



台灣積體電路製造股份有限公司  
Taiwan Semiconductor Manufacturing Company, Ltd.

TSMC Property

300-77新竹科學工業園區力行六路8號

8, Li-Hsin Rd. 6, Hsinchu Science Park, Hsinchu, Taiwan 300-77, R. O. C.

## TSMC\_F11 Supplier Code of Conduct

(Version 1.1 Updated 4/1/2019)

In alignment with our parent company Taiwan Semiconductor Manufacturing Company, Ltd. (“TSMC”), WaferTech L.L.C. (“TSMC\_FAB 11”) is committed to ensuring that working conditions in its supply chains are safe, that workers are treated with respect and dignity, and that business operations are environmentally responsible and conducted ethically. To this end, TSMC\_F11 established this Supplier Code of Conduct (“Code”) and requires our suppliers to operate in accordance with the principles outlined in this Code and in full compliance with the laws, rules and regulations of the countries in which they operate. In addition, TSMC\_F11 also expects our suppliers to hold their suppliers, contractors, and service providers to the standards defined in this Code.

TSMC\_F11 will assess its suppliers’ compliance with this Code when making purchasing decisions. It is our intention to collaborate closely with our suppliers to drive continuous improvement through communication, audits, and follow-up assessments. However, failure to comply with this Code or cooperate with our auditors may result in termination of the business relationship.

The provisions in this Code are derived primarily from the Responsible Business Alliance (formerly the EICC) Code of Conduct and are in alignment with the UN Guiding Principles on Business and Human Rights, as well as key international human rights standards including the ILO Declaration on Fundamental Principles and Rights at Work and the UN Universal Declaration of Human Rights.

The Code is made up of five sections. Sections A, B, and C outline standards for Labor, Health and Safety, and the Environment, respectively. Section D adds standards relating to business ethics; Section E outlines the elements of an acceptable system to manage conformity to this Code.

### A. LABOR

Suppliers are committed to uphold the human rights of workers, and to treat them with dignity and respect as understood by the international community. This applies to all workers including temporary, migrant, student, contract, direct employees, and any other type of worker. The recognized standards, as set out below, were used as references in

preparing the Code and may be useful source of additional information.

The labor standards are:

### **1) Freely Chosen Employment**

Forced, bonded (including debt bondage) or indentured labor, involuntary prison labor, slavery or trafficking of persons shall not be used. This includes transporting, harboring, recruiting, transferring or receiving persons by means of threat, force, coercion, abduction or fraud for labor or services. There shall be no unreasonable restrictions on workers' freedom of movement in the facility in addition to unreasonable restrictions on entering or exiting company-provided facilities. As part of the hiring process, workers must be provided with a written employment agreement in their native language that contains a description of terms and conditions of employment prior to the worker departing from his or her country of origin and there shall be no substitutions or changes allowed in the employment agreement upon arrival in the receiving country unless these changes are made to meet local law and provide equal or better terms. All work must be voluntary and workers shall be free to leave work at any time or terminate their employment. Employers and agents may not hold or otherwise destroy, conceal, confiscate or deny access by employees to employees' identity or immigration documents, such as government-issued identification, passports or work permits, unless the holding of work permits is required by law. Workers shall not be required to pay employers or agents' recruitment fees or other related fees for their employment. If any such fees are found to have been paid by workers, such fees must be returned to the worker.

### **2) Young Workers**

Child labor is not to be used in any stage of manufacturing. The term "child" refers to any person under the age of 15, or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. The use of legitimate workplace learning programs, which comply with all laws and regulations, is supported. Workers under the age of 18 (Young Workers) shall not perform work that is likely to jeopardize the health or safety of young workers, including night shifts and overtime. Supplier shall ensure proper management of student workers through proper maintenance of student records, rigorous due diligence of educational partners, and protection of students' rights in accordance with applicable law and regulations. Supplier shall provide appropriate support and training to all student workers. In the absence of local law, the wage rate for student workers, interns and apprentices shall be at least the same wage rate as other entry-level workers performing equal or similar tasks.

