



Talent Attraction and Retention

Strategies & 2030 Goals

Bolster Employee Commitment

Promote and fulfill TSMC's core values
Provide competitive compensation packages
Maintain a healthy turnover rate

- **Conduct an Employee Core Values Survey every two years to advocate core values**
 - Over 95% of employees are fully committed to their work
 - Over 95% of employees are willing to continue to work for TSMC in the next five years
- **Continue to maintain a position in the 75th percentile among its industry peers in total compensation**
- **Total turnover shall be maintained at 5% to 10%**
- **Turnover for newly recruited employees within one year shall not exceed 10%**

2019 Achievements

- **Commitment to TSMC's core values is listed as one of TSMC's recruitment criteria. This requirement has been expanded to two TSMC fabs in China and applied to all job candidates**
Target: 100%
- **According to the compensation survey report, the total compensation of employees in TSMC facilities in Taiwan is above the 90th percentile comparing with its industrial peer groups, whereas the total compensation of employees in Overseas Organization is above the 75th percentile**
Target: above the 75th percentile
- **Total turnover stood at 4.9%**
Target: 5%-10%
- **Turnover for newly recruited employees within one year of service stood at 13.4%**
Target: less than 15%

2020 Targets

- **Conduct an Employee Core Values Survey to advocate core values**
 - Over 95% of employees are fully committed to their work
 - Over 95% of employees are willing to continue to work for TSMC in the next five years
- **Maintain total compensation above the 75th percentile among high-tech industry peers**
- **Total turnover shall be maintained at 5% to 10%**
- **Optimize training programs for new employees and facilitate their integration into TSMC's corporate culture. Turnover for newly recruited employees within one year of service shall not exceed 13.5%**

Strengthen Industry-academia Collaboration Through TSMC Campus Programs

- **Develop a series of campus programs to incubate over 5,000 undergraduate and graduate students worldwide, including comprehensive semiconductor programs on device/integration, process/module, and equipment engineering, internship, and contests**
- **In collaboration with National Tsing-Hua University, TSMC launched a semiconductor program and has attracted more than 200 students to enroll**
Target: **NEW**

- **Develop a series of campus programs to incubate over 2,000 undergraduate and graduate students worldwide, including comprehensive semiconductor programs on device/integration, process/module, and equipment engineering, internship, and contests**

● Exceeded ● Achieved ● Missed Target



In 2019, TSMC formulated its 2030 Goal for Inclusive Workplace: Talent Attraction and Retention. In the next decade, TSMC aims to maintain its status as one of the best employers and, through partnerships with academic institutions, cultivate new talents not only for its own growth but also for that of Taiwan's semiconductor industry. To these ends, TSMC will continue to enhance employees' commitment to the company's core values and engage with emerging talents through partnerships, such as the TSMC Education Program, with academic institutions.

Shared Visions and Values

Recruitment Criteria

"Putting right people with shared visions and values in the right positions" has always been TSMC's guideline for recruiting talents, designing compensation packages, managing employees' performance, and developing training programs. All employees at TSMC are treated equally regardless of gender, religion, race, nationality or political affiliation. With shared vision, we work toward a common goal under a common commitment. With shared values, we abide by a common set of values and a unified code of conduct. By putting the right person into the right position, TSMC enables its employees to contribute to the company where they are most needed and allows employees to develop with the company.

To hire people with shared visions and values, TSMC prioritizes character and capability over professional

skills when assessing candidates. Due to the Company's expansion and business needs, TSMC also considers mobility as an important criterion. To this end, TSMC has developed a number of selection criteria, including integrity, resilience, initiative, and innovation. Candidates shall be evaluated by selection criteria assessment and interviews.

Responding to technological changes and the rise of a new generation of talent, TSMC recognizes that only through proactive measures in talent incubation, recruitment, and retention, can the Company tap into employees' capabilities in R&D, manufacturing, and service, thereby sustain TSMC's long-term competitive advantages in face of global competition and challenges. Furthermore, aiming to develop high quality talent for Taiwan's semiconductor industry and enhance industry attraction, TSMC has cooperated with prestigious universities in Taiwan to design comprehensive semiconductor education program focusing on device/integration, process/module, and semiconductor equipment. Co-developed by TSMC and the university, the program combines theoretical lectures and practical training. In 2019, "TSMC-NTHU" Semiconductor Program was launched in partnership with National Tsing Hua University. In 2020, TSMC will continue to work with other universities, and has set up a goal to have over 5,000 undergraduate or graduate students worldwide to participate in TSMC's industry-academia programs.

Note: For more information on TSMC's partnership with universities, please refer to the "Innovation Management" section of this report.

Workforce Structure

In 2019, there were a total of 51,297 employees at TSMC, including 34,137 managers, professionals and administration staff, and the remaining 17,160 were technicians on the production lines. As the semiconductor industry is both knowledge and technology-intensive, over 80% of our managers and professionals hold a Master's degree or higher.

Around 90% of TSMC's employees are based in principal place of business, Taiwan, with the remaining 10% in subsidiaries in China, North America, Europe, Japan, South Korea, and other countries.



Diversity and Inclusion at TSMC

TSMC believes strongly in the value of a diverse workforce. Developing future semiconductor talents in an inclusive fashion allows the industry to unlock the full potential of the human resources available to the world. TSMC hires and promotes without regard to gender, religion, race, nationality, or political affiliation because we respect differences, and believe that equal employment opportunity strengthens our competitiveness.

In addition, TSMC believes the workforce should reflect society. Diversity among our management and employees gives us an advantage by enabling the Company to better understand all segments of society and the marketplace, and better address their needs and demands.



