

**Chinatrust Financial Holding Co.,Ltd.**  
**2009 Corporate Social Responsibility Report**



# Chinatrust Financial Holding Co., Ltd.

Corporate Social Responsibility Report



## *Report Outline*

Chinatrust is committed to corporate social responsibility (CSR). In 2007, Chinatrust published its first yearly CSR report as an accessible and transparent source of information, so interested parties can understand how Chinatrust strategically and methodically performs its CSR work.

### **Concerns and boundaries of this report**

This report presents a picture of what Chinatrust had accomplished in the areas of economic development, social advances and environmental protection in the year 2009, with a growth comparison to 2007 and 2008. This report covers Chinatrust Financial Holding Company and its subsidiaries (plus certain overseas subsidiaries in the category of pro bono activities). However, any environmental protection reporting that includes water, electricity and other utilities charges are limited to the headquarters building, but will in the future extend to subsidiaries and branches. All financial figures are in NTD.

### **Writing guidelines of the report**

This report is written in compliance with the guidelines and framework suggested by the 2009 Global Reporting Initiative (GRI, version G3), and as such contains lists of employee benefits, care for clients, environmental protection and pro bono efforts. This report will be published periodically and downloadable on the Chinatrust FHC website.

### **Certification of the report**

The British Standard Institution (BSI) has checked this report for materiality, completeness, and responsiveness based on AA1000 assurance standard and GRI G3 guidelines (Appendix for BSI's verification statement in detail).

Any comments, opinions or suggestions concerning this report can be submitted to:

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## Message from Chairman

Having bid farewell to the financial crisis that took the world by storm, the global economy has begun to see the first signs of recovery since 2009

A UN survey shows that in the wake of this devastating financial fiasco, more enterprises, instead of less, are maintaining the good work of Corporate Social Responsibility (CSR). Almost 94% of mainstream enterprises have embraced CSR, however hard they have been hit by the “financial tsunami.” In fact, many companies that comply with CSR have bounced back from the slump sooner and stronger than their peers that did not. This leads us to believe that CSR is the only way to proceed on the global scene, as it injects positive momentum into a company. CSR is the trend to follow for established enterprises worldwide, if they aim for sustainability.

For years, Chinatrust has strived to embrace CSR. We have been undeterred in our dedication to contribute to charities, despite card debt delinquencies, credit/cash card crisis, and a sudden financial meltdown. Be it corporate governance, corporate commitment, environmental protection, art, culture, or public benefits, we at Chinatrust have continued our dedication to our slogan of “We Are Family”. We cherish our values of care, professionalism, and trust, and our corporate mission to “protect and build,” hoping to expand top-of-the-line services to our clients and to serve the best interests of our employees, shareholders, investors, suppliers, as well as consumers at large. As a company, we believe in sustainability, not short-lived prosperity. The more dedicated an enterprise is to CSR, the higher will be the trust held in by investors, shareholders, and employees. Such a company also stands a better chance of turning things around in the most unlikely situation.

In this report, we have elaborated on economic, social, and ecological issues stakeholders feel most strongly about. Take corporate governance for instance. We set up the Compensation Committee and the Auditing Committee in 2009. We also added an additional independent board director after we had added two in 2008. Hopefully, through improved corporate transparency in the form of information disclosure, honest business practices, and thorough legal compliance, we can claim sounder corporate governance. In June 2010, Chinatrust was named winner of the Best Corporate Governance award by Corporate Governance Asia – a very prestigious award.

In charity work, we strive to be consistent in assisting the disadvantaged. Last year, after the Typhoon Morakot trampled southern Taiwan, causing the largest damage to property in fifty years, Chinatrust immediately donated NT\$127mil in financial aid, just as we would have helped our own family in time of crisis. We offered to help our clients who suffered losses caused by Typhoon Morakot by offering them loan extensions, special repayment programs, and low-interest financing that they desperately needed for home reconstruction. Across the Taiwan Straits in China, when Wenchuan of Sichuan fell victim to a major earthquake and when Zhouqu of Gansu came devastated by mudslides, Chinatrust immediately made donations to those in distress. Believing in home as our first and last place of retreat, Chinatrust hopes to uphold each and every client of ours as if they were our own family. We wish them the best as they attempt to put the devastation behind and rebuild their homes.



Meanwhile, to ensure global sustainability, we have pledged time and resources toward environmental issues. Besides maintaining Songzhi Park, we have taken measures to preserve water, recycle and minimize waste, present a green environment, as well as the procurement and usage of office supplies and construction materials that are eco-friendly. When serving our clients, we encourage them to adopt the usage of electronic billing, E-forms, and paper-free transactions, and we ask our employees to personally be environmentally-savvy, energy-efficient, and earth-loving. Bit by bit, we wish to turn Chinatrust into an enterprise that befriends the environment and maybe, inspire others to join us in our pursuit of a more beautiful and lasting future.

As one of the leading brand names in the financial sector, Chinatrust is aware that we are held to high standards. Deep down, we know that enterprises exist not just for profit. That is, in addition to pursuit of high returns on investment, we must be willing to take on greater responsibility toward the society in which we live, because we are convinced that we will be “doing well by doing good.” We are deeply humbled by the lofty expectations people have of us and will continue, ever more firmly, on the journey of doing the right things and doing things right.

This report is our way of sharing Chinatrust’s rationale and plans on CSR. We welcome opinions and support from everywhere, as we strive to improve and create more economic, social, and environment benefits for all those we care about on this planet we call our home.

# *Company Profile*



# *Company Profile*





● Chinatrust's Singapore branch was established in July 2009, bringing our top-shelf financial services to both Taiwanese expatriates and local businesses alike.

### Introduction

Chinatrust Financial Holding Co., Ltd. (CFHC or Chinatrust) was founded on May 17, 2002. Headquartered in Taipei, Taiwan, Chinatrust has over 10,000 employees worldwide. At the end of 2009, the company's assets totaled NT\$1.7 trillion, with a total net worth of NT\$150.919 billion and after-tax net profits of NT\$3.341 billion. Subsidiaries of CFHC include Chinatrust Commercial Bank, Chinatrust Securities, Chinatrust Insurance Brokers, Chinatrust Venture Capital, Chinatrust Asset Management, Chinatrust Security, and the Taiwan Lottery.

CFHC's key subsidiary, Chinatrust Commercial Bank, was established in 1966. Through the end of 2009, the bank's total assets were valued at NT\$1.64 trillion while net worth totaled NT\$120.783 billion, making Chinatrust Taiwan's largest private sector bank. We have a total of 145 locations throughout Taiwan and our 75 overseas locations in Asia, Europe, and North America are the most of any other Taiwanese financial institution.

Because of Chinatrust's outstanding business performance, profitability, and innovative financial products, we were awarded Taiwan's best foreign exchange, wealth management, trade finance, and overall bank in Taiwan by Global Finance, Euromoney, Asset, and The Banker magazines in 2009.

Looking to the future, Chinatrust aims to protect and build upon our current achievements. Working hand in hand with our clients, we can build a brighter future together. At the same time, Chinatrust also holds fast to our principles of being caring, professional, and trustworthy at all times. We provide our clients with convenient and diverse financial services, making us not just number one in Taiwan, but an industry leader in Asia and beyond.

### Innovation

Over the past 40 years, Chinatrust has been an industry innovator, introducing many new services to the Taiwan market. We were the first to establish stock agency activities and initiate lease financing. Chinatrust issued Taiwan's first credit card, affinity charity credit card (Lotus), and Visa Wave card. We also pioneered conveniences for banking customers, establishing Taiwan's first teller-less bank and launching weekend banking services. We were the first to offer adjusted rate mortgages and counterless (airtube delivery system) banks. These ground-breaking services have made Chinatrust the clear leader in Taiwan's finance industry.

### Performance

As expected, our business performance in 2009 was affected by the global financial crisis. However, by the



second half of the year signs of improvement began appearing over the horizon. In this extremely difficult and competitive environment, Chinatrust was still able to remain faithful to our “We are family” spirit. By implementing strict risk management procedures, we continued to steadily create value for our shareholders. In 2009, we set aside NT\$12.4 billion to prepare for the

potential risk of future non-performing loans, but after-tax profits still reached NT\$2.439 billion. Taking this precautionary step ensured that our overall assets are sound. Paired with the strong, stable foundations of our clients, we are confident that as the economy improves, Chinatrust will continue our earlier growth and return to past profit levels.

**Operating ability and profitability**

Year		2008	2009
Operating ability	Total profit	14,706,829	2,431,057
	Average revenue per employee	1,152,368	161,244
	Average earnings per employee (after tax)	1,131,295	143,003
Profitability	Return on assets (%)	9.1	1.50
	Return on common shareholders' equity (%)	12.43	1.21
	Net profit ratio (%)	98.17	88.69
	Earnings per share (NT\$)	1.51	0.15

Unit: NT\$1000

**Shareholder structure**

	Government Agencies	Financial Institutions	Other Companies	Foreign Institutions and Individuals	Individuals	Treasury Stock	Total
Share ratio	1.12%	9.22%	9.02%	42.11%	37.61%	0.92%	100%

Unit: %

**Dividend payouts**

Year	2008	2009
Cash dividend per share	0.18	0.64
Stock dividend per share	0.31	0.64
Total	0.49	1.28

Unit: NT\$

**Income tax paid and investment tax credits**

Year	2008	2009
Income tax paid	2,362,294	2,138,093
Investment tax credits	28,712	9,488

Unit: NT\$1000

**Charitable contributions**

Category	2008	2009
Arts and culture	43,060,000	43,000,000
Economic development	91,779,375	77,718,781
Charitable organizations	28,251,829	32,498,628
Educational support	6,458,158	3,734,533
Disaster relief	43,982,856	30,029,387
Total	213,532,218	186,981,329

Unit: NT\$



“We are family” is not just a slogan, but Chinatrust’s commitment to provide each and every client with caring service as if they are members of our own family.

**Brand story**

**Our Goal – Our Mission – Our Vision**

Our goal is to become the world’s top company in terms of creating client and shareholder value, while also being one of the world’s best managed banks. We aim to double our economic profit every three to five years.

Our mission is to both protect and build our clients’ wealth and businesses. To succeed, we must walk a fine line and constantly make decisions that can help us achieve our aims. Chinatrust must be vigilant, while also ensuring we are flexible in response to any new opportunity or danger.

Our vision is to build the first truly international Chinese financial institution in history. We have established ourselves as a leading brand in Taiwan and now have our sights set on Asia and the world. We aim to be the financial institution worthiest of our client’s trust, no matter where in the world they may be.

**Brand Values**

Caring: Empathetic, Proactive, Supportive  
 Professional: Knowledgeable, Foresighted, Skillful  
 Trustworthy: Honest, Responsible, Dependable



**Awards**

**Domestic awards**

Named one of Reader's Digest's Trusted Brands for both banks and credit card issuers.

The Banking Education Association of Taiwan ranked Chinatrust first among Taiwan's 24 publically-traded banks.

Ranked best service in the banking sector by Next Magazine.

Business Today ranked Chinatrust best bank brand in their 2nd Ideal Brand Awards.

Won the Visa Internet safety innovation award.

Awarded the Golden Peak Award for innovation by the Outstanding Enterprise Manager Association, R.O.C.

**International awards**

**Global Finance:**

Best Foreign Exchange Bank in Taiwan, Best Trade Finance Bank in Taiwan, Best Emerging Market Bank in Taiwan, Best Investment Bank in Taiwan, Best Corporate / Institutional Internet Bank in Taiwan

**Euromoney:**

Best Private Bank in Taiwan

**FinanceAsia:**

Best Bank in Taiwan, Best Foreign Exchange Bank in Taiwan, Best Cash Management Bank in Taiwan, Best Trade Finance Bank in Taiwan, Best Private Bank in Taiwan

**The Asset:**

Best Transaction Bank in Taiwan, Best Trade Finance Bank in Taiwan, Best Domestic Custodian Bank in Taiwan, Best Subcustodian Bank in Taiwan, Best Bank Issuing Taiwan Dollar Corporate Bonds, Best Domestic Investment Bank in Taiwan, and Best Debt House



**AsiaRisk:**

House of the Year



**Asiamoney:**

Best Local Currency (TWD) Cash Management Service, Best Cash Management Bank in Taiwan (Small, Medium and Large size), and Best Domestic Provider of FX Service in Taiwan



**The Banker:**

Deals of the Year 2009 in Asia and Bank of the Year 2009 in Taiwan



**The Asian Banker:**

Best ATM Installation and Management Project Award, The Asian Banker IT Implementation Awards



**Project Finance:**

Asia Pacific Telecoms Deal of the Year

**IFR Asia:**

Best Taiwan Loan House

Credit Ratings

Type	Rating Agency	Credit Ratings		Outlook	Additional Notes	Effective Date
		Long-term	Short-term			
International	Moody's	-	-	Stable	Issuer rating: A3	2009.09.30
	Standard & Poor's	BBB	A-3	Stable	-	2009.10.07
	Fitch	A	F1	Stable	Individual: B / C Support: 5	2009.12.18
Domestic	Taiwan Ratings	twAA-	twA-1+	Stable	Credit Worthiness: Very Strong	2009.10.07
	Fitch	AA+ (tw)	F1+ (tw)	Stable	Individual: B Support: 5	2009.12.18

CTCB Overseas Service Outlets



Domestic Network: 145 Branches in Taiwan Overseas Network: 75 Locations  
 7 Overseas Branches – New York, Hong Kong, Kowloon, Tokyo, Ho Chi Minh City, Singapore, and New Delhi  
 4 Subsidiaries (58 Branches, Sub-Branches, and Loan Production Offices)– CTC Bank of Canada, Chinatrust Bank (USA), Chinatrust (Philippines), and Bank Chinatrust Indonesia  
 6 Representative Offices – Beijing, London, Bangkok, Manila, Hanoi, Los Angeles

Company stakeholders

Our company held an internal meeting of employees from a variety of departments to identify and classify the each business unit's potential stakeholders. From this meeting, Chinatrust outlined six categories of stakeholders: investors, employees, clients, members of the community, government agencies, and subcontractors. Of these, investors are made up of shareholders and outside capital. Employees include both current and retired employees. Clients include current corporate banking clients along with potential clients for all areas of our business. Members of the community include community residents, non-governmental organizations, industry, and the media. Government agencies are the competent authorities overseeing the financial industry and any other areas

of business conducted by Chinatrust. Subcontractors include procurement firms and other third-party firms with which we do business.

Chinatrust also outlined each stakeholder group's key concerns, which are now taken into account in both daily business operations and our annual plan. In addition, Chinatrust also uses a variety of channels to facilitate dialogue and better understand stakeholder needs and expectations. This information is also referenced when drawing up or amending company policies, which include our corporate social responsibility goals. Our obligations can be categorized into four main areas: care for employees, attention to client needs, environmental protection, and public service.

Means of communication between Chinatrust and our stakeholders are detailed below:

Stakeholders	Our key obligations	Communication channels
Shareholders and investors	Disclosure and transparency	We hold an annual shareholder meeting, quarterly investor conference, and report our operating performance each month. We attend domestic and overseas investment forums and conferences. Related information is also made available online.
Employees	Respect human rights, provide equitable remuneration, and promote employee well being	Issue an employee e-newsletter, hold employee health seminars, and have opened a variety of channels for employee opinions and complaints.
Clients	Provide convenient products and service to raise client satisfaction	Established a 24 hour toll-free service hotline, provide client e-mailboxes, issue a monthly employee e-magazine hold special VIP events, perform a customer satisfaction survey, and hold investment and wealth management seminars
Members of the community	Respect local culture and participate in public service	Attend symposiums, hold press conferences, sponsor the arts, and hold related public service activities.
Government agencies	Observe relevant laws, pay taxes, provide consulting on future legislation, and help educate others on financial laws	Attend banking association member meetings, attend public hearings held by competent authorities
Subcontractors	Follow fair procurement practices	Hold price negotiation meetings with our subcontractors



Chinatrust holds an annual employee satisfaction survey and an organizational climate survey to promote a harmonious relationship between employees and management.

**Investors**

We hold regular conferences to discuss the topics that most concern our investors: profits, risk management, and corporate governance. In addition, we also issue a monthly profit report and hold an annual shareholders meeting. In cases of management change or other important events, Chinatrust also provides detailed information in print, over the phone, and in the Investor Relations section of our website.

**Employees**

In order to quickly solve problems and improve communications within the company, Chinatrust has set up an employee complaint reporting system. At our legally-stipulated labor-management conferences both sides send representatives to discuss important issues. In addition, each month we issue a monthly employee e-magazine to our employees and invite employees themselves to submit articles. We can both provide important information to our employees, while also building a channel for both employees and management to voice their opinions.

Chinatrust also performs an annual employee satisfaction survey and an organizational climate survey. The goal of the former is to understand employee needs and satisfaction with management, working

environment, salary and benefits, and employee development. The latter is held to understand managers' leadership styles and the company's overall working atmosphere. Following the surveys, the results are gathered and decisions are made regarding future improvements to the work environment.

**Clients**

If clients have any complaints or concerns, we welcome them to phone, email, write us, or personally visit a branch. We set up a service hotline (0800-024-365) ready to receive client calls 24 hours a day. Through clear and open communications, we solve the seemingly unsolvable for our clients and ensure they get a satisfactory response to their concerns.

**Members of the community**

CKS Memorial Hall and Songzhi Park are rare green oases in this bustling city. Chinatrust adopted gardens in these two areas to ensure that the community can continue to enjoy these green spaces. Chinatrust has participated in symposiums and workshops held by non-profit organizations. We have also held press conferences, receptions, and social events with the media.

**Government agencies**

Chinatrust complies with all governmental regulations governing reviews and audits, pays all required taxes, and regularly reports operating performance to competent authorities. In addition, we offer our ideas about current and potential legal statutes, while also helping to disseminate information about existing regulations.

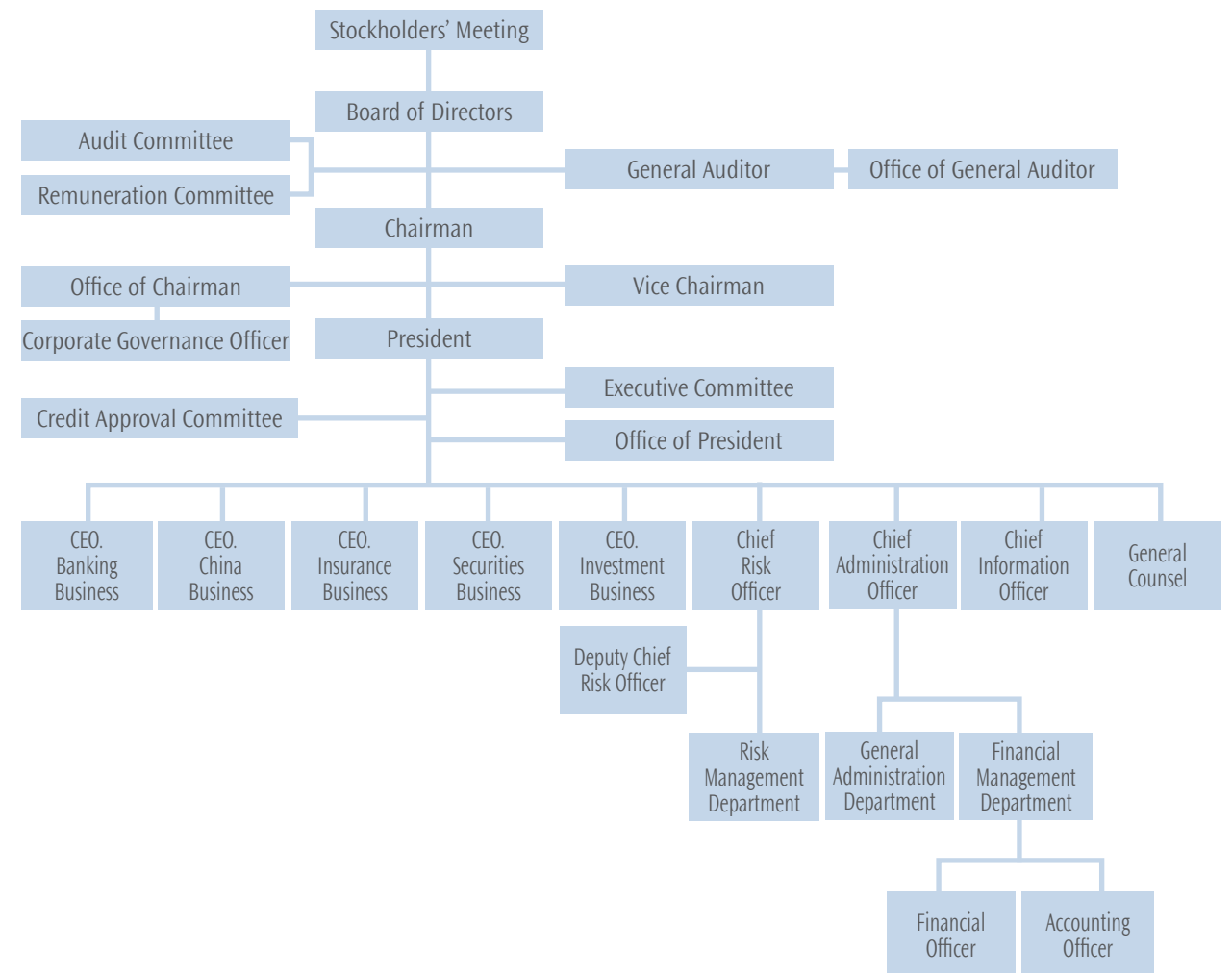
**Subcontractors**

Taking in to account the needs of each business unit, we negotiate pricing with our various subcontractors and procurement firms in accordance with fair procurement practices and laws.

**Corporate governance**

In the fiercely competitive world of finance, Chinatrust Financial Holding Co. not only makes substantial profits and steadily creates shareholder value, we also implement a comprehensive corporate governance system in accordance with the Practical Corporate Governance Rules for Financial Holding Companies. Measures include strengthening board of directors authority, setting up functional committees, maintaining a strong relationship with investors, and establishing an internal audit control system. All directors and employees should work to expand business and fully disclose relevant information to protect the shareholders' rights, helping us to achieve sustainable operations and development.

