



Talent Development

Strategies & 2030 Goals

Encourage Job Rotation

Underscore on-the-job training with systematic job rotations to cultivate future talent

- No less than 50% of job vacancies shall be filled through internal transfers
- No less than 75% of manager positions shall be filled through internal promotions

2019 Achievements

- 50.8% of job vacancies were filled through internal transfers
Target: No less than 50%

2020 Targets

- No less than 50% of job vacancies shall be filled through internal transfers

Enable Self-directed Learning

Provide diverse learning resources and channels to encourage self-directed learning among employees. This will enhance individual performance and potential

- Non-required courses on the e-Learning Platform offered by the Self-Directed Learning Program shall register a usage rate of at least 60%

- Self-learning accounted for 66.3% of learning programs designed for the specific needs of organizations
Target: No less than 50%
- Fab18's personnel were equipped with necessary skills to complete equipment installation in 2019 and prepare for mass production in 2020
Target: Equip Fab18 personnel with necessary skills to complete equipment installation in 2019 and prepare for mass production in 2020

- Self-learning shall account for no less than 50% of learning programs designed for the specific needs of organizations
- New fab personnel shall be supported and trained with the completion rate of 100%

● Exceeded ● Achieved ● Missed Target

In 2019, TSMC formulated its 2030 Goal for Inclusive Workplace: Talent Development to ensure that employees' skillsets remain relevant, to support the company's long-term growth, and to promote life-long learning among employees. In the next decade, TSMC will enhance on-the-job training, offer diversified learning resources, and build comprehensive self-learning programs to promote self-learning among employees, enhance the learning agility of organizations, and help employees grow. To these ends, TSMC has formulated two major strategies: encouraging job rotation and promoting self-learning. In addition to increasing the percentage of job vacancies filled through internal transfers, the Company has also set a target for the percentage of manager vacancies filled through internal promotions. Furthermore, since self-learning has accounted for more than 50% of learning programs, the Company has entered the next phase of self-learning advocacy by encouraging employees to take non-required online learning courses.

Fulfill Talent Development

Encouraging job rotations and promoting self-directed learning are important strategies for talent development at TSMC. In terms of encouraging job rotations, TSMC has proactively implemented on-the-job training and certification systems, allowing employees to learn and improve their work performance in the workplace. The Company not only systematically designs job rotation programs to cultivate future talent, but also encourages its employees to complement their career plans with the Company's organization development, so as to increase internal talent mobility and allow them to utilize their talents and grow. TSMC's efforts have yielded

concrete results: in 2019, 50.8% of all job vacancies were filled through internal transfers, thereby achieving the Company's short-term target. As part of its long-term strategy for human resource development, TSMC has set another target: by 2030, no less than 75% of manager positions shall be filled through internal promotions.

TSMC promotes self-learning by cultivating a self-learning mindset in employees and offering diversified learning resources and learning tools. Employees are encouraged to engage in learning at all places, at all times, and in all forms in line with the company's direction of development, the specific needs of each organization, and personal requirements. A self-learning culture enhances work performance, facilitates corporate growth, and contributes to social progress.

Transparent Framework for Employee Development and Job Rotation

To retain talents, TSMC offers a comprehensive framework for employee development, whereby a dual career ladder system covering both management and technical positions allows employees to explore their full potential in either of the two types of positions according to personal characteristics and skills.

Furthermore, the promotion system in the employee development framework is based on two major principles: transparency on internal vacancies and respect for employees' transfer decisions. It considers development potential as an important indicator for evaluating candidates for promotion. A handbook on promotion procedures and numerous relevant tools are offered to managers to help them assess candidate potential.

Human Resource Development Strategies

• Dual Career Ladder System

Develop a comprehensive employee development framework, strengthen HR-related systems and supplementary measures, and build an environment where each employee is put in the position that best suits their abilities

• Talent Mobility

Facilitate talent mobility by ensuring transparency on internal vacancies, respecting employees' transfer decisions, and allowing employees to plan for their own careers

• Promotion Indicators

Potential has been listed as one of the indicators for evaluating candidates for promotion

• Promoting Corporate Culture

Enhance employees' commitment to TSMC's core values and strengthen TSMC's core values as the company expands

• Enhancing Management Literacy

Enhance management literacy among managers at all levels, thereby strengthening employee commitment

• Developing Capabilities

Provide R&D support and train personnel for new fabs, offering training courses on topics such as process and physics to ensure employee capabilities

• Building a Customer-oriented Culture

Customer trust is one of the pillars that underlie TSMC's competitive edge. TSMC succeeds when customers succeed. Thus, TSMC is committed to helping customers excel and strengthen customer-oriented culture

• Improving Learning Systems and Resources

Encourage self-learning among employees by offering diversified learning channels and tools; enhance learning management system to facilitate knowledge sharing

