5.2 Encourage a Balanced Life
To ensure a balanced life for our employees, TSMC provides a work environment with a variety of social and cultural activities as well as services and benefits, which promote employee productivity, morale, and healthy family life. This underscores our commitment to continuous care for our employees, and our efforts were reflected in the 2012 TSMC Core Values Survey, where the score for “commitment” rose from 91.8 to 93 points.

Echoing our commitment, Morris Chang, TSMC Chairman and Chief Executive Officer (CEO), made a speech via video to employees at the end of 2012, encouraging employees to work effectively while enjoying a healthy and balanced lifestyle apart from work. This voice has been heard and recognized by the society. Following the goal of “maximum 50 working hours per week,” the Company took actions in the systems, work processes and employees’ cognition with regular and specific tracking indices and mechanism. Through aforementioned efforts, we simplified the work processes, enhancing the efficiency and effectiveness of our employees which enable them to spend more time with their family.

5.2.1 Expanding Interpersonal Relationships
TSMC considers each employee as an individual as well as a part of a social network. Our employees obtain support from their work environment, which acts as a positive influence. The Company has established an Employee Welfare Committee and provides a platform for employees who have similar interests to form or attend clubs. Through this channel, our employees can cultivate interests after work, and gain opportunities to develop relationships with one another. In 2012, TSMC assisted employees in forming and operating 70 clubs, such as running, cycling, extreme sports, dance, aikido, calligraphy, cooking, Chinese music and others. More than 10,190 employees have attended activities held by these clubs.

Family is also part of our interpersonal network. We regularly hold many parent-child activities and encourage our employees to participate in. Employees can balance their family life and expand their social networks through these activities, and more than 31,000 employees and family members have attended and enjoyed these activities.

5.2.2 Arts and Culture
TSMC promotes arts and culture events in the company, and encourages employees to attend. In 2012, we held concerts, speeches, plays for children, and movie screenings. In addition to enjoying performances by popular artists, employees also enjoyed speeches on diverse topics such as current events, relationships, legal matters in daily life, and inspirational stories.

In addition, company galleries display works such as traditional Chinese painting, oil painting, block prints, calligraphy, ceramics, and photography. These works of art not only beautify our work environment, but also make the Company a relaxing environment for employees. In 2012, almost 2,000 pieces of art were displayed.
5.2.3 A Convenient and High-quality Work Environment

Dining Service

TSMC has cafeterias which provide a great diversity of dining options and comfortable environments. Our food court provides Taiwanese, Southeast Asian, and Japanese cuisine as well as fruit. We also provide healthy vegetarian and non-vegetarian buffets, totaling around 100 dishes for our employees to choose from. To enhance the concepts of nutritional balance, we launched a “Nutrition Class” program, including a “Calorie Diary” to provide guidance on healthy eating, and “Dietetic Therapy Classes,” featuring pregnancy and postnatal care, liver care, massage, and menstrual and menopause care. Through these activities, we successfully promoted correct dietetic habits, and raised employees’ awareness of their own health, building a healthy workplace.

In order to ensure and enhance employee dining satisfaction, an electronic dining satisfaction survey system was established in 2009. With this system, we can easily understand employees’ preferences and satisfaction levels and make timely enhancements on food quality and service based on the results. In 2012, the satisfaction rate was 95.6%, 4% higher than the previous year.

Convenient Services

The Company provides permanent services such as fitness centers, bookstores, coffee shops, 24 hours convenience stores, juice bars, barbershops, dental clinic, and health centers. In addition, weekly on-site services include laundry, banking, telecommunications, insurance, household appliances and others.

Preschool Service

TSMC provides a healthy and safe environment for the preschool education of our employees’ children. Our kindergartens were built with green construction materials and are fireproofed. To provide a safe environment, there are no sharp angles in the interior designs. We also minimize the threat of influenza with separated air conditioning in every room. Through various channels and mechanisms, we not only give our employees’ children a great place to learn, but also help employees to be better and happier parents.

In 2012, TSMC was recognized as one of the “Outstanding Enterprises in Providing Nursery Services” by the Council of Labor Affairs, Executive Yuan. In addition, the Company has shared our experiences in helping other companies to build a more family-friendly workplace.

Transportation Service

To save energy, reduce carbon emissions and provide better service, the Company provides regular shuttle bus service between fabs. All shuttle buses are installed with GPS systems to ensure safety and monitor driving status. In 2012, TSMC became the first company in Taiwan to adopt electric cars as company vehicles, supporting carbon reduction.

Accommodation Service

Accommodation service is provided for employees who are on a business trip between different sites and for employees who live far from the Company in consideration of their safety and convenience. In addition to providing a comfortable living environment, a “Dormitory Caring System” was established to ensure safe access to dormitories and to respond to potential emergencies.

5.2.4 Benefits – Safeguarding Employees’ Rights

A Comprehensive Insurance Plan

In addition to the statutory Labor Insurance and National Health Insurance, TSMC provides comprehensive insurance plans to employees. All employees are covered by our group insurance plans from the first day they are on board. Coverage includes life insurance, accident insurance, hospital insurance, cancer insurance, and business travel insurance. Employees also have the flexibility to participate in self-pay insurance plans for their family with lower prices to obtain better protection.

