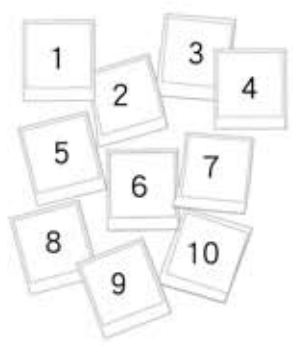




We
are
Family

Chinatrust Financial Holding Co., Ltd.
Corporate Social Responsibility Report 2011



Chinatrust Financial Holding Co., Ltd.
Corporate Social Responsibility Report 2011



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Report Overview

Fulfilling our Corporate Social Responsibility (CSR) remains an important commitment of Chinatrust Financial Holding Co., Ltd. Chinatrust has published CSR reports each year since its first publication five years ago in 2007. The primary reason for doing so has been to make publically available and transparent company information, so that stakeholders and society as a whole can better understand Chinatrust's CSR beliefs and activities.

Report scope and limits

This report gives an account of Chinatrust's performance figures and achievements in regards to the economy, society, and environment in 2011 (2011.1.1~2011.12.31). The report encompasses Chinatrust Financial Holding and its subsidiaries. In the area of social welfare, we specifically included the performance of some overseas bank branches, and environmental protection figures detailing what has been done to conserve water and power. Geographical areas covered not only includes the headquarters located in the Songshou Building in the Xinyi District but we have also added information on the Yongji Building which houses the Taiwan Region Group, Retail Banking and the Information Technology Infrastructure Service Division. Calculations of relevant statistics are based on an international general index. We have plans to expand our scope to all the operations in Taiwan in the coming reports. All financial numbers are calculated in New Taiwan Dollars and have been verified by certified public accountants.

Report compilation principles

This report was written in accordance with the guidelines and structure set forth in the 2010 Global Reporting Initiative (GRI G3.1) and includes GRI comparison tables. The contents of the report include Employee Relations, Caring for our Clients, Environmental Protection, and Social Welfare. Reports will continue to be issued regularly every year and relevant content will be uploaded to the Chinatrust Financial Holding's website/CSR related information will be available to be downloaded .

Report certification

The British Standard Institution (BSI) verified the importance, inclusiveness, and responsiveness of this report based on AA1000 guaranteed standards and GRI G3.1. Please refer to the appendix for the BSI inspection report statement.

Inquiries, opinions, or suggestions regarding the information in this report can be directed to Chinatrust Financial Holding's Administrative Office at:

Address: No. 3, Songshou Road, Taipei City
 Telephone: +886-2-2722-2002
 Fax: +886-2-2723-9343
 Website: www.chinatrustgroup.com.tw



A Message from the Chairman

Long before the term "Corporate Social Responsibility" (CSR) became part of the popular lexicon and a concept promoted around the world, Chinatrust was actively pulling together all available resources to help the disadvantaged and give back to Taiwan society. Today, the question is not whether or not we should pursue CSR; rather, the question is whether we are truly fulfilling our social responsibilities as a corporate citizen. We eventually realized that simply fulfilling our responsibilities should not be our ultimate goal; rather, we ought to continue pushing up present standards and pursue higher goals that others consider unattainable.

A business truly concerned with the happiness of its employees will not turn a blind eye to the needs of society's poor and disadvantaged. An enterprise that does, even if it meets the definition of success in terms of profits made, will not enjoy success for very long. It is for this reason that we at Chinatrust have never forgotten our responsibility toward Taiwan, its economy, its society, and its environment. In addition to striving for superior performance and innovation in business operations, we continue to pursue progress and growth in the various facets that make up CSR. We will do everything within our power to contribute and play a part, happy to take up greater responsibilities and challenges.

In 2011, Chinatrust introduced its "Poverty Alleviation Program" –our version of the "Bank to the Poor", to alleviate poor and disadvantaged families of their poverty conditions

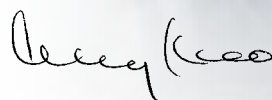
and help them become self-dependent. In 2012, Chinatrust worked with National Taiwan University to set up Taiwan's first academic think tank to study issues related to children and young people with aim to provide government agencies with a wider range of policy strategies and recommendations. Programs like these serve as excellent testimony to our concern for the disadvantaged and to our determination to implement CSR. Chinatrust wants to eradicate poverty in Taiwan. This dream of ours will obviously not easily attainable, but that just makes it a worthy challenge to assume. From this, you can well recognize Chinatrust's determination and resolution in all that we do.

As one of the leading names in Taiwan's financial industry, Chinatrust hopes to employ its know-how, not only to assist the wealthier manage their money, but to also assist the disadvantaged manage their debts, to provide wealth management services to clients at the top of the pyramid, while helping families at the bottom set up businesses to free themselves from poverty.

In addition, due to the increasing severity of climate change, when banks assess and monitor project financing, they should take it upon themselves to determine whether businesses are carrying out their responsibilities to the environment and society. In the future, we will focus more on this area as we work to play a better financial advisory role.

It has always been Chinatrust and its employee's long term belief that in today's world, a business cannot allow itself to simply be satisfied with providing services to customers and earning profits for stockholders. In addition to enhancing business performance, Chinatrust views CSR as an important goal in itself and this is a vision towards which it continues to strive. We at Chinatrust will continue to demand more of ourselves as we carry out our responsibilities towards society and stand by our commitment to our clients and the community. We will remain determined to achieving our objectives of bolstering corporate governance, creating a sound corporate structure, care for employees, and growing together with customers. We will continue to actively take part in social welfare and make every effort to realize sustainable development as we do our part to protect the environment.

The goal of this report is to share with you, the reader, our vision and the approaches we take to attain our Corporate Social Responsibility values and beliefs. We hope that you will continue to offer us encouragement and support as we pursue them, so that we may continue marching forward in "pursuit of excellence without limitations".



Jeffrey L. S. Koo
Chairman





Corporate Social Responsibility DNA

Chinatrust has been engaged in CSR for a number of years. In the areas of corporate governance, customer care, employee care, social participation, and environmental protection, Chinatrust has invested a great deal of effort, doing its part to drive the development of Taiwan's economy, society, and environment. CSR is not only one of the core values of Chinatrust's operational strategy, it is also an indispensable part of the company's business culture and brand spirit legacy.

Establishing the CSR Department

CSR has a much broader meaning in today's world. From interaction with stakeholders and helping the disadvantaged to responsible organizational management policies are needed if CSR-related work is to be achieved, therefore in January of 2011 the General Administration Department established the Corporate Responsibility Division under the Public Relations Division to be responsible for the overall strategic planning and implementation of the company's CSR work. Under the responsibility of the Financial Holding Company's Chief Administrative Officer, major issues are reported to the Executive Committee (the highest operations decision-making body). The establishment of this organization more than illustrates Chinatrust's resolve to promote CSR policies. It is Chinatrust's hope to further incorporate CSR principles and actions into the company's overall operations.

