

Sustainable Operation and Governance

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Recommended Primary Stakeholders for This Section:

☐ Suppliers ☐ Customers ☒ Employees ☒ Investors ☒ Government ☐ Media ☐ General Public

Sustainable Operation and Governance

TSC is committed to sustainable operations and continuously enhances its corporate governance framework. In addition to promoting high standards of business ethics and safeguarding stakeholder interests, TSC strictly complies with all applicable laws and regulations across jurisdictions. The company aims to fulfill its core value of integrity through robust mechanisms such as corporate risk management and information security management. TSC will continue to improve its governance systems and actively engage with stakeholders through multiple channels in pursuit of its sustainability objectives.

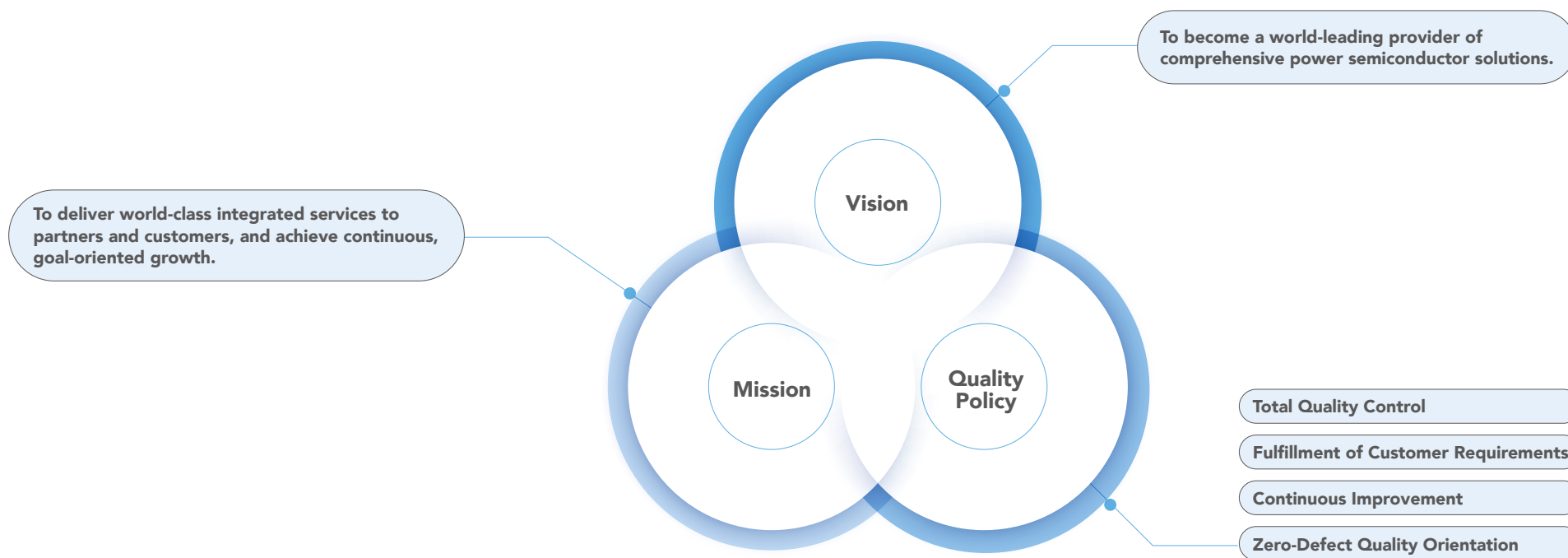
1.1 About TSC

GRI 2-1 2-6 2-22 2-28


TSC (Stock Code: 5425) is one of the world's leading manufacturers of power semiconductor devices. Since its establishment in 1979, TSC has been dedicated to research and innovation, integrating core technologies to provide comprehensive solutions to customers worldwide. In recent years, the company has leveraged its proprietary chip development and automated assembly capabilities to advance its product portfolio, including Schottky rectifiers, Fast Recovery Epitaxial Diodes (FRED), Transient Voltage Suppression (TVS) devices, MOSFETs, Electrostatic Discharge (ESD) protection components, and automotive Low Dropout/Low Power Consumption Voltage Regulators (LDOs). These products are widely used in consumer electronics, communication equipment, power management systems, industrial machinery, and automotive electronics.

In recent years, TSC has actively pursued strategic transformation and expansion, particularly in the automotive and industrial control sectors. Its strategies include expanding sales channels, actively engaging in customers' product development, and exploring pricing strategies. These efforts aim to enhance competitiveness, strengthen sustainable supply chain services, and expand global market reach.

In addition, TSC's subsidiary, TSC Auto ID Technology Co., Ltd. (Stock Code: 3611), specializes in the manufacture and sales of barcode printers. It is a leading provider of innovative thermal transfer and direct thermal label printing solutions. As demand for automatic identification applications grows, TSC Auto ID continues to invest in research and innovation, deepening its core capabilities in integration and cross-disciplinary development. For more information about TSC Auto ID, please refer to the company's website, annual report, and sustainability report.



1.1.1 Company Overview



Taiwan Semiconductor Co., Ltd.

Founded

January 1979

Headquarters

11 Floor, No. 205, Section 3, Beixin Road, Xindian District, New Taipei City, Taiwan

Industry

Semiconductor Manufacturing

Paid-in Capital

NT\$2.6 billion

Global Operations






4 Production Sites

21 Service Locations

Affiliates

The business scope of the Company's affiliates include electronic component manufacturing, office equipment manufacturing, computer and peripheral equipment manufacturing, international trading, management consulting, import of telecommunications-regulated radio frequency equipment, and manufacturing of telecommunications-regulated radio frequency equipment.

Taipei Exchange (TPEX) in February 2000 under stock code **5425**

Operating Locations





TSC serves a global market, with four major production sites (including wafer fabrication and assembly facilities) located in Taiwan (Yilan) and Mainland China (Shandong, Tianjin). Its service locations span across Mainland China, Japan, South Korea, the United States, Germany, and other regions, enabling the Company to provide application and sales support across different territories to meet global customers' design and supply chain needs. TSC has more than 1,500 employees worldwide.

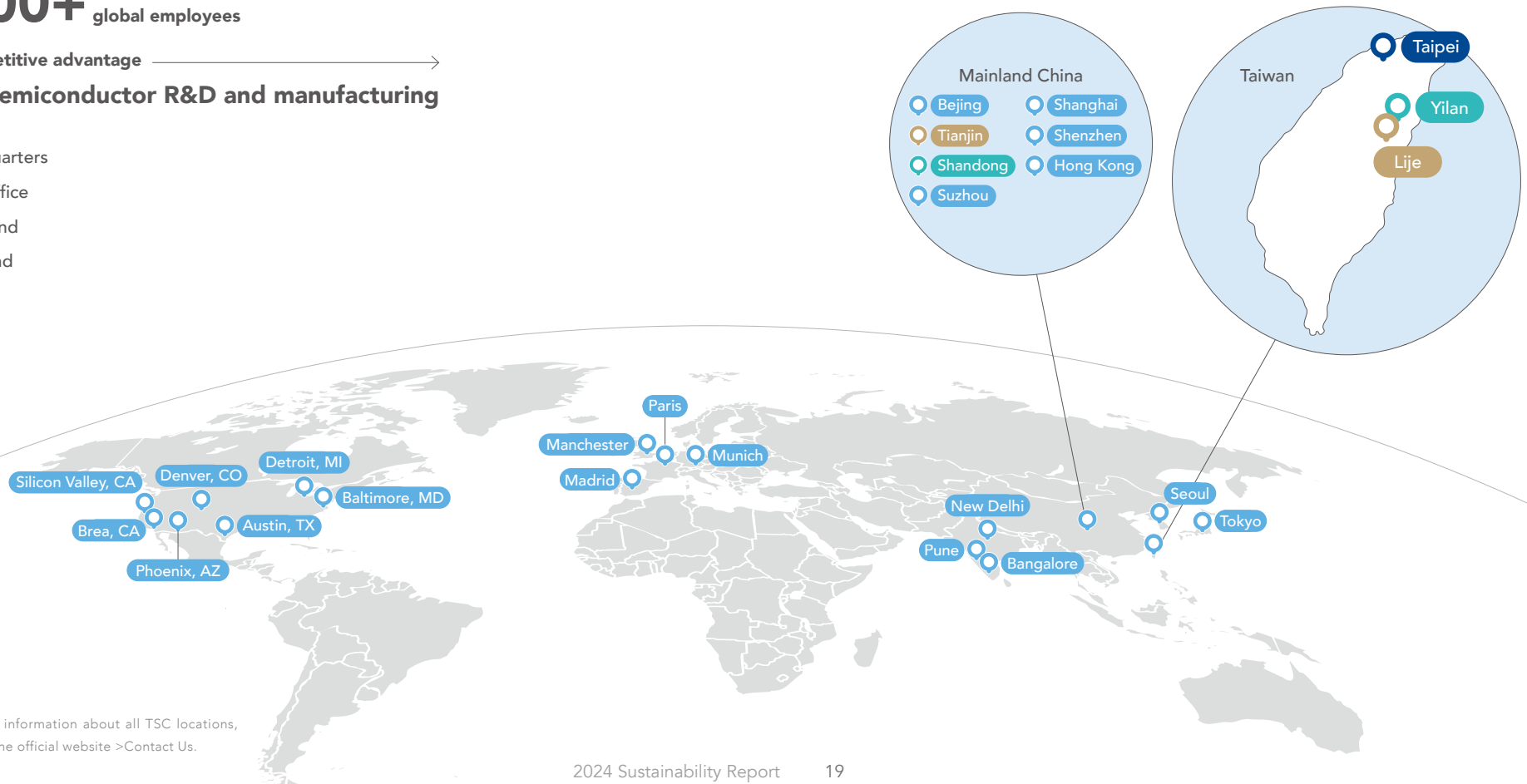
TSC's core competitiveness lies in its strength in power semiconductor research and manufacturing. The Company provides a comprehensive power semiconductor solution that spans product design, R&D, wafer fabrication, assembly and testing, and global brand marketing. Through resource integration, TSC continues to collaborate with upstream and downstream partners to enhance technological innovation and strengthen its market competitiveness.