**Organization Chart**



### 1. Strengthening the authority of the board of directors

Chinatrust's board of directors exercises its powers according to governmental regulations, our articles of incorporation, and resolutions approved at shareholder meetings. All board members must possess the leadership, decision making, and risk management skills necessary to perform their duties, while also being

knowledgeable about the domestic and international financial industry. They must also be capable of supervising and monitoring corporate operations and administration. Currently, the board is made up of 9 members (3 independent directors and 6 non-independent directors) each with a three-year tenure. A total of 21 board of directors meetings were held in 2009.

#### Board of Directors

Title	Name	Education and Experience
Chairman	Jeffrey L.S. Koo	Honorary Ph. D., De La Salle University, Philippines MBA, New York University, USA Chairman of Chinese International Economic Cooperation Association Chairman of Chinatrust Commercial Bank
Vice Chairman	Charles L.F. Lo Representative of Kuan Ho Construction & Development Co., Ltd.	Department of Economics, National Chung Hsing University, Taiwan President of CFHC Chairman of Chinatrust Commercial Bank
Director	Wen-Long Yen	Department of Economics, Soochow University, Taiwan Chairman of United Real Estate Management Corp.
Director	Michael B. DeNoma Representative of Kuan Ho Construction & Development Co., Ltd.	MBA Wharton School, University of Pennsylvania. Vice Chairman, Asia Region, Standard Chartered Bank PLC CEO, Global Consumer Banking, Standard Chartered Bank PLC
Director	Daniel Wu Representative of Chung Chen Investment Ltd.	MBA, University of Rochester Chairman of Chinatrust Securities Co., Ltd. Executive Vice President, Chinatrust Financial Holding Company
Director	Chun-Ke Chen Representative of Asia Global Investment Co., Ltd	Department of Law, National Chengchi University, Taiwan Executive Vice President, Chinatrust Commercial Bank
Independent Director	Jack J. T. Huang	S.J.D, Harvard University Partner-in-Charge, Jones Day Taipei office Independent Director of Taiwan Mobile Co., Ltd. Independent Director of WPG Holding Co., Ltd.
Independent Director	Chung-Yu Wang	B. A., Chung Yuan Christian University Honorary Doctorate, Chung Yuan Christian University Vice Chairman of Tong Lung Metal Industry Co., Ltd. Chairman of China Steel Co., Ltd.
Independent Director	Wen-Chih Lee	Ph.D. in Accounting, Graduate School of Business Administration, National Taiwan University Professor, Graduate Institute of Commerce, National Kaohsiung University of Applied Sciences Independent Director, Bank of Kaohsiung

Chinatrust operates in accordance with the rules and best practices outlined by competent authorities governing public financial holding companies. This ensures the board of directors has ample oversight powers and strengthens our overall corporate governance system.

As stipulated in Chinatrust policies and Article 206 of Taiwan's Company Act, should the board, directors, or their representatives, have any conflict of interest in regards to a certain issue, then that person should refrain from discussing or voting on the item in question. Important issues regarding environmental, social, and risk management must be submitted for discussion by the board.

In addition, as Chinatrust responds to needs encountered as it develops the PRC and overseas markets striving to position itself globally and establishing long-term strategies, it will continue to take concrete actions to implement corporate governance. In addition to the three independent directors currently on the board of directors, Chinatrust will add several outside directors, selecting prominent individuals from various career fields and socio-economic backgrounds to take up these posts. The newly established board of directors will be responsible for overseeing operations.

### 2. Establishing functional committees

Our company held a by-election in June 2009 to add another independent director to the board (In 2008, two independent directors had already been appointed). Chinatrust's Audit Committee, formed by these independent directors, replaced the earlier supervisory system. Our functional committees include the following:

#### ● Audit Committee

The Audit Committee, made up of all independent directors, was established in June 2009 to assist the board of directors to execute their monitoring duties. The committee has a variety of responsibilities that include setting up, revising, and evaluating the internal audit control system, acquisition and disposition of property, handling derivative product transactions,

setting up procedures for handling major asset transactions, examining board member conflicts of interest, auditing major asset or derivative product transactions and loans, endorsing or providing guarantees, approving recruitment, issuing or private placement of negotiable securities, delegating certified accountants, governing discharge of employees and remuneration, evaluating independence and effectiveness, reviewing the employment and discharge of financial, accounting, and internal audit managers, examining annual and semi-annual financial reports, and investigating regulations put in place by competent authorities or other firms.

#### ● Remuneration Committee

The Remuneration Committee, established in July 2009, is made up of all independent directors. Their aim is to assist the board of directors in evaluating and monitoring the overall corporate remuneration strategy and determining salary levels for non-independent directors, senior managers, and managers. The committee met twice in 2009.

#### ● Executive Committee

The chairman is responsible for assisting our company and subsidiaries in policy decisions and implement monitoring of major business, strategy, risk, investment and operations, and setting up the sub-committees to handle a variety of business affairs.

#### ● Credit Approval Committee

Reporting directly to the president, the Credit Approval Committee assists Chinatrust and our subsidiaries in evaluating major credit risk cases.

### 3. Maintaining a positive relationship with investors

To meet the needs of Chinatrust's domestic and international institutional shareholders, our company is committed to openness and transparency. We regularly hold investors conferences and participate in investor forums and road shows in Taiwan and abroad to discuss company operations, financial performance, and corporate strategic direction.

Our company website provides investors with real-time access to important company information in both Chinese and English. Visitors to the site can download important documents such as our annual report, review our stock price, and browse the minutes of our annual general shareholders' meeting. We also offer a convenient "Contact Us" function, where investors can email Chinatrust directly from the Investor Relations section of our website.

**4. Establishing our internal audit control system**

Chinatrust complies with the Implementation Rules for the Bank Internal Audit and Internal Control System. Apart from establishing a comprehensive internal

control system and implementing risk management, the independent audit department performs internal audits, regularly reporting findings to the Audit Committee and the board of directors.

Internal audit units perform at least one general audit each year at Chinatrust Financial Holding Co. At least once every six months, CFHC and its subsidiaries perform a financial audit, risk management audit, and legal compliance audit. The results are compiled into an internal audit report that is given to the company's Audit Committee for review. Results are also provided to competent authorities within two months of the each audit's completion date.

**Corporate governance and operations**

Area	Procedure
I. CFHC ownership structure and shareholder equity 1. Handling shareholder proposals and disputes at CFHC 2. Awareness of the company's major shareholders and their possible controlling interests 3. Establishment of a risk-management system and firewall for transactions between itself and its affiliates.	1. Responsibilities are handled by the relevant executive departments. 2. The company accurately maintains a list of major shareholders. 3. Chinatrust and its affiliates follow all relevant legal regulations in regards to both lending and non-lending transactions.
II. Structure and responsibilities of the board of directors  1. Appointment of independent directors 2. Regular evaluations of the independence of the certified auditor	Chinatrust's board of directors is made up of 9 members, each with three-year terms. The board's authority is outlined in the company's articles of incorporation. 1. There are three independent directors on the board. 2. Each year a review is held to ensure the independence of the appointed auditor.
III. Developing channels of communication with stakeholders	1. Each year, we use written correspondence with stakeholders to confirm our records are correct. 2. We have appointed a spokesperson and deputy spokesperson to assist in communications with stakeholders.
IV. Information disclosure 1. Disclosure of financial and corporate governance information on investor relations section of CFHC's website 2. Other information disclosure methods (including setting up an English website, appointing staff responsible for collecting and disclosing company information, implementing a spokesperson system, and including investor conference minutes on the website)	1. Chinatrust's existing website discloses financial and corporate governance details, while including other information important to investors. 2. Relevant departments are responsible for the collection and disclosure of company information. We have established a spokesperson system, appointing a spokesperson and deputy spokesperson. We have also set up an English-language website providing information on company operations.
V. Establishment of functional committees at CFHC	1. On June 26, 2009, Chinatrust's shareholders passed a resolution establishing an Audit Committee, which replaced the supervisor system. 2. On July 24, 2009, Chinatrust established the Remuneration Committee and drew up its operating procedures. The committee, which meets at least once every six months, is made up of all independent directors who are responsible for evaluating and monitoring Chinatrust's remuneration policy.

**Risk Management**

The goal of Chinatrust's risk management policy is to effectively manage resource utilization to create the greatest possible economic benefit. Our risk management structure includes the board of directors, General Auditor, Executive Committee, Credit Approval Committee, and the Risk Management Department. Each of Chinatrust's subsidiaries also has its own risk monitoring and control divisions. The responsibilities of this risk management system are discussed below:

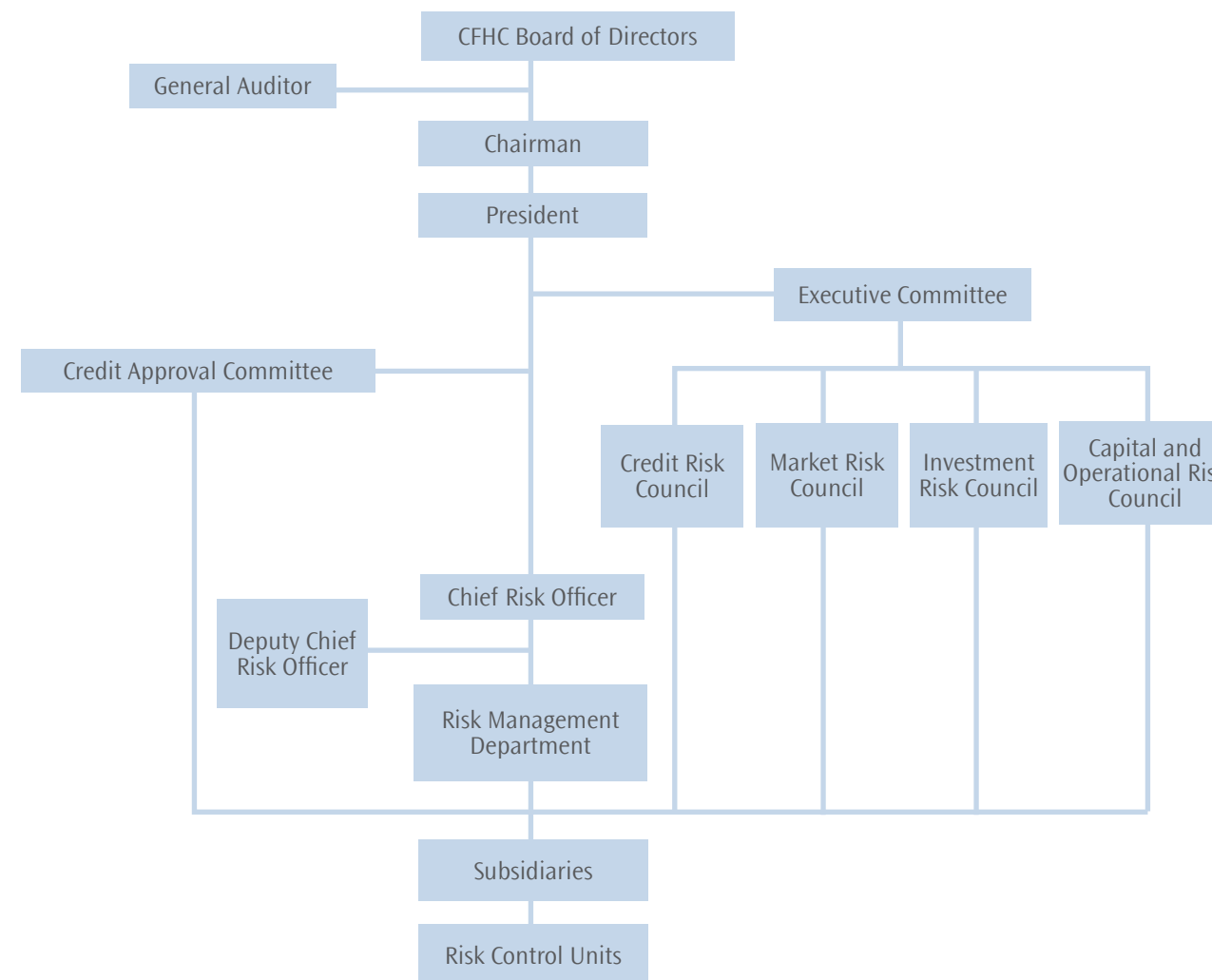
The board of directors, the highest supervising authority in our risk management structure, is responsible for authorizing risk-related strategies and policies,

determining the company's risk management structure, and instilling a culture of proper risk management.

The General Auditor is responsible for the planning and execution of all auditing activities and reports directly to the board.

The Executive Committee is responsible for policy recommendations and management of the company's overall risk. Potential risks caused by possible future climate change, like increased insurance claims caused by more frequent natural disasters for example, is also one of the major issues currently under review.

**Risk Management Structure**



### Loan Policy

Providing credit is one of the financial industry's major services. In addition to being committed to the pursuit of profit growth, Chinatrust also stays aware of all types of potential social and environmental risks. One of our loan criteria for commercial firms is whether or not that firm meets its social responsibilities.

Under our loan policy, in addition to financial concerns, we also consider whether or not the applicant firm emits waste water or gas that pollutes the environment. In addition, Chinatrust's financial credit risk guidelines and enforcement rules state that credit officers must abide by the Soil and Groundwater Pollution Remediation Act to prevent acceptance of collateral property that is impacting the environment or has soil pollution issues.

Chinatrust uses the following to vet loan applicants:

Process: Review a hard-copy transcription of the land registration form (not computer version) and also check to see if the current and all previous owners had business units that emit pollutants.

Criteria:

1. Does the current land user (owner or tenant) have pollution control equipment? Do pollution emissions conform to standards? Have environmental protection agencies taken disciplinary action against the land user?
2. Do any business units of the current or previous owners produce contaminated waste?
3. Has the land been contaminated by waste in the surrounding area?

If any of the above are found to be the case, loan officers must specifically discuss their verification methods, review process, and results in the credit report, which will be considered when determining whether to extend credit.

### Legal Compliance

Since our founding, Chinatrust's commitment to integrity and friendly service has earned us an outstanding reputation in the financial services industry.

Integrity is a prerequisite for all our employees. Chinatrust's Employee Code of Conduct clearly outlines our basic rules and what we expect of each employee, including policies regarding ethics, legal regulations, employee relations, gifts and other offerings, client privacy, intellectual property rights, money laundering, discrimination, bribery, conflicts of interest, and protecting company assets and reputation. These standards serve as a common commitment for our entire workforce.

In addition, Chinatrust tracks changes to financial policies and regulations within Taiwan and abroad while ensuring our risk management procedures keep pace with the diverse and rapidly shifting finance environment.

### Corruption prevention

Chinatrust believes that fierce but fair competition can spur development in the financial industry as a whole. In our Employee Code of Conduct, we clearly stipulate that when performing any business related activity, employees must follow the principles of information transparency, fairness, and clarity. In addition, no employee, including management, may accept client gifts or hospitality. These standards are detailed below:

Under no circumstances may Chinatrust employees request or accept any payment, gift, reward, or benefit beyond what is allowed under company regulations from any client or third-party involved in Chinatrust's business operations. In addition, employees may not borrow from or have any private financial relationship with such parties, nor may employees request to share in any client investment income.

Employees may not use offers of job opportunities to current or potential clients or any others involved in Chinatrust business matters in exchange for any rewards (money, gifts, or the equivalent, such as gift certificates, stock, or checks), kickbacks, loans, participation in client investment, or any other improper benefits. Employees must make all efforts to prevent even the appearance of impropriety.



● Chinatrust considers integrity the most important quality in its employees. As such, our employees are responsible and upright and abide by relevant laws and regulations.

Employees may not pay cash bribes or the equivalent (tickets, gift certificates, or any type of security) to officials in exchange for preferential regulatory treatment.

The above regulations are taught in the training program for all new employees. Some job positions utilize a rotation system in order to prevent potential corruption from occurring. In addition, Chinatrust established a reporting mechanism enabling employees to communicate via hotline, employee e-mailbox, or mail to report any suspicions to management or directly to related business units.

### Industry associations

Chinatrust actively participates in a variety of industry associations. Chairman Jeffrey L. S. Koo who serves on the Board of Supervisors of the Bankers' Association of Taipei, is a Managing Supervisor of The Bankers Association of the Republic of China, and is Honorary Chairman of the Chinese National Association of Industry and Commerce, Taiwan (CNAIC). In addition, depending on their area of expertise, many Chinatrust's executives also take on important responsibilities in related associations to contribute to the development of Taiwan's financial industry.

# *Caring for our Clients*





● Chinatrust offers a variety of financial products and services that aim to meet each and every personal financing need of our clients, who we consider family that deserves our attention at the most caring and considerate. As such, we have earned the trust of our clients.



### Protection of consumer interests

“Customers come first; serve with heart” has always been our attitude. Chinatrust has long been dedicated to offering clients the best service there is. In particular, we are convinced that service is the basis of customer loyalty, which, in turn, helps cement our business. Furthermore, we believe consumer rights are the cornerstone to customer service.

### Diverse innovative products and financial planning services

Chinatrust pursues innovation and improvement – it is considered a leader in introducing new services. For example: (1) extending branch services to 5 PM; (2) setting up ATMs in 7-11 convenience stores across Taiwan; and (3) targeting credit-card promotional activities at retail businesses such as gas stations, taxis, bookstores, online stores, and restaurants – matching credit cards offers with everyday consumption. Our goal is to offer expedient and convenient services to our clients.

Furthermore, Chinatrust takes care of each and every aspect of our clients’ financial demands. That is, we offer a wide variety of financial products that have been stringently screened; all of our financial consultants have a strong research team, allowing them to offer clients sound financial planning services.

### Protection of client privacy and survey of client satisfaction

To protect our clients, Chinatrust keeps clients’ personal profiles safe from abuse. Chinatrust signs a confidentiality pact with our clients that states that our client’s personal data will be safely stored in our corporate data warehousing system and is protected

from unauthorized access. Any Chinatrust staff violating the corporate code of confidentiality is liable to legal prosecution.

If a client questions financial products Chinatrust recommends or sells fearing falsified information or failure to disclose all risks involved, Chinatrust has a dedicated customer service telephone and email hotline. Under special circumstances, Chinatrust assigns staff to a case exclusively. Overall, we empathize with our client, interpreting any client’s communication at its most favorable light and presenting versatile solutions to the client with the goal of the client’s trust and satisfaction.

To understand our clients’ level of satisfaction toward our services, products, and staff, in 2009 Chinatrust conducted 35 opinion polls, including: financial consultants, branches, online banking, ATM, customer service, credit card/transaction statement, airport parking/VIP room, towing service, consumer financial product application, as well as loan services. Levels of satisfaction were above 60% in all polls, with some as high as 90%.

### Maintaining lasting relations with clients

#### Helping businesses in times of financial crisis

Chinatrust has long cherished our ties with our clients, deeming our loyalty to our clients to be the core of our corporate value. Since the subprime mortgage meltdown led to multiple financial market crises, other domestic financial institutions have adopted a more cautious and conservative loan policy. Some have even retracted financing to struggling businesses. Among the hardest hit were panel, DRAM, and non-tech small-and-medium enterprises.



### Hsin-yen and the Lehman Brothers collapse

Our Chengdong Branch financial consultant, Hsin-yen, shared the stress that many of her clients felt when the Lehman Brothers collapsed. Among these clients was one in China that stood out in her memory.

This client had invested NT\$20mil in Lehman’s principal-protected products. Before the Lehman failure became publicly known, Hsin-yen became aware that this client had sustained 30% losses to his principal investment. Realizing the severity of the situation, she telephoned the client, asking him to return to Taiwan for redemption paperwork. But this client refused on multiple occasions, saying he was too busy, had no intention of claiming the losses—and most importantly, was not convinced that anything was seriously wrong with Lehman Brothers.

However Hsin-yen was insistent, vigorously explaining to the client that liquidating was in his best interests. Finally, the client reluctantly returned to Taiwan. During one visit to the branch office, he furiously slapped the table and became antagonistic. Hsin-yen did not like the client’s reaction, but was sure she did the right thing.

When the Lehman Brothers collapse became publicly known, it caused considerable casualties in the stock market. But most of this client’s hard-earned money was spared because he made a timely exit. To demonstrate how grateful he was, the client visited Hsin-yen at her office and apologized with a cake. With the money salvaged, Hsin-yen helped the client earn back 70% of the returns expected without the Lehman mishap by venturing into the stock market on a smaller scale. On the whole, this client escaped the Lehman collapse virtually unscathed—even turning a small profit.

*In the matter of Lehman Brothers’ structured note disputes, Chinatrust has demonstrated the utmost sincerity when negotiating terms with investors. From January 1 2009 to September 10 2010, a total of 25,233 cases had completed the course of negotiations, including 6,596 cases submitted to The Bankers Association of the Republic of China and 18,637 cases not handled by The Bankers Association. Among the cases processed by The Bankers Association, 134 cases were retracted and 5,702 cases were settled. Overall, the settlement ratio was a satisfying 96%. In the case of the disadvantaged, such as the senior citizens and those who are sick with chronic conditions, we considered and granted a higher percentage of compensation on a case-by-case basis. We have also promptly contacted clients who didn’t file a complaint and offered them remedies to their losses.*



● When financial tsunami hit, ChinaTrust knew better than to walk out on our clients. Quite the opposite, we visit our clients more frequently, putting our heads together to help clients sort out their financial tangles.

To help corporate clients ride out the tough times, Chinatrust not only visited clients more often to express concern and offer timely advice, but offered to examine their cash flow and other financial indicators to tailor any financial solutions. This is because Chinatrust wishes to grow with our fellow Taiwanese businesses.

**Corporate loan balance ekes out moderate growth**

Affected by the sweeping global financial crisis triggered by the subprime mortgage meltdown and the Lehman Brother bankruptcy, domestic businesses faced unprecedented, harsh challenges that Chinatrust helped them overcome in concrete ways that could only come from genuine care.