Establishing the CSR Taskforce Committee

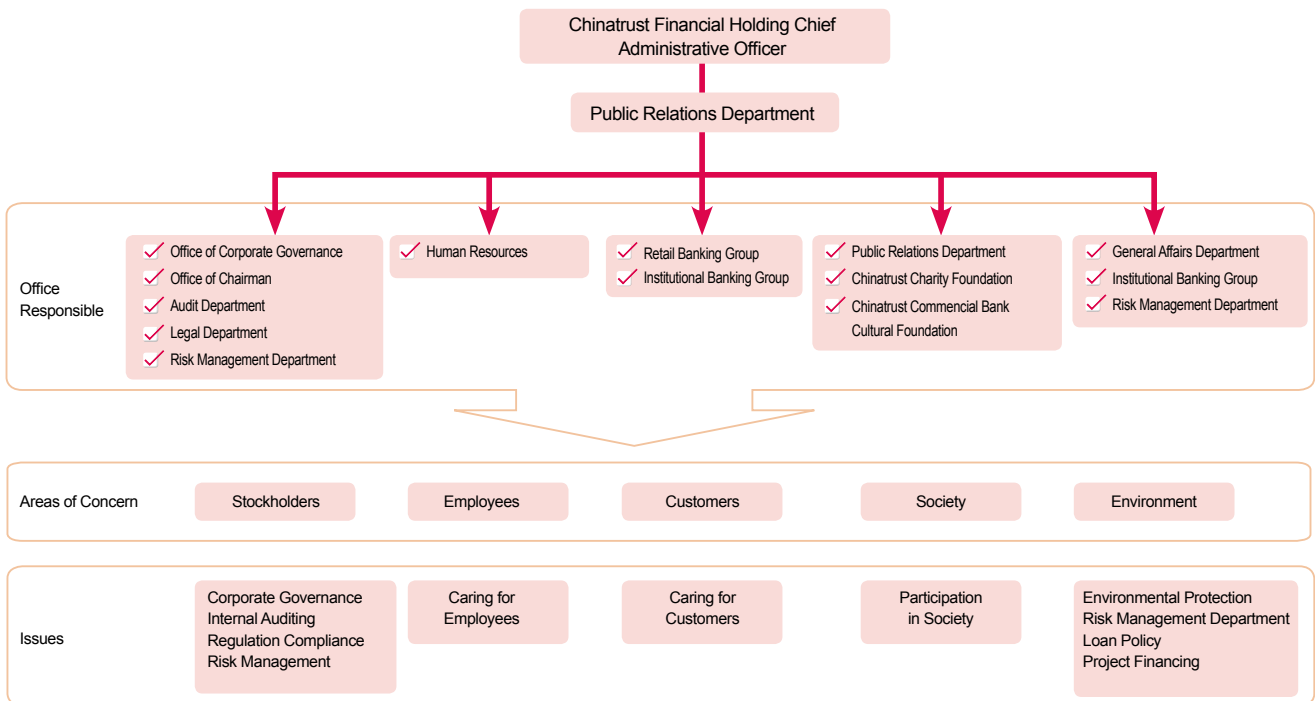
In addition, in light of the fact that CSR is one of Chinatrust's most important core values, in early 2012, a resolution was passed by the Executive Committee to establish the trans-agency CSR Taskforce Committee led by the Chief Administrative Officer. In order to integrate departments and incorporate Human Resources, Secretariat to the Board of Directors, Legal, Auditing, General Affairs, Risk Management, Personal Finance, Corporate Finance, and Public Relations regularly discuss stakeholders that could come in contact with or influence the business of each office/department. It also divides up CSR work into corporate governance, employee care, customer care, social welfare, and environmental protection to ensure that each area of CSR is implemented top-down within the organization and performed more efficiently and thoroughly.

Established CSR Code of Conduct

To integrate CSR policies and ensure efforts are carried out as a team, in December of 2011, Chinatrust drew up the "Chinatrust Financial Holding CSR Code of Practice" passed by the Executive Committee and passed by the board of directors in February 2012. Chinatrust Financial Holding and its subsidiaries are all required to adhere to the Code of Conduct and work together to realize CSR—a core value of Chinatrust.

The philosophy and spirit laid out in Chinatrust's CSR Code of Conduct meet the standards of important international standards, such as the United Nations Global Compact, the Earth Charter, and the OECD Guidelines for Multinational Enterprises. The Code of Conduct advocates such issues as respecting human rights, protecting workers' rights, developing a sustainable environment, and implementing anti-corruption policies. The Code of Conduct is consistent with and echoes the fundamental spirit of the aforementioned international standards.

CSR Taskforce Committee Organizational Chart



In addition to striving to carry out its corporate social responsibilities, Chinatrust is also promoting CSR among the enterprises with which it does business. In early 2012, Chinatrust drew up a policy for sharing CSR concepts with suppliers. Issues include business ethics, concern for employee rights (e.g., protecting human rights, prohibiting forced labor, banning child labor, and encouraging the freedom of association), and environmental protection (e.g., greenhouse gas emissions and setting carbon emission reduction targets). Chinatrust requires that 100% of all businesses with which it has dealings sign this policy statement, so that together we can fulfil our responsibilities to society. In 2011, Chinatrust audited 56 businesses.



The Chinatrust CSR code of practice's emphasizes concepts and a spirit that adhere to major international standards stipulated in such documents as the UN Global Compact and, like them, it advocates respect for human rights and protecting the rights of laborers.

United Nations Global Compact

Category	10 Principles
Human Rights	<ol style="list-style-type: none"> 1. Businesses should support and respect the protection of internationally proclaimed human rights; 2. Make sure that they are not complicit in human rights abuses
Labor	<ol style="list-style-type: none"> 1. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; 2. The elimination of all forms of forced and compulsory labor; 3. The effective abolition of child labor; and 4. The elimination of discrimination in respect of employment and occupation.
Environment	<ol style="list-style-type: none"> 1. Businesses should support a precautionary approach to environmental challenges; 2. Undertake initiatives to promote greater environmental responsibility; and 3. Encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	<ol style="list-style-type: none"> 1. Businesses should work against corruption in all its forms, including extortion and bribery.

Chinatrust Financial Holding Co., Ltd Code of Corporate Social Responsibility

Section 1 General Principles

Article 1

In upholding its principle of giving back to society, Chinatrust Financial Holding Co., Ltd.(hereinafter referred to as “Chinatrust”) considers Corporate Social Responsibility as part of its corporate core principles. In order to fulfill its Corporate Social Responsibilities and promote the balanced and sustained development of the economy, society, and ecology, Chinatrust has drawn up the “Code of Corporate Social Responsibility (hereinafter referred to as the “CSR Code”) . This CSR Code is applicable to Chinatrust and its subsidiaries.

Article 2

Chinatrust has long strived to uphold the rights and interests of all interested parties, while integrating CSR into its daily operations and management to fulfill its CSR and enhance its contributions to the national economy.

Article 3

The fulfillment of the CSR of Chinatrust is categorized as follows:

1. Care of Employees;
2. Concern for Clients;
3. Commitment to Stockholders;
4. Maintaining Social Good; and
5. Developing a Sustainable Environment.

Section 2 Care of Employees

Article 4

Chinatrust is to observe laws and regulations, relevant labor regulations, ensure the legal rights and interests of employees, respect internationally recognized fundamental principles of human rights of workers, and establish appropriate management methods and procedures to prevent anything that could adversely impact the fundamental rights of workers.

Article 5

Chinatrust is to provide employees working environments conducive to equality, equal rights, and freedom from discrimination and harassment.

Article 6

Chinatrust is to provide employees safe and healthy working environments, including equipment necessary for health and first aid as well as holding regular employee safe and health education and training to reduce factors that could adversely affect employee safety and health and guard against occupational hazards.

Article 7

Chinatrust is to create environments conducive to employee career development and establish effective career development training programs.

Article 8

Chinatrust is to establish communication and dialog channels to give employees the opportunity to receive information and express their views of the operations, management, decision-making, and planning of Chinatrust.

Article 9

Chinatrust is to provide employees information on the labor laws in the country within which they are employed, so that they can know their rights.

Section 3 Concern for Clients

Article 10

Chinatrust shall uphold the principle of “customers come first; serve from the heart” to provide customers convenient and friendly banking services.

Article 11

The overall needs of customer are the concern of Chinatrust. As such, Chinatrust is to be meticulous in selecting and checking the financial products they sell, so as to provide customers sound wealth management and planning services.

Article 12

Chinatrust is to observe laws and regulations, regulations of governing authorities, and relevant international standards in the selling and advertising of products and services primarily to guarantee consumer rights and interests as well as the quality of its product and services.

Article 13

Chinatrust is to uphold the fundamental rights and interests of customers and provide transparent, fair, efficient, and effective channels for customer complaints.

Article 14

Chinatrust shall protect the personal information of customers and will not divulge it to third parties without customer consent and will not use it for other uses without first notifying customers.

Section 4 Commitment to Stockholders

Article 15

Chinatrust shall respect the right to know of stockholders. In addition to observing regulations pertaining to information disclosure, they shall establish a corporate governance mechanism to ensure that stockholders can exercise their rights regarding major corporate matters, including accessing sufficient information, participation, and decision-making, to guarantee their rights and interests and to ensure that all stockholders are treated fairly.

Article 16

To maximize the interests of all stockholders, Chinatrust hereby reminds stockholders with control power (i.e., major stockholders) of the following information:

1. Major stockholders are responsible to other stockholders in that they have fiduciary duty. They are not to exert influence on the company, directly or indirectly, to operate in ways incompatible with normal practices or for illicit benefits.
2. Representatives for major stockholders participating in stockholder meetings shall act in good faith and for the sake of maximizing the interests of all stockholders. When voting or serving as director, they are to do so faithfully and in accordance with their duties as director.
3. When nominating directors, major stockholders are to observe pertinent laws and regulations as well as Chinatrust's articles of incorporation or by-laws. They shall not overstep the boundaries in terms of functions and authority of the board of stockholders or board of directors.
4. Major stockholders shall not interfere with Chinatrust's decision-making operations.
5. Major stockholders shall not use unfair competition to restrict or obstruct company operations.

Article 17

Chinatrust shall realize the goals of transparency and information disclosure by regularly making public and disclosing relevant company information and notifying stockholders of the latest developments in Chinatrust.

Article 18

Chinatrust shall uphold the principle of integrity of operations and realize the promotion of corporate governance to guarantee the rights and interests of stockholders and realize the objective of sustainability.

Section 5 Maintaining Social Good**Article 19**

Chinatrust shall promote public-spirited activities and actively support relevant social service organizations, public-interest groups, and disadvantaged groups. Groups to be supported can range from charity, art, culture, athletic, environmental, and education.

Article 20

Chinatrust shall bring into full play the power of local business, giving back to society to assist in the development and advancement of identity with the community.

Article 21

Chinatrust shall call upon employees to take part in different public affairs and public-interest activities as volunteers to advance community development and benefit community groups.

Section 6 Developing a Sustainable Environment**Article 22**

When carrying out business activities, Chinatrust shall take environmental protection factors into consideration as they do their part to realize environmental sustainability.

Article 23

Chinatrust shall promote the reduction of energy use and carbon emissions as well as environmental protection education and promotion internally to cultivate environmentally concerned employees that strive to save energy and care for our planet.

Article 24

Chinatrust shall emphasize such measures as water management, waste disposal, recycling, greening the environment, green procurement, and the use of green construction practices to make Chinatrust an environmentally friendly enterprise.

Article 25

Chinatrust shall stress the risks and opportunities that climate change represents to operations and carry out green house gas analysis as well as plan and establish carbon management measures to reduce the impact of company operations on the environment.

Article 26

Chinatrust shall attach importance to the issue of environmental sustainability and to urge suppliers and business partners to value the protection of the earth's ecology, to reduce the impact and influence of their operations on the environment, and to work together with Chinatrust to fulfill their CSR.

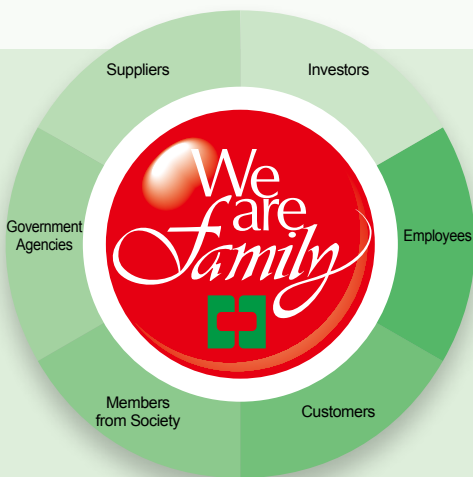
Section 7 Supplementary Regulations**Article 27**

Chinatrust shall observe laws, regulations, its articles of incorporation and by-laws, and relevant regulations of governing authorities and are to watch for developments and changes in business environments in CSR systems in countries around the world and refer to them as a basis for reviewing and improving the code of conduct and enhance its efficacy.

This CSR Code and any amendments to it shall become effective upon approval by the board of directors.