1,500+ global employees

Core competitive advantage

Power Semiconductor R&D and manufacturing

-  Headquarters
-  Sales office
-  Front-End
-  Back-End



Note:
1. For detailed information about all TSC locations, please visit the official website >Contact Us.



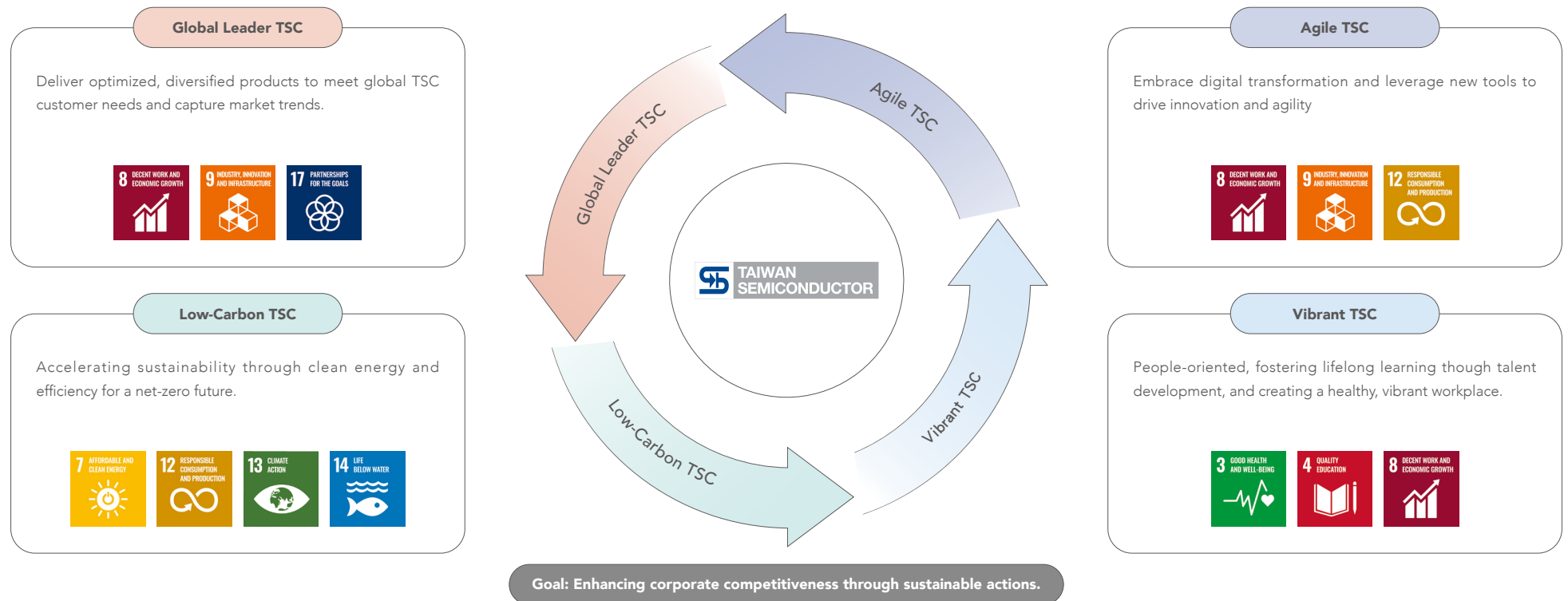
Industry Value Chain

TSC has established a fully vertically integrated value chain—from product R&D and design to manufacturing, assembly, and testing. This end-to-end integration continuously enhances product value and global competitiveness.



Sustainable Vision



TSC is committed to developing a Taiwan-rooted, global-oriented strategy to deliver a diverse portfolio of high-quality products and services, tailored to the evolving needs of customers worldwide. Amid the rapid waves of technological advancement, we also embrace the transformative potential of digital innovation. By adopting emerging technologies and optimizing operational processes, we aim to enhance efficiency and strengthen corporate resilience. Recognizing the critical importance of environmental sustainability, we actively promote our vision of a "Low-Carbon TSC" through concrete actions such as energy conservation and improving energy efficiency to minimize environmental impact. "Vibrant TSC" reflects our commitment to our employees. With a people-centered philosophy, we strive to create a safe, healthy, and vibrant work environment, while providing diverse learning and development opportunities to help our employees grow and thrive. Through the four sustainability visions—**"Global Leader TSC," "Agile TSC," "Low-Carbon TSC," and "Vibrant TSC"**—we are dedicated to driving sustainability across all operations, enhancing corporate competitiveness, and contributing to the sustainable development of society.



External Initiatives and Organizational Participation

TSC strives to play a key role in the global market by continuously driving technological innovation and maintaining a robust presence across the upstream and downstream value chain. We actively respond to shifts in global dynamics and industry transformation by collaborating with peer companies. TSC also takes part in trade associations and sustainability-related external initiatives relevant to our core business, leading the industry toward mutual growth and shared prosperity.

Organization Name	Description	Main Participation in 2024	TSC's Role and Involvement
Industry Development			
World Semiconductor Trade Statistics (WSTS)	WSTS is an international semiconductor industry organization responsible for collecting and publishing global semiconductor market statistics. Its analysis and forecasts serve as key references for strategic decision-making across the industry.	TSC has been a member since 2012 and regularly submits monthly, quarterly, and semi-annual shipment data. WSTS shares statistical reports (including product type, application, etc.) and market forecasts with its members.	Member
Chinese National Association of Industry and Commerce (CNAIC)	The CNAIC is a major representative organization of Taiwan's industrial and commercial sectors, serving as a communication bridge between government and businesses.	Regularly participates in CNAIC-hosted seminars and events to stay updated on the latest economic and industrial trends.	Member
Business Environment			
Binzhou Entrepreneurs Association, Shandong	A civic organization established under the coordination of the Binzhou Municipal Government, with liaison and coordination support from the Binzhou Private Economy Development Service Center. With the mission of "serving enterprises," it acts as a bridge between businesses and society, as well as between businesses and the government. The organization offers suggestions and advice to the government on challenges faced by private enterprises and facilitates coordination to support communication and collaboration among businesses.	Regularly participate in training sessions or events organized by the association, and actively provide suggestions based on TSC's operational experience to improve Binzhou's business environment and government services.	Director
Information Security			
Taiwan Computer Emergency Response Team / Coordination Center (TWCERT/CC)	To enhance Taiwan's overall cybersecurity capabilities, the TWCERT/CC alliance is operated by the National Institute of Cyber Security (NICS). Under the guidance of the Ministry of Digital Affairs, it promotes key initiatives such as corporate cybersecurity incident reporting and coordination, product vulnerability disclosure, malicious file detection services, and the organization of cybersecurity awareness activities.	Engages in periodic information sharing on cybersecurity intelligence with the alliance and issues early warnings in the event of corporate cyberattacks. In case of any cybersecurity incidents at TSC, relevant details of the attack are proactively reported.	Member

Organization Name	Description	Main Participation in 2024	TSC's Role and Involvement
Corporate Sustainability			
CommonWealth Magazine Group - ESG committee	The CommonWealth Magazine Group - ESG committee regularly convenes member discussions on ESG trends such as regulatory compliance, customer requirements, and the implementation of carbon tariffs in various countries.	Since 2023, TSC has been invited to join as a corporate member and has participated in the "Sustainability Empowerment Workshop," actively engaging with peers and companies from various industries. TSC shares its practices in corporate social responsibility and energy-saving and carbon-reduction initiatives within the semiconductor sector, and collaborates with industry leaders to jointly guide the sustainable development of Taiwanese enterprises.	Member
 Task Force on Climate-related Financial Disclosures (TCFD)	TSC has adopted the TCFD framework since 2022 for managing climate-related risks, including identifying risks and opportunities and formulating mitigation strategies based on transitional and physical risk dimensions.	In 2024, TSC conducted a quantitative risk assessment based on the increased sustainability-related requirements and regulations under the TCFD framework. A detailed analysis is provided in Section 5.1.1, Climate Governance and Strategy.	Initiative Member
 CDP (formerly Carbon Disclosure Project)	Through the CDP questionnaire, TSC discloses information on its climate governance, strategies, risk and opportunity management, performance indicators and targets, and greenhouse gas emissions, as part of its ongoing efforts to review and enhance its carbon management strategies.	In 2024, TSC responded to the CDP annual disclosure for the first time. The results for both the Climate Change and Water Security questionnaires were rated C (Awareness).	Initiative Member
Talent Sustainability			
CommonWealth Talent Sustainability Action Alliance	Talent is a vital factor for the long-term development of enterprises. Since 2022, CommonWealth Learning has officially launched the inaugural "TALENT, in Taiwan – Talent Sustainability Action Alliance," aiming to drive positive change in Taiwan's workplace environment through a range of forward-looking indicators.	In 2024, TSC joined the "TALENT, in Taiwan – Talent Sustainability Action Alliance", continuing to promote and implement talent sustainability indicators while supporting the principles of diversity, equity, and inclusion.	Initiative Member

Note:

1. TSC has incorporated the Science Based Targets initiative (SBTi) into its long-term carbon reduction strategy. As there were no active projects under SBTi in 2024, the related content has been temporarily excluded from this year's report.