Central Bank's Financial Statistics Monthly shows that as of September 2009, the one-year anniversary of the

financial crisis, Taiwan's banks featured a combined outstanding loan balance of NT\$9.02 trillion—down over NT\$270bn YoY. Furthermore, Chinatrust saw their corporate loan balance exceed NT\$276bn as of September 2009, up over NT\$510mn YoY (See Figure below). More specifically, lending to small-and-medium enterprises stood at NT\$62bn, accounting for 22.5% of Chinatrust's total corporate lending. This indicates that Chinatrust did not flinch at the financial crisis; rather, it helped businesses through it while other banks backed away from their corporate clients and responsibilities.

**Helping out debt-fighting clients by feeding them group orders**

The debt department, in 2009, was characterized by warmth and empathy. The debt department Chinatrust set up especially to handle late payments for unsecured loans abandoned the traditional role it played as a debt collector and transformed it into a department that leads clients out of their debt labyrinth.

We understand that on many occasions, our clients want to make payments but cannot; they are hampered by a temporary loss of income or a lack of asset liquidity. At times like these, our debt department staff comes forward and does what they as professionals do best – buy in bulk. By adding a web page dedicated to the “buy-as-a-group” to Chinatrust's internal web site and having fellow staffers place orders, we have been able to help our clients increase income, sometimes coming back from the brink of bankruptcy, while at the same time paying off debts on re-negotiated terms to regain control of their lives.

**Figure Comparison of corporate loan balances of all Taiwanese banks and Chinatrust**

(NT\$m)

As of	All Taiwanese banks (Note)	Chinatrust Commercial Bank
End of September 2008	9,299,217	275,597
End of September 2009	9,021,834	276,107
Change	-277,383	+510

Note: Corporate loan balance of all Taiwanese banks is tallied based on Central Bank's Financial Statistics Monthly to include all the loans taken out by state-run enterprises, private enterprises, and government agencies but exclude personal loans.  
Source: Central Bank's Financial Statistics Monthly; Chinatrust



**Wei-yu, Kuo and the Red Tomato**

Kuo became acquainted with Wei-yu, a financial consultant with our North Kaohsiung branch, during a land transaction deal. Since she had little investment experience, Kuo ask that Wei-yu invest NT\$20mn for her. Wei-yu tentatively picked mutual funds that she believed would fit Kuo's requirements. Unfortunately, a year later Lehman collapsed and Kuo's lost nearly 60% of their market value initial investment. Understandably Kuo and her son were very worried.

As a professional financial consultant, Wei-yu kept Kuo updated on the net worth of her investment on a weekly basis, at the same time keeping track of what was

happening in fund-issuing institutions. Her enthusiasm impressed Kuo and solidified the Kuos' confidence in Wei-yu. Finally, with the market reviving, the net worth of Kuo's portfolio came back up to the great relief of both Kuo and Wei-yu. As a result of the early market exit in May, Kuo made a profit of nearly NT\$2mn in interest. Kuo and her son were so impressed with Chinatrust's ability to handle their assets that they decided to invest another NT\$12mn in other financial products.

Having been through it together, Wei-yu and Kuo have bonded. Kuo is tending a full crop of organic vegetables and Wei-yu has promised she will help harvest the tomatoes once they are mature.

*The above story describes how the motto is applied to our grateful customers.*

### Debt specialists comes to the rescue

“Dumplings of prime pork! We have tasted them and highly recommend them! Please buy some of these delicious dumplings and help these clients!” are the lines that you will see, when clicking onto the charity store page in Chinatrust’s internal website. There you can also find other client products, such as Natural Propolis toothpaste, nougat candy, home-made dumplings, etc. Unfortunately, behind every such commodity, there is a tear-jerking story.

#### A-hui and her home-made dumplings

“Trust me. I will work with my own hands to pay off all the debts!” A-hui is a client of Chinatrust’s whose husband who was overworked died of acute pancreatitis. She resorted to credit card and cash card loans to pay for her husband’s funeral, paid debts her husband left behind, and to finance her children’s education, she also used these methods to cover everyday living expenses.

To support the family, A-hui began making dumplings and selling them in a small market, selling up to 3000-4000 dumplings a day. She never complained about the workload, rather, she worried that she might not receive enough orders. After a while, she developed wrist tendonitis and her hand became numb and stung every time she made five or six dumplings.

When she began to heal, A-hui contacted Chinatrust, expressing her intention of paying back her debt in small monthly installments. A-hui’s strength and perseverance was so inspired our debt department staff that they mobilized the entire department to place orders via the internal charity network. They felt that as a group this was the least they could do to help this family reclaim happiness.

“I can’t begin to tell them how grateful I am; just two rounds of group orders and my debts are paid off!” A-hui smiled like she had not smiled in a long time. She said that she had often felt lonely and helpless with her husband gone, but Chinatrust’s debt department staff extended a much-needed helping hand when she was

*Running a bank is not about blindly making money and collecting debts, but about knowing your clients and helping them solve problems.*



at her lowest point. She was deeply touched by their caring.

#### Pastry Master Liu & Nougat Candy

A veteran of pastry making for forty years, Master Liu lost his job during the financial crisis. Responsible for his family’s finances, two young children and an eighty-year-old mother with cancer, he felt helpless and was deeply in debt. In late 2009, Master Liu received a phone call from Chinatrust’s debt department, asking if they could be of any assistance.

“The staffer assigned to me was truly a godsend. He sat down with me and we worked out a repayment program that enabled me to pay back debts in several installments, but that’s not all there was to his good deeds. At that particular point in time, group buying was all the rage. And with new year just around the corner, he, knowing I was good at making pastry, asked me if I’d like to have my products placed on Chinatrust’s net-based internal charity group-buying platform, where he could round up his colleagues to patronize me,” said Master Liu.

With Chinatrust employees contributing so many orders, Master Liu gradually regained his confidence. In two rounds of group buying, Master Liu shipped 400+ bags of nougat candy. “I was really touched seeing Chinatrust employees go so out of their way to help; nobody believed me when I told them what happened...” Master Liu said, “Now they all know I make the yummiest nougat candy; I just can’t thank them enough. Who would have thought? A bank should treat clients like one of their own family, helping us get back on our feet...”



### Yuan-zhen and credit card service that never sleeps

It was late Thursday afternoon, near the end of the workday at Chinatrust’s consumer finance customer service department. Yuan-zhen received a phone call from a client on an airplane. The client was flying to Japan on business and discovered that his credit cards had been left behind in Beijing. It would be days before he would return home, so he needed a new card during his 24-hour transit stay in Taiwan. Yuan-zhen appreciated the client’s anxiety and promised to honor the client’s request. But as soon as she hung up the phone, she realized this was “Mission Impossible.”

Since the request was on a holiday, it would be Monday afternoon — too late to reach the client. Yuan-zhen reported the situation to her supervisors. They immediately helped Yuan-zhen keep her promise. At Chinatrust’s request, the credit card maker had the card

ready by five o’clock that evening. Chinatrust had one of its own messengers drive to Xindian where the client picked the card up. Chinatrust really pulled off the impossible. All hail its team work!

Later, Yuan-zhen received a silk handkerchief as a gift with a short note that said “How are you, Miss Lin? Thank you for your help that day I was flying to Japan. Chinatrust deserves every bit of its reputation.” Yuan-zhen finished reading the note and realized that this client was the head of the China operations of a famous company. “We didn’t know his background at first. We did everything purely out of our desire to serve. We will offer the best service we’re capable of, and are not influenced by who the client is. We believe in a customer-first, customer-only spirit and we trust our clients to applaud us for what we do.” Now, every time Yuan-zhen sees the silk handkerchief, this touching and proud memory comes back to her.

*Thank you for choosing Chinatrust. Let us show you how different we are and that we truly believe that “We are family”.*

# Employee Relations





● In the spirit of our “We are family” motto, Chinatrust invited employees and their families to enjoy a day of fun on our annual Family Day.



● Family Day features one thrill after another. Even a little one on his father's shoulders could not help but let out a squeal of excitement!



● Both employees and clients can expect a warm, caring attitude from Chinatrust because “We are family.”

### Human rights provisions

Since our founding, Chinatrust has endeavored to uphold the ideals of integrity and friendly service in all our operations. We stress that employees must follow ethical business practices in order to earn our clients' respect and trust, enabling us to meet their financial service needs. To better implement this business philosophy, we compiled our internal standards into the Chinatrust Code of Conduct for employees in 2006. Our entire workforce is provided with a copy and each employee is expected to follow the standards and meet the responsibilities outlined within. This code serves as the basic principles that all employees must be committed to upholding.

The Chinatrust Code of Conduct clearly details proper employee conduct in a variety of important areas, including employee and customer relations, business practices, and legal standards. There are 13 main topics addressed, each setting basic standards that serve to maintain employee and client privacy, build an environment free from discrimination and harassment, avoid conflicts of interest, and prohibit improper gifts.

### Equitable treatment of clients

Chinatrust provides friendly service to each of our clients no matter their skin color, race, gender, age, religion or any other factor. Every client is equally important to us, not matter how large or small their transactions may be.

### Creating an equal opportunity employment environment

Chinatrust is committed to building a work environment free from discrimination and harassment, where employees and the company share mutual trust and respect. Chinatrust bases recruitment, hiring, and promotions solely on candidates' abilities and qualifications. Employees are encouraged to continuously improve their skills and knowledge. (In 2009, there were no cases of discrimination, use of child or forced labor, or employee benefit violations at Chinatrust.)

### Establishing sexual harassment prevention measures

To ensure the safety of employees, prevent instances of sexual harassment, and promote gender equality in the workplace Chinatrust will not tolerate any of the following behavior:

- Gender-based insults, disrespect, or discrimination in attitude or behavior
- Using sexually suggestive language, making sexual advances, or touching that offends or makes the recipient uncomfortable
- Using sex or sexually-related activities in exchange for rewards
- Threatening or meting out punishment in an attempt to extract sexual favors
- Rape or sexual assault
- Displaying sexually suggestive pictures or text

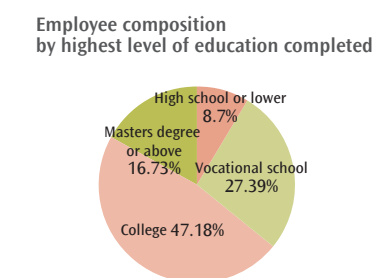
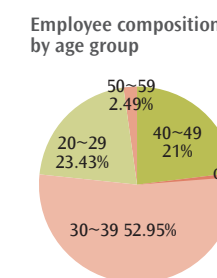
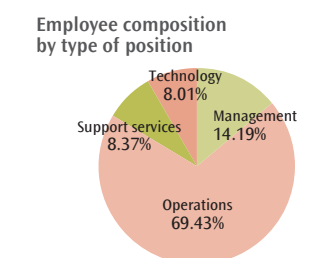
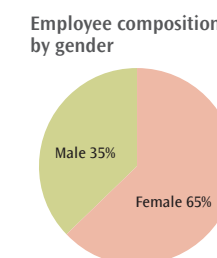
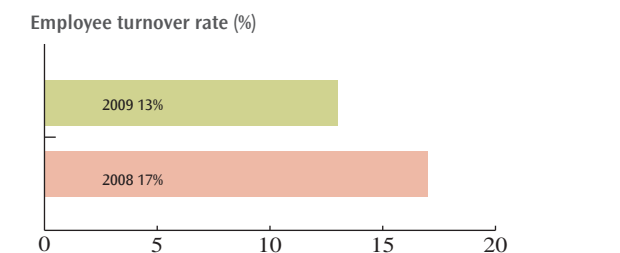
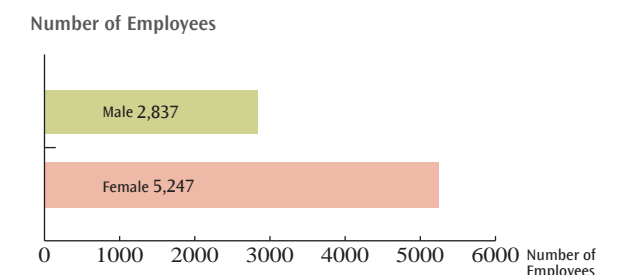
### Ensuring workplace equality

Chinatrust strictly prohibits harassment, discrimination, and intimidation of managers, subordinates, colleagues, or clients based on race, gender identity or expression, skin color, beliefs, religion, nationality, age, physical or mental disability, marital status, sexual orientation, family background, military status, or socioeconomic status.

Chinatrust promotes on ability, not gender. Our workplace offers a level-playing field and encourages fair competition and development for both men and women. Not only are 60% of managers at our branch offices female, women make up more than 40% of all managers throughout Chinatrust. In addition, we also actively cooperate with government policies to encourage women who took time off raising children to return to the workforce. Our support for female employees creates an ideal environment for the entire workforce.

### Employment structure

Chinatrust is a meritocracy. Each position requires certain qualifications, which include work and educational experience, expertise, and licenses or certifications. Factors such as gender, age, physical or mental disability, or marital status are not considered in human resource decisions.





● At Chinatrust, employees not only bring to bear their professional specialties, but have a chance to utilize all their varied skills.

### Employing the disabled

#### Establishing employment channels for the disabled

In order to meet our corporate social responsibility, Chinatrust actively promotes the hiring of individuals with disabilities. Chinatrust hopes to provide disabled employees with the opportunity to grow and use their abilities to the fullest. Relying on each individual's special skills, we can make the most appropriate human resource allocation.

At the end of December 2009, employees with disabilities made up 1.1% of the total workforce at Chinatrust, meeting the levels legally mandated in the Physically and Mentally Disabled Citizens Protection Act.

#### Influence of disabled employees on the company

- Building empathy and providing role models:  
In recent years, Chinatrust has continually hired

physically and mentally disabled people. Not only does this give a disabled person an important job opportunity, all employees must learn to work with and look out for their disabled colleagues. They help to bring their optimistic outlook to the job and teach others thoughtfulness and empathy.

- Stress relief  
Under our Caring Bank program, Chinatrust invited the professional services of visually-impaired massage therapists to help employees relieve stress by relaxation. Employees and the therapists both benefit from this wonderful arrangement.

Five years have passed since Chinatrust initially offered the massage treatments and they have proven extremely popular among our employees. Rather than setting a price for the massages, they are available for a donation to our Light up a Life fundraising campaign.

Through the end of 2009, employees have received 70,000 massages, raising more than NT\$3 million in donations. In the future, Chinatrust expects that we will be able to provide even more disabled people with diverse employment opportunities, which is a mutually-beneficial arrangement. We hope to lead by example, encouraging others in our industry to also make progress in this area.

### Employee Relations

#### Labor-management conference

In order to build a strong relationship between Chinatrust employees and management, encourage cooperation, and increase work efficiency, we convene regularly scheduled labor-management conferences. Prior to each conference, employees vote for seven labor representatives (either gender must make up at least 1/3 of the total number of representatives) who then meet with the seven selected management representatives.

#### Protecting employee interests

Protections guaranteed in the Labor Standards Act were formally codified and approved during a labor-management conference. The resulting regulations were then announced to the entire workforce. A summary of



● Chinatrust employees have ample opportunity to express their opinions through a variety of communication channels. Bright, confident smiles are a common sight.

employee benefits, including annual health checkups, are also regularly discussed at the conferences.

Chinatrust can terminate labor contracts under the following circumstances:

1. Stoppage of business or transfer to new ownership
2. In the event of a loss or business contraction
3. In the event of a temporary work stoppage of one month or more due to uncontrollable circumstances
4. A change in the nature of the company's business requiring a workforce reduction
5. The employee is found not to be qualified to successfully carry out his or her responsibilities.

The minimum notice periods required are listed below:

1. Those employed continuously for over three months but less than one year must be given 10 days notice.

2. Those employed continuously for over one year but less than three years must be given 20 days notice.
3. Those employed continuously for over three years must be given 30 days notice.

#### Open channels of communication

At Chinatrust, communication and interaction between the company and employees are of the utmost importance. All issues related to employee interests must be approved during labor-management conferences. We also hold a quarterly employee meeting and produce a monthly employee magazine. Chinatrust keeps our workforce informed about the company's direction and development strategies through direct face-to-face meetings with management, while our various departments are invited to explain new policies as they are developed.



Over the past 40 years, Chinatrust has worked to live up to our pledge, "We are family." Chinatrust's patriarch, our Chairman Jeffrey L. S. Koo (second from the left) does not hesitate to express his support and care for our employees.

In order to ensure that the voices of all employees are heard, Chinatrust has implemented the following measures:

- Employee opinion survey: Chinatrust holds an annual employee opinion survey, in which all employees can anonymously express their opinions regarding company policies.
- Communication channels: Chinatrust has set up an Employee Hot Line to strengthen communication with our employees and ensure any problems are solved in the shortest time possible. Every employee now has a variety of avenues to directly communicate with the highest levels of management who will discuss the issue and respond quickly.

Channels of communication include:

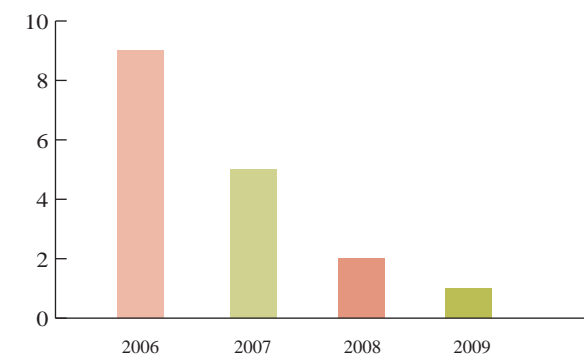
1. Employee e-mailbox – Read personally by the Director of Global Human Resources
2. Employee Hot Line – Answered by the Director of Global Human Resources
3. Written communication – Employees can send comments or complaints by post or deliver letters to the Global Human Resources Office directly to be

processed personally by the Director.

In special cases, the Human Resources Department will assign an investigator and, if necessary, convene a committee to examine further.

- Human resource service representatives: Each division has a designated representative who investigates all employee complaints. This process has been instrumental in an impressive reduction of labor disputes within the company.

Downward trend in major labor disputes by year



### Ensuring positive labor-management relations

Chinatrust has endeavored to create an environment of mutual trust and harmony between management and employees. All managers receive training in personnel management and labor laws, while our progressive management style empowers employees to also govern themselves. Chinatrust implements policies that encourage business growth and protect employee rights.

### Disease Prevention

H1N1 was declared a global pandemic by the World Health Organization in 2009. In order to reduce the infection rate and protect our employees, Chinatrust created a disease prevention team and established prevention measures.

Our prevention plan included educating employees about H1N1 symptoms, routes of transmission, and prevention methods. We also implemented new rules governing sick days during the pandemic. Chinatrust also strongly encouraged employees to cut down on visits abroad. If a trip could not be avoided, employees were instructed to strictly follow prevention measures. In addition, Chinatrust added an H1N1 prevention section to our internal outlook providing the latest information about the flu.

### Training and development

Our employees are Chinatrust's most valued asset. They are also a key strength in our pursuit of excellence



and sustainable operations. We thoroughly planned our human resource development policy based on the needs of our business strategy, ensuring that individuals can make the best use of their talents. We implemented the below concrete methods to upgrade our human capital, giving us a competitive edge:

### Learning and development centers

As a company, we feel it is our responsibility to promote learning and provide our employees with a variety of educational opportunities. To this end, we established the Linkou, Shuilian, and Denghu learning and development centers. Through the end of 2009, Chinatrust held upwards of 500 courses attended by over 30,000 employees, each receiving an average of over 40 hours of training. In addition, 32,360 employees took part in a total of 480 online courses, with average training times exceeding 20 hours per person.

### Comprehensive training for new hires

In order to teach employees about our company culture, each new hire must complete "Chinatrust and Me" training within three months of joining the company. The course introduces Chinatrust's history, corporate culture, company structure, brand awareness, and finance-related laws. In addition, we endeavor to instill our company values, which include sexual harassment prevention, gender equality in the workplace, privacy protections, and non-discrimination. New employees learn quickly our corporate culture and become a part of the Chinatrust family.





● Our employees' physical and mental well-being are important to us. From fitness equipment to a relaxation center to a well-stocked reading room, we provide a variety of facilities to help relieve employees' work-related stress.

#### Inspiring independent learning

Chinatrust lead the industry in setting up our Digital Learning Industry Promotion and Development Plan and establishing the Chinatrust Academy an online learning platform. Employees can now learn wherever and whenever they choose using a large variety of educational resources.

#### Establishing a career development map

Chinatrust firmly believes in our "We are family" philosophy, seeing employees as important strategic partners who can grow along with the company. Therefore, we have provided career development maps for a variety of positions in our Development & Assessment Center system. Managers and employees can set up their own personal employee development plan, which incorporates related professional training. Employees many opportunities to advance their careers and grow personally, creating a win-win situation for the organization and our employees.

#### Providing diverse development opportunities

To face the fierce competition created by financial liberalization, Chinatrust provides employees with a variety of educational opportunities, which include international business trips, on-the-job training, seminars, personnel training, job rotation, and

assignment to specific projects. Employees can be proud of their personal achievements, while benefitting the company with their new-found skills.

#### Healthy working environment

"We are family" is not just our attitude towards our customers and society, but is most importantly a promise to our employees. Chinatrust treats our employees with the love and care of family, enabling our workforce to achieve a healthy balance between their work and personal lives.

In order to implement this commitment, Chinatrust actively promotes our "Ever Caring & Loving" pyramid: Caring Bank, Creating happy employees, Building employee health capital, and Ensuring a healthy work environment. Striving towards these goals, Chinatrust passed the Bureau of Health Promotion's Healthy Workplace self-accreditation. Facing strong competition, Chinatrust stood out from the crowd and was awarded the 2009 National Outstanding Healthy Workplace Award.

#### Ensuring a healthy work environment

Chinatrust implements environmental, safety, and health protections and testing in the workplace to provide our employees with a safe and healthy work

environment that can put their minds at ease.

- Non-smoking environment: Smoking is prohibited throughout the company.
- Access control: Our workforce is protected on the job by strict access control measures in our offices.
- Occupational safety training: We hold regularly-scheduled training to improve safety knowledge and techniques to keep pace with advances in the field.
- Health and safety at the office: The workplace is routinely cleaned and disinfected, ensuring a comfortable, hazard-free office. Regularly scheduled environmental monitoring is carried out to review carbon dioxide emissions and lighting levels to ensure we are meeting environmental protection standards.

#### Building employee health capital

Because each of our employees is an indispensable member of the Chinatrust family, their wellbeing is our concern. Chinatrust actively promotes a variety of measures to keep our employees healthy. While our employees have demanding jobs, they can still maintain a healthy mind-body balance while building their health capital.

- Free health checkups: Each year we provide our entire workforce with free checkups, so everyone can keep tabs on their own physical health.
- Relaxation center: When employees have free time in their day, they can visit the center for a relaxing massage to help relieve the pressures of the day.
- Fitness equipment: After hours, employees can visit our gym facilities to build up strength to face future challenges.
- Convenient cafeteria facilities: Employees are provided free meals, which have been prepared by carefully selected catering services. In addition, healthy organic fruits and vegetables are available for purchase.

#### Creating happy employees

While we are concerned for our employees' physical health, Chinatrust has taken it a step further to include care for their mental wellbeing as well. We hope that through these measures, employees can relieve work related stress and achieve spiritual fulfillment. "We are family" is not just a slogan, we strive to treat our employees like family and do our best to ensure their happiness at home as well as on the job.



● Left: Chinatrust thoughtfully constructed a spacious, comfortable nursing room to provide a small piece of home away from home for our female employees.

● Right: Chinatrust holds a variety of activities enabling employees to develop their hobbies and become closer to their children. Every year, we hold an exciting parent-child baseball camp that leaves a lasting impression on all who participate.

- Stress relief: We know that finance can be a stressful industry, so we have worked with professionals to develop a series of relaxing, stress-relieving activities for our employees.
- Parent-child activities: We hold activities enabling our employees to better interact with their family outside of the office.
- Social events: We arrange singles networking events to encourage a rich social life.
- Nursing room: We provide working mothers with a convenient, welcoming space where women can also share parenting tips.
- Parenting handbook: This publication provides information about childrearing to new parents so they can get the hang of this important new role.
- Free leisure areas: In Yangmingshan and Beitou, we set up several leisure facilities (small golf course, swimming pool, barbeque area) for our employees' enjoyment.
- Group activities: Chinatrust has set up a variety of group activities, building an environment that promotes individual growth.

**Operating the Caring Bank**

To better meet the physical and mental needs of our employees, Chinatrust established the Caring Bank group, which plans a variety of health-related and fundraising activities. We hope that employees will be



inspired to care for the disadvantaged and spread love beyond our Chinatrust family, learning first-hand that it is better to give than to receive.

- Health-related activities: Chinatrust held a marathon, practical first aid training, and a parent-child baseball camp.
- Encouraging giving: We encourage employees to assist charities and fundraise to help disadvantaged groups in need of assistance.

**Compensation & Benefits**

**Compensation**

Retaining outstanding employees requires a first-rate salary structure and benefit system. Chinatrust's comprehensive compensation packages meet the needs of the extremely competitive human resource marketplace. New employees enjoy starting wages above the legally-established minimum wage in order to attract exceptional, skilled professionals to join our team.

- Chinatrust set up the following remuneration policy to benefit the company, our employees, and our stockholders:

1. For each position, we offer a pay package that is both fair and serves to motivate our employees.
2. We established an employee stock option plan to incentivize good performance and retain outstanding employees.



3. Each year we perform a job market survey to ensure that our comprehensive pay packages are globally competitive.

- Compensation system: Chinatrust bases employee salary on a variety of objective factors including past experience, ability, and current job position. Salaries are not affected by gender, so at Chinatrust male and female salaries have a ratio of 1:1. In order to encourage employees to focus on the company's operating goals, Chinatrust also sets each employee's annual bonus based on business unit earnings and strategic goals, along with individual employee achievements.

In general, Chinatrust gives employees 14 months of salary, which includes their 12 monthly paychecks, a one month year-end bonus, and one month bonus for full attendance. Each employee may receive an additional performance bonus based on their individual contributions and the company's business performance.

**Benefits**

On July 1, 2003, Chinatrust officially implemented our flexible benefit system, which categorizes benefits into two groups, core benefits and flexible benefits. We can now meet our responsibilities to our employees while offering them diverse benefit choices.



● Our employees are Chinatrust's most valuable assets and our partners in growth. To celebrate and encourage those who most embody Chinatrust's values, we recognize model employees at an annual award ceremony.

- Core benefits: These benefits meet the requirements of Taiwan's Labor Standards Act, including subsidies for marriage, bereavement, birth, and when a dependent is hospitalized. In addition, the benefits also include labor insurance, child education subsidies, birthday and holiday bonuses, and departmental vacation subsidies.
- Flexible benefits: Breaking through the constraints of a traditional, standardized benefit scheme, Chinatrust utilizes a point system that allows employees to choose the benefits that they want. We appointed Taiwan Relo to provide a more diverse selection of benefits to meet all of our employees consumer, education, and leisure needs.

**Rewarding achievement**

Chinatrust endeavors to create an environment where employees find enjoyment in their work. Through our "We are family" spirit, we improve the lives of our employees and their families, while strengthening the competitiveness of our workforce. Our employees do not just work for the company but are an important asset and our partners in growth.

Chinatrust's employee awards include:

- Model employee award: Each year, Chinatrust selects model employees who have embodied the company's core values – Balance, Excellence, perseverance, and Teamwork. Employees are recognized for



● Every year, Chinatrust selects winners of our model employee award, which helps to spread the spirit and values of our organization.

- their commitment and outstanding performance, but the award also serves to promote Chinatrust's spirit and values. Previous model employee award recipients become cultural ambassadors within their departments, serving as an example to their colleagues.
- Rewards for years of service: To thank employees for their years of contribution and service to Chinatrust, employees are rewarded with vacation days or travel. At the five and ten year marks, employees are given a gold vacation, five consecutive working days off. After 15 years of service and every five years thereafter, employees receive a travel voucher giving them a chance to relax and expand their horizons.
- Social philanthropy: At our quarterly meetings, employees are recognized for service to civic organizations or as volunteers in order to encourage

others to use their free time to help society.

**Retirement system**

All permanent, full-time Chinatrust employees in the Taiwan region participate in the below retirement program:

- Labor Standards Act requirements: Each month, Chinatrust makes a deposit into the retirement fund held in a specialized retirement account in the Central Trust of China.
- Labor Pension Act requirements: Each month, Chinatrust deposits 6% of the employee's wages to their individual retirement account set up with the Bureau of Labor Insurance. Employees who wish to contribute to their own retirement accounts have a pre-set percentage deducted from their salary and deposited into the retirement account.

**In their own words****Chinatrust is a treasure trove of opportunities –**

Ms. Chiang Hsin-yan, Manager, Personal Finance Management Department, Chengdong Branch

Hsin-yan has already put in 20 years of service for Chinatrust. While she weathered her fair share of storms, her many excellent managers and colleagues gave her endless encouragement and support along the way. Once each storm passed, she was able to see even clearer than before.

Hsin-yan said, “Over these past 20 years, I have served in several departments. Each time I transferred, I faced a new set of challenges.” In the beginning, she was an inexperienced new employee, but Chinatrust arranged a series of training courses. To enrich her knowledge, Chinatrust also sponsored Hsin-yan’s courses at the Academy of Banking and Finance. “I started out as a teller, learning to speak Taiwanese. I learned how to read graphs and analyze market trends. Then I moved on to learning about Taiwan’s stock market, exchange-traded funds, and then international stock markets. In the end, the knowledge I gained helped me earn the trust of my clients and the faith of my managers.”

“When I train new employees, my manager tells me to try to find a few more people like me,” Hsin-yan laughs, “but it is not only the company who has benefitted from my presence. With the support of Chinatrust, I have learned how to use knowledge to manage finances. That truly is priceless!”

**A caring company inspires employee creativity and devotion –**

Lee Chun-hsien, Assistant Manager, Client Operations Center, Financial Disbursement Department

Chun-hsien, who has worked at Chinatrust for 19 years, knows that “We are family” is more than just a slogan. Because Chinatrust treats its employees like family, employees treat others, including our clients, with this same level of care and concern.

“The best thing about Chinatrust is the benefits!” Chun-

hsien said. The company provides a variety of social activities, free massage therapy, yearly health checkups, and organic fruits and vegetables. “The parent-child baseball camp and financial management camps are great!” Busy working on the weekdays, Chun-hsien never had a chance to play baseball with his two sons. Last year, he bought his sons baseball mitts and they all participated in the summer baseball camp. “The boys not only got Detroit Tiger Ni Fu-Te’s autograph, they also got a chance to witness their dad’s heroic batting skills. It was a great experience!” Lee Chun-hsien joked.

Initially, Lee’s sons had no idea what a bank does. After participating in the financial management camp, not only did they learn the basics of finance, but also got a better idea about what their father does at work. Chun-hsien proudly said, “Now when I take my kids shopping, they can distinguish between what are needs and what are just wants. The camp was really helpful!”

**My greatest motivators are the work environment and my colleagues –**

Kao Li-hsueh, Deputy General Manager, Corporate Finance Department

“Chinatrust forgives employee mistakes and encourages them to learn and innovate,” says Li-hsueh who now works in the Corporate Finance Department. In 1995, she began working at Chinatrust and over these past 14 years she has experience working in a variety of departments. Working on different projects, she learned from her managers’ variety of leadership styles and built up a strong rapport with her coworkers. She was even chosen by Finance Asia magazine as Taiwan’s most outstanding investor relations talent. She believes that loyalty is Chinatrust’s most valuable trait and the company generously gives employees new opportunities.

“The company faced a series of recent challenges, including the global financial crisis, but we came out stronger, so there is no problem that can defeat us.” Li-hsueh remembers on many occasions working hand in hand with her colleagues, no one complaining about the hard work and long hours. Colleagues from different



departments worked together to complete their common mission, utilizing all of their unique skills. Managers not only appreciated their employees’ efforts, but also took steps to help them earn bonuses.

“At Chinatrust, you can achieve great things.” Li-hsueh said. The confidence she gained working through difficult problems gives her the strength to face anything that comes her way. As Buddhist Master Sheng Yen said, to truly solve a problem, you must “face it, accept it, deal with it, and let go of it.” Li-hsueh credits Chinatrust with teaching her this important ability.

**Hard work, with a healthy dose of hope! –**

Hsu Chia-yun, Deputy General Manager, Northern Area Corporate Finance

Chia-yun got his first job with Chinatrust and since then 19 years have passed in the blink of an eye. He believes that while working at Chinatrust can be challenging, it fills employees with confidence and hope for the future.

Chia-yun believes that Chinatrust has an excellent corporate culture. Work here is demanding, but the company values employee education and training, providing many opportunities for employees to cultivate

their knowledge. “When choosing a job, young people cannot just compare salaries. They need to find out if a company can help them grow.” Chia-yun said. “Last year Chinatrust recruited over a thousand new employees. Everyone loves to come to work because it is an environment full of learning. In an atmosphere of teamwork, there is also a healthy dose of competition.”

“Chinatrust is an organization full of smart, honest people” Chia-yun said. Our employees have integrity and can understand the needs of our clients. “Following the start of the financial crisis, many foreign banks tightened their lending policies, which was a huge blow for firms already in trouble. Just look at Lehman Brothers. At that time, Chinatrust instead asked our clients if they needed assistance and went out of our way to help firms in need.” Chia-yun also said, “We are very cautious before we decide to cooperate with a client, but once this relationship is established, we feel a strong sense of loyalty and obligation. We need to help them pull through difficult times. This is what I mean by smart and honest people.” Chia-yun also believes that these characteristics attract more clients and more young people to join the Chinatrust family.

# *Environmental protection*



**Reaching out**

**Taking Songzhi Park under our wing**

In 2006, Chinatrust took on the task of maintaining the Songzhi Park within the Xinyi District. For four years, Chinatrust has not only successfully kept the ecological balance in this “pocket of a park” right in the center of a cement jungle, it also decorated it for various festivities and holidays. The park has almost 50 trees of four different species. Many flowers, as well as birds and butterflies create a romantic corner in the busy Xinyi District.

On holidays and celebrations, we never fail to see families gather there. The park is not just an important venue where Chinatrust can host pro-bono activities, but also among the best places Taipei citizens can relax.

**Lights off, carbon down on a green summer solstice**

To echo the public outcry for carbon reduction, Chinatrust participated in the “2009 Lights-off, Carbon

down on a Green Summer Solstice” activity held by the Society of Wilderness of R.O.C. on June 21 by turning off lights for an hour from 8 P.M to 9 P.M. A total of 11,881 lights at Chinatrust’s headquarters, its Yong-ji Building, and 145 branch offices island wide, were off for an hour – resulting in a reduction of an estimated 523.16 kg of CO2 emissions. Furthermore, Chinatrust emailed millions of its clients, promoting active participation in the event. It was hoped that the message of responsible energy-consumption and carbon reduction would reach all of our clients, helping turn Earth into a green planet.

**Advocating for electronic bills**

Since September 2004, Chinatrust has pushed for the use of electronic bills to reduce paper usage. For the past seven years, Chinatrust has saved an estimated 30 metric tons of paper every year. That’s over 600 trees that would have been cut down and nearly 3000 kg of CO2 that would have been discharged into the atmosphere.



● Chinatrust employs horticultural designs to not just beautify the view but lighten up the atmosphere within Songzhi Park.

**2009 electronic bills effort and accomplishments**

Types of bills	A4 paper/pieces	pulp/metric ton	Trees	Co2/kg	CO2/metric ton
Electronic credit card bills	319,706	1.45	29.06	130.79	0.13
Electronic bank bills	136,583	0.62	12.42	55.87	0.06
Multiple Message Advice System, (MMAS) substitution of email for fax	4,456,944	20.26	405.18	1,823.30	1.82
Electronic settlement statement for employee holdings trust	80,000	0.36	7.27	32.73	0.03
Code Fax	38,075	0.17	3.46	15.58	0.02
Total	5,031,308	22.86	457.39	2,058.27	2.06

**Internal campaigns – energy-conservation; carbon reduction**

**Water resource management**

● Waste water processing

Waste water in an office environment falls into three categories: kitchen, toilet, and janitorial. Below is how Chinatrust goes about handling these three types of waste water:

1. Kitchen waste water: Chinatrust arranges for kitchen waste water to stream via drainage pipes to floor-level oil-intercepting sinks, where grease is removed from the water. The grease-free waste water is then channeled through piping to a pool, and processed every six months to meet environmental-protection criteria.
2. Toilet waste water: Toilet waste water from the second floor and above will go straight to the sewage system of Taipei City; toilet waste water from the first floor down to B5 level will be directed to septic tanks, which qualified waste processing companies will clean up every six months.
3. Janitorial waste water: The waste water from washing and cleaning will be directed into the sewage system

through piping to be processed with the city waste system.

● Water conservation

To reduce water consumption, the auto mated flushing systems have been re-programmed to dispense 2 units of water, instead of the original 6 for each flush. Additionally, the UT toilet has been adjusted to use the least water possible for the same purposes.

**Office refuse processing**

● Office refuse reduction

In a typical Chinatrust office, miscellaneous garbage, recyclable waste, and food leftovers are among the most common types of refuse, with recyclable produces being of the greatest volume. Per office directive, our employees will perform a preliminary classification of refuse in the pantry room while the property-managing company for the building will go on a more detailed classification. Ultimately, the garbage will be removed by certified waste-processing companies, while the recyclables will be picked up by professional recyclers. We have put posters on office walls, prompting employees to do the following:

1. Use EDM or public bulletin boards more often to cut back on use of photocopying paper;
2. Make fewer copies and have more people share documents in the office;
3. Use both sides of the paper when writing;
4. When possible, use both sides of the paper when making photocopies;
5. Use ceramic cups instead of paper cups as much as possible; For food take-out, use paper containers instead of polystyrene or plastic ones; use reusable chopsticks instead of disposable ones;
6. Envelopes, cardboard boxes, and paper bags are best reused; and
7. Emptied toner cartridges should be handled by their original suppliers.  
(As a result, in 2009 Chinatrust reduced refuse output to 130,490 kg.)

● Recycled paper

To further protect the environment, Chinatrust utilizes recycled paper as materials for bank note bags in place of the traditional kraft paper. Next to each photocopier, there is a recycling rack for used paper.

Research shows that for every ton of paper recycled and reused, we save thirty thousand liters of water and 19 trees. That's why Chinatrust will use recycled paper to print business cards and corporate envelopes in 2010.

**Energy efficiency**

To live up to our belief in environmental protection and energy conservation, Chinatrust tweaked elevators, lighting, air-conditioning, and other public conveniences in such a way that would result in a reduced cost, enhanced energy efficiency, lower carbon dioxide emissions, and improved ecological benefits.

● Elevator

Elevators are indispensable in large office buildings. To save energy, Chinatrust calculated how frequently the elevators were being used and decided to shut down some of the elevators after hours and on holidays, projected to reduce electricity bills by NT\$23,236 monthly. Chinatrust, also encourages all staff to use

the stairs for trips between two floors, which is good exercise and minimizes energy usage.

● Lighting

Lighting is one of the main sources of energy consumption for Chinatrust, which has since 2007 shortened the time when most signboards are lit at 145 branches across the island from 24 hours a day to 6 hours (6:00 PM – 12:00 AM). The vertical signboards remain lit until 6:00 AM (5:00 AM in the summer) but is turned on half an hour later. The horizontal signboards and light boxes that were originally lit from 5:30 PM to 6:00 AM have all been reset to be turned off at 12:00 AM—saving six hours' worth of energy. Lights along the verandas stay on until 6:00 AM (5:00 AM in the summer) just as vertical signboards do, out of a concern for public safety and surveillance-camera image quality, but they are also turned on half an hour later. Overall, annual lighting bills have been reduced by an estimated NT\$4.507mn. Better energy efficiency and ecological friendliness aside, these adjustments help improve the corporate image and public safety.

When illuminating the public traffic areas of its main building, Chinatrust aims every second light, and has arranged for different time lengths in winter and summer when projecting light on external walls. Furthermore, every renovation requires high-efficiency electrical-ballast lighting. In pantry rooms throughout the building, we have infrared sensors installed to control lights, which is convenient and keeps illumination bills in check.

● Air-conditioning

During the summer, Chinatrust sets the default room temperatures at 26°C, which minimizes the air-conditioning during work days. Furthermore, the main unit for water-cooling has a six month major maintenance schedule to stay power-efficient.

● Public facilities

Regarding public facilities, Chinatrust has adopted many environmentally-friendly measures. For example, Chinatrust regulates wind-venting times in covered



parking lots, installed reduced-flow water faucets and buys high-efficiency or frequency-varying water pumps to minimize water and electricity consumption.

**Employment of green construction materials**

Chinatrust uses such green construction materials as low-methanol, flame-retarding materials, low-polluting mineral-fiber ceiling, Gypsum board, Cape-Goldsun calcium silicate board, and water-based masonry paint, among others, to renovate our branches in a way that is environmentally friendly.

In 2009, when Chinatrust headquarters repainted the external walls, it used state-of-the-art Titanium Dioxide (TOTO) paint. This paint absorbs the harmful pollutants in the air, such as NOx, SOx, and is highly hydrophilic – enabling pollutants to be washed away by rain so that wall-washing bills can be dispensed with.

Contractor data show that 1,000 square meters of Titanium Dioxide paint is equivalent to 70 aspen trees in terms of cleaning ability. In 2009, Chinatrust painted

700 square meters with TOTO on the external walls – equivalent to 49 aspen trees in cleaning capability.

**Environmental management**

Office environment management

The entire office are non-smoking. Smokers must step outside to designated smoking areas, as is required by law. On a different note at regular intervals, offices have pest control performed as a preventative measure.

A clean and green environment

Regarding the surroundings of the office buildings, Chinatrust has the gardens groomed periodically. At the same time, the interior offices have beautiful bonsais.

Chinatrust has never violated any major environmental regulation and has never had fines imposed or non-monetary punishments. Properties Chinatrust owns, rents, or manages pose no ecological threats. Furthermore, none of them are located in habitats or nature reserves that are rich in biodiversity, nor are they so large as to infringe upon nature.

**Green shopping**

**Buys equipment carrying the Energy Label**

In 2009, Chinatrust shopped green by purchasing power-efficient office machines such as photocopiers, desktop computers, notebook computers, etc. One indication of power efficiency is that these machines go into power-saving idle mode after 15 minutes of inactivity. By replacing the outmoded incandescent light bulbs with energy-efficient ones, we have been able to save on electricity and lower our CO2 footprint, thereby purifying the air. We have adopted the Union water dispensers that turn off automatically when not in use.

The headquarters building (including the Novel Hall for Performing Arts, a.k.a. Xinwutai) is equipped with a total of 636 fire extinguishers, all of which are ABC dry-powder extinguishers whose contents are over 70% Ammonium Di-hydrate Phosphate (ADP). The notorious Halon extinguishers were not even considered.

**2008~2009 electricity/water/gas/petroleum usage at headquarters building**

Electricity usage at headquarters (kW-hour)		
2008	2009	+(-)
10,706,400	10,700,800	(-5,600)

Natural gas consumption at headquarters (cubic meters)		
2008	2009	+(-)
41,888	40,492	(-1,396)

The five air-conditioning units installed are 60% reliant on the environmentally friendly R143 refrigerant, which is not detrimental to the ozone layer.

**Named “Benchmark Enterprise for Green Shopping”**

To put environmental protection and energy conservation further into practice, Chinatrust only buys air-conditioning units and office equipment that carry the Energy Star Label. In 2009, Chinatrust signed up for the “Green Shopping Plan for Private Enterprises and Organizations” hosted by the Taipei City Government. For its stellar performance in the course of the program, Chinatrust was named “Benchmark Enterprise for Green Shopping.” In 2010, Chinatrust did it again, receiving from the Environmental Protection Administration an award in recognition of Chinatrust’s commitment to green consumption.

Water consumption at headquarters (1000 liters)		
2008	2009	+(-)
61,498	61,985	487

Petroleum consumption at headquarters (liters)		
2008	2009	+(-)
145,857	154,068	8,211

**2008~2009 amounts of resources recycled (kg)**

Year	Item	Paper (boards, scraps)	PET bottles	Iron cans	Aluminum cans
2008		3,505	101	49	6
2009		51,135	1,165	632	89
	+(-)	47,630	1,064	583	83



# *Social Welfare*





● Headed each year by the Chinatrust Charity Foundation, the Light Up a Life fundraising campaign is sponsored by Chinatrust Commercial Bank. Launched in 1985, the campaign has the longest history of any industry charity campaign and was the first to specifically support disadvantaged children.

### Philanthropy

With the recent rise in income inequality, families requiring social welfare have also been on the increase. Twenty-five years ago, Chinatrust launched our Light Up a Life fundraising campaign, which primarily benefits economically, physically, or mentally disadvantaged children. Chinatrust works together with social welfare organizations on early intervention programs to bring hope to disadvantaged children and ensure that their education and growth no longer lag behind.

#### Light Up a Life

Many years ago, Chinatrust's Chairman Jeffrey L. S. Koo was in New York's Time Square during the holidays. In stark contrast to the opulent Christmas tree on display, he saw several needy families who could not share in the warmth of the season. His dismay at the sight inspired Chairman Koo to set up the Light Up a Life fundraising campaign to help similarly disadvantaged families in Taiwan. Since its start in 1985, the campaign has been held annually for 24 years amassing a total of NT\$710 million in donations, which have assisted over 35 social welfare and charity organizations. Their various programs have helped 134,208 underprivileged children and their families.

● The 24th annual campaign raised over NT\$100 million. Even though it began in the shaky economic climate of late 2008, the public's support for our 24th annual Light Up a Life campaign was as strong as ever. During its three month fund raiser, donations totaled NT\$105,707,041 and the campaign attracted a record high of 42,201 participants, a 30% increase over the previous year. The most recent Light Up a Life campaign was also supported by Taiwan Lottery winners, two of whom donated a total of NT\$37 million. We estimate that these funds help 22,136 needy children.

Of the over NT\$105 million raised, a large portion went to support the Taiwan Fund for Children and Families' poverty relief projects. The remaining NT\$37 million, donated by lottery winners, was divided among the Boyo Social Welfare Foundation, Noordhoff Craniofacial Foundation, Syin-Lu Social Welfare Foundation, Eden Social Welfare Foundation, Chinese Childrenhome & Shelter Association, Paper Windmill Foundation, The First Social Welfare Foundation, and ChangHua Neighbor Care Social-Welfare Association.

● Campaign mascot Sparky's fans turn out in force. The 25th annual Light Up a Life charity fundraising campaign began with a lighting ceremony on December

#### Funds raised during the five most recent Light Up a Life campaigns

Year	Amount raised	Participants	Number of people assisted	Total accumulated people assisted
20th (2004.12-2005.3)	73,244,138	26,134	8,766	48,766
21st (2005.12-2006.3)	73,846,678	30,370	11,896	60,662
22nd (2006.12-2007.3)	100,306,429	28,358	18,910	79,572
23rd (2007.12-2008.3)	127,469,006	32,471	32,500	112,072
24th (2008.12-2009.3)	105,707,041	42,201	22,136	134,208

#### Groups assisted by our 24th annual Light Up a Life campaign (2008.12-2009.3)

Recipient	Amount donated	Programs funded
Taiwan Fund for Children and Families	Over NT\$68.70 million (NT\$68,707,041)	<ul style="list-style-type: none"> <li>Preschool education program</li> <li>Young adult self-sufficiency education</li> <li>Family development account program</li> </ul>
Boyo Social Welfare Foundation	NT\$10 million	<ul style="list-style-type: none"> <li>Tutoring program for disadvantaged children in Puli</li> </ul>
Noordhoff Craniofacial Foundation	NT\$6 million	<ul style="list-style-type: none"> <li>Education subsidies for children with craniofacial conditions</li> <li>Developmental evaluations for children with craniofacial conditions</li> </ul>
Syin-Lu Social Welfare Foundation	NT\$6 million	<ul style="list-style-type: none"> <li>Establishment of the Syin-Lu Taoyuan Development Center</li> </ul>
Eden Social Welfare Foundation	NT\$5 million	<ul style="list-style-type: none"> <li>Child screening programs across Taiwan</li> <li>Establishing an early intervention system on Taiwan's outlying islands</li> </ul>
Chinese Childrenhome & Shelter Association	NT\$4 million	<ul style="list-style-type: none"> <li>Golden Piggybank Savings Fund</li> <li>A variety of self-reliance courses</li> <li>Short-term housing services for independent young people</li> </ul>
Paper Windmill Foundation	NT\$3.5 million	<ul style="list-style-type: none"> <li>Arts education courses for children in 10 remote areas of eastern Taiwan</li> </ul>
The First Social Welfare Foundation	NT\$1.5 million	<ul style="list-style-type: none"> <li>Early intervention and support system for disadvantaged families</li> </ul>
ChangHua Neighbor Care Social-Welfare Association	NT\$1 million	<ul style="list-style-type: none"> <li>Remote area mobile library services</li> </ul>

Source: Chinatrust Charity Foundation

15, 2009. Sparky's Happiness Park, with its white Christmas theme and beautiful silver Christmas tree, was lit for the first time as we kicked off our Light Up a Life campaign with a target of NT\$70 million in donations.

In order to attract even more caring supporters, we have turned to social media sites Plurk and Facebook, where

members of the public can become fans of Sparky, the campaign mascot. Chinatrust pledged to donate NT\$100 for each new fan. After three months of hard work, Chinatrust not only attracted more than 10,000 fans, but also decided to donate an additional NT\$1 million on top of our earlier pledge. Our fans helped raise NT\$2 million towards Light Up a Life.



● Through this entertaining game, Chinatrust hopes to teach young people from Northern Region Children's Home the importance of saving money and managing a budget. (Right:Chinatrust Charity Foundation Chairman Jeffrey Koo Jr.)

### Assistance for economically disadvantaged children

The global economy has yet to fully recover from the recent financial crisis, which continues to affect many families. More and more disadvantaged children are in need of our assistance. The Chinatrust Charity Foundation's Light Up a Life campaign raises funds for important programs that improve the education of needy children and help their families break the cycle of poverty.

#### ● Adolescent self-reliance courses

According to a report by the Chinese Childrenhome & Shelter Association, a large majority of children in shelters must move out after graduation from junior high school. Of these young people, only a few return to their own families. Most must live on their own without government assistance, facing the challenge of becoming self-reliant very early in life. These young workers lack the experience that would give them competitiveness in the marketplace. Without the assistance of welfare organizations, they often join the ranks of the unemployed or low-income households.

Because of this reality, Chinatrust has worked together with the Northern Region Children's Home, Ministry of Interior to set up an Adolescent Self-Reliance Program. Through classes that include introductions to financial planning, a financial institution visit, and job search training, we can give these children the skills they will need to live on their own. In 2009, Chinatrust held a series of classes for young people who were preparing to leave the home. The students practiced looking for a job and role-played a job interview. We also taught the students how to manage their finances, so that they will be better prepared to enter society.

#### 1. Financial planning course

Young people residing in children's homes often lack



● To prepare children to leave the protection of their children's homes, Chinatrust volunteers gladly spend their free time teaching the young people how to fill out resumes, impress an interviewer, dress for work, and manage their personal finances.

practical knowhow for saving money and managing their finances. Therefore, we organized a two-day financial planning course taught by Chinatrust volunteers with professional finance backgrounds. This class was first held in 2008 and we continued it in the following year. Through the end of December 2009, over 50 young people have successfully completed the course.

#### 2. Visiting financial institutions and getting a taste of life in the city

In 2009, Chinatrust invited 19 junior high school students who were about to leave the Northern Region Children's Home and 39 young people from low-income families being assisted by the Taoyuan Cultural Foundation to learn important life skills. The young people visited a Chinatrust Bank branch where employees explained what a bank does and how it applies to everyday life. The children were led through basic financial transactions and also learned how to use an ATM. Then, each child received NT\$1,000 and were asked to go on a actual shopping trip to teach them how to differentiate between wants and needs in order to stay within their budget.

#### 3. Job search courses

Caring Chinatrust volunteers visited the Northern Region Children's Home in Taoyuan to give the residents tips on how to properly search and interview for a job. Volunteers included tellers working at Chinatrust bank branches along with Human Resources Department employees, who have a lot of contact with first-time job seekers. These volunteers wanted to share their life experiences with the young people to prepare them for the working world. Through different role-playing activities, we gave the students a chance to practice their job interviewing skills and also warned them about common mistakes people make when trying to find a job.



● In their life experience class, volunteers take the children to a discount store to teach them how to make smart purchases and stay within their budget.

### Learning to stick to a budget

As A-jun and A-hsing pushed their cart through the supermarket, their minds were racing. What was the best way to spend their NT\$1,000? Their mission was to purchase all they would need for a two day graduation trip. They decided to save NT\$500 of the money, so they needed to be choosy about their purchases to stay within their budget. At the checkout counter, the cashier rung up the total and the boys were over budget by NT\$2. Not willing to spend more than planned, A-jun took out one of the bags of snacks, bringing the total to exactly NT\$500. The volunteers praised their good judgment and the boys experienced the satisfaction of keeping within a budget.

Hsiao-ying, who already graduated from high school, was on a mission to use the NT\$1000 dollars to purchase clothing for a job interview. Going shopping with a friend showed her that there is power in numbers, because together they were able to negotiate a lower price with the shop owner. Hsiao-ying got a great deal, purchasing a shirt, pants, and a vest and still had some money left over. When she had first arrived at the expansive shopping district with its numerous options, she realized that she would need to plan out how to best use her limited resources in order to reach her budget goals. Through this real-life experience working with the volunteers, Hsiao-ying learned a lot about her employment search and managing her finances.

### Opening students eyes to employment opportunities

Wearing a suit and tie, Hsiao-chi walked into the room

to whistles and shouts of "Wow, so handsome!" The audience's next reaction was to laugh. Used to seeing him in t-shirts and jeans, it was quite a shock to see Hsiao-chi dressed so formally. Dressed to look like company executives, the volunteers interviewed Hsiao-chi, who had studied data processing, and listened as he nervously began to discuss his desire to go into accounting. His interview was a success.

Similarly dressed, Hsiao-chih too was a bit nervous. Majoring in food and beverage management, he wanted to apply for a job as a hotel manager. The volunteers suggested that he instead start interviewing for open positions on the hotel floor. Then, once he was more proficient in English, he would be managerial material.

Northern Region Children's Home social worker Wu Hsiu-hsiang said she was moved to see the youngsters taking the activity so seriously. She said, "Residents are not only economically disadvantaged, but also lack important information about the world. The people they come in contact with mainly work in hospitality, auto repair, or cosmetology, so they lack diverse role models." This activity gave them new ideas and different perspectives as they listened to the volunteers talk of their own experiences. Even more importantly, the children now have a new blueprint upon which they can begin planning their lives. No longer restricted to the few choices that life had presented to them the children now have a world of possibilities opened them.



● Top: Chinatrust Commercial Bank Chairman Michael B. DeNoma (first row – left) attended the Northern Region Children's Home 2009 school year kick-off celebration, his first Chinatrust volunteer activity.

● Right: To the children, Chinatrust's caring volunteers are not just tutors, but are important partners in their emotional development.

● Love at the Starting Line tutoring program

The Chinatrust Charity Foundation's main missions are to promote education and fight poverty. Since 2005, we have worked with the Northern Region Children's Homes and Keelung Center of Taiwan Fund for Children and Families to promote our Love at the Starting Line tutoring program, which aims to do both.

Every Saturday morning for the past four years, loving Chinatrust volunteers have appeared at the students' classroom door, rain or shine. Through the hard work of these volunteers, the children have achieved impressive improvements in their schoolwork and behavior.



In order to achieve even better results, in 2009 Chinatrust Charity Foundation began utilizing Boyo Social Welfare Foundation's mathematics curriculum and evaluations. A total of 50 elementary school students at the Northern Region Children's Home were then separated into different classes based on their test results. After a semester of hard work, nearly 40% of the students exceeded 80 points on the final exam. There is no doubt that Chinatrust's tutor volunteers have helped these students achieve academically.



● Chairman DeNoma showed his care for the children throughout the volunteer activity. The children also enjoyed talking and joking with "Uncle Mike."

**Chinatrust Banking Business CEO Michael B. DeNoma helps kicked off the school year**

"Uncle Mike! Sign mine! Sign mine!" the children yelled as they clustered around a blonde man. It made for an interesting scene at the 2009 school year kick-off celebration, held by Chinatrust and the Northern Region Children's Home. It turns out that the man was Chinatrust's own Banking Business CEO Michael B. DeNoma attending his first volunteer event, leading a group of 50 Chinatrust tutoring volunteers to assist 50 residents of the home.

Mr. DeNoma, who just became CEO for Chinatrust's Banking Business in July 2009, spent hours practicing his greeting, which he recited in Chinese. He told the

children, "Hello everyone! I am Michael, but you can call me Uncle Mike. I am very glad to meet you all!"

During the activity, each volunteer was given a piece of grid paper with nine boxes, each box filled in with a different characteristic. Students had to find other children or volunteers who matched each characteristic and have them sign that box. Only after filling in the sheet, could they continue with the bingo portion of the game. One of the characteristics on the sheet was, "I am a foreigner" and the only who fit the bill was Mr. DeNoma. So, all of the students gathered around to get him to sign. Unfazed by their exuberance, Mr. DeNoma good-naturedly signed each of the children's game sheets, putting a smile on all their faces.



● Who ever said you can only learn English in a classroom? Chinatrust's English-language tutoring volunteers used delicious food and games to teach the language in a fun, relaxed atmosphere to children from the Northern Region Children's Home.

● Learning English at the Noble Family Steakhouse

In October 2006, the Chinatrust Charity Foundation began training English-speaking volunteers for our "Love at the Starting Line" tutoring program to help disadvantaged children learn important foreign language skills. Beginning in 2007, we held tutoring sessions in western fast food restaurants as a treat for the youngsters. In 2009, we decided instead to go even further and hold an English lesson at the Noble Family Steakhouse. A total of 30 volunteers took 70 children from area children's homes to enjoy a fun, but educational meal. The students first learned vocabulary and grammar related to utensils and western food, then went to the restaurant to try out their new skills. The Chinatrust Charity Foundation has trained a total of 43 English tutoring volunteers, who prepare the class materials themselves. Students, separated into different classes based on their age and ability, learn English through educational tools, recordings, holiday stories, games, and conversations. Over 1,700 children have participated in more than 100 volunteer-led English classes.

● Celebrating the end of the school year with "Love at the Starting Line"

Over the past four years, volunteers have participated in the Chinatrust's "Love at the Starting Line" tutoring program over 1000 times. Not merely English tutors, volunteers also formed strong bonds with the disadvantaged children in their classes.

In 2009, the Chinatrust Charity Foundation held a party for a total of 70 elementary school children at the Northern Region Children's Home to celebrate the end



● At the "Love at the Starting Line" party celebrating the end of the school year, children made sushi themselves to thank the caring Chinatrust volunteers for all their hard work.

of the school year. Twenty-one of those in attendance were sixth graders about to graduate to junior high school. In order to thank those volunteers who had stood by them for four years, the youngsters made them a treat of sushi, to express their gratitude. The volunteers themselves also made handmade books with words of encouragement for each child, hoping that through education, the children will sprout wings and learn to fly on their own.

● The Seedlings Reaching for the Sun educational support program

In addition to the long-term tutoring of elementary students, Chinatrust Charity Foundation began our Seedlings Reaching for the Sun educational support program in 2009 to assist junior high school-aged children. The subsidies improve the children's chances of continuing on to college or vocational school, thereby assisting them in breaking the cycle of poverty.

● The Night Angel Illumination Program

According to Ministry of Interior statistics, in 2009 a total of 90,846 households in Taiwan were classified as low-income, a 10 year high. Children from low-income households often do not have a suitable after-school environment in which to continue their studies. The Ministry of Education's Night Angel Illumination Program provides dinners and a brightly lit area for children who otherwise might lack a place to do their homework. Chinatrust Charity Foundation donated NT\$32 million to expand the project to elementary students in remote areas, with a total of 1,359 students benefiting.



● Using a variety of games and activities of their own design, volunteers really bring English to life in the classroom. Students no longer shy away from speaking in class, but instead are eager to practice their English.

**Our multi-talented English tutoring volunteers**

In their daily lives, Chinatrust's English-language tutoring volunteers are financial service experts, but after putting on their green volunteer vests they transform into super English teachers!

Every time Chinatrust volunteer Tsung-Chin comes to class, he brings along a suitcase. Not filled with clothing, the suitcase is actually packed with entertaining instructional aids. When the students become noisy or restless, he pulls out an exciting game or toy from his bag that instantly grabs the children's attention. He even prepares fruit such as papaya as a reward for the students. Not only do the children enjoy the treat, they are also getting an important supplement to their diets.

Four female volunteers, all working in different departments within Chinatrust, often email each other to prepare for their joint English class. In the classroom, they arrange the children's seats in the shape of a U. One of the volunteers takes responsibility for teaching the course, while the other three serve as monitors. This group of ladies was recently joined by a new member, an American named Paul who serves in Chinatrust's Institutional Banking Department. At first, the students were all very curious about this new teacher. Students gain invaluable experience practicing with a true native speaker. Using the class materials lovingly created by the volunteers, the children find learning English interesting and full of fun!

When starting their first English class, the children are often shy and hide behind the volunteers, barely

whispering their answers. After a few sessions, most children are completely transformed, vying to see who can shout out the answers first. These visible changes have moved the volunteers, pushing them to work even harder for these children.

**Little Hsiao-an can read!**

Third grader Hsiao-an is hard at work writing his Chinese New Year banner while volunteer Hui-ching watches on with pride. Just a year ago, Hsiao-an was struggling in his studies and lacked confidence. Today, he is a totally different child!

Hsiao-an who suffers from learning difficulties was only performing at a first or second grade level even though he is 10-years old. He had difficulty mastering the Chinese phonetic system, let alone learning to write complex Chinese characters. Taking part in the tutoring program, he was taken under the wings of three caring Chinatrust volunteers and his studies began to take a turn for the better. In order to help Hsiao-an the volunteers often communicated via email, even getting together after work to shop for suitable books. Hsiao-an, initially had difficulty recognizing numbers, but now can both read and write his numbers. This metamorphosis has surprised and gratified the volunteers.

Recently, Hsiao-an has begun telling stories to his three guardian angel volunteers. Flipping through a picture book, he made up an interesting story from the drawings. When he finished, the volunteers gave him a big hug. All their hard work had paid off.



● Paper Windmill Fantasia begins with Don Quixote fearlessly striking out on a quest, bringing the children along into a magical world.



● Chinatrust did not want distance to stand in the way of local children's chance to enjoy the performances, so we sponsored the first performance held on June 26, 2009 in Taitung City along with nine more held throughout September.



● Eslite's Mobile Library followed the drama troupe to each of its performances in Hualien and Taitung, bringing the joy of reading to some of Taiwan's remotest areas.



● As they enjoyed the performance, the children's innocent laughter was as brilliant and beautiful as Taitung's starry night sky.

● Supporting the Paper Windmill Foundation arts education projects  
Chinatrust Charity Foundation's Light Up a Life 2009 marked the first time that we supported the Paper Windmill 319 Rural Children's Arts Project, with our donations funding a total of 10 performances held in Hualien and Taitung Counties.

Transportation is often a problem in these remote counties, which also lack sufficient cultural and artistic resources. Originally, the 319 Project was scheduled to have five performances in the area. Chinatrust did not want distance to stand in the way of local children's

chance to enjoy the performances, so we sponsored the first performance held on June 26, 2009 in Taitung City along with nine more held throughout September. No matter where children lived, they could all enjoy the performances close to home. The children were introduced to a magical world of art during the performance of Paper Windmill Fantasia.

A total of over 10,000 people young and old attended these ten performances under starry skies. Even the mayor of Fengbin township said, "In my 60 years, this is the first time I have seen such a massive stage!"



● Chinatrust donations supported the Paper Windmill Foundation for the first time in 2009, sponsoring 10 performances in eastern Taiwan. Children in remote areas now had the opportunity to enjoy Paper Windmill's exciting performance. Under a sky filled with stars, young and old all cheered for the performers, as the seeds of art appreciation sprouted in the audience's hearts.



● Little Seedlings counseling offices provide residents of children's homes the support and guidance they need to develop and grow up happily like any other child.

The final performance was especially significant because it was held in Taitung County's Taimali Township, an area hard hit by Typhoon Morakot. Because of the typhoon's aftermath, the performance itself had been delayed several times. It was finally held in December. That night, the children laughter was as bright and beautiful as Taitung's night sky...

● Little Seedlings counseling offices

According to Ministry of Interior statistics, cases requiring child and adolescent protection services have been on the rise. From 2004 to 2008, the number of cases rose by 75% to a total of 13,703. On average, 37 cases occurred every day in 2009, underscoring the urgency of investing in the services of child placement organizations. However, of the 52 children's homes throughout Taiwan, fewer than 13% employ a full-time psychological counselor.

The Chinatrust Charity Foundation knows that child placement organizations are the last line of defense for disadvantaged children. Since June 2008, we have invested in the planning and construction of counseling offices at eight children's homes in Taiwan. Through the generous contributions of lottery winners, we expect to donate NT\$36 million over the next five years to assist nearly 20,000 children. Chinatrust hopes that with proper resources, these children's homes can provide the residents with the psychological counseling



● Because child placement organizations are the last line of defense for disadvantaged children, Chinatrust sponsored the construction of Little Seedlings counseling offices at eight children's homes through out Taiwan. We expect that these efforts will help over 20,000 young people.

they need, enabling these Little Seedlings to grow and develop happily like any other child.