Global Workforce Structure

Categories	Groups	Male		Female		Subtotal and Percentage by Groups	
		Number	Group Percentage	Number	Group Percentage	Number	Group Percentage
Position	Managers	4,684	87.3	680	12.7	5,364	10.5
	Professionals	19,950	81.7	4,466	18.3	24,416	47.6
	Assistant Engineers/ Clerical	3,556	81.6	801	18.4	4,357	8.5
	Technicians	3,722	21.7	13,438	78.3	17,160	33.5
Location	Taiwan	28,708	62.4	17,313	37.6	46,021	89.7
	Asia	2,127	57.3	1,586	42.7	3,713	7.2
	North America	1,046	69.1	467	30.9	1,513	2.9
	Europe	31	62.0	19	38.0	50	0.1
Age	18 - 20	19	54.3	16	45.7	35	0.1
	21 - 30	8,097	65.8	4,207	34.2	12,304	24.0
	31 - 40	15,541	63.3	9,003	36.7	24,544	47.8
	41 - 50	6,586	55.7	5,235	44.3	11,821	23.0
	51 - 60	1,523	63.7	869	36.3	2,392	4.7
	60+	146	72.6	55	27.4	201	0.4
Education	Ph.D	2,114	90.7	217	9.3	2,331	4.5
	Master's	18,615	81.1	4,333	18.9	22,948	44.7
	Bachelor's	8,062	62.0	4,935	38.0	12,997	25.3
	Other Higher Education	1,611	29.5	3,842	70.5	5,453	10.6
	High School	1,510	20.0	6,058	80.0	7,568	14.8
Employment Type	Regular	31,908	62.2	19,381	37.8	51,289	100.0
	Contractor	4	50.0	4	50.0	8	0.0
Total							51,297

Note: Global Workforce Structure only includes regular employees and temporary employees expected to become regular employees. In addition to the two groups mentioned, TSMC employs 241 contract employees, who are not included in the figures listed in the Global Workforce Structure. Contract employees include employees with disabilities (221 individuals) and employees for special projects or short term support (20 individuals)

Female Workers

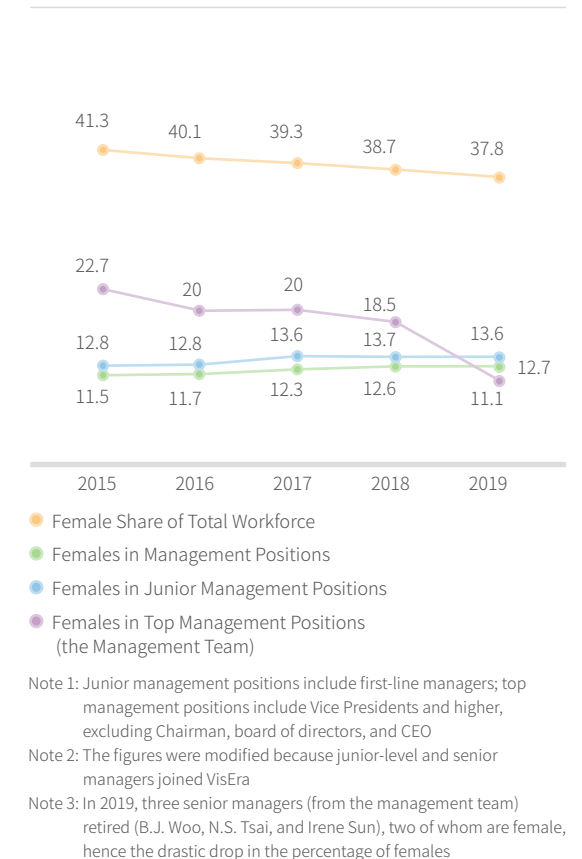
All employees at TSMC are treated equally regardless of their gender, religion, race, nationality, or political affiliation. Due to the characteristics of the semiconductor industry and Taiwan's cultural environment, over 60% of our employees are male. Going into more specific details, over 80% of our managers, professionals, and assistants are male, and over 80% of technicians on the production lines are female. As TSMC's fabs become increasingly automated, there is a declining need for production line operators, a group consisting mainly of female employees, which is leading to a gradual drop in the total percentage of female employees at TSMC.

Despite the decline in the percentage of female employees in recent years, TSMC's female employees enjoy a similar promotion ratio with their male counterparts, at 0.97:1, an achievement facilitated by TSMC's proactive efforts in recruitment and retention. Female section managers or above are generally promoted more than their male counterparts at a ratio of 1.14:1. In addition, at TSMC, male and female employees enjoy the same compensation system, which does not discriminate based on gender.

In 2020, TSMC will continue to support its female employees by adopting all possible measures to retain as many female employees as possible, and provide them with the opportunity to live up to their full potential and to make valuable contributions to TSMC and society.

Female Workers in TSMC

Unit: %





TSMC Compensation Ratio by Gender

Region/ Subsidiary	Position	Male	Female
Taiwan	Managers	1	0.95
	Professionals	1	0.93
	Assistant Engineers/Clerical	1	0.97
	Technicians	1	1.13
China	Managers	1	0.94
	Professionals	1	0.89
	Assistant Engineers/Clerical	1	0.88
	Technicians	1	1.05
North America, Europe, Japan, and South Korea	Managers	1	0.95
	Professionals	1	0.79
VisEra	Managers	1	0.72
	Professionals	1	0.86
	Assistant Engineers/Clerical	1	1.03
	Technicians	1	1.13
WaferTech	Managers	1	0.84
	Professionals	1	0.91
	Assistant Engineers/Clerical	1	0.91
	Technicians	1	0.99

Talent Recruitment

Around 90% of employees at TSMC are based in Taiwan, while overseas employees are mostly based in Asia, accounting for 7.2% of total employees. Recruitments at global branches mainly focus on hiring local residents. Due to demand for research and development talent and a diversified talent pool, Taiwan has been targeting both new graduates and overseas professional. TSMC believes that recruiting professional talent from around the world will help enhance the Company's growth in the long-term.

Campus Recruitment

TSMC's core values, corporate culture, and world leading business performance are highly recognized by residents in Taiwan, so TSMC has been voted as the best employer for domestic new graduates. The Company vigorously

recruits talent with shared vision and values via our official website, campus recruitment, intern programs, JDP (Joint Development Program), RDSS (Research Development Substitute Services), social media, and more. In 2019, TSMC recruited 5,087 new employees, and 76.1% of them are younger generation under 30 years old.

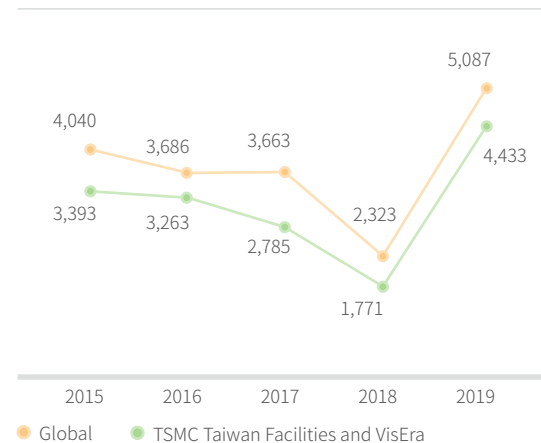
Internship Program is a major annual program in Taiwan, and TSMC North America, TSMC (China), and TSMC (Nanjing) also offer internship opportunities in recent years. In addition to recruiting intern candidates through referrals by professors, campus department offices, and employees, as well as promotions through social media and face-to-face campus recruitment fairs. Through internship program, the Company is able to early engage

students in semiconductor research and manufacturing, and inspire young talent to join the semiconductor industry.

In 2019, a total of 240 interns were recruited in Taiwan. Among them, 69 interns were female, accounting for 29% of all interns. After the internship, 92 interns received advance offers after evaluation, accounting for 38% of total participants. Among them, 23% were female. The percentage of female students participating in the internship program, receiving advance offers, or joining TSMC are higher than the current percentage of female professionals at TSMC (18.3%). This shows that TSMC is committed to achieving gender equality in the workplace. In 2019, a total of 75 interns were recruited by TSMC's overseas subsidiaries and 9 of them were female.

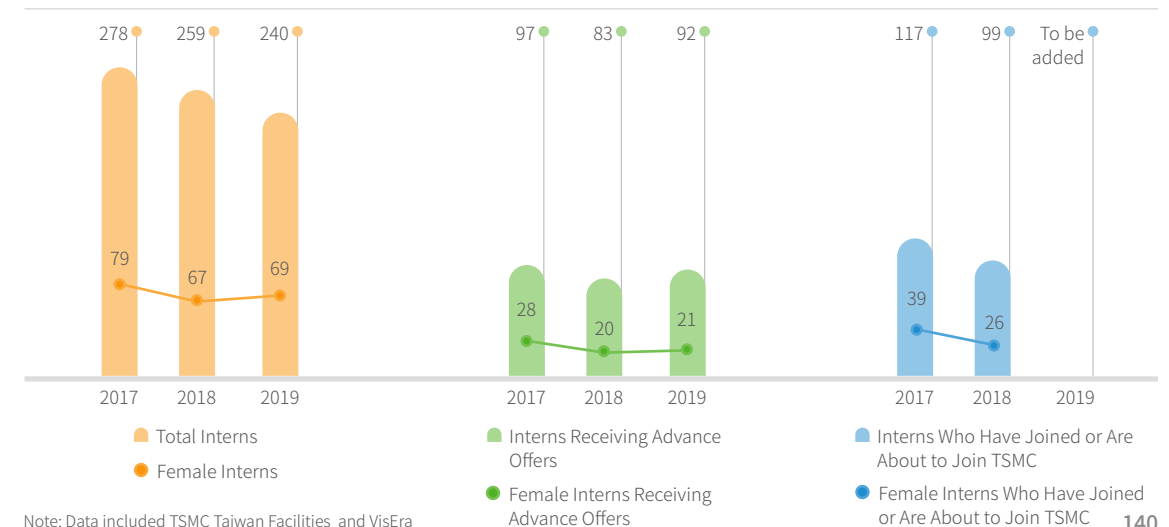
New Employees

Unit: people



Interns Receiving Advance Offers or Hired

Unit: people



Note: Data included TSMC Taiwan Facilities and VisEra

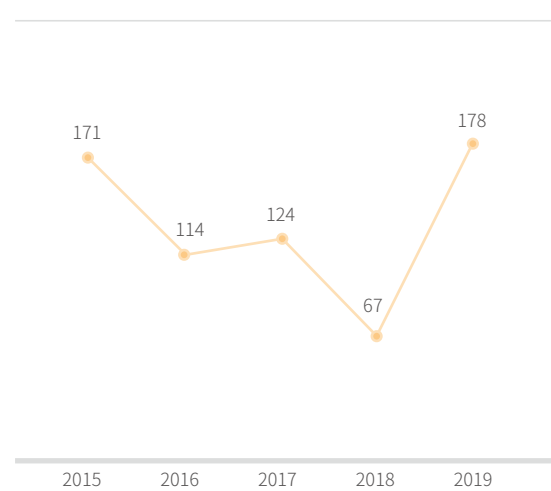


Through TSMC's internship program, students are able to familiarize themselves with the industry in advance. When they go back to campus, they could register for semiconductor-related courses, and are likely to better adapt to the industry in the future. As of 2019, an average of 40% of the interns from 2017 and 2018 have joined TSMC either through advance offers or regular recruitment, indicating that internship recruitment program is effective in attracting talent for TSMC at an early stage.

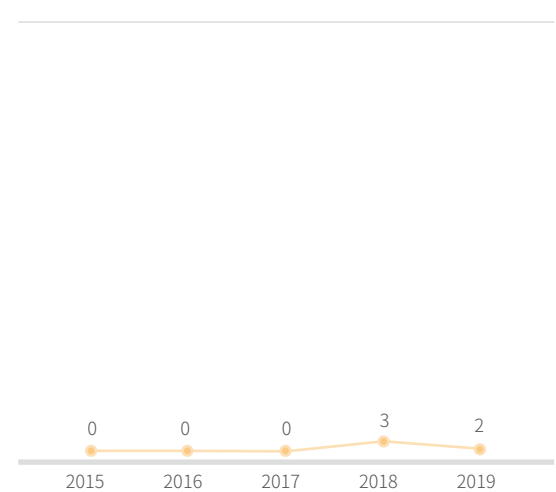
Overseas Talent Recruitment

To sustain the Company's diversified talent pool and recruit talent in special fields, TSMC has continuously make an effort to recruit overseas talent. Over the years, we have conducted joint development programs with prestigious universities such as MIT, Stanford University, and the University of California, Berkeley to incubate top research talent and have early engagement with students for future recruitment. In addition, TSMC recruits experienced semiconductor talent. The Company visits technological hubs in the U.S., and also searches for talent in India, Canada, and Europe.

Overseas Hires - Taiwan Facilities Unit: people



Overseas Hires - VisEra Unit: people



Case Study

2019 Large-scale Hiring Plan Attracts a Considerable Amount of Talent to Seize TSMC's Quality Job Offers

In July of 2019, TSMC fabs in Taiwan began mass recruitment for new positions in response to business growth, technology development, and advanced fab expansion. By the end of the year, approximately 3,500 people were recruited, including fresh graduates and experienced professionals. In comparison with recent years, 3,500 new hires is almost equivalent to the number of people recruited throughout the entire year. To achieve its recruitment goal, TSMC not only held interviews and recruitment events on weekdays but also organized six large scale job fairs on weekends in its Hsinchu, Taichung, and Tainan sites, allowing experienced job seekers to attend interviews at convenient time and locations. Furthermore, special bonus was provided as incentives to encourage newcomers to come onboard as early as possible.

