

TSMC ETHICS AND BUSINESS CONDUCT POLICY

1.0 Purpose

In accordance with the first principle of the TSMC's Ten Business Principles – Integrity, all TSMC Employees (the "Employees") are required to exercise self-discipline and maintain a high quality of personal behavior and ethics, both on and off company premises. When performing their daily job responsibilities, Employees should seriously uphold and follow the company's business ethics standards to maintain the reputation of the company and gain the respect and trust of customers, suppliers and the general public.

2.0 Scope

This policy and the relevant procedures and rules apply to all company Employees.

3.0 Reference

NA

4.0 Priority

4.1 If conflicts arise between this document and other internal documents, this document prevails and has the first priority to obligate.

4.2 If there is any ambiguity or difference in opinion about this document, the interpretation will be coordinated by HR Function Head

5.0 Terminology

5.1 Officer

"Officer" means CEO, CFO, Co-COO, Executive Vice President, and Vice President of TSMC.

5.2 Manager

Unless otherwise stated, "Manager" is referred to as a general noun, which indicates all professional employees who are responsible for managerial tasks including line supervisors.

5.3 Employees

All regular and contract employees hired by the company, including all staff, Managers, and Officers.

5.4 Family dependents and close relatives

Defined under "Policy of Recruiting, Hiring and Staffing ". Includes parents, siblings, spouse and children of Employees.

6.0 Policy

6.1 Maintaining Business Ethics Standards

6.1.1 TSMC is known as a world -class company with an outstanding reputation for high ethical standards. In addition to strictly abiding by local laws and regulations, TSMC requires all Employees to clearly understand and act in accordance to the business ethics standards, and employ individual integrity at all times, including but not limited to the following:

6.1.1.1 Be honest, conscientious, and respectful in all activities related to their job responsibilities.

6.1.1.2 Be faithful to one's duty and profession without the involvement of any illegal, unethical, or improper activity.

6.1.1.3 Avoid any conflicts of interest between the individual and the company.

6.1.1.4 Refrain from acting in a manner that would disgrace or embarrass the company in any way or form.

6.1.1.5 Employees are prohibited from aiding or abetting others to engage in any activity, or relationship, which may affect their fair execution of duty or professional judgment.

6.1.1.6 Employees are prohibited from asking for, accepting or giving any offers of monies or gifts, which may affect their fair execution of duty or professional judgment.

6.1.1.7 Employees are prohibited from asking for, accepting or giving bribes of any form.

6.1.1.8 All proprietary information relating to the company or its customers must be kept confidential.

6.1.1.9 Any use of company or customer's information must be in accordance with the law and the company's PIP policy and procedures. Such information cannot be used for personal benefit or in a way that damage the company or its customers.

6.1.1.10 Prepare and maintain all documents and records in accordance with applicable laws and regulation, and ensure that such documents and records are complete, fair, and accurate.

6.1.2 Officers will maintain appropriate transaction and reporting systems, and procedures to ensure that:

6.1.2.1 TSMC maintains its accounting records in compliance with all applicable laws, regulations, and accounting standards;

6.1.2.2 All disclosures in reports and documents filed by TSMC with relevant securities and other governmental authorities, or discussed by TSMC in any public communications or disclosures, will be complete, accurate, timely, understandable, and will not contain any false or misleading entries; and

6.1.2.3 Timely disclosure, as may be required, of all material transactions and relationships that may have a material impact on TSMC's financial or business conditions.

6.1.3 These business ethics standards are not limited to legal and regulatory requirements. Self-discipline is essential in following this ethics standard. Personal judgment and common sense must be employed to maintain a high level of ethical standards and the company's reputation.

If an Employee is not certain that their behavior or circumstances align with the company's business ethics standards, they should judge the circumstances according to the principles below:

6.1.3.1 Is the company's reputation impacted negatively by this behavior or relationship?

6.1.3.2 Could this behavior or relationship be interpreted as having any influence on the Employee's fair execution of his/her duty or professional judgment?

6.2 Avoiding Conflicts of Interest

6.2.1 Employees must avoid any conflicts between personal and company interests. All Employees when confronted with the following situations (but not limited to) must declare the specific details of conflicts of interest to the management via the 「Declaration on Avoiding Conflicts of Interest system」 (eHR → Personal Information → Declaration of Conflicts of Interest).

Employees with job position equivalent to or above Function Head should be reviewed by HR Function Head and to be reported to the Chief Executive Officer; other employees should be reported to and approved by their Function Head and to be reviewed and reported to the Chief Executive Officer by the HR Function Head.