The kick-off ceremony for the Little Seedlings counseling offices was held on October 13, 2009 at Chinatrust Bank headquarters. Aside from setting up the physical space for the counseling and providing subsidies for counselor salaries, Chinatrust also plans to complete the Children's Home Psychological Counseling and Guidance Proposal in 2013 to provide policy directions.

**Little Seedlings counseling office resource allocation**

Children's homes assisted	Total amount	Number of children assisted
Taipei Children's Welfare Center	NT\$3,398,165	1,511
Northern Region Children's Home, M.O.I	NT\$6,493,994	3,438
Hsinchu Renai Children's Home	NT\$3,339,656	1,558
Central Region Children's Home, M.O.I	NT\$6,504,791	3,438
Changhua Cisheng Renai Home	NT\$3,437,517	1,558
Kaohsiung "Sweethome" Children's Home	NT\$3,444,840	1,558
Kaohsiung Red Cross Nursery Center	NT\$4,310,799	2,028
Buddhism Chan Guang Orphanage	NT\$4,962,566	2,451

The grand total equaled 35,892,328 with an expected 17,540 children to be helped



● Ever since Chinatrust donated their new, specially-outfitted school bus, Eden's Early Intervention Center in Pingtung has been able to offer services even to residents of the area's remotest regions. The school bus can now pick up and drop off developmentally-delayed children right from their homes, ensuring this important opportunity to receive treatment in a key period of their development.

● Light Up a Life's Preschool En"light"enment Program – Four years of results

Because the period from ages 3 to 6 is critical for childhood learning and development, Chinatrust Charity Foundation began working with the Taiwan Fund for Children and Families in 2005 to promote the Preschool En"light"enment education program. Over the past four years, we have subsidized preschool tuition for over 800 underprivileged children and also offered them a variety of developmental classes. In addition, we provide parental education programs to ensure children are getting the educational support they need at home. Chinatrust hopes that through this program, these needy children can achieve the same level of development as those not facing such difficult circumstances.

According to the Taiwan Needy Children Educational Development Survey published jointly by Chinatrust Charity Foundation and Taiwan Fund for Children and Families in December 2009, children who had taken part in the preschool education program over the past four years improved their language and communication skills by 10.7%. In addition, social and personality

development index scores rose by 21.2%, from 46.3% to 67.5%. The program has enabled participants to develop and achieve equal footing with their classmates as they continue their education.

**Services for physically and mentally disadvantaged children**

International research has shown that for every dollar spent on early support programs, four to seven dollars can be saved on future special education costs. If children with developmental delays can receive appropriate therapy in the key years from birth to six years old, then they have a chance to grow and develop normally!

In our concern for disadvantaged children, the Chinatrust Charity Foundation has worked together with the governmental, academic, and social welfare organizations to promote the Chinatrust Disadvantaged Family Early Intervention and Support Services Program. The program works to expand early intervention resources, promote new research into disability education courses, and provide financial support to

programs working with autistic children and those with delayed development or craniofacial conditions. These special children can receive professional educational and therapeutic care that would otherwise be beyond their reach.

Because of our understanding of the importance of early detection, our recent Light Up a Life fundraising campaigns have donated nearly NT\$80 million to implement early intervention services. Through the end of 2009, we assisted over 80,000 children with developmental delays get early access to treatment, enabling them to grow up healthy.

● Disadvantaged Family Early Intervention and Support Services Program

In 2009, Chinatrust Charity Foundation and the First Social Welfare Foundation worked together to subsidize in-home early intervention treatment for children from disadvantaged families. Intervention professionals met with the children and their families, helping developmentally-delayed children establish daily routines and begin catching up with their peers. The majority of children who received early intervention as part of this program saw impressive advances within the first few months, also serving to ease some of the pressure on their parents as well.

Light Up a Life donations to early intervention programs (from 22nd – 24th annual campaigns)

Year	Recipient organization	Amount donated	Number of people assisted	Programs funded
22nd annual (2006.12-2007.3)	Taiwan Fund for Children and Families	NT\$18.2 million	3,156	Establishing an early intervention service program
	Syin-Lu Social Welfare Foundation	NT\$8 million	5,525	Early intervention program for a variety of disabilities aimed at the economically disadvantaged
	Noordhoff Craniofacial Foundation	NT\$8 million	258	Economic subsidies for needy children with craniofacial conditions
23rd annual (2007.12-2008.3)	Taiwan Fund for Children and Families	NT\$10.87 million	7,600	Early intervention programs for developmentally-delayed children from underprivileged backgrounds
	Syin-Lu Social Welfare Foundation	NT\$5 million	6,450	Early intervention program for a variety of disabilities aimed at the economically disadvantaged
	Noordhoff Craniofacial Foundation	NT\$5 million	900	Preschool subsidies for needy children with craniofacial conditions
	Wind Dragon Education Foundation	NT\$1 million	4,960	Parental education programs for families with developmentally-delayed children
	Eden Social Welfare Foundation	NT\$2 million	31,440	Subsidies for assistive devices needed by economically disadvantaged children with disabilities
	Children's Hearing Foundation	NT\$1.5 million	12,700	Early intervention plan for children with hearing loss
24th annual (2008.12-2009.3)	Noordhoff Craniofacial Foundation	NT\$6 million	600	Preschool subsidies for needy children with craniofacial conditions
	Syin-Lu Social Welfare Foundation	NT\$6 million	5,040	Establishment of a child development center for the developmentally disabled in Taoyuan
	Eden Social Welfare Foundation	NT\$5 million	2,000	Finding "slow flying angels" – National child screening events
	The First Social Welfare Foundation	NT\$1.5 million	640	Early intervention support services for economically disadvantaged families

A total of NT\$78.07 million in donations assisted 81,269 people.



● Chinatrust works to ensure that even children in remote areas have access to early intervention programs. In 2009, for the first time we brought our efforts to Penghu, a county composed of outlying islands. Not only did we hold the "On to Penghu – Protecting Eden's Slow-Flying Angels Carnival" in Makung, we also donated NT\$3 million to establish the Penghu County child development screening program. County magistrate Chien-fa Wang (bottom photo, center) presented us with an award to express his gratitude for our efforts.

● On to Penghu – Protecting Eden's slow-flying angels  
Chinatrust believes in providing early intervention services for all children, especially those living in remote areas. In 2009, we extended our services to Penghu County, made up of several outlying islands, for the first time. Not only did we work with the Eden Social Welfare Foundation to hold the On to Penghu – Protecting Eden's Slow-Flying Angels Carnival in June in Makung City, we also donated NT\$5 million to Eden for early intervention programs. Of this donation, NT\$3 million of the funds were set aside to establish a childhood development screening program in Penghu. The balance

NT\$2 million will be used to hold screenings across Taiwan in the hopes of locating children with delayed development. Only then can they receive the treatment needed to overcome their disabilities.

According to Ministry of Interior statistics, Penghu lacks resources to find and treat developmentally delayed children. In 2009, there were just 70 case workers, representing only 1.1% of the total population of children 0 to 6 years of age. The Chinatrust Charity Foundation decided to copy the successful Taipei County early detection process in Penghu. This included mobile counseling, hiring a full-time speech therapist and purchasing a vehicle for mobile early interventions. We publicized the screenings throughout the county in the hopes that more disadvantaged children will receive proper care as early as possible.



### Heartwarming case studies

#### A-chi, mom finally understands you!

As soon as the teacher said, "If you want to play you need to sit down." two year old A-chi and his one year old brother sat down and waited quietly. Their eyes were focused on the book and toys in the teacher's hand. Their mother watched in amazement. Three months earlier, the two boys were constantly fighting, but now they were actually behaving themselves!

A-chi's mother, always kept her home spic and span. However, she was never able to sweep away the heaviness in her heart. Only 19 years old, she already has four children, three of whom are developmentally delayed. A-chi has moderate mental disabilities and also suffers from epilepsy. Not only was his pronunciation poor, he could only speak a few words, often banging his head in frustration or lashing out at his siblings. Whenever he had an episode, the house would look like it had been hit by a tornado. His mother was at her wit's end, not sure what to do.

After a period of evaluation, the early intervention specialist visited the house once a week. Through different activities and playing with puzzles, a daily routine was established. His mother also gained important tools, to cope even beginning to read to the children after school. In three months, A-chi was speaking in full sentences. "I can finally understand what my son is saying!" his mother exclaimed appreciatively. A-chi saw his mother smile and a wide grin spread across his face!



#### Hsiao-chieh learned to sit down quietly

Hsiao-chieh was in constant motion. If he was disciplined he would throw a tantrum or run away. When asked a question he would answer sullenly with one or two incomprehensible words.

His mother who was also speech impaired found it almost impossible to cope.

His early intervention educators discovered that Hsiao-chieh had trouble staying focused. He was very interested in the toys and books the teacher brought, but after simply grabbing them out of the teacher's hand, he would quickly tire of them and move on to something else. The teacher cleverly used snacks as a reward when Hsiao-chieh behaved. Little by little he was increase his attention span from one minute to two minutes then up to five minutes. Now, Hsiao-chieh can sit in his chair to draw, play with stickers, thread beads, or play house. He can even review flashcards with the teacher for several minutes at a time. He can also clearly recite the parts of the body, foods, and animals. When he wants a snack, instead of throwing a tantrum, he now simply says. "I would like a snack."

When class is over, Hsiao-chieh doesn't want his teacher to go home. He always has to walk the teacher to the door himself to say his goodbyes. His teacher, her voice filled with hope, said, "Hsiao-chieh has a lot of potential. Because of his family background, he has fallen behind his peers, but his future improvement will be something to see!"



● Top: Finance education volunteers brought adolescents from the Northern Region Children's Home to Chinatrust Commercial Bank to practice opening a bank account and other transactions, important skills the young people will need when they leave the shelter and support of their children's home.

● Bottom: Volunteers used their free time to participate in experiential education with the children, discussing their emotions and sharing in the accomplishment of completing the course.

**Volunteer activities**

Since its establishment in November 2004, the Chinatrust Charity Foundation has provided long-term care and support for disadvantaged children. The majority of donations to our annual Light Up a Life fundraising campaign go to fund this worthy cause. At the same time, we have appealed to Chinatrust employees to join the ranks of our caring volunteers. Through our volunteer activities, which take place year round, we have created a corporate culture of volunteerism focused on our "Love for kids." Through the end of 2009, the Chinatrust Charity Foundation arranged 597 volunteer activities, which attracted nearly 1,600 volunteers who gave 99,036 hours of their time to aid over 200,000 disadvantaged children.

- Serving disadvantaged children – Tutoring, English, and finance, oh my!

In general, disadvantaged children tend to have poor academic performance, while they often also have social and emotional difficulties. More than anything, they need a big brother or sister who can spend time with them and help them with their studies. In September 2005, the Chinatrust Charity Foundation began training long-term tutoring volunteers, who continue to offer their tutoring services today.



● Wearing their green vests, Chinatrust volunteers are like a group of guardian angels, quietly protecting children in need.

At the same time, Chinatrust also took advantage of our financial expertise to create a team of money management volunteers. A first for local financial holding companies, our money management professionals assist disadvantaged families throughout Taiwan. They travel to local family support centers to hold money management seminars, travelling not only to remote areas in Taiwan such as Taitung and Hualien, but also to Taiwan's outlying islands. Their goal is to aid disadvantaged families and their children to develop proper spending habits and debt management practices.

In a nation that values English-language abilities as much as Taiwan, Chinatrust also discovered that children from families with economic difficulties often lack self confidence and are extremely reluctant to learn English. In order to increase their interest the language, the Chinatrust Charity Foundation recruited a group of volunteers and trained them as English-language tutors, who began their tutoring duties at the end of March 2007.

Instantly recognizable by their green vests, Chinatrust's volunteers happily give up their weekends and free time to enjoy the sense of accomplishment they get from helping others.



● Institutional Banking Volunteer Day - Seedlings Reaching for the Sun experiential education taught the children to have a positive outlook as they face life's challenges.

- Chinatrust executives lead the way  
For many years, Chinatrust has worked to build our image as the Caring Bank. In order to encourage more employees to participate in volunteer work, we not only offer one vacation day for accumulating six hours of volunteer service, we also hold departmental volunteer days. Volunteerism is very important to Chinatrust and even our executives are leading by example, actively encouraging employees to take part by themselves giving of their time to help the community.

1. Institutional Banking Volunteer Day – Seedlings Reaching for the Sun experiential education  
*Great author and poet Kahlil Gibran once said, "You see but your shadow when you turn your back to the sun." No matter what problems you may encounter in life, if you just have a vibrant, optimistic heart, you can always face the sun.*

In 2009, our Institutional Banking Group launched Chinatrust Charity Foundation's departmental volunteer

day program with a day of experiential education! Under the leadership of Chinatrust's Institutional Banking Group's President James Chen, eight experienced managers led a team of 45 department employees as they performed rope courses and other activities with 17 young residents of Northern Region Children's Home. These challenging activities give children self-esteem and confidence to face life's difficulties.

The Seedlings Reaching for the Sun experiential education activity was born out of another of Chinatrust Charity Foundation's projects. As we worked with young people in our Seedlings Reaching for the Sun Training Project, we realized that junior high was a key period of adolescent personality development. Through this experiential education experience, volunteers interact with the children, teaching them to challenge themselves and conquer their fears, thereby boosting their self-esteem.



### High element rope course challenge

“Hsiao-wu, you can do it!” “We’re rooting for you!” On the ground, a group of green-vested volunteers were cheering. They could see a small figure standing on a concrete pole 12 meters above their heads. It was Hsiao-wu, the youngest of the group!

The high-point of the afternoon occurred when little Hsiao-wu had to climb the 12 meter pole, use the ropes scramble over a rope bridge in the air without a safety net. He could only rely on one safety cable should he fall. On the other end of the cable were three volunteers holding on with all their might. In order to ensure Hsiao-wu’s safety, they had to control the cable, only letting go when Hsiao-wu reached the ground.

When Hsiao-wu was trying to reach the course’s third stage, he became very frightened. With the encouragement of the volunteers, he did not give up, but gritted his teeth and continued to climb, reaching the top of the concrete pole. Hsiao-wu hesitated again

as he faced the next challenge, crossing the rope bridge. knowing he had a safety cable gave him courage to go on. With the crowd watching, Hsiao-wu walked across the rope to the other side, the first of his peers to finish the course.

“I would like to thank those who pushed me to complete the course, because I discovered I was stronger than I thought. I also thank those who tried the course ahead of me, without their example, I wouldn’t have been able to complete it.” Hsiao-wu said modestly. Responsible for holding on to the safety cable, James Chen, president of the Institutional Banking Group, emotionally said, “As Gibran said, ‘You see but your shadow when you turn your back to the sun.’ You should never underestimate your own abilities.” He hoped that whenever the children’s home residents meet challenges in their lives, they can make full use of their potential as Seedlings Reaching for the Sun. Chinatrust volunteers would always be there on the other end of their safety cable supporting them with all their might!





● Top: Chinatrust organized finance classes to teach young children's home residents about banks and help them establish good money management skills.

● Bottom: After filling out the paperwork to open a new account, the children received replica passbooks. This was their first experience using bank services, one more step on the path to becoming self-reliant.

● Right: During the Retail Banking Volunteer Day, children learned about sticking to a budget, while getting special care and attention from volunteers.

## 2. Retail Banking Volunteer Day – Visiting a financial institution and gaining life skills

*Because of their backgrounds, disadvantaged adolescents face a variety of difficult challenges. If during this formative period of their lives, young people can receive assistance from industry resources and caring volunteers, they can gain the courage to take their first steps to break the cycle of poverty.*

According to a study by the Chinese Childrenhome & Shelter Association, 19% of children living in institutions must leave and live independently after graduating from junior high or high school. In order to help these young people more quickly gain their footing in society,



the Chinatrust Charity Foundation arranged a bank visit to give them important life skills. Under the leadership of Retail Banking Group President Oliver Shang, a total of 85 managers and employees worked together with disadvantaged children to assist them in developing proper money management skills.

At the start of the event, the foundation arranged a visit to the Chinatrust Banking Center to teach the children the important role banks play in people's lives. From opening an account to making deposits and withdrawals, the children learned some basic banking knowledge. The children visited a famous garment

district in Taipei to purchase proper attire for a job interview. They experienced first hand how to properly use limited funds and keep to their budgets, important skills that will serve them for the rest of their lives.



- Top: Unbounded creativity, priceless love - volunteers and children tirelessly thought up ways to give everyone a surprise.
- Bottom: All of the children are our volunteers' favorite little bunnies.
- Right: Led by Chinatrust Bank's Consumer Finance Group President Eric Wu, caring Chinatrust volunteers and children from Boyo Social Welfare Foundation enjoyed a unique Mid-Autumn Festival celebration at Miaoli County's Pas-T'ai Leisure Farm.

### 3. Consumer Finance Volunteer Day – A unique Mid-Autumn Festival

*Through enjoying a wide variety of experiences, disadvantaged children can not only expand their horizons, but also increase their competitiveness for the future.*

The Chinatrust Charity Foundation has long focused our efforts on disadvantaged children. Through our tutoring, English-language, and finance education programs, these children can not only increase their academic abilities, but improve their competitiveness when they enter the job market. Our unique Mid-Autumn Festival



activity was led by Chinatrust Bank's Consumer Finance Group President Eric Wu, who, along with 56 colleagues, joined 55 youngsters from Boyo Social Welfare Foundation for a trip to the Pas-T'ai Leisure Farm in Miaoli County to enjoy an early start to the holiday.

During the event, Division President Eric Wu dressed up as the Old Rabbit who lives on the moon, a character from Chinese folklore especially significant on this holiday, which is also known as Moon Festival. The children were all decked out as little rabbits. Really

getting into character, Mr. Wu and the children all joined in the "We are family" dance. There was also a cloth dyeing activity and a barbecue, a fitting way to celebrate the Mid-Autumn Festival.



Both the children and volunteers have many happy memories of the daylong Mid-Autumn Festival celebration. All went home with happy hearts.



● Van Gogh's life was filled with difficulties and pain, but he used his passion to see the beautiful and perfect in this world. In coordination with "The Flaming Soul: Van Gogh's Drawings and Paintings", Chinatruster Charity Foundation invited disadvantaged children to visit the exhibit and learn about the importance of his spirit.

● Community Service Day 2009 – Experiencing the world of Van Gogh

*Understanding the importance of art in our lives, the Chinatruster Charity Foundation invited 100 disadvantaged children to visit the "Millet - The Beauty of Countryside" exhibit in 2008. We continued to expose disadvantaged children to art in 2009 as well, bringing 200 youngsters to another international exhibition to enjoy an artistic event.*

In order to expose disadvantaged children to a variety of experiences, the Chinatruster Charity Foundation holds its annual Voyage of Hope and Dreams - Community Service Day 2009 at the Huashan Culture Park in Taipei. We rounded up 200 volunteers to be our "dream angels," introducing art to 200 child and adolescent residents of several area children's homes. After volunteers performed their mini-play introducing Van

Gogh and played games with the children, they all went together to experience "The Flaming Soul: Van Gogh's Drawings and Paintings", sponsored by Chinatruster.

As each year comes to a close, Chinatruster Charity Foundation encourages potential volunteers to make a commitment to take part in our Community Service Day. By spending time with these young people, volunteers can help light a fire of hope in their hearts.

The Chinatruster Charity Foundation Chairman Thomas Chen spoke words of encouragement to the 200 assembled children, asking them to take advantage of this rare opportunity to enjoy world-class artwork. Combined with the knowledge they gain in school, the experience can expand their world view and improve their artistic literacy.



**The volunteers perform their mini-play, "Van Gogh's Life"**

Many of the children knew little about Van Gogh before their visit. So the Chinatruster volunteers planned a mini-play, "Van Gogh's Life", to give the children an interesting introduction to the man and his extraordinary talents.

On stage, nearly 40 volunteers enthusiastically acted out events in Van Gogh's life, from his work as a coal miner to minister to painter. The children watched intently,

flipping to each of the paintings in their booklets as they were discussed onstage. The children could see how Van Gogh struggled with both the happiness and pain that painting gave him. Although the volunteers were not professional actors, sometimes flubbing their lines or missing their cues, the children did not seem to mind. As a finale, the actors used their bodies to form one of Van Gogh's paintings and the children applauded enthusiastically. Then, children and volunteers walked together through the exhibit.



● Following the Sichuan Earthquake in 2008, the Chinatrust Charity Foundation represented Taiwan Lottery winners to donate funds for the reconstruction of the Guihua School in Sichuan Province's Pengzhou City. A year after the disaster, enticing scents wafted from the newly built cafeteria where students were enjoying a delicious lunch.

### Disaster relief

We at the Chinatrust Charity Foundation suffer when others are suffering, are hungry when others are hungry. In the event of a disaster, we provide emergency financial assistance and humanitarian relief in the hope that those affected can emerge from the darkness and pain as quickly as possible.

● Rebuilding the Sichuan Province's Guihua School  
Following 2008's devastating earthquake in Sichuan, the Chinatrust Charity Foundation mobilized our relief efforts overseas for the first time. Not only did we immediately donate RMB 10 million for emergency relief, we also led a group of 100 volunteers, student sufferers of Taiwan's 921 earthquake, and experienced counselors to Sichuan to provide comfort to young quake victims. In addition, the Chinatrust Charity Foundation represented Taiwan lottery winners who donated RMB 3 million towards the reconstruction of the Guihua School in Sichuan Province's Pengzhou

City, which was completed in 2009. Chinatrust's own donations funded the newly built cafeteria. Finally, area children once again have a place to continue their education and a warm, inviting place to enjoy their meals.

