Triodos Investment Management

TAIWAN SEMICONDUCTOR MFG CO

Meeting Date:	Tue, 24 Jun 2014 9:00am	**Type:**	AGM	**Issue date:**	Tue, 10 Jun 2014
Meeting Location:	No. 8, Li-Hsin Road 6, Hsinchu Science Park, Hsinchu, Taiwan				
Current Indices:	PIRC SE Asia				
Sector:	Semiconductors				

	PROPOSALS	ADVICE
A.1	**The 2013 Business Operations** Non-voting agenda item.	**Non-Voting**
A.2	**The 2013 Audited Reports** Non-voting agenda item.	**Non-Voting**
A.3	**The status of the local unsecured corporate bonds** Non-voting agenda item.	**Non-Voting**
B.1	**Approve 2013 Business Reports and Financial Statements** The annual report has been provided sufficiently in advance of the AGM. The opinion of the external auditors is unqualified. The dividend is covered by earnings. Acceptable proposal.	**For**
B.2	**Approve 2013 Plan on Profit Distribution** It is proposed to allocate 10% of net income to legal reserves and the company also plans to distribute NT$25,269,329,608 to employees' in the form of a cash bonus. The proposed final dividend is NT$ 3.0 per share. This represents a payout ratio of 41.32% on earnings per share of NT$ 7.26. Acceptable proposal.	**For**
B.3	**Approve Amendments to Procedures Governing the Acquisition or Disposal of Assets** The R.O.C. Financial Supervisory Commission amended the "Regulation Governing the Acquisition and Disposal of Assets by Public Companies" to implement International Financial Reporting Standards ("IFRS") and abolish the mandatory par value of common shares. As such, TSMC's "Procedures for Acquisition or Disposal of Assets" should be revised to reflect such amendments. In addition, TSMC's "Procedures for Financial Derivatives Transactions" should be revised to reflect such regulatory amendments and to meet TSMC's operational needs. The amendments are necessary to meet reporting guidelines. Acceptable proposal.	**For**
B.4	**Approve Amendments to Trading Procedures Governing Derivatives Products** The proposed amendments raise some governance concerns. The company has increased the authorisation limit required for transactions from US$ 10MM to US$ 50MM allowing for increase spending with less restrictions. They have also removed the monitoring process by the internal auditors and removed the CEO as the designee required to evaluate and monitor risk. This means that there will be no internal system in place to monitor spending and the CEO will not be held accountable for any improper spending that may take place. Triodos opposes this resolution. **** = Special resolution***	**Oppose**

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