Stakeholder Engagement



- Investors: General stockholder, corporate stockholder
- Employees: Current employees, retired employees
- Customers: Current customers, potential customers
- Members of society: From near operation location, NGOs
- Government agencies: Ministry of Finance, Financial Supervisory Commission, Ministry of the Interior's Department of Social Affairs, Environmental Protection Agency
- Suppliers: Buyers, Subcontractors

Identifying stakeholder

As we pursue sustainable business operations, Chinatrust hopes to establish transparent and effective communication channels with all parties. Following discussions with various internal departments and offices, including the Secretariat to the Board of Directors, Corporate Governance Office, Public Relations Department, Global Human Resources Management Division, General Affairs Division, Legal Division, Taiwan Region Group, Retail Banking, and Corporate Finances Office, Chinatrust identified the company's stakeholders and major issues based on the principles of AA1000.

The stakeholders listed in this report have been divided into six groups: investors, employees, customers, members of society, government agencies, and suppliers (See graph).

Communication channels for stakeholders and confirming key issues

With the above listed six categories of stakeholders in mind and post discussions with the CSR task force, Chinatrust made a list of key issues (See graph) of concern. The issues have been incorporated into CSR daily projects and annual plans, with amendments and adjustments made when necessary. The Chinatrust Corporate Social Responsibility Working Committee selected and determined the order of these key issues after collecting data from relevant departments and stakeholders. The results were then assessed by the various departments and a resolution made at a division-chief level meeting. Finally, top-level managers confirmed the priority of each issue and compiled the "Major Issue Matrix Diagram".

When assessing the priority of each CSR issue, Chinatrust took into consideration how much stakeholders were concerned about each issue and the impact each issue had on company operations. Each issue was also assigned a number from 1 to 10 in terms of their importance, with 1~4 indicating low importance, 5~7 indicating medium importance, and 8~10 indicating high importance.

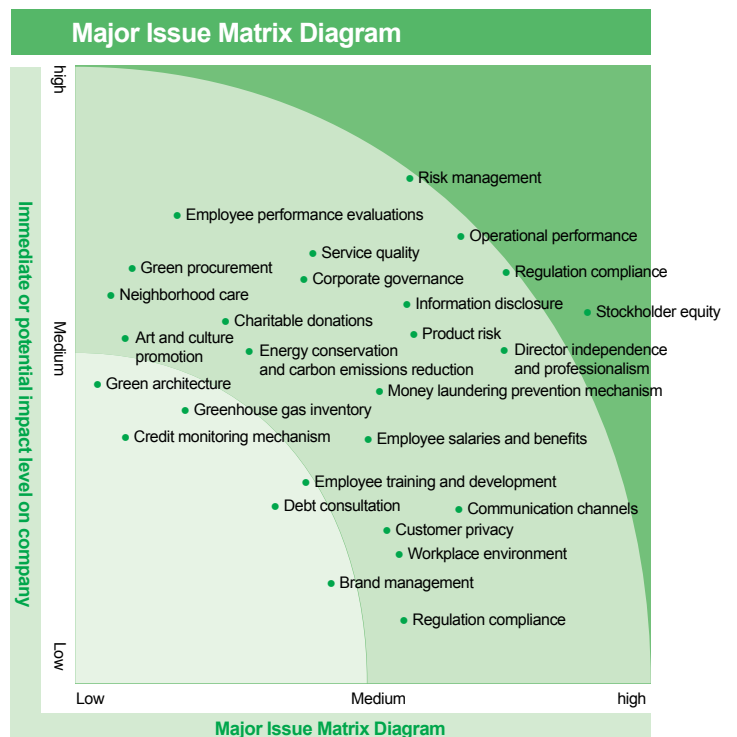
In addition, Chinatrust employed various methods and channels to communicate with stakeholders to better understand their needs and their expectations for the company. The information collected was used as reference when drawing up CSR policies and related projects.

In this report, Chinatrust sums up several major issues for public viewing. Relevant issues include status of company profits, risk control management, corporate governance policies, employee salaries and benefits, training and development programs, product risk, customer privacy, debt consultation, neighborhood care, charitable donations, energy conservation and carbon emissions reduction, green procurement, and greenhouse gas inventory. These CSR activities and achievements are shared in detail in later sections of this report.

Stakeholders	Primary Responsibilities	Method and Channel of Communication	Key Issues
Investors	Information disclosure and transparency	<ol style="list-style-type: none"> Yearly stockholder meetings, monthly announcement of operational performance, quarterly investor relations meetings. Taking part in investment institution symposiums both in Taiwan and abroad Setting up an automated subscription function for such information as quarterly financial reports, monthly earnings reports, important announcements, annual statements, and stockholder services. Setting up an investment information section on our website to be used for such purposes as a contact window for spokespersons, acting spokespersons, and institutional investor relations, for stock information, and as a way to contact Chinatrust. 	<ul style="list-style-type: none"> Operational performance Risk management Corporate governance Regulation compliance Director independence and professionalism Information disclosure Stockholder equity
Employees	Promoting respect for human rights, fair treatment, employee health	<ol style="list-style-type: none"> Quarterly staff meetings are held to communicate company policies, performance, and vision with employees. Issuing an e-newsletter internally with the newly added "Company Matters" column in which top-level managers share with the staff everything from company principles and management philosophies to workplace environment and interpersonal communication. Establishing employee communication channels and employee complaint channels. Holding employee health lectures. Carrying out "Employee Satisfaction Surveys" and "Organization Climate Surveys" anonymously 	<ul style="list-style-type: none"> Employees benefits Training and development Performance evaluations Workplace environment Equality of human rights Communication channels
Customers	Providing good products and services Ensuring high customer satisfaction	<ol style="list-style-type: none"> Setting up a Voice of Customer (VOC) to gather suggestions from customers via branch offices, extension organizations, and customer service centers. Setting up a free 24-hour customer service hotline, web calling, and a customer service Internet mailbox. Publishing e-newspapers and e-books. Carrying out customer satisfaction surveys. Holding wealth management briefings and health lectures. 	<ul style="list-style-type: none"> Product risk Service quality Debt consultation Customer privacy Appeals channels Credit monitoring mechanism
Members of society NPOs Non-governmental NGOs	Respecting local cultures Taking part in local philanthropic activities	<ol style="list-style-type: none"> Taking part in seminars Holding press conferences Sponsoring cultural, artistic, and performance events Holding related philanthropic activities 	<ul style="list-style-type: none"> Neighborhood care Charitable donations Culture and art promotion Green architecture
Government agencies	Following regulations, paying taxes, providing law drafting consultation, working in coordination with legal decrees	<ol style="list-style-type: none"> Cooperating with competent authorities by providing relevant information to carry out of oversight and auditing work. Adhering to the policies of competent authorities, taking part in relevant meetings, providing suggestions, and promoting financial information and education. 	<ul style="list-style-type: none"> Energy conservation and carbon emissions reduction Greenhouse gas inventory
Suppliers	Fair procurement	<ol style="list-style-type: none"> Holding business briefings and negotiations. Carrying out on-site audits and promoting laborer safety and hygiene concepts. 	Green procurement

In addition to publishing this report, Chinatrust employs a number of methods, such as convening internal and external seminars, internal and external websites, announcements, EDM newsletters, internal periodicals, electronic bulletin boards, and satisfaction surveys, to explain company policies and to collect and respond to key issues.