Pension Plan

TSMC’s employee pension plan is set according to the Taiwan Labor Standards Act and Labor Pension Act. With the Company’s sound financial system, we ensure
employees a solid contribution and regular pension payments. In addition to statutory contribution, we also invite professional accountants and consultants to conduct precise calculations of the Company’s pension fund, so as to assure sufficient funding for employee pension payments in the future.

**Flexible Leave Programs**

TSMC provides flexible leave programs which exceed the requirements of Taiwan’s Labor Standards Act. Our employees are eligible for annual leave after completing three months of service at TSMC. Furthermore, they are granted 120 hours fully-paid and 120 hours half-paid sick leave per year. In addition to affairs leave and homecare leave, granted based on the Labor Standards Acts, employees are entitled to 90 days of special personal leave with approval by an authorized supervisor. Our employees can also apply for leaves of absence for reasons such as childcare, military service, and medical treatment for serious illness or injury. They can also apply to return to the Company before the end date of his or her leave of absence. Taking parental leave as an example, in 2012, 368 employees took parental leave, and the average return-to-work rate was 70% with a retention rate of 81%.

**Active Compliance with Regulations and Protecting Employees’ Rights: Promotion Activities for 2nd Generation National Health Insurance in Taiwan**

Carefully carrying out government regulations and informing employees of their rights in a timely way is an important part of TSMC’s responsibility to employees. The Taiwan government announced the second generation of national health insurance, effective January 1st, 2012. The income categories, premium rates, and deduction standards of the new national health insurance are all different from the original.

In order to help employees understand the purpose of the new requirements and their impact on individual rights and interests, the Company used a number of channels to inform employees before the new regulations took effect. These include links on our internal website to the Bureau of National Health Insurance website for employees to access the most updated and immediate information, over 60 training sessions held for employees located in Hsinchu, Taichung, and Tainan City respectively, and a customized spreadsheet for employees to calculate their personal premium.

These promotion activities have not only won satisfaction from employees, but also successfully assisted the Company and employees in smoothly adopting the government’s new regulations. TSMC was also honored by the Bureau of National Health Insurance, Executive Yuan, in recognition of our performance in employee training and our positive support for 2nd generation national health insurance.

**“Carefree” Women’s Care Campaign**

Traditionally speaking, female workers are usually given different social expectations in Eastern culture compared with their male counterparts. Currently, 44% of TSMC’s workforce is composed of female employees, and TSMC is dedicated to providing a worry-free work environment that supports them in excelling at their jobs and in their family life. With a series of comprehensive programs, we aim to foster a friendly work environment for female employees, which in turn fulfills our commitment to serve as an uplifting influence for the continuous improvement of the society.

In 2012, we rolled out our Women’s Care Campaign dedicated to pregnant employees. With our efforts in
putting internal resources into more effective use, we have organized a variety of programs and activities, including support groups, healthy meal selections, an online shopping platform, resource kit, and more. We also reinforced the communication and education of managers. By improving the physical environment, as well as providing customized programs to a targeted group of employees, we continue to live up to our aim in fostering a friendlier work environment for our employees.

Other Welfare Benefits
TSMC Employee Welfare Committee also provides other subsidiary benefits including:
- Financial assistance to help employees who encounter difficult circumstances.
- Subsidies for marriage, childbirth, and funerals
- Cash gifts for birthdays and major festivals
- Travel subsidies
- Discounts provided by over 4,000 designated vendors
- Online platform for shopping and exchanging information

Benefits of Overseas Subsidiaries
The insurance plan, pension plan, leave programs and other welfare benefits for the employees of our overseas subsidiaries all comply with or exceed local regulations to ensure a secure and carefree life for our employees worldwide.

5.3 Employee Engagement
TSMC is committed to establishing positive employee relationships and creating a highly engaged work environment, and our employees are highly committed to the Company as well. These positive factors all generate productivity and higher performance.

Our commitment to caring for employees and our unceasing efforts as an advocate of employees’ work-life balance has earned us the prestigious first place in the ranking of “Top-10 Happy Corporations” conducted by the China Credit Information Service (CCIS), under its 2012 survey.

5.3.1 Reinforcing Employees’ Sense of Belonging
Our employees share a common vision and values, and thus can work toward the same direction. TSMC holds “Sports Day” every year to raise employees’ cohesion and reinforce the spirit of teamwork. Through various sports competitions, our employees interact and cooperate with one another. More than 36,000 TSMC employees and family members attended Sports Day in 2012.

The year 2012 marked the 25th anniversary of TSMC, and we initiated a series of programs under the theme of “Pride 25: Showing your pride as a TSMCer,” with this campaign, we aimed to reinforce a shared sense of pride among TSMCers.

One of the highlights of Sports Day was the moment when Chairman Morris Chang announced that a special bonus of NT$12,000 for non-management employees during his opening speech. Apart from the monetary encouragement provided to the employees, this gesture strengthened the connection between the Company and employees, and reinforced our commitment to being a supporting hand behind our employees. Related celebration programs include: