



July 2020

**TAIWAN
SEMICONDUCTOR**

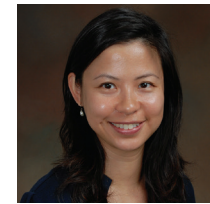
TSMC is one of the world's largest pure-play semiconductor foundries producing custom-built chips for a broad global customer base.

ESG Integration in Action— Case Study

Environmental management a key factor in our investment analysis.

Investment Case

- Taiwan Semiconductor Manufacturing Company (TSMC) is a global leader in leading-edge chip production, providing good pricing power. The company is well placed to capture growing market share as more companies outsource chip production as a “non-primary” business function.
- TSMC's robust management of ESG issues was a factor in our investment analysis. As a large-scale foundry, TSMC has a distinct environmental footprint; however, this is carefully managed by a structured environmental strategy.
- The company has been strong on corporate governance; it has had a consistent shareholder return policy and has excelled in communication with shareholders.



Alison Yip
Technology Sector
Equity Analyst

ESG IN DEPTH

- TSMC does not have a history of notable ESG-related incidents. Its “green” environmental management strategy promotes mutual prosperity between its business and the environment by implementing improvement projects that focus on carbon reduction, energy conservation, pollution control, water management, and waste reduction.
- For semiconductor manufacturers, exposure to conflict materials can be a key risk. TSMC only purchases raw materials from smelters certified “conflict-free” by the Responsible Minerals Assurance Process—the highest level of industry compliance.
- TSMC also has a strong track record of employee treatment/safety, with no notable reported employee incidents and good disclosure on company diversity.

“TSMC is an industry leader in its approach to environmental management, setting clear performance targets and providing regular disclosure.”

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