Chinatrust believes that maintaining diverse and open channels with parties with which it works is helpful in allowing it to stay on top of changes in the external environment, so root problems can be discovered and measures taken as quickly as possible to facilitate taking on more responsibilities and challenges. It does this so that it can generate an ever-more impressive scorecard in regard to its contributions to the economy, society, and environment and, finally, to help lay a foundation for the progress and growth of the country and society as a whole.





Company Overview

As a leading brand in Taiwan's financial services industry, Chinatrust has demonstrated our ambition to excel through many years of outstanding operations management and achievements. By holding fast to our mission to "protect and build" value while being "caring, professional, and trustworthy", we can focus on our goal of becoming first in Taiwan, an Asian leader and Global best. We strive to be the financial institution most worthy of client trust.

We are Family

Company profile

Company name: Chinatrust Financial Holding Co., Ltd.

Date of establishment: May 17, 2002

Headquarters address: No.3, Sung Shou Road, Taipei, Taiwan, R.O.C.

Total capital: NT\$114.47 billion

Total assets: NT\$2.02 trillion

Number of employees: 10,238

Industry: Finance and insurance industries

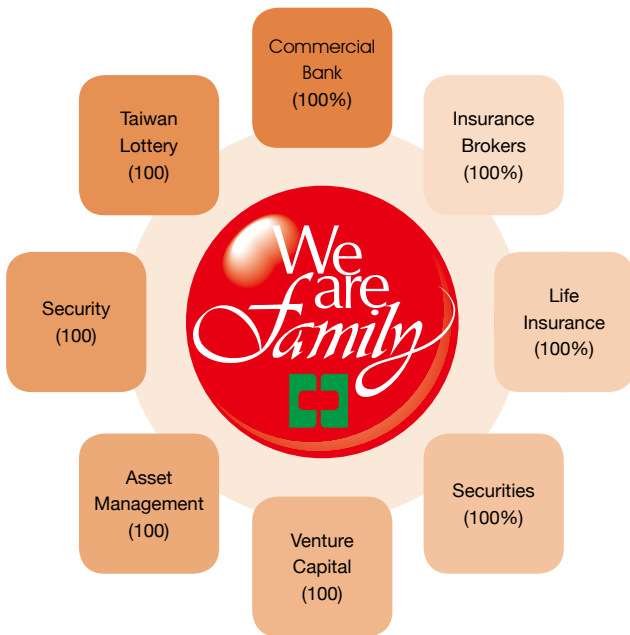
Stock code: 2891

Chinatrust Financial Holding Co., Ltd. (hereinafter referred to as CFHC or Chinatrust) was established on May 17, 2002 and is a 100% independent financial holding company. Headquartered in Taipei, Taiwan, Chinatrust boasts over 10,000 employees worldwide. At the end of 2011, the company's assets totaled over NT\$2 trillion, while total net worth reached NT\$171.451 billion and after-tax profits equaled NT\$18.297 billion. Subsidiaries operating under CFHC include Chinatrust Commercial Bank, Chinatrust Life Insurance Co., Chinatrust Securities Co., Chinatrust Insurance Brokers Co., Chinatrust Venture Capital Corp., Chinatrust Asset Management Co., Chinatrust Security Co., and Taiwan Lottery Corp.

Our key subsidiary, Chinatrust Commercial Bank (CTCB), was established in 1966. At the end of 2011, the CTCB's assets totaled NT\$1.82 trillion and it had a total net worth of NT\$133.216 billion, the most of any Taiwanese private-sector bank. In 2011, CTCB had 147 branch locations throughout Taiwan and 67 outlets overseas (including representative offices, branches, and subsidiaries and their branches) located in America, Canada, Japan, India, Indonesia, the Philippines, Thailand, Vietnam, Hong Kong, Singapore, and mainland China. CTCB increases the vitality of local financial markets and thereby promotes economic development. CTCB also has the most overseas locations of any Taiwanese financial institution.



In November of 2011, Chinatrust completed the process required to acquire 100% of the shares of MetLife Taiwan Insurance Company, Ltd., a subsidiary of MetLife, Inc. of the US.



In 2011, Chinatrust received a total of 90 domestic and international awards for outstanding performance in the areas of corporate governance, corporate social responsibility, wealth management, foreign exchange transactions, and consumer and corporate finance. Not only did we receive more awards than any other Taiwanese financial institution, we also broke our own record. As we look to the future, Chinatrust will hold fast to our brand promise that “We are family” and continue our mission to “protect and build”, while being “caring, professional, and trustworthy”. We will provide our customers with ever more convenient and varied financial services. In its turn, Chinatrust is set to make a “Taiwan Champion, Asia Leader, and one of the world’s great companies”--a premium brand name that is recognized by customers everywhere as the most trusted financial services institution.

Operational achievements

Facing an extremely competitive financial environment, Chinatrust still continues to operate our business in a stable, sound manner. In 2011, we successfully launched our core strategy to provide “diverse cross industry financial services”. Through these new offerings, Chinatrust hopes to increase our leading position in the market and, in coordination with

CTBC Overseas Service Outlet



- Domestic Network: 147 Branches
- Overseas Network: 67 Locations
- 9 Overseas Branches – New York, Hong Kong, Kowloon, Tokyo, Ho Chi Minh City, Singapore, and New Delhi, Sriperumbudur, Shanghai Branch
- 4 Subsidiaries (53 Branches, Sub-Branches, and Loan Production Offices)
 - CTC Bank of Canada, Chinatrust Bank (USA), Chinatrust (Philippines), and Bank Chinatrust Indonesia
- 5 Representative Offices – Beijing, Bangkok, Manila, Hanoi, Los Angeles

Taiwanese business expansion around the world, to actively expand our international footprint to meet our customers diversified financial needs. Furthermore, as we develop our inter-industry synergies, we also work to strengthen our risk management in all areas of finance. By creating the greatest value for our shareholders and customers, to fulfill our highest goal – “We are family”.