TSMC considers its employees as its most important assets. As it is known that TSMC not only provides challenging job and diversified career path, but also offers employees highly competitive compensation packages and benefits, the Company is able to attract talent with shared value in a timely manner.

During large-scale recruitment period, TSMC firmly adhered to its principle of "Putting right people with shared visions and values in right position," and assess candidates by selection criteria and interview. At the same time, TSMC provides orientation, training programs, buddy program and more to help newcomers to adapt to work environment and role faster. These practices encourage employees to stay with TSMC to push the envelope of technology together.



From the questions asked by HR and hiring managers, I felt respect. They started by asking questions related to my character, past experience, my mindset, and how I deal with things, instead of throwing me difficult questions that made me feel incompetent.

A candidate at the weekend recruitment event in Hsinchu on September 1, 2019

Disabled Workers Hired in Taiwan

According to Article 38 of the People with Disabilities Rights Protection Act in Taiwan, the number of disabled people with the capability to work shall be no less than 1% of a company's total employees, and when a company employs a person with severe disabilities, that person shall be calculated as two. In addition, companies that do not employ a sufficient amount of people with disabilities shall periodically pay subsidies based on the deficient amount to the Disabled Employment Funds. The amount of the subsidies is based on the deficient amount of employed disabled workers multiplied by monthly basic wage.

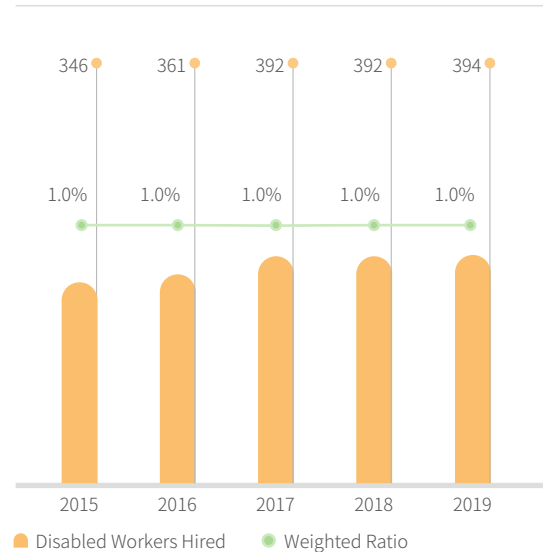
In line with the government's policies and regulations, TSMC endeavored to provide job opportunities to those with disabilities. In 2019, the Company continuously keep its partnership program with numerous universities in Taiwan to provide high quality working opportunities for disabled university students or graduates. Aside from regular openings, TSMC also developed suitable job positions such as "Campus Recruitment Representatives" for university and graduate students with disabilities.

In 2019, TSMC's fabs in Taiwan employed a total of 315 new employees with mild or moderate disabilities, and 79 with severe disabilities, with the weighted ratio reaching 1% of total employees. In 2019, VisEra also employed three disabled individuals as full-time regular employees. However, due to the nature of available job vacancies, VisEra received a dearth of suitable applicants, leading to its failure to meet the 1% requirement, and has paid subsidies according to legal requirements. VisEra will continue to open vacancies for people with disabilities and attract more suitable candidates to apply.

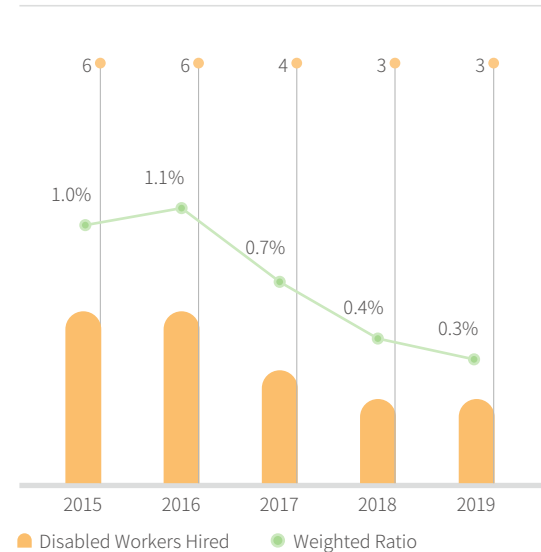
Fulfill Internal Transfer Policy

To help employees plan on their career paths, TSMC is dedicated to enhancing the transparency of internal job opportunities, thereby encouraging internal transfers, allowing the right people to gravitate toward the right positions, and reducing the turnover rate. In 2019, TSMC achieved 100% internal transfer completion rate, and over 50% of vacancies were filled through internal transfers. Both figures have reached the annual target.

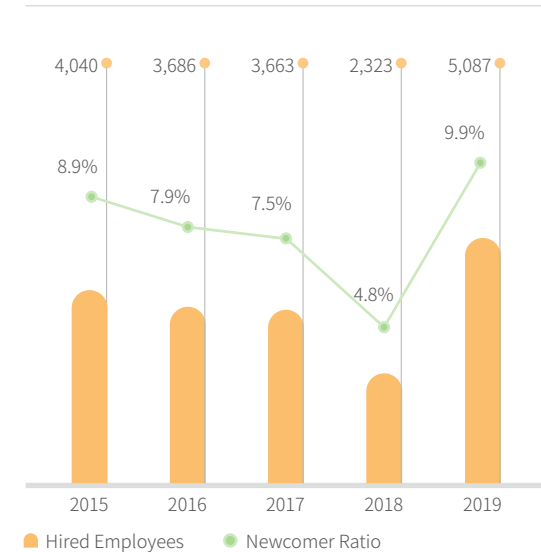
Disabled Workers - Taiwan Facilities Unit: numbers



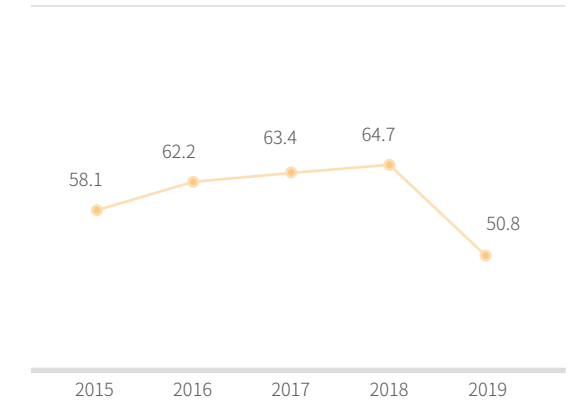
Disabled Workers - VisEra Unit: numbers



New Employee Ratio Unit: numbers



Vacancies Filled by Employees Unit: %



Note 1: The figures for 2015 - 2017 cover TSMC's Taiwan facilities, while those for 2018 - 2019 cover both TSMC's Taiwan facilities and its subsidiaries

Note 2: Due to a large number of new vacancies and external recruitment expansion projects, the percentage of vacancies filled through internal transfers was significantly lower in 2019 than it was in 2018

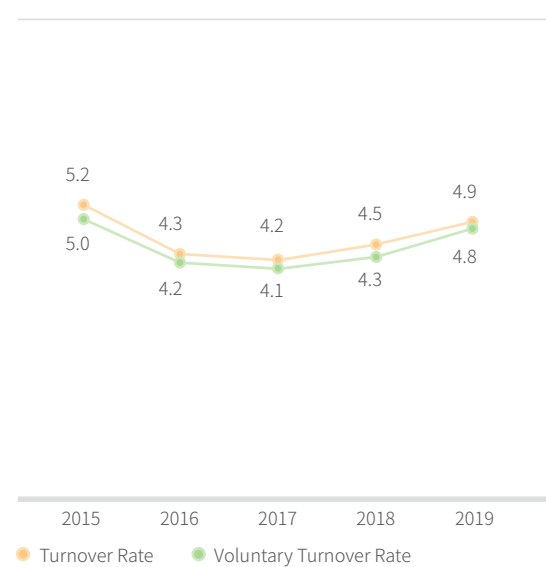
Compensation and Benefits

Employee Turnover

To ensure talent mobility and long-term growth, TSMC firmly believes that a healthy employee turnover rate should be between 5% to 10%, which has thus become the company's long-term goal. In 2019, TSMC's employee turnover rate was 4.9%, slightly lower than what TSMC believes to be a healthy turnover rate. Fortunately, as the company continues to grow, it is joined by new employees, who play important roles in diversifying and invigorating the company.

Turnover Rate

Unit: %

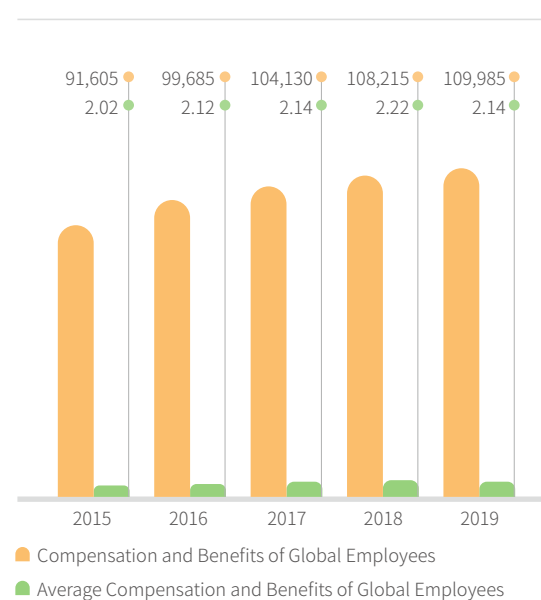


Competitive Compensation Packages

TSMC provides competitive compensation packages to attract and retain the best talent, and to reward employees' performance and encourage their long-term contribution, which include base salary, allowance, employees' cash bonus and profit sharing. The total compensation of an employee is determined basing on individual expertise, job responsibility, performance, commitment to long-term contribution, and the Company's operational achievement.

Compensation and Benefits Expenses

Unit: NT\$ million



Salary Raise



- In order to maintain the competitiveness of our compensation, TSMC appropriately adjusts employees' salaries annually, taking into consideration of the results of global salary surveys, market salary scales, and economic indices.
- In April 2019, TSMC conducted salary raises for employees in Taiwan and overseas subsidiaries. The salary increase rate was 3%-5% for employees in Taiwan, 7% - 8% for employees in China, and 3% - 5% for employees in other regions.
- In addition to the salary raise mentioned above, VisEra, due to the different nature of the industry it belongs to and the need to attract valuable talents, raised the starting salary for newly recruited employees with no prior work experience in 2019. To ensure that its compensation remains competitive in the labor market, the company also announced a structural salary raise in average 3% for existing employees.

Bonus



- The employee incentive programs take into consideration of TSMC's financial and operational performance, future development and the operational performance of each subsidiaries, with linkage to employee's job responsibilities and performance. The programs are implemented with short-term and long-term incentive schemes according to local industry practices.
- The incentive program of TSMC fabs in Taiwan is implemented over a period of two years. Cash bonuses are paid quarterly to provide timely incentive, and profit sharing is paid annually to encourage long-term service and continuous contribution. The incentive programs of overseas regions are either by annual cash bonus or by 1 to 3 years of longterm scheme.
- In 2019, TSMC employees' compensation and benefits which include salary, allowances, cash bonus, profit sharing, pensions and other benefits, totaled NT\$109.9 billion.
- In 2019, the median of global employees' annual compensation (excluding pensions and benefits) was about NT\$1.63 million, and the ratio between the total annual compensation of the CEO and the median employee compensation was about 180:1. Considering the differences in compensation structure across countries, the data of median annual compensation is based on the actual amount paid to fulltime employees with full-year seniority.



With the continuous growth of the Company's revenue and profit, the expenses of overall compensation and benefits for employees provided by TSMC fabs in Taiwan increased from around NT\$91.6 billion to NT\$109.9 billion during the years from 2015 to 2019, and the average annual compensation and benefits per employee increased from NT\$2.02 million to NT\$2.14 million.

TSMC's revenue increased and profit decreased slightly in 2019. As a result, around NT\$46.3 billion of cash bonuses and profit sharing were granted to TSMC fabs in Taiwan, slightly lower than 2018. The total compensation of a fresh engineer with a master degree is about 31 months of base salary, including 12-month base salary, 2-month year-end bonus, as well as approximately 17 months of cash bonuses and profit sharing. The average total compensation of direct labor is about 26 months of base salary, and the

average monthly salary is three times higher than Taiwan's minimum wage. TSMC's total compensation for employees outperforms our industry peers.