1.1.2 Financial Performance GRI 201-1 201-4

TSC believes that strong operational performance is the foundation of the sustainable development. In recent years, TSC has devoted significant effort to the development of new products in areas such as automotive electronics, industrial control, servers, and analog ICs, with overall synergies becoming increasingly evident. Upholding the principle of information transparency, TSC has continued to improve capital efficiency while enhancing communication with stakeholders to help them better understand the company's operations and growth.

In 2024, the global economic slowdown, heightened geopolitical uncertainties, and weakening demand for automotive electronics resulted in sluggish consumer markets and supply chain inventory adjustments. Despite these external challenges, TSC maintained steady operations. The Company recorded a standalone revenue of NT\$4.197 billion in 2024, representing 91% of the previous year's figure. Due to market corrections, gross margin declined by approximately 7 percentage points, with net profit after tax reaching approximately NT\$460 million and earnings per share (EPS) at NT\$1.87. A cash dividend of NT\$2 per share for the fiscal year 2024 was approved at the shareholders' meeting, reaffirming TSC's continued commitment to shareholder returns.

Although the overall financial performance in 2024 did not meet expectations due to market conditions, the Company continued to strengthen its competitiveness, enhance product value, improve integration synergies, and accelerate R&D to generate greater group-wide synergy and contribute to society. For more details on TSC's operational performance and financial information, please refer to the 2024 consolidated and individual financial statements, as well as the annual report.

[TSC 2024 Consolidated Financial Statements](#) 

[TSC 2024 Individual Financial Statements](#) 

[TSC 2024 Annual Report](#) 

Overall Financial Performance

Unit: NT\$ thousand

Type	2022	2023	2024
Operating Revenue	5,699,155	4,610,473	4,197,006
Operating Cost	4,437,327	2,954,250	2,902,287
Employee Compensation & Benefits	700,267	648,608	681,641
Dividend Distribution	1,053,942	526,971	526,971
Interest Payments	9,810	21,285	23,247
Government Payments ^{Note 1}	267,253	146,648	68,472

Note:

- Government payments include all taxes and fines reported in the company's financial statements.
- Overall financial performance is based on TSC's individual financials. Please refer to the full Financial Statements for detailed information.
- Community investment projects are not included in the statistics

Financial Income from Government

Unit: NT\$ thousand

Type	2022	2023	2024
Tax Relief and Credits	28,110	23,308	18,322
Investment Subsidies, R&D Grants, and Others	1,879	1,460	224
Others	3,458	3,222	3,307

Note: The government held no shares in TSC during the past three years.

1.2 Corporate Governance

GRI 2-9 2-10 2-11 2-12 2-13 2-14 2-15 2-17 2-18 2-19 2-20 2-22 3-3 405-1

Material Topics Business Ethics and Integrity – Strengthening Corporate Governance

Policy and Commitment

TSC adheres to the principle of integrity in business operations and is committed to enhancing its corporate governance framework, complying with all applicable laws and regulations, ensuring stable operations and sustainable growth, and safeguarding the rights and interests of shareholders and all stakeholders. Related policies and regulations include: Rules of Work, TSC Ethical Management Principles, and Code of Ethical Conduct.

Ethical Management Principles 

Code of Ethical Conduct 

Management Approach and Evaluation Mechanism

- Establish and regularly communicate corporate governance policies to management and employees.
- Enhance information transparency by disclosing financial and non-financial data via annual reports, sustainability reports, and the official website.
- Implement a whistleblower protection mechanism with accessible grievance channels for internal and external stakeholders.
- Ensure regular internal and external governance training for senior management, governance officers, and related teams.

2024 Performance Highlights

- **Appointed 7 directors to the 16th Board of Directors, including 4 independent directors (over 50%) and 2 female directors, reinforcing gender diversity.**
- **Established the "Board Secretariat" to support governance affairs in line with the Corporate Governance 3.0 initiative.**
- **Elevated the ESG Committee to a Board-level functional committee to strengthen sustainability governance.**
- **Revised internal governance documents (e.g., Board Meeting Rules, Shareholders' Meeting Procedures) in response to regulatory updates.**
- **Achieved a ranking in the 6%–20% tier in the 11th Corporate Governance Evaluation, improving from the previous 21%–35% tier.**
- **Completed board and committee performance evaluations and reported results in Q1 2024.**

Future goals

Short-term (within 1 year)

Refer to results from the Corporate Governance Evaluation System and best practices domestically and internationally to develop improvement plans based on current conditions

Medium-term (1–3 years)

Strengthen information security management and complete the implementation of the ISO 27001 certification program

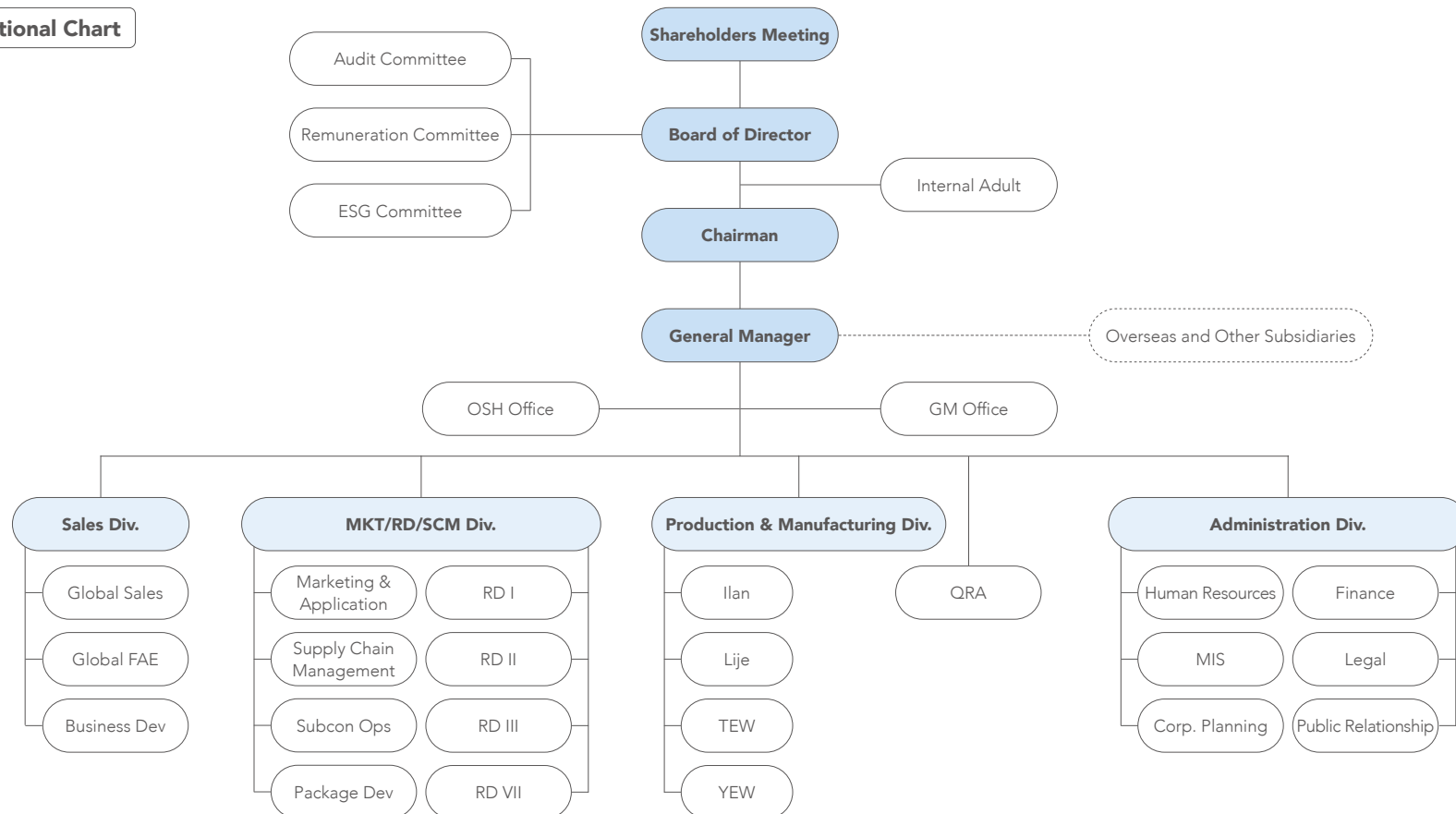
Long-term (over 3 years)

Establish a robust risk management system, conduct regular identification of material risks, and implement improvement tracking mechanisms

1.2.1 Board Operations

The Board of Directors is TSC's highest governance body, responsible for guiding the company's strategic direction, overseeing management, and being accountable to shareholders. The Board of Directors of TSC exercises its powers in accordance with applicable laws, the Articles of Incorporation, and resolutions of the Shareholders' Meeting with respect to all operations and arrangements related to the corporate governance system. To enhance oversight and strengthen management functions, the Board of Directors, taking into account the Company's scale and nature of operations, has established functional committees under its authority, including the Audit Committee, the Remuneration Committee, and the ESG Committee. Each committee operates in accordance with clearly defined organizational guidelines and assists the Board in fulfilling its supervisory responsibilities. The committees regularly report their activities and resolutions to the corporate governance unit and the Board of Directors. As part of its effort to reinforce sustainability governance, TSC elevated the ESG Committee to a Board-level functional committee in 2024.