Profits after tax in 2011 totaled NT\$18.297 billion, which is an increase of 29.47% over 2010, while return after-tax on common shareholders' equity reached 12.76% and our budget after-tax achievement rate was 101%. These figures

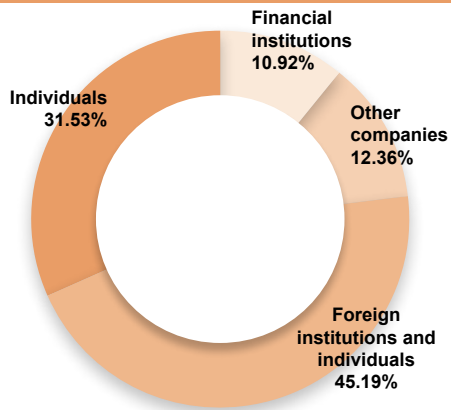
put CFHC at the top of the list of Taiwan's publically-traded financial holding companies. Currently, Chinatrust's major base of operations is in Taiwan. Our local partner procurement firms are at the forefront of our considerations (unless we are limited by product technology or stability considerations) and we have made major contributions to their earnings growth. In 2011, purchases from local firms made up 92% of all CFHC's procurement expenditures. (For more information, please refer to the Chinatrust Financial Holdings' annual report, which can be found on our website: www.chinatrustgroup.com.tw)

Operating ability & profitability				Unit: NT\$1000
Item / Year	2008	2009	2010	2011
Net income	59,819,935	46,481,163	52,550,863	59,739,396
Total assets	1,725,505,485	1,760,715,176	1,814,593,707	2,019,622,075
Shareholder equity	140,266,771	149,814,775	161,028,748	171,451,609
Net profit after tax	14,706,829	2,431,057	14,133,988	18,289,538
Average revenue per employee	1,152,368	161,244	312,457	675,810
Earnings per employee	1,131,295	143,003	300,723	653,198
Earnings per share	1.51	0.15	1.32	1.61
Return on assets	9.10	1.50	8.63	10.98
Return on equity	12.43	1.21	10.53	12.76
Net after tax profit margin	98.17	88.69	96.24	96.65

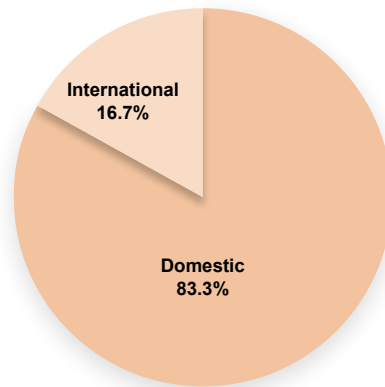
Shareholder structure							Unit: 1 share
Shareholder organization Quantity	Government agencies	Financial institutions	Other companies	Foreign institutions and individuals	Individuals	Treasury stock	Total
Number of shares held	9,592	1,245,760,172	1,410,911,381	5,157,772,496	3,598,254,233	0	11,412,707,874
Share ratio	0.00%	10.92%	12.36%	45.19%	31.53%	0.00%	100.00%

Main Stockholders			Unit: shares / 2012.4.30
Name	Shares	%	
Jeffrey L.S. Koo	652,592,231	5.72%	
Mega International Commercial Bank Co., Ltd. Acting as Custodian for the Investment Account of Morgan Stanley Formosa Holdings (Cayman) Limited	414,530,430	3.63%	
Yi Kao Investment Co., Ltd.	365,411,230	3.20%	
JPMorgan Chase Bank N.A. Taipei Branch in custody for Saudi Arabian Monetary Agency	207,870,908	1.82%	
Government of Singapore	185,583,043	1.63%	
Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	184,915,102	1.62%	
Nan Shan Life Insurance Co., Ltd	176,591,997	1.55%	
Cathay Life Insurance Co., Ltd.	172,661,865	1.51%	
Fubon Life Insurance Co., Ltd	172,376,250	1.51%	
Chinatrust Commercial Bank Trust Account for CFHC Employee Welfare Savings Committee	170,394,060	1.49%	

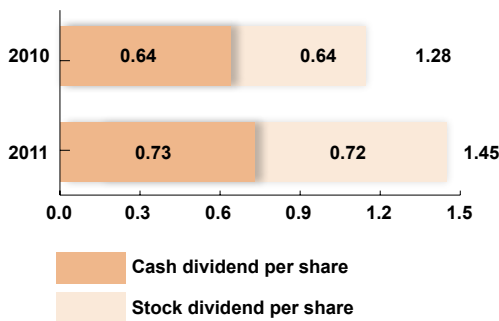
The percentage of Shareholder structure



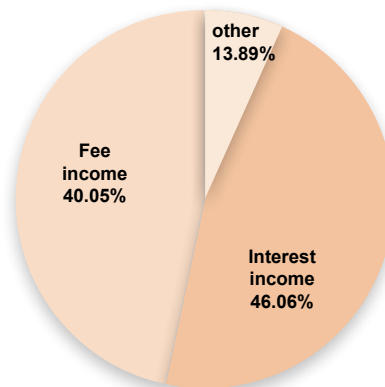
These can be broken down further: By geographical area



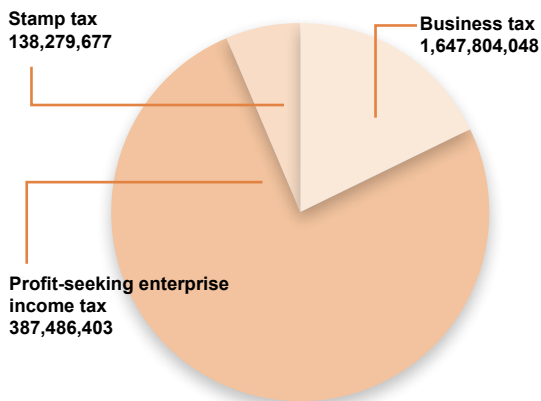
Dividend payouts



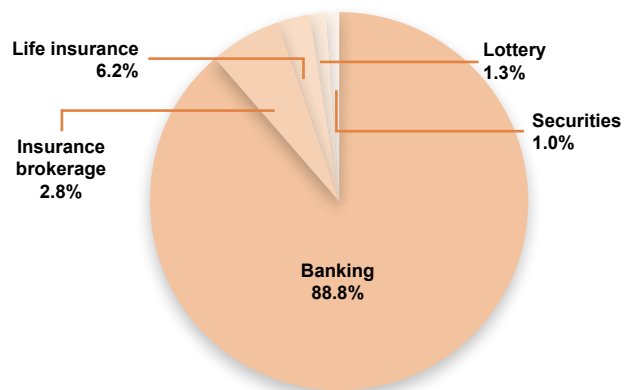
These can be broken down further: By area of business



Amount of tax paid Unit: NTD



These can be broken down further: By industry



Philanthropic donations Unit: NTD

Area	2010	2011
Art and culture	47,000,000	68,246,000
Trade and economic development	66,418,301	1,800,000
Charities	33,184,973	321,101,765
Educational support	527,367	3,170,400
Athletic sponsorships	0	8,000,000
Disaster relief	0	46,682,862
Total	147,130,641	449,001,027

Brand spirit

Our mission: To work to Protect & Build value for our employees, customers, shareholders, and community and assist them to succeed financially and build a wonderful future.

Our vision: To establish the first ever truly international Chinese financial institution and build a leading brand that is first in Taiwan, an Asian leader, and Global best.

Brand promise: We are family

Brand values: Caring, professional, and trustworthy

Industry associations

In addition to actively serving and expanding our customer and shareholder base, Chinatrust has also participated in various industry associations. CFHC Chairman Jeffrey Koo is Supervisor at The Bankers Association of Taipei, Executive Supervisor at The Bankers Association of the Republic of China, Honorary Chairman at The Chinese National Association of Industry and Commerce, and Honorary Chairman of the Board of the National Credit Card Center of R.O.C. In addition, members of the company's senior management also serve important positions within various industry associations in their fields of expertise, helping us doing our part to contribute to the development of Taiwan's financial industry.

Other industry association participation includes:

- In January 2012, CFHC became a member of The Taiwan Business Council for Sustainable Development to take concrete action to support participation in the Council's various CSR activities. We hope to thereby incorporate more information and knowledge about various CSR topics such as climate change, carbon management, and corpo-

rate energy conservation into the company's management of day-to-day operations.

- To enhance the domestic consumer environment, protect consumer rights and interests, Chinatrust began to make financial contributions to the Consumers' Foundation, Chinese Taipei in 2001 to support the organization's consumer protection efforts.
- To promote improvements in the financial industry and accelerate balanced development, Chinatrust was invited to serve as a contributing director to the Academy of Promoting Economic Legislation where our first priority will be to work towards the implementation of forward-looking legislation.
- In order to assist with successful implementation of the Personal Information Protection Act, Chinatrust provided suggestions to supervisory authorities regarding actual implementation and is involved in public policy formulation and development.

Credit ratings

Rating Agency	Credit Rating Level			Individual	Support	Outlook	Effective Date
	Long-term	Short-term	Issuer Rating				
Moody's	-	-	A3	-	-	Stable	2011.12.2
Standard & Poor's	BBB+	A-2	-	-	-	Stable	2011.12.6
Fitch (Foreign Currency)	A	F1	-	A	5	Stable	2012.2.22
Fitch (National)	AA+(tw)	F1+(tw)	-	-	-	Stable	2012.2.22
Taiwan Ratings	twAA-	twA-1+	-	-	-	Stable	2011.12.6



The first Global Philanthropic Enterprise Awards ceremony in mainland China.



Chinatrust was named top Wealth Management Bank for 2011 by Business Today.



Chinatrust received Common Wealth Magazine's 2011 Common Wealth Corporate Citizenship Award.

Awards received

In 2011, Chinatrust received the following CSR-related awards:

Awards – Domestic

- Commonwealth – Top 10 in Taiwan's Top Corporate Citizens 2011
- Taiwan Corporate Governance Association – Received certification in the sixth Corporate Governance System CG6006 evaluation
- Taiwan Institute for Sustainable Energy – 2011 Taiwan CSR Bronze Award
- Department of Environmental Protection, Taipei City Government - Excellence in Entrepreneur and Group Green Program 2011
- Taiwan External Trade Development Council – Top 100 Taiwan Brands (The only financial holding company to make the list)
- Named one of Reader's Digest's Trusted Brands for both banks and credit card issuers.
- Business Today – First Place in the Wealth Management Banking Survey 2011, Best Service Award, Most Professional Award, Best Commodity Award
- Financial Brand Survey by Wealth Magazine – First Place: Favorite Domestic Bank, Second Place: Favorite bank to cooperate with
- Next Magazine – First Place for banking in the 8th annual Top Service Awards
- 4th Best Brand Survey for Businesspersons by Business Today – First place for Banking and Internet Banking brands

Awards – International

- Corporate Governance Asia
 - Asian Excellence Recognition Awards 2011: Best CSR & Best Corporate Investor Relations
 - 7th Corporate Governance Asia Recognition Awards 2011
- FinanceAsia
 - Best corporate governance
 - Best investor relations
 - Best corporate social responsibility
 - Most committed to a strong dividend policy
- The Asset
 - Platinum Award for All-Round Excellence in Financial Performance, Management, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations
- World Finance's Investor Relations Awards: Best Financial Disclosure Taiwan 2011
- Asiamoney's Corporate Governance Poll 2011
 - Ranked #2 in Best Companies in Asia Overall for Corporate Governance
 - Ranked #2 in Best for Disclosure and Transparency in Asia
 - Ranked #2 in Best for Responsibilities of Management and the Board of Directors in Asia)
 - Best for Shareholders' Rights and Equitable Treatment in Asia
 - Best for Investor Relations in Asia



Taiwan Sustainable Energy Development Foundation's Taiwan Corporate Sustainability Report Award for 2011.



Taiwan Corporate Governance Association's CG6001 Corporate Governance System Rating Certification.



Asian Corporate Governance Magazine's Corporate Social Responsibility Award and Best Investor Relationship Award.



Corporate Governance

All companies with enduring, outstanding performance share the following characteristics:

Firstly, they can clearly delineate what is their business and what is not.

Secondly, these companies all understand what core competencies they need in order to perform well and continually look with a critical eye towards these abilities.

~ Management Guru Peter Drucker ~

In the wake of mergers in the domestic financial industry and turmoil in the global financial market, Chnatrust has begun to implement series of corporate governance reform since 2007; Independent directors were installed and management team was professionalized in the next year; In addition to an establishment of Audit Committee and Remuneration Committee, Chinatrust also moved to have one third of directors being independent to ensure a more open and transparent operation of the board of directors in 2009; Professionals in fields of law, finance and management were selected to serve as external directors and Corporation Governance Officer (CGO), reporting to the Office of the Chairman, was appointed in 2010- 2011. The CGO is responsible to assist the board of directors in administrating the corporate governance policies and promoting the corporate governance best practice to the holding company and its subsidiaries.

Corporate Governance Highlights

The corporate governance practice performed by Chinatrust in 2011 is highlighted as follows:

Building an Independent and Professional Board of Directors

In order to abide by the principal of the separation of execution and oversight, Chinatrust has set a strategic direction, that is: The company executives are precluded from the members of the board of directors of the holding company. Accordingly, all seats of its board were filled with professionals (precluding company executives) in the fields of economics, financial and management as external directors as approved by the shareholders meeting in June, 2011. Thus, among 9 members of the board of Chinatrust Financial Holding Company (CFHC) 7 (or 80%) are external and independent directors, achieving the goal of building up an independent and professional board of directors.