In addition, in accordance with the law regulated by the Taiwan Stock Exchange, listed companies in Taiwan are required to disclose the number, the average compensation and the median compensation of full-time employees in non-executive positions, and the difference comparing to the previous year. The statistics are calculated in accordance with the regulations of the Taiwan Stock Exchange, which excludes executive officers and employees eligible for exemption. For those not employed with the Company for the entire year, the data is prorated. And the profit sharing amount is at profit-year basis therefore part of the compensation data is projected.

Benefits that Are Better Than Statutory Regulations

To encourage employees in making contributions to the company's long-term development, TSMC offers employee benefits that are better than the statutory requirements and regulations, including holidays, insurance, pensions, financial assistance for emergencies, subsidies for marriage/ childbirth/ funerals, and discounts in designated shops. Furthermore, all TSMC facilities are equipped with 24-hour health centers, where healthcare management professionals and appointed on-site physicians provide quality services beyond those required by legal statutes. The centers work closely with partners such as hospitals and Hsinchu Lifeline to offer comprehensive care for employees' physical and mental well-being.

TSMC values the well-being of its employees. The company encourages employees to exercise regularly by subsidizing 67 sports clubs, improving exercise facilities, and holding regular sports events to help employees find peers with similar sports interests for balance between work and life. In 2019, TSMC was granted the Exercise Enterprise Certification Award by Sports Administration of the Ministry of Education.

TSMC is home to a number of vibrant sports clubs that consistently perform well in the Science Park Games, including tennis club, badminton club, basketball club, softball club, and volleyball club. As part of their efforts to fulfill corporate social responsibility, the Ballroom Dance club and popular music club took part in volunteer activities organized by the TSMC Charity Foundation, including visiting Veteran's Home to enjoy new year dinners with the elderly.

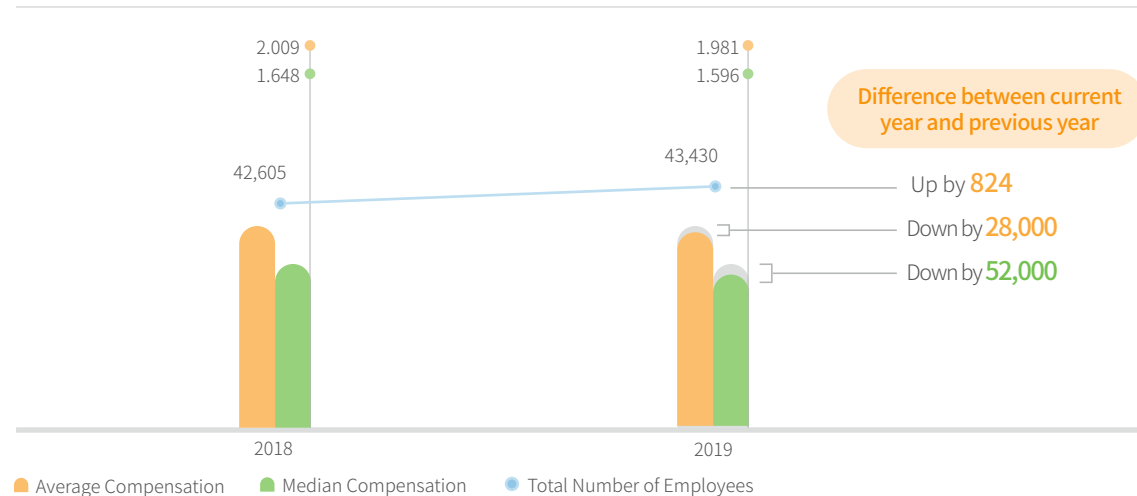
Parental Benefits

To provide sufficient support in their life and work, TSMC offers employees parental leaves in accordance with local laws and regulations, sets up four kindergartens for fabs in Taiwan, and provides a well-organized leave management system. Employees have flexibility in making use of their leaves to take care of their children. When facing military service or major injuries which require a long period of time to heal, employees also can apply for unpaid leaves, and then apply for reinstatement after the expiration of the period, to fulfil both individual and family needs.

In 2019, a total of 582 employees in TSMC's Taiwan facilities and VisEra applied for unpaid parental leaves,

Average and Median Compensation

Unit: NT\$ million

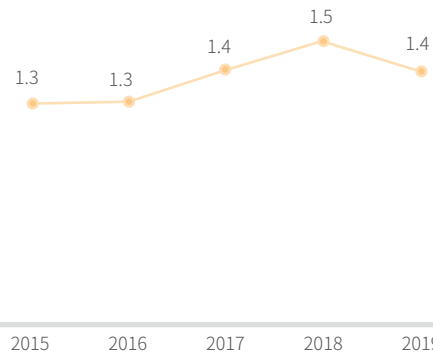


TSMC supported its employees in fulfilling their family needs through providing parental benefits

and a total of 505 employees were scheduled to return from unpaid parental leaves, of which 398 employees returned either as scheduled or ahead of schedule, leading to a return rate of 78.8%. The retention rate, on the other hand, was 77.9%, since 345 out of 443 employees who resumed duty in 2018 were still in service by the end of 2019. Such a high retention rate shows that TSMC provides effective support for employees who return from unpaid leaves.