- 6.2.1.1 Employees, employees' dependents or their close relatives who are employed by, or financially involved with the suppliers, customers or competitors of TSMC. For example, a conflict of interest could occur when Employees or relatives are on the boards or are the co-owners of a supplier, customer or competitor. (This does not include owning less than 2% of the stock of the companies in question through publicly traded official stock exchange markets.).
- 6.2.1.2 Employees whose activities outside of the company either cause direct competition with TSMC or interfere with their job and/or responsibilities.
- 6.2.1.3 Employees who, without prior permission, use company resources such as information, materials, and properties for their personal business affairs.
- 6.2.1.4 Employees whose close relatives, as defined under "Policy of Recruiting, Hiring and Staffing", are employed by TSMC.
- 6.2.2 After receiving Employees' reports regarding a conflict of interest, for employees with job position equivalent to Function Head or above, the HR Function Head will communicate with the Function Head and report the finding to the Chief Executive Officer. For other employees, Human Resources Area Service Directors should communicate with the employees' Function Head and report their finding and decision for HR Function Head's review and for reporting to the Chief Executive Officer by referring to 6.2.4 Management Guideline on Conflicts of Interest.
- 6.2.3 Employees with a job grade 36 and above must declare the status of conflicts of interest on a yearly basis. For Employees below job grade 36 in the purchasing or sales/marketing functions or any other sensitive functions as determined by the functional Vice Presidents, the respective Vice President will decide on which positions will be required to declare on a yearly basis. The annual declaration will be administrated by each division via the 「Declaration on Avoiding Conflicts of Interest system」.
- 6.2.4 Management Guidelines on Conflicts of Interest :
- After receiving employees' reports regarding a conflict of interest, HR Area Service Director shall communicate with the employees' supervisor and report their finding and decision to the authorized manager.

For employees who have close relatives, as defined under “Policy of Recruiting, Hiring and Staffing” employed by TSMC, the management guidelines are as below:

- 6.2.4.1 HR Area Service Director and Line Director shall assist the affected employees to re-arrange current job to avoid any direct/indirect conflict of interest.
- 6.2.4.2 If the direct/indirect conflict of interest is unavoidable, and either one of them being the final decision maker, one level up manager’s approval is required.
- 6.2.4.3 For key people management processes that require forming of a committee, such as cross team review (CTR) of PMD and Promotion Review Committee, and where cross-organizational representation is needed, only one of them should be present in such committees.

6.3 Gifts and Entertainment

- 6.3.1 TSMC Employees must observe the highest business ethics standards when dealing with suppliers, subcontractors, customers and other relevant parties (including government). Employees must not give or accept any gifts, monies, or entertainment that may affect their normal business relationships or professional judgment. Any forms of bribery are strictly prohibited.
- 6.3.2 When it is necessary to accept gifts or any forms of gratitude, in addition to abiding by the principles stated in 6.3.1, Employees must follow the guidelines below:
 - 6.3.2.1 Employees must not accept cash, checks, or any form of certificate of value (e.g. financial stocks, bonds, etc.)
 - 6.3.2.2 When it is a required courtesy to accept a gift or entertainment, the maximum value must not exceed NT\$3000 or equivalent. In the case where the gift bears the logo of the giver’s company, the maximum value must not exceed NT\$6000 or equivalent.
 - 6.3.2.3 When it is inappropriate or against normal courtesy to reject a gift exceeding the above-mentioned limits, the Employee must surrender the gift to the TSMC Employee Welfare Committee within seven days.

6.3.2.4 Employees must not participate in any forms of equity rights or discounts, or any other similar benefits/advantages from any customers or vendors other than those that are publicly traded in official stock exchange markets.

6.3.3 Where it is necessary to give gifts to relevant parties to maintain and engage in normal business relationship, in addition to abiding by the principles stated in 6.3.1, Employees must follow the guidelines below:

6.3.3.1 The company's name must be included.

6.3.3.2 Select an appropriate gift from the company's official gift catalogue and obtain appropriate approval as outlined in the company's gift catalogue.

6.3.3.3 Under special circumstances, gifts can be purchased outside of the catalogue, but the maximum value must not exceed NT\$3000 or equivalent if without TSMC logo, or NT\$6000 or equivalent if with TSMC logo.

6.3.4 All Employees should follow common business etiquette and refrain from frequent and excessive business entertainment when entertaining or being entertained. Employees should not give customers or vendors the impression that any forms of entertainment, or gift giving is a requirement to establish or maintain a relationship with TSMC.

6.3.5 Gift giving and entertainment between Officers and their subordinates, or between Managers and their subordinates should also follow the above principles and guidelines.

6.4 Implementation and Execution

6.4.1 All Employees must comply with this policy and its related procedures. All Officers and Managers must enforce this policy and ensure that their subordinates understand, accept, and abide by this policy.

6.4.2 The CEO, CFO and Controller, or any persons performing similar functions, are responsible for full, fair, accurate, timely, and understandable financial disclosure in reports and documents filed by the company with securities authorities and in other public communications and disclosures made by the company.

6.4.3 TSMC expects our customers, suppliers, business partners and other relevant parties to understand and respect the company's business ethics standards.

6.4.4 All Employees must look out for any breaches of the company's business ethics standards. When Employees find or suspect any breaches of this policy, it should be reported to their supervisors. If necessary, they can report directly to the Function Head of Human Resources, Internal Audit Manager, or through the company's Ombudsmen system. The company will protect the reporting Employees and ensure that they are not treated unfairly or fall victim to revenge or retaliation as a result of their report.

6.4.5 The company will take disciplinary actions according to the "Employee Recognition and Discipline Policy", including termination of employment, against Employees who violate this policy.

6.5 Control Points

N/A

7.0 Attachment

NA