● Ministry of Education's Gold Award for our Typhoon Morakot student housing placement

In August 2009, Typhoon Morakot struck Taiwan, causing serious damage to a large area of southern Taiwan. People's lives were disrupted and many children were unable to attend school. The Chinatrust Charity Foundation immediately donated NT\$ 49 million to assist in the reconstruction of 16 schools in Kaohsiung County, the area most impacted by the typhoon. In addition, we provided temporary housing for over 840 students so they could return to school. Our efforts were honored by the Ministry of Education with their Gold Award, presented to the foundation by Minister of Education, Wu Ching-chi.

### Donations towards Typhoon Morakot relief and reconstruction

Organization	Relief program	Amount (NT\$)
Ministry of the Interior	Ministry of Interior Relief Account	10,000,000
The Red Cross Society of the Republic of China	Emergency relief aid for Typhoon Morakot victims	10,000,000
Department of Education, Kaohsiung County Government	Post-Disaster School Reconstruction Support System Plan – Temporary placement for displaced students	49,000,000
Taiwan Fund for Children and Families	Rebuilding Homes and Lives Transformed by Typhoon Morakot	30,000,000
Child Welfare League Foundation	Post-Typhoon Morakot Housing Reconstruction Plan (for children who lost parents or were otherwise affected by the disaster)	28,246,150
Total		127,246,150

### Taiwan's Public Welfare Lottery

In this era of increased income inequality, Taiwan's Public Welfare Lottery holds an important place in society. People can use their spare change in the hope of winning a fortune. Lottery funds are used to supplement government programs, helping to improve social welfare services, while the physically, mentally, and economically disadvantaged can improve their lives by selling lottery tickets. In addition, by fulfilling its corporate social responsibility, the lottery ticket issuing bank can also upgrade its corporate image. On January 1, 2007, Chinatrust obtained the rights to issue Taiwan Lottery tickets for NT\$2.0868 billion, naming the resulting subsidiary Taiwan Lottery Co. As we live up to our motto "Betting on hope – sharing love", Taiwan Lottery does its utmost to improve people's lives and fill every corner of Taiwan with hope.

Despite the economic downturn caused by 2008's financial crisis, Taiwan Lottery's business has been on the rise. In addition to improving sales channels, Taiwan Lottery has actively worked to build strong relationships with ticket sellers. These efforts have not only saved time and money, but have improved operational efficiency.

● Utilization of lottery profits

For every NT\$100 spent on lottery tickets, NT\$26.75 is given to the government. From January 2007 through December 2009, the Lottery has already transferred an

impressive NT\$56 billion to the Taiwanese government. Of this total, 50% is divided up among the various local government social welfare and charity budgets, 45% goes towards the National Pension, while the remaining 5% supplements the National Health Insurance program.

● Utilization of lottery rebates

1. Social welfare programs

In addition to profits, Chinatrust also sets aside nearly NT\$2.1 billion (NT\$2.0868 billion) each year in lottery rebates. Over the past three years, a total of over NT\$6.3 billion in funds have gone to fill funding gaps for a variety of government welfare programs.

2. Helping ticket sellers and improving Taiwan Lottery's public service image

In order to protect ticket sellers from physical harm and financial loss, Chinatrust began using rebate funds in 2008 to subsidize the installation of video surveillance cameras at computerized ticket sales counters and the cost of accident insurance, vests, hats, and bags for mobile ticket vendors. In 2009, we also implemented a program enabling computerized ticket vendors to exit the business with a safety net. By saving money in an insurance plan, vendors can later utilize these funds should they decide to enter a new field. In September 2009, our adorable angel mascot Lucky was introduced to the public. Lucky figurines were produced using rebate funds and we hope that they will bring our players luck!

Over the past two years, Chinatrust has used nearly NT\$200 million in rebate funds assist our ticket vendors and improve Taiwan Lottery's public service image. The country's 5,500 ticket counters and over 17,000 mobile vendors all benefit from these funds.

● Lottery's billion dollar milestone

Whenever a winner claims a large jackpot, Taiwan Lottery Co actively encourages them to donate a portion of their winnings to a worthy cause. Through the end of 2009, winner donations topped the NT\$1 billion (NT\$1,027,440,831) mark. In the future, Taiwan Lottery will continue to invest donations in public service projects and actively work together with local governments to ensure the donations of lottery winners help those in need.

1. Relief overseas and assistance at home

Over the past three years, winner donations have gone towards a variety of projects throughout Taiwan and even in China's Sichuan Province. After-school tutoring,

school lunches, registration fee subsidies, early screening programs, and renovation of social welfare housing facilities were all funded by lottery winnings. A total of about 70 organizations have benefitted. Over 400,000 students received school and book fee subsidies, while 300,000 servings of hot breakfasts, lunches, and dinners were provided to disadvantaged children. In addition, caring lottery winners donated funds for two large blood donation buses, the purchase of 17 paratransit buses, preschool buses, and rescue vehicles. In addition, counseling offices were set up at eight children's homes in Taiwan. A staggering 630,000 people have benefitted from lottery winners' generous donations in just three short years.

2. Utilization of donations

Lottery winner donations can be classified into several areas, which include: lunch programs, education, medical care, facility improvements, and emergency relief and others.

Area	Percentage	Amount	Details
Lunch programs	10%	NT\$104 million (NT\$104,723,500)	Includes donations to remote area school donation accounts, school lunches for economically disadvantaged children, and food service to the elderly in remote areas.
Education	26%	NT\$268 million (NT\$268,803,465)	Tutoring for disadvantaged students, education grants, psychological counseling, and development camps.
Medical care	12%	NT\$124 million (NT\$124,742,960)	Early screening for physical and mental developmental delays in children, purchase of paratransit bus and vehicle for student transport, medical subsidies for children with physical and mental disabilities.
Facility improvements	28%	NT\$287 million (NT\$287,500,000)	The NT\$200 million donated by a 2008 lottery winner for church construction is included in the total. Projects also included assisting the Yunlin Hsinyi Children's Home relocation and the replacement of an elevator at the Huei Ming School.
Emergency relief and other	24%	NT\$241 million (NT\$241,670,906)	In 2008, donations went towards psychological counseling for child victims of the Sichuan Earthquake. In 2009, funds went towards Typhoon Morakot disaster relief and reconstruction, along with emergency financial assistance for poor families.



A new bus brings new opportunities for children in Pingtung

Located in Donggang, the Pingtung branch of the Eden Social Welfare Foundation originally had just one small, beat-up green transport bus that was used to carry supplies as well as students. Being so overburdened, the bus once nearly burst into flames, causing quite a white knuckle ride for the driver, Puba. The students and teachers hoped and prayed to one day have a school bus of their very own.

After learning about this situation, Taiwan Lottery immediately transferred a lottery winner's donation to the foundation. On Christmas Eve 2009, the bus, purchased and specially outfitted to transport the mentally and physically disabled children at a cost of NT\$1 million, was finally delivered to the door of Eden's Pingtung branch. It was the best Christmas present that the children could wish for.

Eden's Pingtung branch currently accommodates many developmentally-delayed, autistic, and mentally or physically disabled children. Most come from economically disadvantaged families residing in remote areas of Taiwan. With the arrival of the new bus, Puba can now pick the children up from their homes,



● As the Eden Social Welfare Foundation school bus, funded by donations from lottery winners, moves along the main streets and small alleys in Pingtung, driving to area towns and villages to pick up and drop off developmentally delayed children at their homes, bringing new hope into their lives.

enabling more children to receive treatment during this key period in their development. The old bus lacked safety equipment, making social worker Hsiao Fei-wen very nervous, "Riding in the bus, the children were like marbles in a bowl. It really was very dangerous." Now, the new bus' numerous safety features enable the children to go on more field trips, adding excitement to their lives.



● Top & Bottom: Novel Hall is Taipei's first privately-operated, medium-sized performing arts venue. Sponsored by Chinatrust, Novel Hall has hosted a total of 2,668 performances through the end of 2009, attracting over 1.6 million attendees.

● Right: Since it began official operations in May 1997, Novel Hall has hosted music, drama, dance, and traditional opera performances.

### Sponsorship of the arts

#### Construction and operation of Novel Hall

Over 10 years ago, when Chinatrust was constructing our corporate headquarters in Taipei's Xinyi District, we decided to construct a multi-use performance space – Novel Hall. Our goal was to provide what Taipei's contemporary performing arts world lacked most, a medium-sized venue. Since it began official operations in May 1997, Novel Hall has hosted music, drama, dance, and traditional opera performances. Not only is Novel Hall the cultural center of eastern Taipei, but serves as an incubator for small and medium-sized

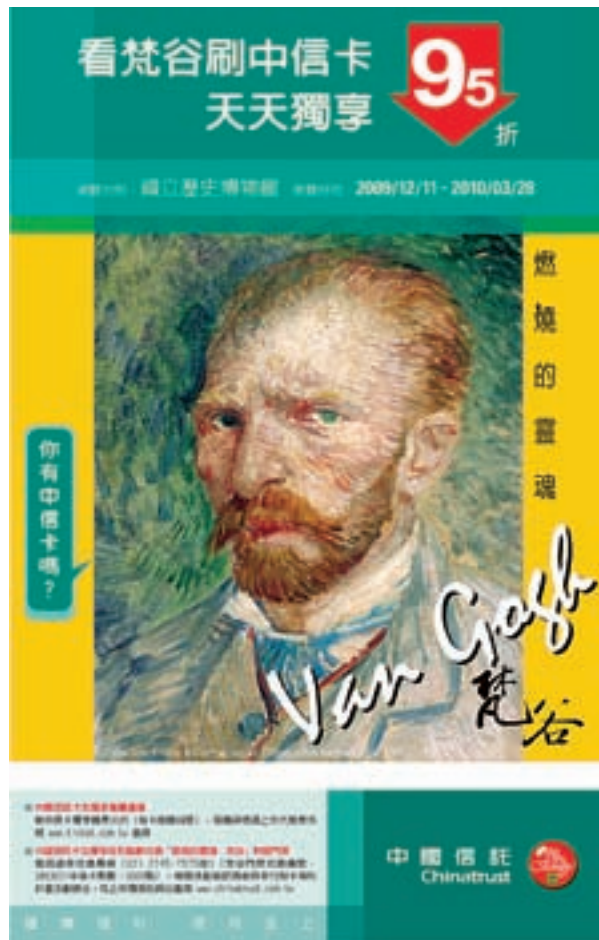


performance troupes, a great example of cooperation between industry and the arts.

Since 1997, we have provided the Chinatrust Culture

& Education Foundation for the Arts with an average financial support of NT\$45 million per year. We cover the costs of utilities, janitorial services, security, and insurance for Novel Hall, in order to provide an

exceptional environment for the performers and expand their audience. Through the end of 2009, Novel Hall has put on a total of 2,668 performances, attracting over 1.6 million attendees.



● Chinatrust was the exclusive sponsor of “The Flaming Soul: Van Gogh’s Drawings and Paintings”, the first solo exhibit of Van Gogh’s works in greater China. In order to reward our clients, Chinatrust offered a 5% discount on tickets purchased with Chinatrust credit cards. We hope that all members of the public have the chance to view these masterful artworks.

● Right: The exhibit gave visitors a window into Van Gogh’s creative determination and allowed them to experience his emotionally turbulent world of art.



● Three “Novel” performance series  
Novel Hall’s renowned self-produced series of programs include the Novel Dance, Novel Tradition, and Novel Children’s series. In addition, the venue also puts on its Novel Hall Performance Festival for the Visually Impaired, a first for Taiwanese theater.

Li Baochun served as the artistic director for the Novel Traditions series. He has spent many years searching out the best talent in a variety of traditional Chinese

opera, leading to a surge of interest in this art form. The Novel Dance series art director is Lin Hwai-min, who has invited the world’s most celebrated and unique dance troupes to perform in Taiwan. The Novel Children’s series performances are tailor-made to entertain and educate young ones.

In recent years, Novel Hall has not only given audiences a variety of outstanding performances, it also wows them with its first-rate services. When entering the hall,

guests are free to use one of the blankets provided and children are offered cushions to place on their seats. These thoughtful extras leave a lasting impression.

**Exclusive sponsorship of “The Flaming Soul: Van Gogh’s Drawings and Paintings”**

In 2009, Chinatrust was the exclusive sponsor of “The Flaming Soul: Van Gogh’s Drawings and Paintings”, the first solo exhibit of Van Gogh’s works in greater China. The exhibit was especially meaningful because 2009

marked the 120th anniversary of his death. Audiences got a rare chance to experience some of Van Gogh’s lesser-known works, a total of 77 drawings along with 21 oil paintings. The exhibit gave visitors a window into Van Gogh’s creative determination and allowed them to experience his emotionally turbulent world.



● The amazing Cirque du Soleil performance inspired the children and taught them to courageously chase their own dreams.

Understanding the importance of arts education, the Chinatrust Charity Foundation invited 100 underprivileged youngsters to attend the “Millet - The Beauty of Countryside” exhibit. With the success of that endeavor, we decided to expand the program in the following year, inviting 200 young people to visit the Van Gogh exhibit.

From its launch on December 11, 2009 until its closing on March 28, 2010, over 410,000 people attended the exhibit, for an average of 3,360 per day, making Van Gogh the most popular exhibit of the year. No matter if the attendee was a VIP or a needy child or a regular member of the public, Chinatrust helped to plant 410,000 seeds of artistic appreciation that will spread and flourish in all corners of Taiwan.

#### Exclusive sponsorship of Cirque du Soleil’s Alegria

People say that you must experience a performance by Cirque du Soleil at least once in your life. Through Chinatrust’s exclusive sponsorship, the famous troupe brought their masterful stunts and opulent costumes to Taiwan in 2009.

In 2009, Taiwan was still gripped by the global financial crisis. Economically disadvantaged children receiving assistance from the Taiwan Fund for Children and Families reached a 58 year high of 43,000 children by the end of 2008. Chinatrust not only sponsored the internationally renowned Cirque du Soleil to perform Alegria in Taiwan, but in coordination with the 24th annual Light Up a Life campaign, we invited disadvantaged children to attend the performance, giving the activity an even higher public service value.



#### Inviting needy children to enjoy Cirque du Soleil

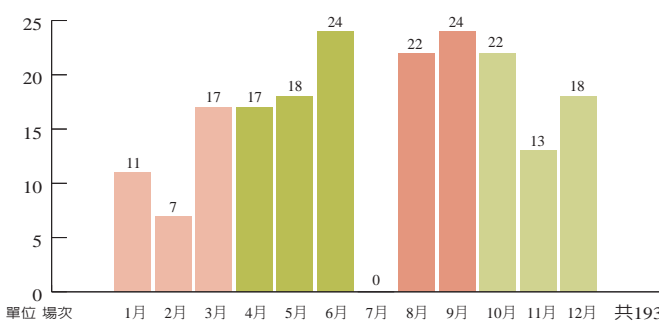
The chill of winter was in the air, but inside the Cirque du Soleil tent it was warm with emotion. On January 13, 2009, Chinatrust invited 60 children’s home residents from across northern Taiwan to attend a performance by Cirque du Soleil. When the huge white tent came into view, the visual impact on the children was palpable. Accompanied by Chinatrust volunteers, the children witnessed an amazing performance that not only expanded their horizons, but encouraged them to chase their own dreams.

Meng-meng, a senior in college studying architecture, began moving from house to house as an elementary student because his family was constantly behind in rent. His dream is to build a house for his family, so they have a permanent, safe place to call home. After watching the performance, Meng-meng said that everyone has a dream and as long as we work towards achieving them, nothing is impossible!

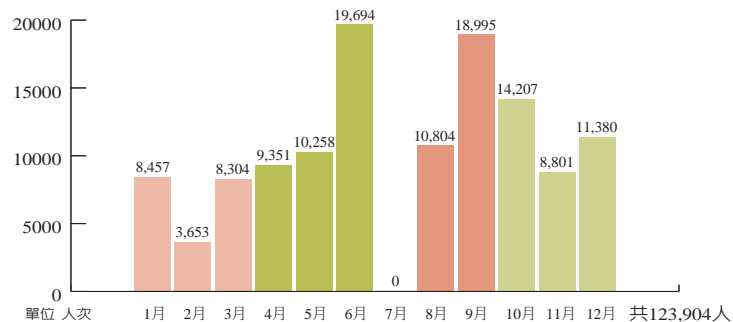


● It is said that everyone should see a Cirque du Soleil performance at least once in their lives. Through our exclusive sponsorship, Chinatrust brought Cirque du Soleil to Taiwan in early 2009. In coordination with the 24th annual Light Up a Life campaign, we also invited disadvantaged children to enjoy the amazing show.

2009 Novel Hall performances by month



2009 Novel Hall performance attendees by month





● On Christmas Eve, managers at Chinatrust Bank's Ho Chi Minh City branch lead a group of over 30 volunteers to the Hoa Mai Orphanage to bring the warmth of the holidays to the children.

**Overseas efforts**

Caring for disadvantaged children and their families does not stop at Taiwan's borders. We also use the power of the Chinatrust organization to send assistance to the areas served by our overseas branches and subsidiaries.

**Ho Chi Minh City branch volunteers – Caring for disadvantaged children in Vietnam**

On Christmas Eve 2009, branch managers at Chinatrust Bank's Ho Chi Minh City branch led a group of over 30 volunteers to the Hoa Mai Orphanage two hours outside of the city. In addition to bringing daily necessities, the volunteers also spent time with 75 poor and orphaned children to give them a happy start to the holidays.

The Hoa Mai Orphanage is located in poverty-stricken Long Thanh District of Dong Nai Province. After local Chinatrust employees heard about the dire situation at the orphanage, they began collecting food, clothing, books, and other necessities and spent their free time visiting the orphanage and interacting with the children. Seeing the children's smiling faces, the volunteers were inspired to continue their efforts. Later, they also visited

the Nam Hung and Mau Don Orphanages in the city's suburbs to further help the disadvantaged residents.

**Chinatrust (Philippines) – Establishing a community charity school**

Beginning in 2004, Chinatrust (Philippines) teamed up with local charity organization Gawad Kalinga (GK) to establish the Chinatrust Sibol School, which would house 100 children from needy families living in the local area. Since then, the school has served as a safe place for poor children to develop and receive an education.

Located in the Muntinlupa area of the Philippine capital of Manila, neighborhood houses are dilapidated and food is scarce. There were over 100 households that could not afford to raise their own children. Beginning in 2004, Chinatrust and GK cooperated on a five-year GK Sison plan to provide shelter, education, and medical services to communities that easily fell through the cracks of other social welfare programs. The program also gained the support of several local NGO's, whose help gave an invaluable boost to the development and education of area children.



● Chinatrust's Philippine subsidiary worked with a local charity organization to establish the Chinatrust Sibol School, providing care for local children from poor families.

In addition, Chinatrust (Philippines) coordinated bank tellers, administrative staff, clients, and volunteers to provide material assistance and labor to clean the local area. We shared in weddings, birthdays, christenings, and the Christmas holidays with local residents, truly embodying our "We are family" spirit.

**Chinatrust Bank (U.S.A.) – The Chinatrust Concert**

Since 1997, Chinatrust Bank (U.S.A.) has held our annual Chinatrust Concert, which has become an important event on the calendar for many in New York's Chinese community. For each of these past 12 years, we have invited Mitzi Foundation scholarship recipients to perform on stage during the concert. We hope that during the cold winter season, an evening of beautiful music can bring some warmth to our customers, employees, and music lovers.

The Mitzi Foundation was established in 1993 by Chinatrust Chairman Jeffrey L. S. Koo's wife Mitzi Koo, a lover of music. For many years, she has made contributions to the world of music and established a scholarship for Julliard students with great potential,



● Top: Each winter, Chinatrust Bank (U.S.A.) holds our annual Chinatrust Concert, which has become an important event for New York's Chinese community.

● Bottom: Chinatrust's assistance efforts have expanded beyond Taiwan's borders. Bank Chinatrust Indonesia sent the warmth of their love to the local Vincentius Putra Orphanage.

but who would otherwise lack the funds to continue with their music education and achieve their dreams.

**Christmas blessings from Bank Chinatrust Indonesia**

Chinatrust's Indonesian subsidiary is very concerned with its responsibilities to society and they arrange an annual charity event to help those in need. During the Christmas season, a time of year filled with thankfulness and concern for others, Bank Chinatrust Indonesia organized a group of 80 employees to visit the Vincentius Putra Orphanage. In addition to relief aid, they also brought along their warmest Christmas wishes.

To the over 400 children living in the orphanage, it was a joyous day because they each received a Christmas present. To Chinatrust employees it was also a joyous day because they witnessed the children experience the true warmth and love of the holiday. The success of the event spurred the volunteers to continue their important work.

**Humanitarian Achievements in 2009**

Due to its concern for disadvantaged children, the Chinatrust Charity Foundation sets aside a yearly budget which it uses to provide financial assistance to social welfare organizations. Most of those helped by the Foundation are children and families with members that are disadvantaged either financially, physically, or mentally. Its projects are generally long-term (1~3 years) educational assistance or intervention projects and tend to be initiated by the Foundation. It also engages

in emergency relief projects for disasters, including earthquakes and typhoons, in the hope of using financial assistance to significantly enhance the lives of disadvantaged children and provide them any needed medical assistance.

In 2009, the Chinatrust Charity Foundation worked on 102 projects, spending NT\$565,406,046. Project details follow below.