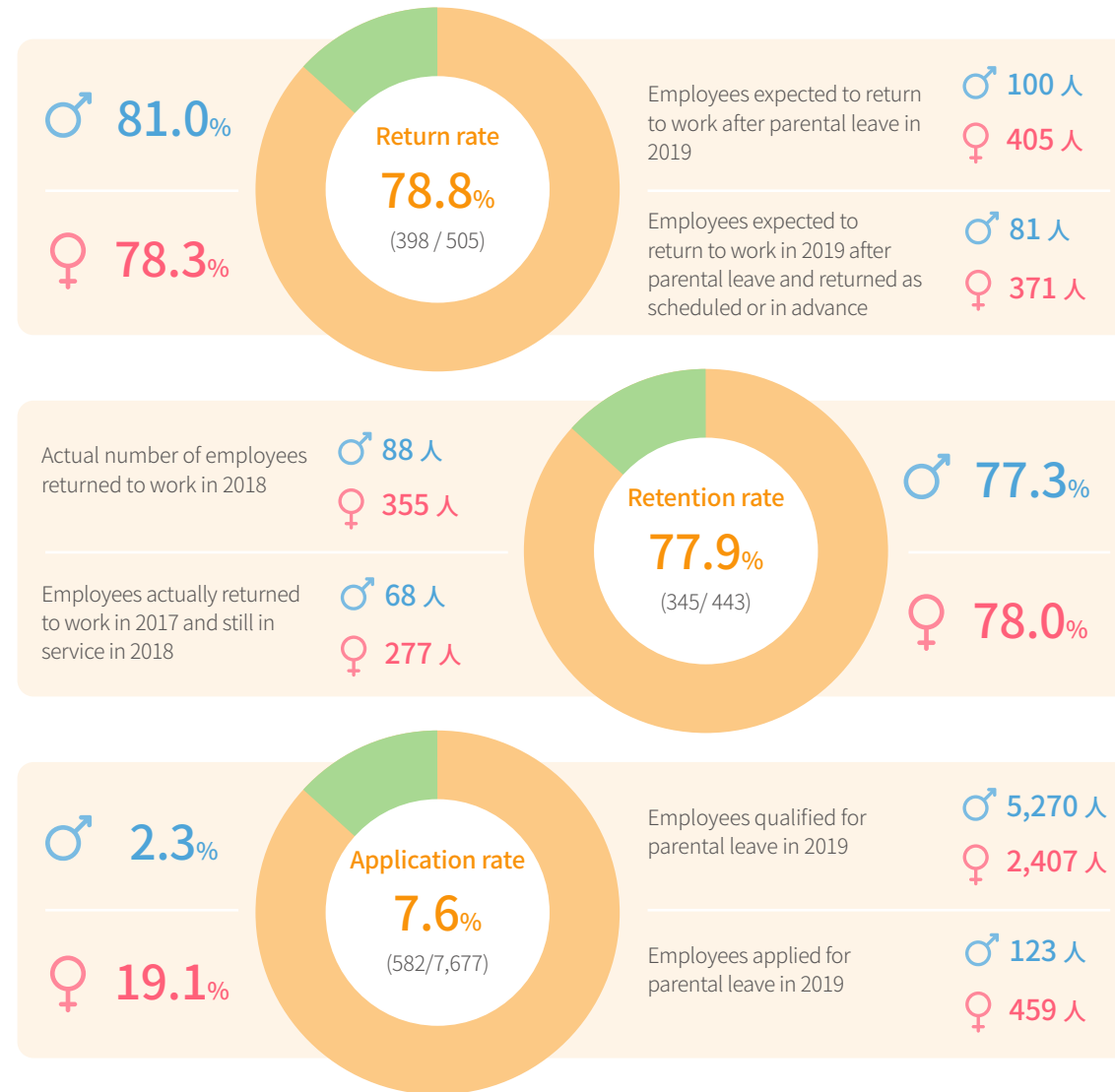
In addition, the number of TSMC employees aged between 20 and 64 in Taiwan in 2019 accounted for 0.29% of Taiwan's population of the same age group. Meanwhile, the number of employees' newborns was 2,531, which was 1.4% of the total number of newborns in Taiwan. This is all thanks to a positive result achieved from TSMC's high-quality benefits system.

Newborn Babies in TSMC/ in Taiwan Unit: %



Note: Data included Taiwan facilities and VisEra

Employees on Unpaid Parental Leave in TSMC's Taiwan Facilities and VisEra



Effective Time Management for Work-life Balance

To help employees have balance between work and life, TSMC enforces a legally compliant work hour management. Through training, advocacy, work hour management system for managers, and warning SMS or emails to employees who stay at company for unusually long hours, such measures may help employees work more efficiently and are thereby conducive to employees maintaining a work-life balance.



TSMC supported the physical and psychological well-being of employees, and the balance between work and personal life

Solid Pension System

TSMC's employee pension system includes the Defined Benefit Plan under the Taiwan Labor Standards Act, the Defined Contribution Plan under the Taiwan Labor Pension Act, as well as the regulations of the labor law in overseas regions. In addition to statutory contributions, we invite professional accountants and consultants to

conduct precise calculations of our company's pension fund, so as to assure sufficient funding for employee pension payments in the future.

Rewarding Excellence

TSMC recognizes and encourages employee performance through performance management, profit sharing bonus system, development system, and promotion system.

For outstanding technical talents, TSMC provides a dual career ladder system as an appropriate evaluation and recognition approach. For entry level employees, TSMC annually holds Excellent Labor Awards and invites the families of awardees to join the ceremony and banquet. In order to appreciate the commitment and contribution of senior employees to the Company, TSMC also provides service awards and retirement acknowledgments.

In addition, TSMC encourages employees to compete for distinguished talent awards offered outside of the company. In 2019, a number of TSMC employees received national awards, including the Model Labor Award of each Science Park, Outstanding Engineer Award, Excellent Young Engineer Award, and National Manager Excellence Award.

Pension Allocation and Preparation

TSMC's Practices

Defined Benefit Plans



- TSMC provides a defined benefits plan based on an employee's length of service and average monthly salary for the six-month period prior to retirement under the Labor Standards Act
- The money was administered by the Labor Pension Fund Supervisory Committee and deposited in the Committee's name in the Bank of Taiwan

Defined Contribution Plans



- In accordance with the Labor Pension Act in Taiwan, TSMC contributes to employees' personal accounts in Bureau of Labor Insurance
- TSMC's overseas subsidiaries also make monthly contributions to the pension management department at certain percentages of the basic salary of their employees

Preparation in 2019

- TSMC contributes an amount equal to 2% of salaries paid each month and VisEra contributes a fixed amount to the pension fund
- The fair value of TSMC's planned assets in Taiwan was NT\$4,301,594,000 at the end of 2019. In accordance with the above provisions, the amount of recognized expenses of TSMC in 2019 was NT\$259,596,000. The amount of accrued pension liabilities to be contributed in accordance with the law was NT\$9,182,496,000 at the end of 2019
- VisEra's pension reserve amount was NT\$1,854,199
- TSMC in Taiwan makes monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts. The total amount of pension in 2019, including contributions from overseas subsidiaries, was NT\$2,609,733,000



TSMC hosted Excellent Labor Awards to recognize and praise the performance of entry level employees. The family members and friends of Awardees participated in the events to show support.

Note: The information above included TSMC Taiwan Facilities and VisEra



Employee Commitment

TSMC's four core values of integrity, commitment, innovation, and customer trust were defined since Founder Dr. Morris Chang established the company. Today, Chairman Mark Liu and Chief Executive Officer C.C. Wei carry on the legacy by requiring all employees to serve with the four core values of TSMC in mind. Through interactive websites, microfilms, employee-made films, conferences, lectures, and internal journalism, TSMC's

leadership continuously engages with managers and employees to communicate the company's vision, core values, and business philosophy as part of efforts to consolidate corporate culture, and deepen mutual commitment between the company and its employees.