TSC Organizational Chart



Board Diversity

In accordance with the TSC Corporate Governance Best Practice Principles, the Company has adopted a Board Diversity Policy, ensuring a complementary mix of gender, age, nationality, culture, and professional background. The 2024 re-elected Board comprises seven members, including four independent directors—two of whom are female—with expertise in accounting, finance, operations, management, and HR.

In 2024, eight board meetings were held with an average attendance rate of 98%, in line with Article 206 of the Company Act. Total board remuneration accounted for 7.72% of net income after tax.

Name	Title	Gender and Age	Professional knowledge and skills							Employee Status
			Business Judgment	Accounting and Financial Analysis	Business Management	Crisis Management	Industry Knowledge	International Market Perspective	Leadership and Decision-Making	
Wang, Shiu-Ting	Chairman and President	Male (61-78 years old)	✓	✓	✓	✓	✓	✓	✓	✓
Representative of TSC Auto ID Technology Co., Ltd.: Wang, Hsing-Lei	Corporate Director Representative and Vice President	Male (41-50 years old)	✓	✓	✓	✓	✓	✓	✓	✓
Yan, Guo-Yin	Director and Vice President	Male (51-60 years old)	✓	✓	✓	✓	✓	✓	✓	✓
Jhan, Cian-Long	Independent Director	Male (61-78 years old)	✓	✓	✓	✓	✓	✓	✓	
Ma, Shu-Zhuang	Independent Director	Male (41-50 years old)	✓	✓	✓	✓	✓	✓	✓	
Chen, Shu-Ling	Independent Director	Female (51-60 years old)	✓		✓	✓	✓	✓	✓	
Wang, Nian-Qiu	Independent Director	Female (41-50 years old)	✓		✓	✓	✓	✓	✓	

Note:

1. The Chairman of the Board is elected by the Board of Directors. Internally, the Chairman serves as the head of the board; externally, the Chairman acts as the legal representative of the company. The Chairman also serves as the President and is responsible for formulating, promoting, and executing the company's strategies and long-term development plans. Any matters involving personal interests are handled in accordance with conflict-of-interest avoidance principles.
2. The age distribution of the Company's Board of Directors is as follows: 2 members (28.57%) fall within the 61 to 78 age range, 2 members (28.57%) are between 51 and 60 years old, and 3 members (42.86%) are in the 41 to 50 age group. For comprehensive profiles of board members and details on their meeting attendance, please refer to page 30 of the Company's Annual Report.

Nomination and Election of Directors

The members of the Board of Directors are selected based on procedures established in accordance with relevant laws and the Company's Articles of Incorporation. The nomination and election of all directors follow open and impartial procedures, in full compliance with the provisions set forth in the "Articles of Incorporation of Taiwan Semiconductor Co., Ltd."

In addition, as stipulated in the Company's "Rules for Election of Directors," both directors and independent directors are elected through a cumulative voting system and a candidate nomination system. Shareholders holding a certain percentage of shares are entitled to nominate candidates. This approach promotes shareholder participation, prevents the monopolization or arbitrary use of nomination rights, and helps maintain board independence.

[Articles of Incorporation of Taiwan Semiconductor Co., Ltd.](#)

Board Performance Evaluation

To implement sound corporate governance and enhance the functioning of the Board of Directors, TSC has established performance goals to improve board efficiency. In accordance with the "Compensation Committee Charter" and the "Rules for Performance Evaluations of the Board of Directors," the Company conducts one performance evaluation annually. In 2024, the evaluation was carried out through self-assessment, either online or in written form. The evaluation covered the overall operations of the Board, each functional committee, as well as the performance of individual directors and members. The results and corresponding improvement plans were submitted to the Board of Directors for review.

[Compensation Committee Charter](#)

[Rules for Performance Evaluations of the Board of Directors](#)

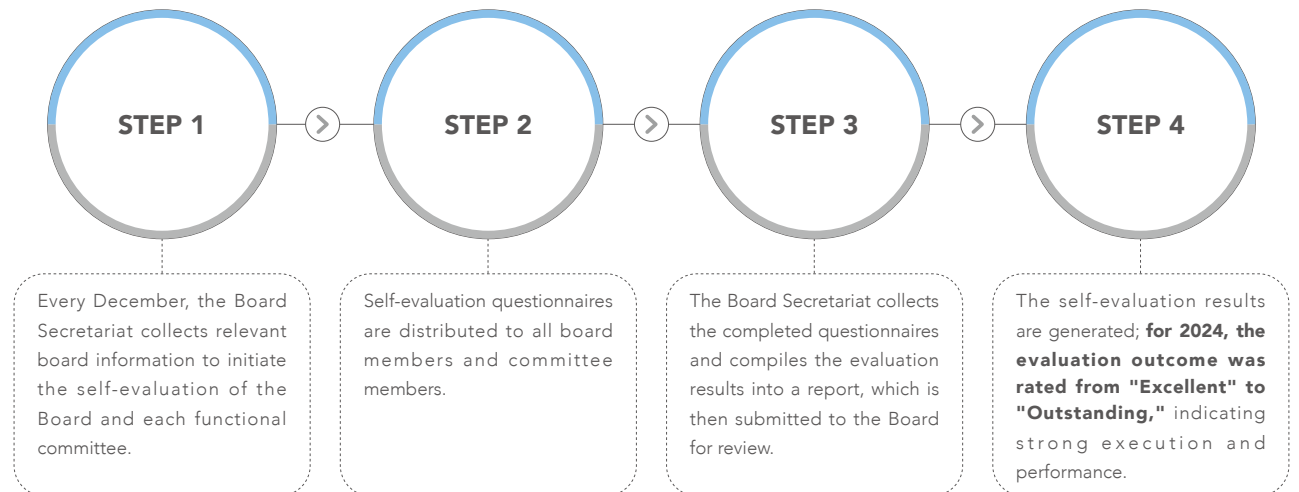
Five Key Dimensions of Board Performance Evaluation



Six Key Dimensions of Individual Directors Evaluation



Performance Evaluation Process



Conflict of Interest Management Mechanism

According to TSC's "Board Meeting Rules," when a board agenda item involves a director's personal interest or that of a legal entity they represent, the director must disclose the material aspects of the conflict during the meeting and shall recuse themselves from both the discussion and the voting process. They are also prohibited from voting on behalf of other directors. TSC adheres to applicable laws and appoints independent directors to serve on the Audit Committee to ensure the independence and oversight function of the Board. None of the Board members hold cross-shareholdings with major suppliers or other stakeholders. For more details, please refer to the Annual Report.

[Board Meeting Rules](#) 

Board Remuneration Policy

TSC offers a comprehensive compensation package, including cash, stock options, profit-sharing, retirement benefits, allowances, and other incentives, all disclosed in the annual report per regulatory requirements. To ensure a fair system for directors and managers, TSC has established a Remuneration Committee and adopted a charter to guide its work. The Committee objectively evaluates remuneration policies based on individual performance, company results, and potential risks, providing recommendations to the Board. Director compensation is processed according to the approved "Director Remuneration Payment Scale" and reported to shareholders.

Functional Committee

	Members	Responsibilities	Meeting Frequency
Audit Committee	Composed of all Independent directors (4 members), with one person elected by all Members to serve as the convener and chairman.	<ul style="list-style-type: none"> Oversee the accuracy of financial statements Appoint, remove, and assess the independence and performance of external auditors (CPA) Ensure effective implementation of the internal control system Monitor compliance with applicable laws and regulations Oversee the management of current and potential corporate risks 	At least once per quarter; 8 meetings were held in 2024
Remuneration Committee		Professionally and objectively assess remuneration systems for directors, supervisors, and managers, and advise the Board accordingly.	At least twice a year; 3 meetings were held in 2024
ESG Committee		<ul style="list-style-type: none"> Define sustainability policies and strategic direction Develop and implement sustainability action plans Oversee execution and assess effectiveness of sustainability initiatives Strengthen stakeholder engagement on key sustainability issues raised by regulators, shareholders, media, customers, suppliers, affiliates, employees, communities, and society 	At least once a year; 4 meetings were held in 2024 ²

Note:

- Director remuneration is set in accordance with Article 20 of the Company's Articles of Incorporation, which allows for up to 1% of the Company's annual profit to be allocated for director compensation. Reasonable remuneration is determined based on the Company's operational performance and each director's contribution. Managerial compensation is determined based on the Salary Cycle Management Regulations, industry benchmarks, job responsibilities, and contribution to the Company's goals. The procedure for setting compensation is based on the Company's "Annual Performance Evaluation Regulations," taking into account the overall operational performance of the Company, future industry risks and development trends, as well as individual performance achievement rates and contributions to the Company's performance, in order to provide reasonable compensation. The relevance and reasonableness of performance evaluations and remuneration are reviewed by both the Compensation Committee and the Board of Directors. The remuneration system is subject to timely review in light of the Company's actual operating conditions and applicable regulations, to ensure a balance between sustainable business operations and risk management.
- Including two meetings of the first committee session and two meetings after the committee was elevated to a Board-level functional committee.
- For important resolutions of each functional committee, please refer to the TSC website.

Board of Directors Training

To comply with national and industry regulations and uphold ethical standards, TSC's Board members and senior executives regularly attend training on corporate sustainability, governance, and regulatory training. In 2024, each board member completed over 9 hours of continuing education. Details are available on pages 76–77 of the Annual Report.

Sustainability Governance

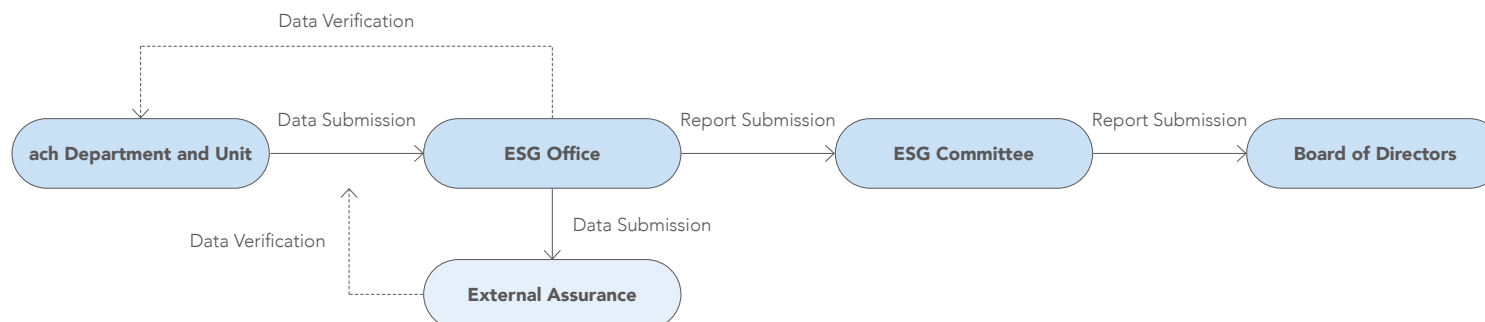
To strengthen sustainability oversight, TSC established its first ESG Committee in 2022. In 2024, the Board of Directors formally elevated the ESG Committee to a board-level functional committee, enhancing its supervisory role and reinforcing stakeholder engagement and the Company's sustainability commitment.

The ESG Committee is responsible for formulating policies, promoting governance frameworks, and overseeing the execution and performance of sustainability initiatives. It also monitors stakeholder concerns—including those from shareholders, customers, suppliers, employees, government agencies, NGOs, and media—and supervises communication strategies. At least one meeting is held annually.

An ESG Office operates under the Committee to coordinate sustainability affairs, including meeting planning and documentation. The Office consists of site supervisors, the Administration Division, and executive secretaries to ensure effective implementation of sustainability actions across all levels. Internal cross-functional meetings are held as needed to support execution and report progress to the Board.

Sustainability Disclosure

TSC publishes an annual Sustainability Report to share its sustainability performance and achievements with stakeholders. The ESG Office is responsible for collecting annual sustainability performance data from all production sites and departmental units, followed by data verification and consolidation. Once the report has been assured by an independent third-party organization, it is reviewed by the ESG Committee and submitted to the Board of Directors for approval prior to official release.



1.2.2 Ethical Business Practices GRI 205-1 205-2 2-16 2-23 2-24 2-26

For over 45 years, TSC has upheld ethical business practices through integrity policies, internal controls, whistleblower protections, and ongoing training to ensure employee conduct aligns with the Company's core values and complies with local regulations.

Policies and Regulations of Ethical Conduct

TSC has established a comprehensive integrity management framework based on national laws and the guidelines of the Taiwan Stock Exchange and TPEX. Key internal policies—such as the Rules of Work, Ethical Management Principles, and Code of Ethical Conduct—apply to all subsidiaries, directors, managers, and employees, promoting a corporate culture of integrity.

The Board Secretariat reviews policy promotion and compliance annually and reports to the Board. All related policies are approved by the Chairman and published internally and on the official website. Suppliers must sign the bilingual RBA Vendor Code of Conduct before cooperation, pledging to uphold ethical standards including human rights protection, fair competition, and zero tolerance for bribery or corruption.

[TSC Ethical Management Principles](#)  [Code of Ethical Conduct](#) 
[Vendor Code of Conduct](#) 

Internal Supervision of Ethical Conduct

TSC maintains strong accounting and internal control systems, with the Internal Audit Office regularly assessing high-risk areas for ethical misconduct. Based on these assessments, audit plans—including targets, scope, and frequency—are developed to ensure effective monitoring. The Company also engages external auditors or consultants to strengthen oversight, with audit results reported to the Board at least annually.

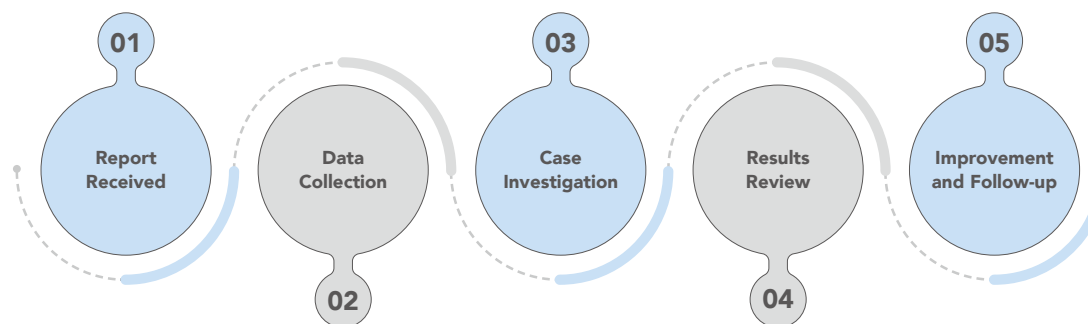
To mitigate corruption risks, periodic assessments are conducted under the Ethical Risk Management Guidelines, covering bribery, embezzlement, and improper gift acceptance. In 2024, no significant risks or violations were identified. TSC remains committed to prevention through education, internal controls, and audits.

Whistleblower Mechanism

TSC has set up a dedicated whistleblower email for internal and external stakeholders to report violations of the Code of Ethical Conduct or other misconduct. All reports are kept strictly confidential, and whistleblowers are protected against retaliation. Cases are handled by site supervisors, the Internal Audit Office, or the Legal Office as appropriate. Significant incidents involving corruption or operational risk are escalated to the Board of Directors. In 2024, no complaints were received and no incidents of corruption occurred.

- **Employee Feedback Mailbox:** feedback.hq@ts.com.tw
- **External Stakeholder Whistleblower Mailbox:** anticorruption@ts.com.tw

Procedure for Handling Reports of Integrity Violations



Integrity Training and Education

All new TSC employees are required to read the company's integrity-related policies during onboarding, covering anti-corruption, intellectual property rights, and legal compliance. In 2024, board members and key personnel received anti-corruption awareness training. The Legal Department also conducted mandatory online courses for all Taiwan employees on insider trading, ethical management, intellectual property, and trade secrets. Completion of the training and a minimum test score of 90 were required to ensure understanding of policies and the consequences of violations.

1.3 Risk Management

1.3.1 Risk Management System GRI 2-23

To proactively identify and promptly address internal and external operational risks, safeguard stakeholder interests and asset security, and ensure effective risk control, TSC is committed to establishing a sound risk management framework and policies. We regularly conduct risk identification and implement risk assessment plans to ensure that all potential risks are strictly managed.

Risk Management Framework

The Board of Directors oversees the overall risk management system, with the GM Office responsible for evaluation and supervision. Internal Audit applies the conceptual framework of the "Internal Control - Integrated Framework" issued by the U.S. COSO Committee, assessing five core areas: control environment, risk assessment, control activities, information & communication, and monitoring. Based on these assessments, we establish control policies and procedures to manage risk effectively.

Risk Management Policies

Aligned with the Responsible Business Alliance (RBA) Code of Conduct, TSC has established policies across ethics, social responsibility, environmental protection, and occupational safety. These include:

- Business Ethics Risk Assessment Measures
- Social Responsibility Risk Assessment Measures
- Risk and Opportunity Management Procedures

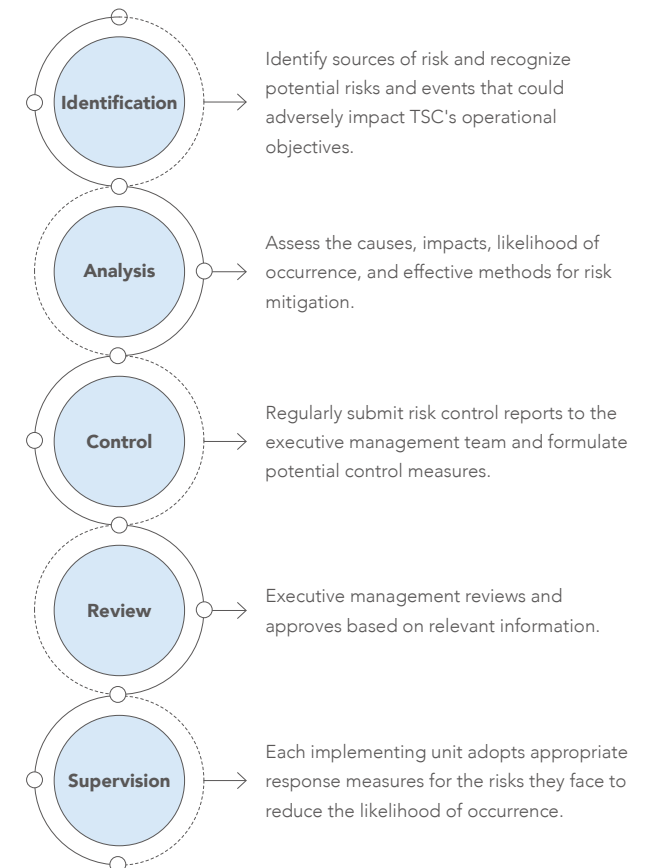
Each site also follows ISO 14001 standards to implement:

- Occupational Hazard Identification and Risk Management Procedure
- Environmental Aspect Identification and Management Procedure

To further enhance governance, TSC plans to revise its risk management procedures in 2025, strengthening cross-departmental capabilities in identifying, assessing, and managing risk throughout operations.

Risk Management Process

TSC's current risk management process involves the following steps of identification, assessment, reporting, and response:



Business Continuity Management

As global risks continue to escalate, TSC has established TSC Business Continuity Management Process since 2023 in alignment with business continuity management frameworks and principles. This process strengthens our management practices to ensure an immediate response in the event of an emergency, minimizing losses or harm and sustaining our ability to provide uninterrupted services.

Business Continuity Management Objective

To sustain operations in support of business continuity and customer needs, without disruption from natural or man-made disasters.

To reduce risks and impacts from emergencies, each TSC's sites has implemented emergency response mechanisms and procedures. Regular drills are conducted for potential risk scenarios, with reviews of preventive and corrective measures to enhance rapid response and recovery capabilities. These sites have established risk control measures in accordance with environmental, health, and safety regulations for scenarios such as supply chain disruptions, labor shortages, critical equipment failures, earthquakes, fires, and utility outages (water, electricity, gas).

Risk Reporting Mechanism

External stakeholders can report potential risk items through the Anti-Corruption Mailbox, while internal employees may use the Employee Grievance Mailbox accessible via the intranet. These channels support the company in assessing and mitigating internal and external risks. No complaints were received in 2024.



Internal Control and Internal Audit

TSC has established an Internal Audit reporting directly to the Board of Directors. It is responsible for establishing and continually strengthening the internal control system, supporting both the Board of Directors and management in fulfilling governance responsibilities. Core responsibilities include investigating and evaluating internal control deficiencies, assessing operational efficiency,

and providing timely recommendations to enhance governance quality and operational effectiveness. The Internal Audit operates independently and is fully dedicated to conducting regular and ad hoc audits of business and financial processes to comprehensively evaluate the soundness, reasonableness, and effectiveness of the internal control systems.

Between November and December each year, the Internal Audit prepares the internal audit plan for the following year based on a risk-oriented approach and submits it to the Board of Directors for approval. This ensures that the internal control system remains responsive to internal and external changes. In 2024, a total of 109 audit tasks were completed, with no material deficiencies identified.

In addition, TSC annually aligns with the financial audit of listed and OTC companies, while the accounting firm simultaneously performs the Company's internal control information cycle testing to examine the operational effectiveness of the internal control systems, ensuring the adequacy of risk management and operational processes.

Internal Audit Operations Process

In addition to conducting annual audits of items required by laws and regulations, the Internal Audit also takes into account the results of the company's operational risk assessments to formulate the audit plan and define the audit items for the following year, which are then implemented upon approval by the Audit Committee and the Board of Directors. For any identified control deficiencies or irregularities, the Internal Audit engages in thorough communication with the audited units, obtains corrective action plans and completion timelines where necessary, and tracks progress until completion. All audit reports are submitted to the Audit Committee by the end of the following month after completion. A summary of deficiency improvements is reported quarterly to both the Audit Committee and the Board of Directors. In the event of a serious violation or risk of material loss to the company, immediate reporting is made to the relevant Presidents, the Audit Committee, and the Board of Directors.

2024 Functional Highlights

Execution of the 2024 Audit Plan

Based on the results of the risk assessment, the annual audit plan is formulated to evaluate the internal control systems of the Company and its subsidiaries. Audit reports are prepared with supporting working papers and relevant documentation. Identified deficiencies and anomalies in the internal control system are disclosed in the audit report and followed up regularly, with tracking reports prepared accordingly.

Internal Control Self-Assessment

Each year, the Internal Audit promotes self-assessment activities among departments and subsidiaries. The findings, along with any internal control deficiencies and corrective actions, serve as the basis for the Board of Directors and the President to evaluate the overall effectiveness of the internal control system and issue the Internal Control System Statement. This information is also reported on the Market Observation Post System and published in the annual report.

Subsidiary Supervision

All subsidiaries are included within the scope of internal audits. The Internal Audit provides assistance and supervision in the implementation of internal control systems. For any irregular indicators identified, the Internal Audit issues work reports to the relevant subsidiaries to facilitate timely adjustments and improvements.

Internal Audit Training

Internal auditors participate annually in training courses recognized by the Financial Supervisory Commission (FSC) to enhance professional skills and risk management awareness. Information on audit personnel and training completed is reported on the Market Observation Post System.

2024 Training Topics

- New Trends in Auditing: Leveraging AI and Data Analytics to Identify Internal and External Business Risks
- The Role of Internal Audit in Sustainability Information Management and Internal Control
- Industry Updates (AI, ESG, Cybersecurity, etc.) and Internal Audit Responses
- Enhancing Corporate Sustainability Value and Strengthening Risk Management Systems
- Practical Developments in Materiality Thresholds for Financial Misstatements and the Responsibilities of Directors and Supervisors
- Legal Responsibilities for Corporate Fraud and Practical Procedures in Investigation and Trial

1.3.2 Regulatory Compliance GRI 2-27 205-3 SASB TC-SC-520a.1

TSC strives to comply with all applicable laws and regulations across all areas of its operations. The Company establishes internal operating procedures and continuously monitors domestic and international legal and regulatory developments that may impact operations, updating relevant policies as needed. TSC Ethical Management Principles explicitly requires all employees to comply with the Company Act, Securities and Exchange Act, Political Donations Act, and Government Procurement Act. Bribery, corruption, and political contributions are strictly prohibited. In accordance with Article 7, Paragraph 2 of the Ethical Management Principles for TWSE/TPEX Listed Companies, and other high-risk operational areas, appropriate preventive measures have been implemented. TSC upholds the highest standards of professional ethics to protect its corporate reputation and earn the trust of stakeholders.

TSC has established a robust mechanism for the management and disclosure of material internal information to prevent inappropriate information leakage and to ensure accuracy and consistency in external communications. In addition, to prevent insider trading, the Company has formulated the TSC Internal Handling of Significant Information and Prevention of Insider Trading Management Measures, which is published on the Company's website.

[TSC Ethical Management Principles](#) 

[TSC Internal Handling of Significant Information and Prevention of Insider Trading Management Measures](#) 

Regulatory Compliance Performance

In 2024, there were no major violations related to anti-corruption, anti-competitive behavior, money laundering, or insider trading. Additionally, no other significant legal violations occurred^{Note1}. There were two cases in 2024 involving violations of the Gender Equality in Employment Act, and the Occupational Safety and Health Act. All issues were rectified within the stipulated deadlines, and follow-up improvement plans and procedural measures were implemented. Please refer to the table below, as well as Sections 4.1.4 Labor Relations and Human Rights Management and 4.2.1 Workplace Safety Management for further details. TSC will continue to closely monitor changes in legal requirements and periodically review internal procedures to mitigate legal risks and ensure compliance in all aspects of its operations.

Violations Summary in 2024

Penalized Site	Fault	Fine (NT\$)	Improvement Measures
2024 (2 cases in total)			
Lije Site	<p>In a labor condition audit conducted in June 2024, it was found that the calculation of perfect attendance bonuses for shift personnel was affected by the use of menstrual leave. In July 2024, the site was penalized for violating Article 21, Paragraph 2 of the Gender Equality in Employment Act.</p> <p>(The employee's perfect attendance bonus was affected by applying for menstrual leave under the Gender Equality in Employment Act.)</p>	\$20,000	<p>Short term</p> <ul style="list-style-type: none"> • Retroactive payment of 2024 perfect attendance bonuses affected by menstrual leave. <p>Long term</p> <ul style="list-style-type: none"> • Update the attendance system to designate menstrual leave as a specific leave type for shift workers, with an automated calculation mechanism to avoid manual errors.
Yilan Site	<p>In August 2024, a labor inspection of work logs found unlicensed personnel operating designated high-pressure gas equipment. In September 2024, the site was penalized for violating Article 24 of the Occupational Safety and Health Act.</p> <p>(Failure to assign certified or trained personnel to operate designated hazardous equipment as required by the central competent authority.)</p>	\$100,000	<p>Short term</p> <ul style="list-style-type: none"> • Strengthen awareness and access control; post notices at entry points to restrict access to qualified personnel. • Introduce pre-operation sign-off forms and require monthly supervisor reviews. • Include personnel qualification control in annual training programs to enhance site-wide awareness. <p>Long term</p> <ul style="list-style-type: none"> • Conduct a site-wide inventory of equipment requiring operator certification and verify operator qualifications. • Continue education and training to ensure compliance with operation qualification requirements.

Note:

1. In accordance with Article 4 of the "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities", a material violation refers to any single incident where the cumulative fine reaches or exceeds NT\$1 million. In 2024, TSC did not experience any material violations or non-monetary penalties.

1.4 Information Security Management

GRI3-3 2-25 418-1

Foundational Topic Information Security Management – Corporate and Customer Information Protection

Policy and Commitment

- Establish a comprehensive information security management framework.
- Initiate implementation of ISO 27001:2022 Information Security Management System (ISMS).
- Conduct awareness campaigns and training programs to strengthen internal knowledge of information security.
- Reduce operational risks caused by human error or improper use of information assets.

Management Approach and Evaluation Mechanism

- Establish an Information Security Management Committee, led by the Chief Information Security Officer (CISO), to oversee the ISMS.
- Designate an executive secretary to plan, manage, and monitor key indicators and information security risks.
- Form functional teams to execute daily ISMS operations and coordinate cross-department efforts.
- Conduct regular committee meetings to assess risks and implement improvements (e.g., CCTV, access control, server room security).
- Notify suppliers with formal communication to ensure basic information security awareness.
- Collect threat intelligence and update blacklists and whitelists on a continual basis.

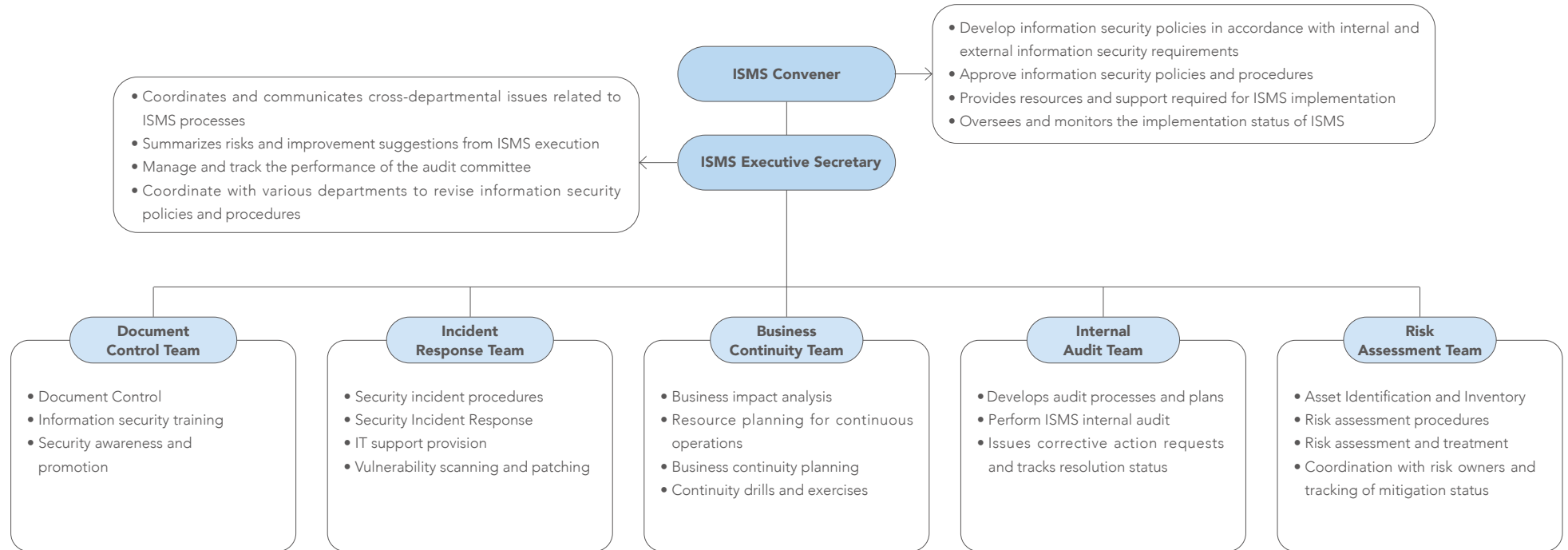
Action Plans and Performance

- **In 2024, TSC completed three internal information security training sessions at the headquarters, Yilan Site, and Lije Site, achieving a 100% completion rate to enhance employee awareness.**
- **Regular system patching and vulnerability scanning were implemented throughout the year to strengthen system protection and reduce security risks.**
- **Conducted Proof of Concept (POC) testing of network and endpoint monitoring systems at all sites, including performance and compatibility evaluations. Results are being used to plan a phased rollout to enhance threat detection and response capabilities.**

To enhance information security for both TSC and its customers, the company has incorporated information security into corporate governance. Chaired by the Chief Information Security Officer (CISO), the Information Security Management Committee oversees policy development, compliance, and risk control. TSC also conducts periodic security tests to identify gaps, strengthens its protection systems, and provides training to reduce incident risks and build a comprehensive defense framework.

Information Security Policy 

Information Security Management Organizational Structure



Starting in 2024, TSC initiated the implementation of ISO 27001:2022 Information Security Management Systems (ISMS), covering asset inventory, risk assessment, control planning, incident response, and continuous improvement. These efforts aim to establish a comprehensive governance framework that enhances resilience and strengthens information protection.

The Information Security Management Committee, chaired by the Chief Information Security Officer (CISO), oversees ISMS strategy, resource allocation, and policy formulation. Functional teams under the Committee manage asset control, risk evaluation, incident response, and training. A management review mechanism has been established to periodically assess policy relevance, risk mitigation effectiveness, incident handling, and improvement opportunities, ensuring system optimization and alignment with company objectives.

Information Security Policy

With the rapid advancement of information technology, enterprises face growing threats and risks related to information security. As internal digital transformation and system integration become increasingly frequent, ensuring the security of corporate information assets and protecting personal privacy have become critical components of business governance. TSC adheres to the following regulations and standards to establish a comprehensive information security governance framework:

01 Guidelines for Cyber Security Management of Listed and OTC Companies

02 Recommendations from Taiwan Computer Emergency Response Team/Coordination Center (TWCERT/CC)

03 Cyber Security Management Act

04 ISO 27001:2022 Information Security Management Systems (ISMS) Standards

In line with TSC's internal Information Security Policy—as well as relevant internal regulations, operating standards, and procedures—the company implements a systematic ISMS to strengthen the prevention, response, and continual improvement of information security incidents, thereby ensuring business continuity and the protection of critical information assets. Each business unit is responsible for formulating internal procedures in accordance with general information security principles, thereby supporting comprehensive regulatory compliance and control across the organization.

Key Focus Areas of TSC's Information Security Policy Implementation

• **Define clear objectives for information security, centered on three key principles: uninterrupted services, zero data loss, and zero personal data breaches.**

• **Establish corresponding policies and action plans aligned with these objectives, and regularly evaluate their effectiveness.**

- | | |
|---|--|
| ✓ Information Security Organization and Management Review | ✓ Business Continuity Management |
| ✓ Document and Record Management | ✓ Performance Management |
| ✓ Asset Management | ✓ Supplier Relationship Management |
| ✓ Risk Management | ✓ Internal Audits on Information Security |
| ✓ Human Resource Security Management | ✓ Operational Security and Cryptographic Technology Management |
| ✓ Physical Environment Security Management | ✓ Communication Security Management |
| ✓ Access Control Management | ✓ Compliance Management |
| ✓ Information System Acquisition, Development, and Maintenance Management | ✓ Information Security Incident Management |

In response to the "Cyber Security Management Act" and to strengthen the organization's information security governance capabilities, TSC initiated the planning of the ISO 27001 Information Security Management Systems (ISMS) in 2022. In the fourth quarter of 2024, the implementation project was officially launched with the support of professional consultants. This initiative aims to establish and optimize the Group's ISMS framework, gradually enhancing its information security risk control mechanisms.

In the initial phase, TSC completed the inventory of information assets, risk assessment, and control measure planning for its headquarters and major operational sites. Internal trial operations and system implementation are scheduled to be completed by 2025, with third-party certification targeted for the third quarter of the same year, forming the foundation for continuous optimization of the Group's information security governance structure. Looking ahead, from 2026 to 2027, TSC will progressively expand ISMS implementation to additional sites, conducting system audits and certification activities to comprehensively strengthen its information security management capabilities and mitigate the risks of business disruption and supply chain cyber threats.

Technology and Policy Optimization

Password policy enhancement

- In response to key customer information security requirements, the password length specification has been revised to 15 characters and incorporated into the risk assessment mechanism
- In alignment with the Change Management process, the implementation and maintenance of the password policy have been strengthened

Account change management enhancement

- Introduced application forms for account creation and modification, integrating information security change requests with the authorization process
- Established an account anomaly review process and permission tracking records to improve transparency and auditability in account management

Information Change Process Integration

- All changes to information equipment (e.g., hostnames, configurations, or change in usage purposes) must be formally applied for and approved, and incorporated into the information change control process
- Technical patching and security hardening are carried out based on scanning results and vulnerability assessments

Vulnerability scanning and patching tracking

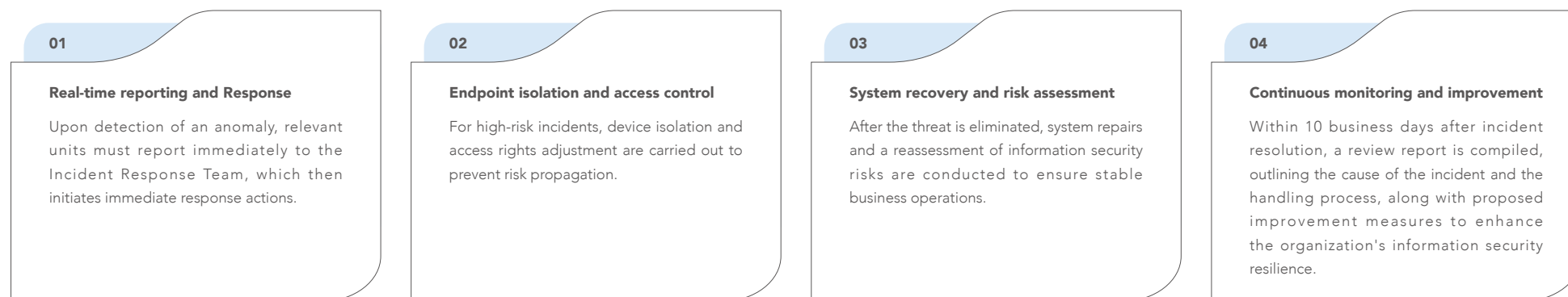
- A regular vulnerability scanning mechanism has been implemented, with priority patching and remediation for high-risk items
- Scanning results are incorporated into the risk assessment process and included in the Information Security Continuous Improvement Plan

Identification of Information Security Risks

In recognition of the critical importance of information security, TSC proactively identifies potential threats and vulnerabilities, assesses the likelihood and impact of each risk, and evaluates their urgency and scope. Risks are then classified and prioritized, with corresponding control measures developed to mitigate potential impacts on TSC's operations, reputation, financial standing, and competitiveness. No information security incidents occurred in 2024.

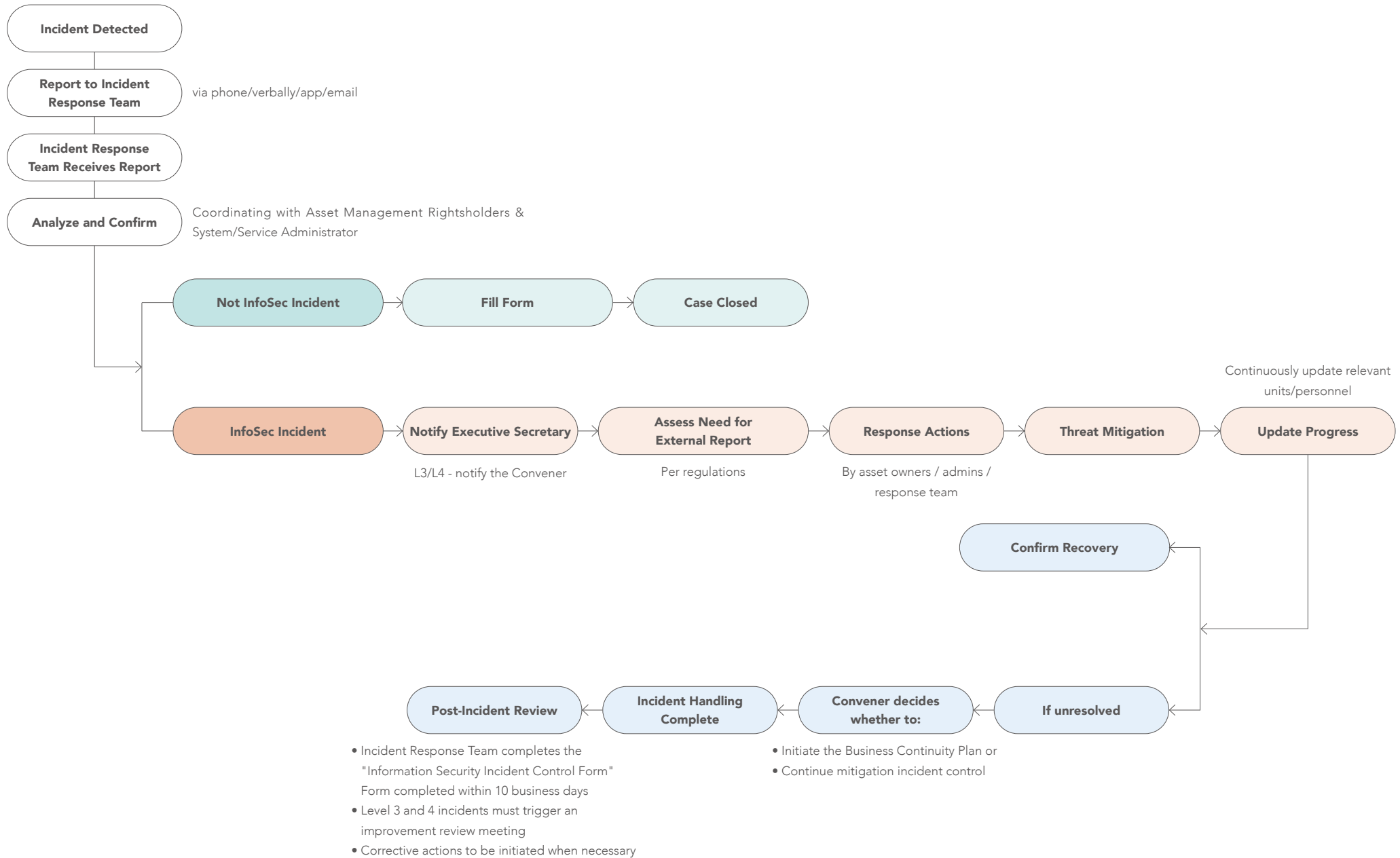
Notification and Handling of Information Security Incidents

To ensure timely and transparent response to information security incidents, TSC has implemented a defined Information Security Incident Notification and Response Process, guided by its internal Incident Management Operational Standard. An Incident Response Team coordinates reporting and response efforts. Once an incident is identified—whether internally or externally—it must be reported immediately to trigger the response procedure. Based on incident classification (Levels 1 to 4), tailored response measures and notification timelines are followed to contain the impact and ensure business continuity. The team works closely with asset owners, system administrators, and relevant departments to ensure swift and effective resolution.



In addition, TSC has referred to the TPEX Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities to establish a comprehensive mechanism for external reporting and disclosure of information security incidents. If an information security incident reaches the level of a material event and may impact the Company's operations or investor interests, TSC will follow the relevant regulatory requirements to provide a public explanation and disclosure within the prescribed timeframe, ensuring transparency and timely response.

Through the implementation of the ISO 27001:2022 Information Security Management Systems (ISMS) and the corresponding institutionalization of management practices, TSC has significantly improved its information security management capabilities and incident response efficiency, thereby safeguarding business continuity and reducing the likelihood of major information security risks.



Establishing a Protection Plan and Information Security Culture

To strengthen information security governance, TSC continued to promote awareness training and internal campaigns in 2024, improving employees' ability to detect phishing and social engineering threats. Simulated attack drills and ongoing education further reinforced defense capabilities. In 2025, TSC plans to enhance governance-level response by providing cybersecurity legal and technical training to the Information Security Management Committee.

To stay current on cybersecurity trends, TSC maintains membership with TWCERT/CC, regularly sharing threat intelligence and collaborating to strengthen defenses. IT audits conducted by professional teams include system functionality, vulnerability, and data integrity assessments to ensure confidentiality, availability, and compliance.

In September 2024, TSC completed a simulated phishing test and followed up with social engineering training at Taiwan sites, continuously improving employees' cybersecurity awareness and resilience.

2024 Information Security Awareness Training - Promotion of Network Security Social Engineering Methodology

In response to increasingly sophisticated hacking tactics, TSC strengthened information security management in 2024 by launching company-wide awareness training on cybersecurity and social engineering. The training focused on phishing identification, personal data protection, and incident reporting, combining theory with practice to enhance employee vigilance.

By year-end, all Taiwan employees had completed the training. In line with ISMS, TSC also published updated phishing examples and countermeasures to further mitigate cybersecurity risks.

Customer Privacy Protection

In light of TSC's growing globalization of business and services, we place great importance on mechanisms for protecting personal privacy and personal information. In accordance with TSC's Information Security Policy, Taiwan's Personal Data Protection Act, and other applicable international laws and regulations, we have established a comprehensive information security management mechanism to prevent the leakage, misuse, or unauthorized access of personal data, thereby safeguarding customer privacy rights. In the event of a customer data breach, TSC will respond in accordance with the guidelines set out in our information security policy. As of 2024, TSC has not experienced any incidents of customer personal data leakage or violations of data protection laws due to information security events. Going forward, we will continue to review and optimize personal data protection procedures in alignment with the Information Security Management Systems, ensuring the effectiveness and continuity of information security and customer privacy protection practices.

Since the implementation of the ISO 27001:2022 Information Security Management Systems (ISMS) in 2024, TSC has followed the PDCA (Plan-Do-Check-Act) cycle to enforce personal data protection and information security operation standards. These include access control, data classification and grading, personal data encryption, and secure transmission protocols, all aimed at reducing the risk of customer data breaches or violations.

In addition, TSC continuously strengthens its email filtering mechanisms and Data Loss Prevention (DLP) systems to guard against the leakage of sensitive information through phishing emails or social engineering attacks. Through regular information security training and simulated social engineering exercises, we enhance employee awareness and response capabilities, reinforcing the protection of customer privacy.

In addition to complying with international standards, TSC will continue to enhance employee awareness and understanding of information security by leveraging diverse communication channels and meetings to disseminate relevant announcements and promote awareness initiatives. This includes clear guidelines on the lawful use of personal data, data retention measures, designated departments responsible for handling data breaches, and established response procedures—ensuring sustained improvement in customer privacy protection.