Employee Development

Explore employees' potential and create an environment that encourages employees to pursue personal growth



Learning Development

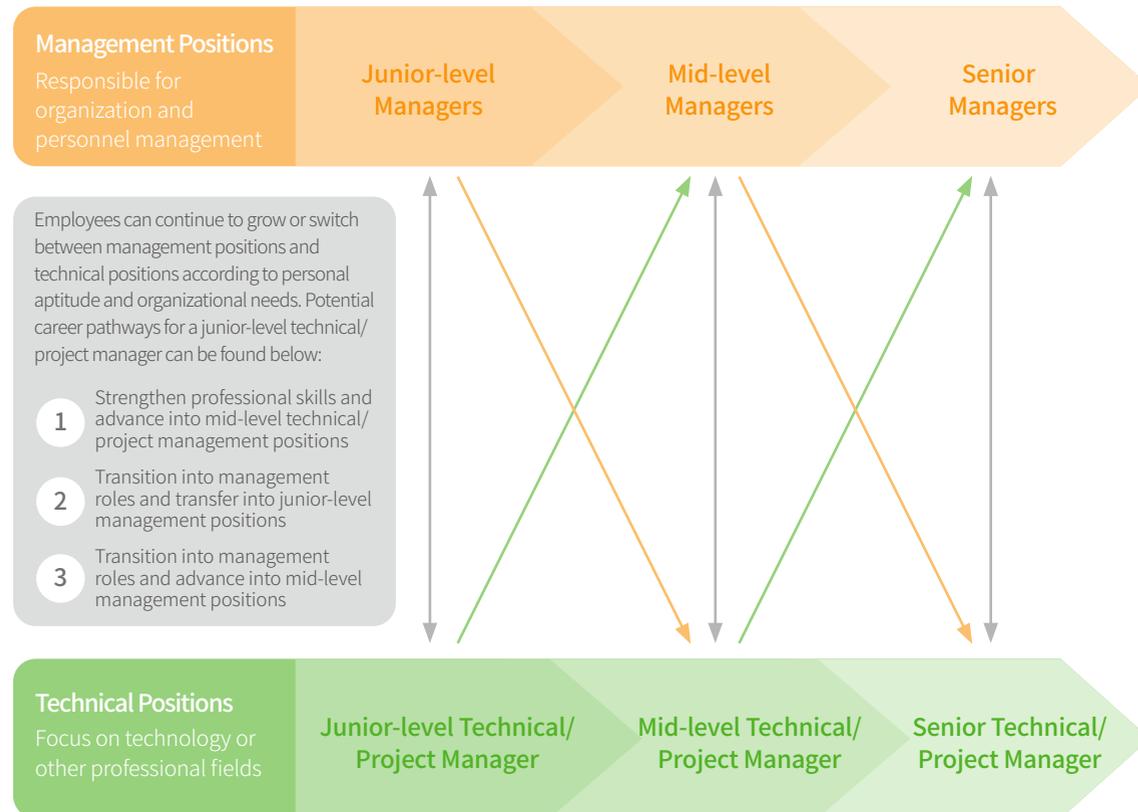
Help organizations and employees grow rapidly to adapt to changing environments and fulfill the organization needs



In 2019, 38.2% of managers and 33.2% of professionals were transferred or rotated due to either individual or organizational development. Due to expansion projects, more new employees were recruited in 2019 than in the previous year, leading to a slight decrease in the percentage of vacancies filled through internal transfers compared with the previous year. However, the rate still reached 50.8%, a testimony to TSMC's commitment

to internal mobility and comprehensive leadership development. Going forward, TSMC will continue to improve the dual career ladder system of employee development and, by enhancing internal transfer management, ensure that no less than 50% of vacancies are filled through internal transfers, a strategy that drives both organizational and personal development.

Employee Development Framework — Dual Career Ladder System



Diverse and Equal Opportunities for Learning and Development

Given that the Company's growth is closely related to employees' personal learning and development, TSMC designs employee learning and development programs based on three key elements: goal, plan, and discipline. The company is committed to building a diverse and

equal learning environment that encourages continuous learning and offers rich content. It has also formulated the TSMC Employee Training and Education Procedures to integrate internal and external resources, enhance employee capabilities, and help employees grow with the company.