If any child labor is found through an external audit or self-review, Supplier must immediately remove the worker from all work and terminate the employment relationship while ensuring he or she is physically safe and free from threat of retaliation from anyone at the facility. Subsequently, Supplier must notify TSMC\_F11 and implement a remediation program that funds the worker's safe return home. Supplier also has to fully finance the worker's education at a school chosen by the worker and his or her family, continue to pay the worker's wages at a rate no less than the applicable minimum wage, and offer the worker a job when he or she reaches the legal working age.

### **3) Working Hours**

Studies of business practices clearly link worker strain to reduced productivity, increased turnover and increased injury and illness. Workweeks are not to exceed the maximum set by local law. Further, a workweek should not be more than 60 hours per week, including overtime, except in emergency or unusual situations. Workers shall be allowed at least one day off every seven days.

### **4) Wages and Benefits**

Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. In compliance with local laws, workers shall be compensated for overtime at pay rates greater than regular hourly rates. Deductions from wages as a disciplinary measure shall not be permitted. For each pay period, workers shall be provided with a timely and understandable wage statement that includes sufficient information to verify accurate compensation for work performed. All use of temporary, dispatch and outsourced labor will be within the limits of the local law.

### **5) Humane Treatment**

There is to be no harsh and inhumane treatment including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of workers; nor is there to be the threat of any such treatment. Disciplinary policies and procedures in support of these requirements shall be clearly defined and communicated to workers.

### **6) Non-Discrimination**

Suppliers should be committed to a workforce free of harassment and unlawful discrimination. Companies shall not engage in discrimination based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information or marital status in hiring and employment practices

such as wages, promotions, rewards, and access to training. Workers shall be provided with reasonable accommodation for religious practices. In addition, workers or potential workers should not be subjected to medical tests or physical exams that could be used in a discriminatory way.

### **7) Freedom of Association**

In conformance with local law, suppliers shall respect the right of all workers to form and join trade unions of their own choosing, to bargain collectively and to engage in peaceful assembly as well as respect the right of workers to refrain from such activities. Workers and/or their representatives shall be able to openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, reprisal, intimidation or harassment.

## **B. HEALTH and SAFETY**

Suppliers recognize that in addition to minimizing the incidence of work-related injury and illness, a safe and healthy work environment enhances the quality of products and services, consistency of production and worker retention and morale. Suppliers also recognize that ongoing worker input and education is essential to identifying and solving health and safety issues in the workplace. Recognized management systems such as OHSAS 18001 and ILO Guidelines on Occupational Safety and Health were used as references in preparing the Code and may be a useful source of additional information.

The health and safety standards are:

### **1) Occupational Safety**

Worker exposure to potential safety hazards (e.g., electrical and other energy sources, fire, vehicles, and fall hazards) are to be identified and assessed, and controlled through proper design, engineering and administrative controls, preventative maintenance and safe work procedures (including lockout/tagout), and ongoing safety training. Where hazards cannot be adequately controlled by these means, workers are to be provided with appropriate, well-maintained, personal protective equipment and educational materials about risks to them associated with these hazards. Reasonable steps must also be taken to remove pregnant women/nursing mothers from working condition with high hazards, remove or reduce any workplace health and safety risks to pregnant women and nursing mothers including those associated with their work assignments, as well as include reasonable accommodations for nursing mothers. Workers shall be encouraged to raise safety concerns.

**2) Emergency Preparedness**

Potential emergency situations and events are to be identified and assessed, and their impact minimized by implementing emergency plans and response procedures including: emergency reporting, employee notification and evacuation procedures, worker training and drills, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans. Such plans and procedures shall focus on minimizing harm to life, the environment and property.

**3) Occupational Injury and Illness**

Proper design, engineering and administrative control systems are to be in place to prevent, manage, track and report occupational injury and illness including provisions to: encourage worker reporting; classify and record injury and illness cases; provide necessary medical treatment; investigate cases and implement corrective actions to eliminate their causes; and facilitate return of workers to work.

