman and Chief Executive Officer:** The Board regularly evaluates whether the position of Chairman and Chief Executive Officer ("CEO") shall be held by separate persons.

## **Section III – Duty of the Board and Board Members**

### **Article 15**

**Board's Primary Duty:** In addition to any other duty as set forth in applicable laws, the Board's primary duties include the following: (i) to supervise the Company's compliance with relevant laws and regulations, financial transparency, timely disclosure of material information, and ethical compliance; (ii) to evaluate the management's performance and to appoint and dismiss officers of the Company when necessary; (iii) to resolve critical matters which require the Board's decision; (iv) to provide guidance, counseling and direction to the Company's management team; and (v) to oversee risk management.

### **Article 16**

**Director's Fiduciary Duty:** Directors shall perform their responsibilities with both a duty of care and a duty of loyalty to the shareholders. To be specific, directors shall: (i) attend each quarterly or interim meeting of the Board of directors; (ii) attend each meeting of Board Committee of which he or she is a member; and (iii) strictly comply with the Company's policy, procedures and rules related to ethics and business conducts, including but not limited to avoiding conflict of interests, unless an exception is approved by the Board.

### **Article 17**

**Director Orientation and Continuing Education:** The Company shall provide orientation programs to each newly-elected director to enhance their knowledge of the Company and relevant corporate governance laws and regulations. The Company shall also provide and encourage directors to participate in continuing education programs.

### **Article 18**

**Communication with The Management Team:** Directors are encouraged to talk directly with any member of the management team.

## **Section IV – Board Committees**

### **Article 19**

**Board Committees:** The Board currently has three standing committees: Audit and Risk Committee; Compensation and People Development Committee; and Nominating, Corporate Governance and Sustainability Committee. There will, from time to time, be occasions on which the Board may find it desirable to form a new committee or disband a current committee, subject to applicable regulatory requirements.

The Audit and Risk Committee shall be comprised by all independent directors as required by the law; the members of the other Board committees shall be appointed by the Board.

Each Board committee shall have a written charter, approved by the Board, which describes the committee's size, duties and operating procedures. Amendments to a committee charter also require the Board approval.

Each Board committee has the authority to engage outside experts, advisers and counsels, at the Company's expense, to assist the committee in carrying out its duties.

## **Section V – Performance Evaluation, Compensation and Succession Planning**

### **Article 20**

**Board Performance Evaluation:** The Board and each Board committee shall conduct an annual performance self-evaluation; the Board shall concurrently evaluate the performance of each Board committee.

### **Article 21**

**Executive Officer Performance Evaluation:** The Compensation and People Development Committee shall periodically review and evaluate the performance of all executive officers, including the CEO.

### **Article 22**

**Director Compensation:** The compensation of the Chairman, Vice Chairman and CEO shall be annually reviewed and decided by the Compensation and People Development Committee and be resolved by the Board meeting; the compensation of other directors shall be determined by the Chairman in accordance with the Company’s “Rules for Distribution of Compensation to Directors”.

### **Article 23**

**Succession Planning:** The Nominating, Corporate Governance and Sustainability Committee shall conduct a periodic review of succession planning for Chairman and CEO and recommend the same to the Board. The Compensation and People Development Committee shall periodically review and recommend to the Board the succession plan, including the selection, promotion, development and replacement, of executive officers other than the CEO. The Board shall periodically review the implementation status of succession plans to ensure the Company’s sustainable development.

## **Section VI – Stakeholders**

### **Article 24**

The Company maintains effective communication channels with its creditors, employees, suppliers, community and other stakeholders, including providing contact channels such as Irregular Business Conduct Reporting System, Ombudsman System and Whistleblower System (overseen by the Audit and Risk Committee) through the Company’s website for stakeholders to reach the Company.

### **Article 25**

The Company has established an ESG Steering Committee to undertake relevant actions in performance of the Company’s environmental, social and governance responsibilities. The ESG Steering Committee will regularly report to the Nominating, Corporate Governance and Sustainability Committee.

## **Section VII – Information Disclosure**

### **Article 26**

The Company shall publish and report its annual financial report within two months after the end of a fiscal year.

### **Article 27**

The Company has adopted its “Procedures for Handling Internal Material Information”, which ensures that the disclosure of the Company’s material information shall be timely and accurate and be made by the Company’s spokesperson.

### **Article 28**

The Company has set a web page at the Company’s website to provide the information regarding the Company’s finances, operations and corporate governance.

### **Article 29**

The Company holds at least one investor conference each quarter.

The Guidelines and any revision thereof shall become effective after approval at the meeting of Board of directors.