**Assistance for financially disadvantaged children**

Organization Sponsored	Project	Monetary amount	Number of people served
Bureau of Social Affairs, Penghu County Government	“Dreams Take Wing—Children & Adolescent Empowerment—Self Help & Mutual Help Project”—Dream-Building Project	2,070,000	3,960
	“Dreams Take Wing—Children & Adolescent Empowerment—Self Help & Mutual Help Project”—Empowerment Project	930,000	360
Chinatrust Charity Foundation	24th Light Up a Life	5,000,000	
Department of Education, Kaohsiung County Government	Ministry of Education Deposit Account—Basic Primary and Secondary School Tuition and Fees	4,000,000	1,731
Ministry of Education	Night Angel Illumination Program	32,000,000	1,000
Ministry of Education	Night Angel Illumination Program	5,120,000	520
Taipei Orphan Welfare Foundation	Orphan Student Aid Program	1,000,000	300
Aboriginal Culture and Education Association, Pingtung County	2009 Bringing Love to Remote Aborigine Tribes in Pingdong County—Hope through Education	1,000,000	526
Boyo Social Welfare Foundation	No Child Poor Forever—Tutoring Program for Children from Disadvantaged Families	2,000,000	225
Wen Hua Junior High School, Yilan	Japanese National Recorder Competition	1,000,000	41
Northern Region Children’s Home, M.O.I.	Little Seedlings Training Program—Tuition for Afterschool Classes	900,000	16
Department of Education, Yunlin County Government	Ministry of Education Deposit Account—Basic Primary and Secondary School Tuition and Fees	3,000,000	3,186
Department of Social Affairs, Yunlin County Government	Women and Children’s Assistance Program	300,000	150

Organization Sponsored	Project	Monetary amount	Number of people served
Department of Social Affairs, Yunlin County Government	Yunlin County Social Assistance Account	1,500,000	150
Department of Social Affairs, Yunlin County Government	Foster Homes for Children and Adolescents	1,500,000	63
Department of Social Affairs, Yunlin County Government	Social Assistance Transport Vehicle	800,000	672
Xinyi Orphanage	Xinyi Orphanage Moving and Construction Program	1,000,000	10,950
Shepherd Life Association	2009 Hsinchu Family Life and Psychological Counseling Services Project	197,000	4
Department of Social Affairs, Taidong County Government	2009 Urgent Prevention Work for Domestic Violence, Sexual Assault—Touring, Education, and Implementation Project	250,000	4,500
Department of Social Affairs, Taidong County Government	2009 Setting up Children and Adolescent Protection Case Management System and Multicultural Treatment Model Training for Social Workers	550,000	170
Department of Social Affairs, Taidong County Government	Purchase of Women’s Rescue Service Vehicle and Motorcycle Used for Visiting Children and Adolescents	2,160,000	10,080
Taiwan Fund for Children and Families	Children and Adolescent Protection Family Services Project, Taidong County	2,000,000	100
Good Shepherd Sisters Social Welfare Services	Disadvantaged Children, Parents, and Teachers, Gender Education Groups—Young Magic Project, Taidong County	1,000,000	4,000
Taidong County Foreign Spouse Association	2009 New Immigrant Parenting Growth Camp and Concert, Taidong County	200,000	400
Eden Social Welfare Foundation	Foreign Spouse Service Point Set up Program, Taidong County	300,000	1,200
Department of Social Affairs, Hualien County Government	Happy Breakfast and Dinner—Afterschool Care and Support Program for Disadvantaged Children and Adolescents	1,200,000	10,032
Department of Social Affairs, Hualien County Government	Being with You—Long-term Companionship Program for Disadvantaged Youths	2,900,000	416
Taiwan Fund for Children and Families Hualien County Garden of Hope	2009 Hualien Youth Independent Living Adaptation Assistance Program	600,000	240
Taiwan Fund for Children and Families	Poverty Relief Program—For Children	17,621,041	6,624
	Poverty Relief Program—For Adolescents	24,518,000	3,312
	Poverty Relief Program—Account for New Families	21,068,000	8,832

Organization Sponsored	Project	Monetary amount	Number of people served
Boyo Social Welfare Foundation	Tutoring Program for Children from Disadvantaged Families, Puli	10,000,000	963
Noordhoff Craniofacial Foundation	Financial Assistance for Craniofacial Surgery for Children from Disadvantaged Families	6,000,000	600
Paper Windmill Arts and Educational Foundation	Art Education for Children in Ten Townships in Remote Areas of Hualian and Taidong	3,500,000	16,500
Chinese Childrenhome & Shelter Association	Chinatrust CCSA Independent Living First Payment Deposit Account	4,000,000	500
ChangHua Neighbor Care Social-Welfare Association	Remote Area Library-on-Wheels Outreach Services	1,000,000	6,600
Department of Education, Miaoli County Government	Educational Savings Assistance for Students in Special Remote Areas and Remote Areas Lacking Resources in Miaoli County	6,000,000	6,181
Taichung County Government	Disadvantaged Family Life Assistance Project	3,500,000	171
	The Hope Package Project	3,500,000	1,000
Good Family Care Association, ROC	Children and Adolescent Placement—Character Building, Independent Living, and Family Rebuilding	1,000,000	31
Department of Education, Yilan County Government	Primary and Secondary School Education Deposit Account	5,000,000	31,362
Ministry of Education, Taoyuan County		8,595,000	244(schools)
Ministry of Education, Tainan County		6,620,000	150(schools)
Ministry of Education, Chiayi County	Education Deposit Account	4,760,000	205(schools)
Ministry of Education, Pingdong County		6,085,000	30(schools)
Ministry of Education, Hualian County		940,000	192(schools)
Department of Social Affairs, Chiayi County Government	Chiayi County Life Assistance Project for Families on the Brink of Poverty	5,000,000	360
Tainan County Government	Tainan County Green Apple Assistance Project	6,000,000	1,320
Public Health Bureau, Yunlin County Government	Yunlin County Oral Cancer Prevention Project	4,000,000	34,000
Yunlin County Taixi Township Office (Social Affairs Section)	Yunlin County Taixi Township Office Taiwan Lottery Winner Emergency Relief Account	4,000,000	130(pieces)
Lunfeng Elementary School, Taixi Township, Yunlin County	Education Deposit Account	4,000,000	1(school)
Mennonite Social Welfare Foundation	Happiness is a Full Tummy	500,000	6,750
Department of Social Affairs, Yunlin County Government	High Risk Family Integrated Services	2,700,000	7,230

Organization Sponsored	Project	Monetary amount	Number of people served
Department of Education, Yunlin County Government	Low Income Family and Disadvantaged Student School Bag and School Supply Project	2,300,000	4,658
Department of Social Affairs, Yunlin County Government	High Risk Family Integrated Services—Easy Term Computers	1,116,000	*
Taipei Child Welfare Center Chiayi City Lixiu Orphanage			
Northern Region Children's Home, M.O.I. Tzu Te Children's Home, Kaohsiung County Hsinchu Private Ren'ai Children's Home	Raising Funds for Construction of a Psychological Counseling Room for Orphanage and Launching of Counseling Services—Research Funds for Five-Year Plan	2,673,573	*
Kaohsiung Red Cross Nursery Center Central Region Children's Home, M.O.I. Buddhism Chan Guang Orphanage Changhua County Private Tzu-sheng Ren'ai Orphanage			
Catholic Kuang Jen Social Welfare Foundation	Early Intervention for Children New Building Fund for Wanhua Affiliated Yujen Empowering Center	500,000 4,500,000	2,300
Tainan County	Tainan County Education Deposit Account	50,000,000	103,378
Tainan City	Chenkang Project	2,700,000	2,587
	Tainan Children Empowerment Project	2,300,000	
Appledaily Charity Foundation	Taiwan Lottery Winner Account	10,000,000	840
Chinatrust Charity Foundation	Start with Love—Tutoring Program for Children from Disadvantaged Families (First Semester of 2009)	520,000	70
M.O.I. Relief Account	Chinatrust Charity Foundation Post-Disaster Emergency Relief Measures for Disadvantaged Families after Typhoon Morakat	10,000,000	*
Red Cross Society of the Republic of China		10,000,000	*
Taiwan Fund for Children and Families	Typhoon Morakot Disaster Children's Home Stay Family and Rebuilding Program	30,000,000	2,000
Child Welfare League Foundation	Rebuilding Program for Bereaving Families and Other Families Affected by Typhoon Morakot	28,246,150	180
Department of Education, Kaohsiung County	Kaohsiung County School Support System for Post-Disaster Rebuilding Project—Home and School Placement for Disaster Area Students	19,000,000	840
Buddhist Compassion Relief Tzu Chi Foundation	The Tzu Chi Typhoon Morakot Post-Disaster Rebuilding Project	4,000,000	800

Organization Sponsored	Project	Monetary amount	Number of people served
Red Cross Society of the Republic of China	Typhoon Morakot Post-Disaster Rebuilding Program	5,200,000	133
Northern Region Children's Home, M.O.I.	Children's Home Transport Vehicle Improvement Project	1,400,000	889
Northern Region Children's Home, M.O.I.	Little Seedlings Program	255,000	12
Chinese Childrenhome & Shelter Association	Student Aid for Preschool Children in Children's Home	554,368	24
Taiwan Fund for Children and Families			
Northern Region Children's Home, M.O.I.	"Van Gogh—A Burning Soul" Painting Exhibition and Charity	1,500,000	450
Taoyuan County Cultural Foundation			
Total		421,149,132	306,489

**Assistance to mentally and physically disadvantaged children**

Organization Sponsored	Project	Monetary amount	Number of people served
Department of Social Affairs, Kaohsiung County Government	Fukang Bus and Other Transport Vehicles	5,000,000	15,547
Taiwan Kanner Autism Foundation	2009 Kanner Multiservice Project	400,000	12
Children Charity Association	2009 Financial Assistance for Expressive Art Medical Treatment	1,000,000	2,400
	Hearing Impaired Children's Kindermusik Classes	1,000,000	3,680
Department of Social Affairs, Yunlin County Government	Huasheng Center for the Mentally Challenged Building Construction Project	700,000	2,160
Department of Social Affairs, Yunlin County Government	Early Intervention Day School Financial Assistance Project	1,200,000	2,920
Chinese Childrenhome & Shelter Association	Student Aid for Preschool Children in Children's Home Project	886,914	34
Sunshine Social Welfare Foundation	2009 Facial Disfigurement and Burn Survivor Living Allowance Program	1,000,000	120
Early Intervention Program for Children with Developmental Delays Association, ROC	Taidong County Early Intervention Cases and Children Development Community Center Construction Project	3,540,000	1,900

Organization Sponsored	Project	Monetary amount	Number of people served
Cardiac Children's Foundation of the ROC	Relief Subsidies for Children with Heart Conditions not Covered by NHI	1,000,000	35
Chinese Association of Early Intervention Program for Children	Hualian Ruisui Child Development Community Care and Hualian Intervention Project	1,300,000	2,927
Syin-Lu Social Welfare Foundation	Taoyuan Area Early Start Early Intervention for Hearing Impaired Children	6,000,000	5,040
Eden Social Welfare Foundation	Discovering Slow Angels—Screening Series for Children Island-wide	5,000,000	2,000
First Social Welfare Foundation	Early Intervention Support Services for Disadvantaged Families	1,500,000	640
Mingxin Child Development Center	Early Intervention Community Circuit Service Project	500,000	3,600
Yu-Cheng Social Welfare Foundation	Early Intervention and Care for Mentally and Physically Disabled Adults	5,000,000	4,000
Children Are Us Foundation	Children Are Us Foundation Care Project—Enjoy Farm	2,561,600	37,823
	Bringing Love to the Tribe	2,498,400	
Maria Social Welfare Foundation	Early Intervention	3,000,000	2,160
	Early Intervention Center—Construction of Home for 0~2 Year Olds	2,000,000	
First Social Welfare Foundation	Funds for Multiservice for Mentally and/or Physically Disabled Individuals	5,000,000	3,065
Sunshine Social Welfare Foundation	2009 Little Sunshine Service Project	5,000,000	2,267
Cathwel Service	Funds for Placement of Disadvantaged Family Children and Adolescents in Danger	5,000,000	24,090
Mennonite Social Welfare Foundation	Unhindered Love—Support Project for the Mentally and Physically Disabled	5,000,000	3,100
Genesis Social Welfare Foundation	Care Giving for Vegetative Individuals from Poor Circumstances	80,000,000	173,925
Taitung Christian Hospital	Wentong Rehabilitation Bus	170,000	2,880
Total		144,256,914	296,325

## INDEPENDENT ASSURANCE OPINION STATEMENT

### 2009 CFHC Corporate Social Responsibility Report

The British Standards Institution is independent to Chinatrust Financial Holding Company (hereafter referred to as CFHC in this statement) and has no financial interest in the operation of CFHC other than for the assessment and verification of the sustainability statements contained in this report.

This Independent assurance opinion statement has been prepared for the stakeholders of CFHC only for the purposes of verifying its statements relating to its sustainability, more particularly described in the Scope, below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this Independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the Independent assurance opinion statement may be read.

This Independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by CFHC. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this Independent assurance opinion statement or matters relating to it should be addressed to CFHC only.

#### Scope

The scope of engagement agreed upon with CFHC includes the followings:

1. The assurance covers the whole report and focus on systems and activities during the 2009 calendar year on the CFHC headquarter including their seven subsidiaries and relevant operations.
2. The Evaluation of the nature and extent of the CFHC's adherence to all three AA1000 AccountAbility Principles in this report as conducted in accordance with type 1 of AA1000AS (2008) assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

#### Opinion Statement

We conclude that the 2009 CFHC CSR Sustainability Report Review provides a fair view of the CFHC programmes and performances during 2009. We believe that the 2009 economic, social and environment performance indicators are fairly represented.

Our work was carried out by a team of (CSR) report assurers in accordance with the AA1000 Assurance Standard (2008). We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that CFHC's description of their approach to AA1000 Assurance Standard and their self-declaration of compliance with the GRI guidelines were fairly stated.

#### Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- review of issues raised by external parties that could be relevant to CFHC's policies to provide a check on the appropriateness of statements made in the report
- discussion with managers and staff on CFHC's approach to stakeholder engagement. However, we had no direct contact with external stakeholders
- interview with staffs involved in sustainability management, report preparation and provision of report information were carried out
- review of key organizational developments
- review of the extent and maturity of the relevant accounting systems for financial and non-financial reports
- review of the findings of internal audits
- review of supporting evidence for claims made in the reports
- an assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, materiality and responsiveness as described in the AA1000 AccountAbility Principles Standard (2008)

#### Conclusions

A detailed review against the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness and the GRI G3 guidelines is set out below:

#### Inclusivity

In this report, it reflects that CFHC has made a commitment to its stakeholders, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the CFHC's inclusivity issues, however, the future report should be further enhanced by the following areas:

- An explicit CSR vision from top management or Board to lead the future CSR performance and available in the report.
- Aligning sustainability vision and strategy to the overall business plan
- An approach for stakeholders to be involved in the process for inviting their concerns and expectations as well as improving the related CSR performances

#### Materiality

The CFHC publishes CSR information that enables its stakeholders to make informed judgments about the company's management and performance. In our professional opinion the report covers the CFHC's material issues, however, the future report should be further enhanced by the following areas:

- Establishing a formalized methodology to identify and prioritize CFHC's material issues
- Aligning priority to decision of materiality issues with business strategy

#### Responsiveness

CFHC has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for the CFHC Corporation is developed and provides the opportunity to further enhance the CFHC's responsiveness to stakeholder concerns. In our professional opinion the report covers the CFHC's responsiveness issues, however, the future report should be further enhanced by the following areas:

- Completely assuring responsiveness by identifying stakeholders and enhancing direct stakeholders' engagement
- Encouraging to work towards a Type 2 of AA1000AS (2008) engagement with a view to providing the reliability of sustainability performance information that stakeholder concerns

#### GRI-reporting

CFHC provided us with their self declaration of compliance within GRI G3 Guidelines and the classification to align with application level B+. Based on our review, we confirm that social responsibility and sustainable development indicators with reference to the GRI Index are reported, partially reported or omitted. In our professional opinion the self declaration covers the CFHC's social and sustainability issues, however, the future report will be improved by the following areas:

- Identifying all relevant indicators and reporting them to work towards assurance application level A+
- Encouraging to persuade the disclosure for Financial Services Sector Supplement in the GRI framework

#### Assurance level

The moderate level assurance provided is in accordance with AA1000 Assurance Standard (2008) in our review, as defined by the scope and methodology described in this statement.

#### Responsibility

This CSR report is the responsibility of the CFHC's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

#### Competency and Independence

The assurance team was composed of Lead auditors and Carbon Footprint Verifiers experienced in Engineering sector, and trained in a range of sustainability, environmental and social standards including AA1000 AS, ISO14001, OHSAS18001, ISO14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



Dr. Yi-Min Gao  
Managing Director BSI Taiwan  
3rd, Dec, 2010



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GRI G3 Content Index

GRI Index	page
1	Profile
1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.
1.2	Description of key impacts, risks, and opportunities.
2	Organizational Profile
2.1	Name of the organization.
2.2	Primary brands, products, and/or services.
2.3	Operational structure of the organization
2.4	Location of organization's headquarters.
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.
2.6	Nature of ownership and legal form.
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).
2.8	Scale of the reporting organization
2.9	Significant changes during the reporting period regarding size, structure, or ownership.
2.10	Awards received in the reporting period.
3	Report Parameters
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.
3.2	Date of most recent previous report (if any).
3.3	Reporting cycle (annual, biennial, etc.)
3.4	Contact point for questions regarding the report or its contents.
3.5	Process for defining report content, including: * Determining materiality; * Prioritizing topics within the report; and * Identifying stakeholders the organization expects to use the report. Include an explanation of how the organization has applied the 'Guidance on Defining Report Content' and the associated Principles.
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope). If boundary and scope do not address the full range of material economic, environmental, and social impacts of the organization, state the strategy and projected timeline for providing complete coverage.
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.

3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.
3.12	Table identifying the location of the Standard Disclosures in the report. Identify the page numbers or web links where the following can be found: Strategy and Analysis 1.1 - 1.2; Organizational Profile 2.1 - 2.10; Report Parameters 3.1 - 3.13; Governance, Commitments, and Engagement 4.1 - 4.17; Disclosure of Management Approach, per category; Core Performance Indicators.
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).
4	Governance, Commitments, and Engagement
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight. Describe the mandate and composition (including number of independent members and/or non-executive members) of such committees and indicate any direct responsibility for economic, social, and environmental performance.
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members. State how the organization defines 'independent' and 'non-executive'. This element applies only for organizations that have unitary board structures. See the glossary for a definition of 'independent'.

4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. Include reference to processes regarding: * The use of shareholder resolutions or other mechanisms for enabling minority shareholders to express opinions to the highest governance body; and * Informing and consulting employees about the working relationships with formal representation bodies such as organization level 'work councils', and representation of employees in the highest governance body. Identify topics related to economic, environmental, and social performance raised through these mechanisms during the reporting period.
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation. Explain the degree to which these: * Are applied across the organization in different regions and department/units; and * Relate to internationally agreed standards.
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles. Include frequency with which the highest governance body assesses sustainability performance.
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization. Article 15 of the Rio Principles introduced the precautionary approach. A response to 4.11 could address the organization's approach to risk management in operational planning or the development and introduction of new products.
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses. Include date of adoption, countries/operations where applied, and the range of stakeholders involved in the development and governance of these initiatives (e.g., multi-stakeholder, etc.). Differentiate between non-binding, voluntary initiatives and those with which the organization has an obligation to comply.

4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic. This refers primarily to memberships maintained at the organizational level.
4.14	List of stakeholder groups engaged by the organization. Examples of stakeholder groups are: * Communities; * Civil society; * Customers; * Shareholders and providers of capital; * Suppliers; and * Employees, other workers, and their trade unions.
4.15	Basis for identification and selection of stakeholders with whom to engage. This includes the organization's process for defining its stakeholder groups, and for determining the groups with which to engage and not to engage.
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group. This could include surveys, focus groups, community panels, corporate advisory panels, written communication, management/union structures, and other vehicles. The organization should indicate whether any of the engagement was undertaken specifically as part of the report preparation process.
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.
<b>Economic</b>	
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.
EC3	Coverage of the organization's defined benefit plan obligations.
EC4	Significant financial assistance received from government.
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.

Environmental		
EN1	Materials used by weight or volume.	NA
EN2	Percentage of materials used that are recycled input materials.	NA
EN3	Direct energy consumption by primary energy source.	58
EN4	Indirect energy consumption by primary source.	58
EN5	Energy saved due to conservation and efficiency improvements.	58
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	NA
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	56
EN8	Total water withdrawal by source.	58
EN9	Water sources significantly affected by withdrawal of water.	none
EN10	Percentage and total volume of water recycled and reused.	☉
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	none
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	none
EN13	Habitats protected or restored.	none
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	none
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	57
EN16	Total direct and indirect greenhouse gas emissions by weight.	☉
EN17	Other relevant indirect greenhouse gas emissions by weight.	☉
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	☉
EN19	Emissions of ozone-depleting substances by weight.	NA
EN20	NOx, SOx, and other significant air emissions by type and weight.	NA
EN21	Total water discharge by quality and destination.	NA
EN22	Total weight of waste by type and disposal method.	55

EN23	Total number and volume of significant spills.	none
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	none
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	none
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	☉
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	none
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	57
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	none
EN30	Total environmental protection expenditures and investments by type.	☉
Social : Labor Practices and Decent Work		
LA1	Total workforce by employment type, employment contract, and region.	☉
LA2	Total number and rate of employee turnover by age group, gender, and region.	39
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	47
LA4	Percentage of employees covered by collective bargaining agreements.	40
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	41
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	☉
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	☉
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	☉
LA9	Health and safety topics covered in formal agreements with trade unions.	☉

LA10	Average hours of training per year per employee by employee category.	43
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	43   44
LA12	Percentage of employees receiving regular performance and career development reviews.	47
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	39
LA14	Ratio of basic salary of men to women by employee category.	47
Social : Human Rights		
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	☉
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	☉
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	☉
HR4	Total number of incidents of discrimination and actions taken.	38
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	☉
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	38
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	38
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	☉
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	38
Social : Society		
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	☉

SO2	Percentage and total number of business units analyzed for risks related to corruption.	☉
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	27
SO4	Actions taken in response to incidents of corruption.	27
SO5	Public policy positions and participation in public policy development and lobbying.	☉
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	none
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	none
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	☉
Social : Product Responsibility		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	☉
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	☉
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	30
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	☉
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	30
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	☉
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	☉
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	☉
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	☉

## Chinatrust Corporate Social Responsibility Report

Publish Institution: Chinatrust Financial Holding Company

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Editor: Chinatrust Editor Committee

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Digital Graphic Design: A-team Digital Graphication Ltd.

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