Key Objectives of Personnel Development

<h4>Dual Career Ladder Approach</h4>	<h4>Talent Mobility</h4>	<h4>Promotion Indicator — Employee Potential</h4>
<p>Develop a comprehensive employee development framework, strengthen HR-related systems and supplementary measures, and build an environment where each employee is put in the position that best suits their abilities</p>	<p>Facilitate talent mobility by ensuring transparency on internal vacancies, respecting employees' transfer decisions, and allowing employees to plan for their own careers</p>	<p>Potential has been listed as one of the indicators for evaluating candidates for promotion</p>
<ul style="list-style-type: none"> ✓ Clarified the differences between management jobs and technical jobs, and introduced performance appraisal and development procedures ✓ Provided different training courses for managers, and technical and professional managers ✓ Regularly selected Fellow and Academician of TSMC Academy to support the career development of technical staffs 	<ul style="list-style-type: none"> ✓ Established related managerial policies of internal job position transparency and job transfer effectiveness among transfer procedures. Helped managers better understand and implement regulations via communication ✓ 38.2% of managers and 33.2% of professionals were transferred or rotated due to either individual or organizational development 	<ul style="list-style-type: none"> ✓ Clarified the definition of "Potential" and its evaluation method to make it one of the criteria for promotion ✓ Completed the promotion procedures handbook and related tools to help managers conduct potential evaluation for employee promotion



TSMC's employees set individual development plans according to personal requirements, mid-year and year-end performance review, and career development goals. Employees' personal development plans form one of the bases on which the company's annual training program is designed. In 2019, employee performance assessment registered a completion rate of 100%. In 2019, TSMC provided over 740,000 hours of training programs and

activities for learning and development to over 700,000 participants. Each employee received, on average, over 14 hours of training. The total expense on training reached NT\$59 million.

To ensure the effectiveness of training programs, TSMC measures the outcome with four levels of evaluation - reaction, learning, behavior, and results - based on

the theory proposed by American scholar Donald L. Kirkpatrick. In 2019, all open courses were evaluated on the reaction level, including contents, instructor, administration, and satisfaction scores. The courses received an overall satisfaction score of 93. A total of 584,749 participants completed 3,534 online courses and learning evaluations. 5% of the open courses and customized courses were further evaluated on

the behavioral level. Most on-the-job training offered by internal organizations were further evaluated at the learning and behavioral level, and evaluations at the results level have been built into the employee performance management and development system.

Historical Training Index



Note: Due to the design differences between training systems, the average evaluation score excluded data from TSMC North America

Average Hours of Training per Employee

Unit: hour





2019 Key Objectives for Learning and Development Programs

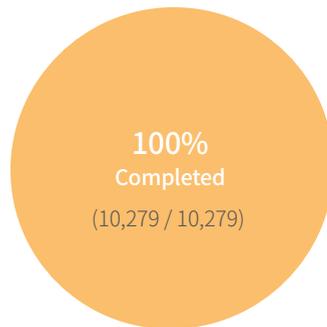


Professional Training for Engineers/ Junior-level Managers Technical Depth Enhancement Project

Objectives

Deepening engineers'/ junior-level managers' domain knowledge in front-end and back-end processes

Completion rate among participants



Status

A devolved three-phase training program executed by fab-level managers
 (1) **Training on wafer processes**
 (2) **Professional development for process engineers**
 (3) **Study group presentation sessions**

Through lectures, self-study sessions, group study sessions, and practice, the program aimed to refine engineers' professional skills and domain knowledge in production processes

Offered in 13 fabs with a completion rate of 100%

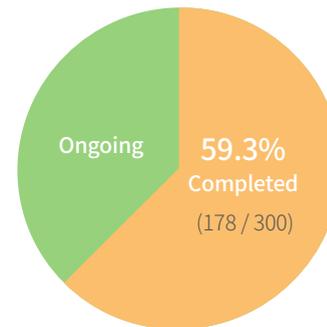


Management Training in Operation Organizations A Program for Mid-level Management

Objectives

Equip managers with the ability to foster a work environment conducive to mutual respect and high employee commitment, thereby building an open communication environment

Completion rate among participants



Status

Three major learning objectives
 (1) **Empathy and respect:** managers must be empathetic and respect individual differences
 (2) **Effective communication:** managers must be open-minded and able to listen and ask the right questions, thereby communicating effectively with employees
 (3) **Conflict management:** managers must adopt conflict management strategies to address conflicts and exert positive influence

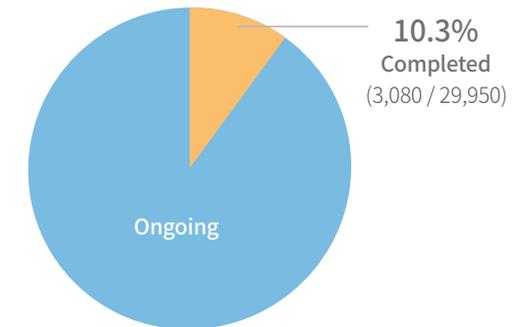


Encourage Self-learning "All You Can Learn!"

Objectives

Encourage the use of online learning resources and promote self-learning concept among employees

Completion rate among participants



Status

Introduce the concept of and methods for self-directed learning
 Offer online courses on eight major topics, each of which comes complete with a variety of learning resources including online lectures, articles on professional knowledge from internal and external sources, video clips, and books. Online courses received 11,958 clicks