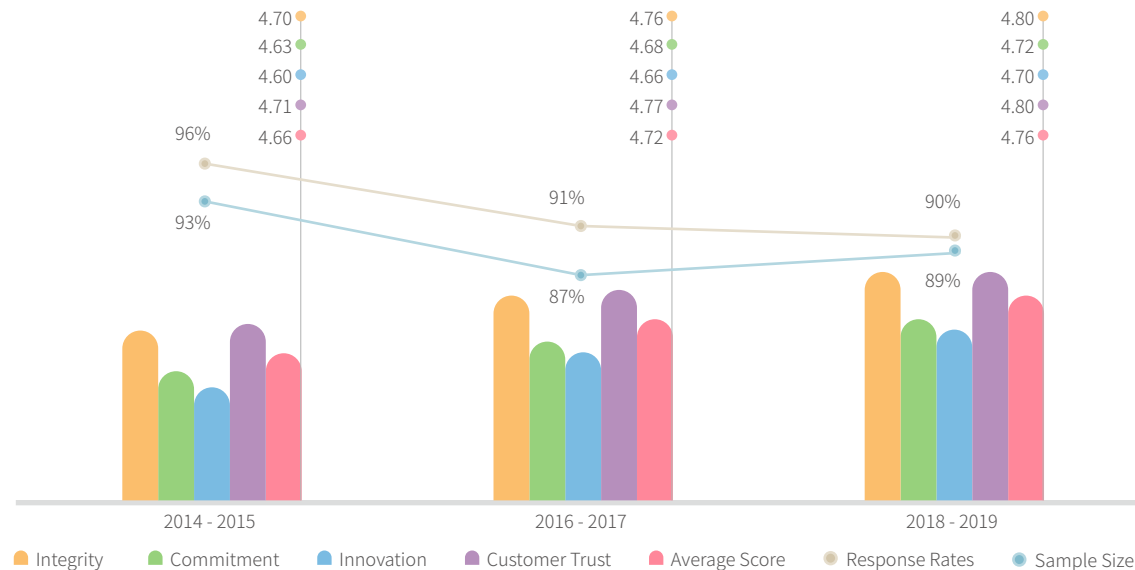
To monitor employees' commitment to TSMC's core values and to the company, TSMC conducts biennial surveys on how employees perceive the company's core values, covering 95% of all employees at TSMC and its subsidiaries, including TSMC's Taiwan facilities, TSMC

(China), TSMC (Nanjing), TSMC North America, TSMC Canada, TSMC Europe B.V, TSMC Japan, and TSMC Korea. WaferTech and VisEra are not included in the survey due to their different backgrounds.

The results of the employee opinion survey on core values conducted in 2018 showed an overall average significant improvement compared with that two years ago. In terms of employee engagement, among the two questions in the "commitment" section, 98% of the staff expressed their willingness to devote themselves to work

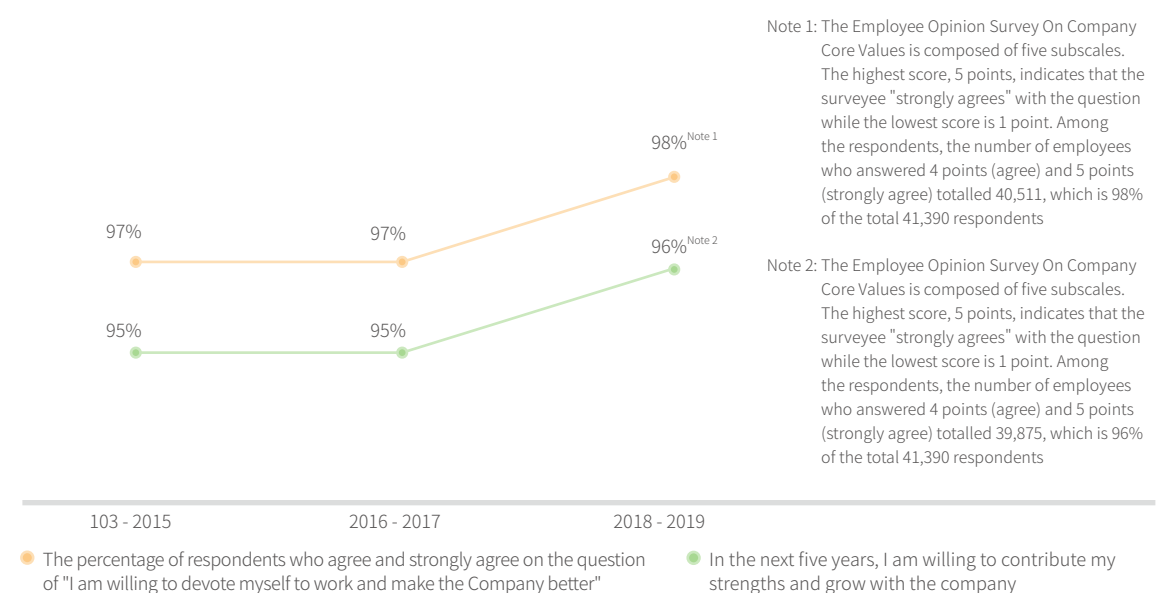
and make the Company better. 96% of the staff expressed their willingness to grow with the company and show their expertise in the next five years. The results of the above two questions exceeded the expected target of 95%, indicating that the company's current policies and promotion programs have achieved positive results, and colleagues generally agree on the implementation of the company's core values. The next employee opinion survey on core values will be conducted in 2020.

Survey Results on Employee Perception of Core Values



Note: The five point Likert Scale was employed in the questionnaire

"Commitment" Questions from the Employee Opinion Survey on Company Core Values



Note 1: The Employee Opinion Survey On Company Core Values is composed of five subscales. The highest score, 5 points, indicates that the surveyee "strongly agrees" with the question while the lowest score is 1 point. Among the respondents, the number of employees who answered 4 points (agree) and 5 points (strongly agree) totalled 40,511, which is 98% of the total 41,390 respondents

Note 2: The Employee Opinion Survey On Company Core Values is composed of five subscales. The highest score, 5 points, indicates that the surveyee "strongly agrees" with the question while the lowest score is 1 point. Among the respondents, the number of employees who answered 4 points (agree) and 5 points (strongly agree) totalled 39,875, which is 96% of the total 41,390 respondents