**4) Industrial Hygiene**

Worker exposure to chemical, biological and physical agents is to be identified, evaluated, and controlled according to a hierarchy of controls. Potential hazards are to be eliminated or controlled through proper design, engineering and administrative controls. When hazards cannot be adequately controlled by such means, worker health is to be protected by appropriate personal protective equipment programs, which shall include educational materials about the risks associated with these hazards.

**5) Physically Demanding Work**

Worker exposure to the hazards of physically demanding tasks, including manual material handling and heavy or repetitive lifting, prolonged standing and highly repetitive or forceful assembly tasks is to be identified, evaluated and controlled.

**6) Machine Safeguarding**

Production and other machinery shall be evaluated for safety hazards. Physical guards, interlocks and barriers are to be provided and properly maintained where machinery presents an injury hazard to workers.

**7) Sanitation, Food, and Housing**

Workers are to be provided with ready access to clean toilet facilities, potable water and sanitary food preparation, storage, and eating facilities. Worker dormitories provided by the Supplier or a labor agent are to be maintained to be clean and safe, and provided

with legitimate fire protection systems, appropriate emergency egress, hot water for bathing and showering, adequate lighting, heat and ventilation, and reasonable personal space along with reasonable entry and exit privileges.

#### **8) Health and Safety Communication**

Supplier shall provide workers with appropriate workplace health and safety information and training in the language of the worker or in a language the worker can understand for all identified workplace hazards that workers are exposed to, including but not limited to mechanical, electrical, chemical, fire, and physical hazards. Health and safety related information shall be clearly posted in the facility or placed in a location identifiable and accessible by workers. Training is provided to all workers prior to the beginning of work and regularly thereafter. Workers shall be encouraged to raise safety and hygiene concerns.

#### **9) Natural Disaster Risk Mitigation**

Supplier must be aware of the natural disasters, such as earthquakes, droughts, floods, or typhoons, relevant to its facilities, and assess their likelihood and impact of personnel injury, property damage, and operational disruptions. The risks should be mitigated through establishing hardware protection, development emergency response procedures, training and drills, and conducting emergency plans.

### **C. ENVIRONMENTAL**

Suppliers recognize that environmental responsibility is integral to producing world class products. In manufacturing operations, adverse effects on the community, environment and natural resources are to be minimized while safeguarding the health and safety of the public and all local environmental protection laws must be followed. Recognized management systems such as ISO 14001 and the Eco Management and Audit System (EMAS) were used as references in preparing the Code and may be a useful source of additional information.

The environmental standards include:

#### **1) Environmental Permits and Reporting**

All required environmental permits (e.g. discharge monitoring), approvals and registrations are to be obtained, maintained and kept current and their operational and reporting requirements are to be followed.

**2) Pollution Prevention and Resource Reduction**

Emissions and discharges of pollutants and generation of waste are to be minimized or eliminated at the source or by practices such as adding pollution control equipment; modifying production, maintenance and facility processes; or by other means. The use of natural resources, including water, fossil fuels, minerals and virgin forest products, is to be minimized or eliminated by practices such as modifying production, maintenance and facility processes; materials substitution; conservation; recycling or other means.

**3) Hazardous Substances**

Chemicals and other materials posing a hazard if released to the environment are to be identified and managed to ensure their safe handling, movement, storage, use, recycling or reuse and disposal.

**4) Solid Waste**

Supplier shall implement a systematic approach to identify, manage, reduce, and responsibly dispose of or recycle solid waste (hazardous and non-hazardous).

**5) Air Emissions**

Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations are to be characterized, routinely monitored, controlled and treated as required prior to discharge. Supplier shall conduct routine monitoring of the performance of its air emission control systems.

**6) Materials Restrictions**

Suppliers are to adhere to all applicable laws, regulations and customer requirements regarding prohibition or restriction of specific substances in products and manufacturing, including labeling for recycling and disposal.

**7) Water Management**

Supplier shall implement a water management program that documents, characterizes, and monitors water sources, use and discharge; seeks opportunities to conserve water; controls channels of contamination; and to prevent contamination of storm water runoff. Supplier shall prevent illegal discharges and spills from entering storm drains. All wastewater is to be characterized, monitored, controlled and treated as required prior to discharge or disposal. In addition, measures should be implemented to reduce generation of wastewater. Supplier shall conduct routine monitoring of the performance of its wastewater treatment systems.

## **8) Energy Consumption and Greenhouse Gas Emissions**

Energy consumption and all relevant Scopes 1 and 2 greenhouse gas emissions are to be examined, tracked and documented at the facility and/or corporate level. Suppliers are to look for cost-effective methods to improve energy efficiency and to minimize their energy consumption and greenhouse gas emissions.

## **D. ETHICS**

To meet social responsibilities and to achieve success in the marketplace, Suppliers and their agents are to uphold the highest standards of ethics including:

### **1) Business Integrity**

The highest standards of integrity are to be upheld in all business interactions. Suppliers shall have a zero tolerance policy to prohibit any and all forms of bribery, corruption, extortion and embezzlement.

### **2) No Improper Advantage**

Bribes or other means of obtaining undue or improper advantage are not to be promised, offered, authorized, given or accepted. This prohibition covers promising, offering, authorizing, giving or accepting anything of value, either directly or indirectly through a third party, in order to obtain or retain business, direct business to any person, or otherwise gain an improper advantage. Monitoring and enforcement procedures shall be implemented to ensure compliance with anti-corruption laws.

### **3) Disclosure of Information**

All business dealings should be transparently performed and accurately reflected on Supplier's business books and records. Information regarding participant labor, health and safety, environmental practices, business activities, structure, financial situation and performance is to be disclosed in accordance with applicable regulations and prevailing industry practices. Falsification of records or misrepresentation of conditions or practices in the supply chain are unacceptable.

### **4) Intellectual Property**

Intellectual property rights are to be respected; transfer of technology and know-how is to be done in a manner that protects intellectual property rights; and, customer information is to be safeguarded.



**5) Fair Business, Advertising and Competition**

Standards of fair business, advertising and competition are to be upheld.

**6) Protection of Identity and Non-Retaliation**

Programs that ensure the confidentiality, anonymity and protection of supplier and employee whistleblowers (any person who reports improper conduct by an employee or officer of a company, or by a public official or official body or who participates in an investigation of improper conduct) are to be maintained, unless prohibited by law.

Suppliers should have a communicated process for their personnel to be able to raise any concerns without fear of retaliation.

**7) Responsible Sourcing of Minerals**

Suppliers shall have a policy to reasonably assure that the tantalum, tin, tungsten and gold in the products they manufacture does not directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses in the Democratic Republic of the Congo or an adjoining country. Suppliers shall exercise due diligence on the source and chain of custody of these minerals and make their due diligence measures available to TSMC\_F11 and its other customers in a timely manner upon request.

**8) Privacy**

Suppliers must commit to protecting the reasonable privacy expectations of personal information of everyone they do business with, including suppliers, customers, consumers and employees. Suppliers are to comply with privacy and information security laws and regulatory requirements when personal information is collected, stored, processed, transmitted, and shared.

**9) Avoid Conflicts of Interest**

Conflicts of interest, such as situations where a TSMC\_F11 employee or a close relative (parent, child, spouse or sibling) is a significant investor or shareholder in your company (as non-publicly traded stock), should be avoided to prevent misconduct. Excessive or overly-frequent socializing with your TSMC\_F11 business contacts may also create a conflict of interest, or the appearance of a conflict of interest. Social contact must be within accepted cultural business norms, and relationships that become conflicts of interest must be reported. If a potential conflict is discovered, you should report such incident immediately to TSMC\_F11 and take corrective actions to ensure that no inappropriate actions result from the conflict and relationships that become conflicts of interest must be reported and suspended or resolved.

**10) Direct Designation of Subcontractors or Tier-2 Suppliers**

If you receive a request from a TSMC\_F11 employee to procure from or subcontract from a specific third party, please report it immediately to TSMC\_F11 via <http://www.tsmc.com/tsmcdotcom/EthicsReportSrv/english/index.html> to avoid any misconduct.

**11) Performing Services as Authorized**

Passing on obligations under a contract or purchase order for products or services to another party, that TSMC\_F11 expects you to perform, or providing products or services without a properly executed purchase order, supply contract or service contract is prohibited.

**12) Shipping and Transportation**

Know and follow all laws related to the shipping, handling and transportation of products to or on behalf of TSMC. This includes source country export and customs laws, destination country import and customs laws, paying all necessary duties and taxes and following local transportation laws. Procedures and training will be provided to employees and contracted service providers to ensure safe handling of materials to, from and at TSMC\_F11.

**13) Sole Business Contact Window for Sales**

TSMC and TSMC\_F11 procurement personnel are the sole business contact windows for your sales personnel when interacting with TSMC\_F11. Without procurement personnel's consent, arrangement or participation, your sales personnel should not make any business contacts nor discuss any commercial terms and conditions, including but not limited to price, payment terms, delivery date, incentives, compensation, free items, testing or services, technical specification, or engineering improvement, with non-procurement personnel.

**E. MANAGEMENT SYSTEM**

Suppliers shall adopt or establish a management system whose scope is related to the content of this Code. The management system shall be designed to ensure: (a) compliance with applicable laws, regulations and customer requirements related to the participant's operations and products; (b) conformance with this Code; and (c) identification and mitigation of operational risks related to this Code. It should also

facilitate continual improvement.

The management system should contain the following elements:

### **1) Company Commitment**

A corporate social and environmental responsibility policy statements affirming Supplier's commitment to compliance and continual improvement, endorsed by executive management and posted in the facility in the local language.

### **2) Management Accountability and Responsibility**

The Supplier clearly identifies senior executive and company representative[s] responsible for ensuring implementation of the management systems and associated programs. Senior management reviews the status of the management system on a regular basis.

### **3) Legal and Customer Requirements**

A process to identify, monitor and understand applicable laws, regulations and customer requirements, including the requirements of this Code.

### **4) Risk Assessment and Risk Management**

A process to identify the legal compliance, environmental, health and safety (areas to be included in a risk assessment include production areas, warehouses, storage facilities, plant/facilities support equipment, laboratories and test areas, sanitation facilities (bathrooms), kitchen/cafeteria and worker housing/dormitories) and labor practice and ethics risks associated with Supplier's operations. Determination of the relative significance for each risk and implementation of appropriate procedural and physical controls to control the identified risks and ensure regulatory compliance.

### **5) Improvement Objectives**

Written performance objectives, targets and implementation plans to improve the Supplier's social and environmental performance, including a periodic assessment of Supplier's performance in achieving those objectives.

### **6) Training**

Programs for training managers and workers to implement Supplier's policies, procedures and improvement objectives and to meet applicable legal and regulatory requirements.

### **7) Communication**

A process for communicating clear and accurate information about Supplier's policies, practices, expectations and performance to workers, suppliers and customers.

**8) Worker Feedback and Participation**

Ongoing processes, including an effective grievance mechanism, to assess employees' understanding of and obtain feedback on practices and conditions covered by this Code and to foster continuous improvement.

**9) Audits and Assessments**

Periodic self-evaluations to ensure conformity to legal and regulatory requirements, the content of the Code and customer contractual requirements related to social and environmental responsibility.

**10) Corrective Action Process**

A process for timely correction of deficiencies identified by internal or external assessments, inspections, investigations and reviews.

**11) Documentation and Records**

Creation and maintenance of documents and records to ensure regulatory compliance and conformity to company requirements along with appropriate confidentiality to protect privacy.

**12) Supplier Responsibility**

A process to communicate Code requirements to suppliers and to monitor supplier compliance to the Code.

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