Formulating and Enacting Corporate Governance Guidelines

In order to improve the implementation of corporate governance among the holding company and its subsidiaries, Chinatrust enhanced guidelines of corporate governance by carefully examined existing laws/ regulations and company policies/ procedures in 2011. The following guidelines are either newly established or enhanced:

1. Ethical Corporate Management Best Practice Principles
2. Corporate Governance Best Practice Principles
3. Guidelines for the Selection of Subsidiary Directors and Supervisors
4. Guidelines of Assessing Performance of Directors and Supervisors of Subsidiaries

The above-mentioned performance assessment requires that the directors and supervisors of the subsidiaries conduct a self-assessment of performance annually. The parent company shall add its evaluation based on the participation, contribution and continued education of directors that are

Year	Action
2011	<ul style="list-style-type: none"> • Held new elections for all directors ensuring that no company managers concurrently serve on the Board, so managers may focus on operations, while Board members focus on overseeing those operations. • Drafted the Ethical Best-Practice Principles, Corporate Governance Best-Practice Principles, Guidelines for the Selection of Subsidiary Directors and Supervisors, and Methods for the Evaluation of Subsidiary Director and Supervisor Performance for CFHC and our subsidiaries to follow. • Of the Board of Directors' 9 members, 7 are either external or independent directors, making us an industry leader in independence and specialization. • Established the Risk Management Committee.
2010	<ul style="list-style-type: none"> • Selected professionals in the fields of law, finance, and management to serve as external directors • Established the position of Corporate Governance Officer under the Office of the Chairman.
2009	<ul style="list-style-type: none"> • Established the Audit and Remuneration Committees • Increased the proportion of independent directors to 1/3 of the entire Board. • Actively participated in investor forums in Taiwan and abroad and clearly disclosed business and financial information
2008	<ul style="list-style-type: none"> • Appointed independent directors • Continued to implement a specialized management system

appointed by the parent company. The evaluation by the parent shall be part of the consideration for qualification of reappointment and rewards.

Establishing the Risk Committee

The risk management, under the environment of tightening global financial supervision and consumer protection caused by global financial crisis/ weak economy and European debt crisis, become an important issue of financial institutions. To cope with the issue, the board of directors of Chinatrust created the Risk Committee in line with guidelines of the Basel Committee on Banking Supervision and best practice of risk management of international financial industry in June 2011. It also established a Core Risk Management Policy to guide the organization, responsibility and procedures of risk management of the holding company and its subsidiaries. These aim to balance the customers' interest and risk, control the risk exposure within the appetite approved by the board of directors and achieve a stable and sustainable operation.

Participating the "Certificate Corporate Governance System"

In order to protect shareholders' interest and boost investors' confidence, Chinatrust volunteered to participate in the advanced level evaluation of Certificate Corporate Governance System (CCGS) for financial industry conducted by Taiwan Corporate Governance Association (TCGA) on commission by Securities and Futures Bureau, Financial Supervisory Commission in July, 2011. There were 146 companies, of which 68 were listed and 78 were over-the-counter, have been certified by the TCGA since the CCGS was launched in 2005. The certified companies are candidates to be selected by Taiwan Securities Exchange Corporation and Taiwan Securities Market for the Corporate Governance Exchange-Trade Fund. CCGS requires that the participating financial holding companies participate with its subsidiaries which have paid-in capital equivalent to 5% (or higher) of parent's capital. It also requires that the parent and subsidiaries are all qualified in order to be awarded the certification. The key evaluation factors include:

1. Compliance to the principles to protect the shareholders' interest.
2. Improvement in information transparency.
3. Compliance to the principles to enhance directors' function
4. Effective oversight of Audit Committee
5. The discipline of the management team is confirmed
6. Respect to the rights of stakeholders and social responsibilities
7. The index of industry risk exposure of the financial holding company

CFHC has only one subsidiary, Chinatrust Commercial Bank with capital in excess of 5% of the holding company; however, it volunteered to participate in the CCGS with two subsidiaries, Chinatrust Commercial Bank and Chinatrust Securities, for self-discipline and effective corporate governance mechanism. Despite complicated assessment indicators, 90 questions for the holding company, 80 each for the bank and securities company, Chinatrust was qualified for the certification of advanced level at its first participation. The certification was awarded by TCGA in November 2011.

Participating the Information Transparency and Disclosure Evaluation for Public Companies

The trend of separation in management and ownership along with their growth in scale of size has been obvious among many corporations in recent years. The issues of "agency" and "information asymmetry" developed and a full information transparency became their only solution. Accordingly, Chinatrust participated in the "Information Transparency and Disclosure Evaluation" (the Evaluation) sponsored by the Securities and Futures Institute annually since the Evaluation was held for the first time. Chinatrust has been awarded an "A" grade every year. The Evaluation that applies a standard higher than the legal requirement for information disclosure provides a better protection to the shareholders.

The outstanding performance in corporate governance as above-mentioned led Chinatrust to be recognized by Asia-money with 5 second-place-awards that include the "Best Company in Asia for Corporate Governance", "Best Company for Disclosure and Transparency in Asia", "Best Company for Responsibility of Management and Board of Directors in

Asia”, “Best Company for Shareholders’ Right and Equitable Treatment in Asia” and “Best Company for Investor Relation in Asia”. In addition, Mr. Wu, President of CFHC was awarded as the “Best Investor Relation Officer in Taiwan”. Chinatrust was selected for the above-mentioned awards from 441 companies in Asia and its performance was only second to Infosys from India.

In addition, there were recognitions by other institutes such as Corporate Governance Asia’s the “Corporate Leadership Achievement Award” for Chinatrust’s consistency in open and transparent performance of corporate governance and active participation in the activities for improvement of corporate governance with excellent result; FinanceAsia’s the “Best Corporate Governance in Asia Award” and the Asset’s the “Best Financial Performance, Management, Corporate Governance, Corporate Social Responsibility, Environmental Responsibility and Investor Relation in Taiwan Platinum Award”. These honors affirm our past efforts and further encourage Chinatrust to seek excellence in corporate governance.

Governance framework

In Taiwan’s intensely competitive financial environment, Chinatrust not only actively creates profit and steadily builds shareholder value, but also follows Financial Holding Company Corporate Governance Best-Practice Principles and related regulations. We do our utmost to implement a successful system of corporate governance: strengthening the authority of the Board, establishing functional committees, maintaining relationships with organizations and investors, and establishing our internal audit control system. The entire Board and all our employees follow the principle of integrity when expanding the business, fully disclose business information, and protect

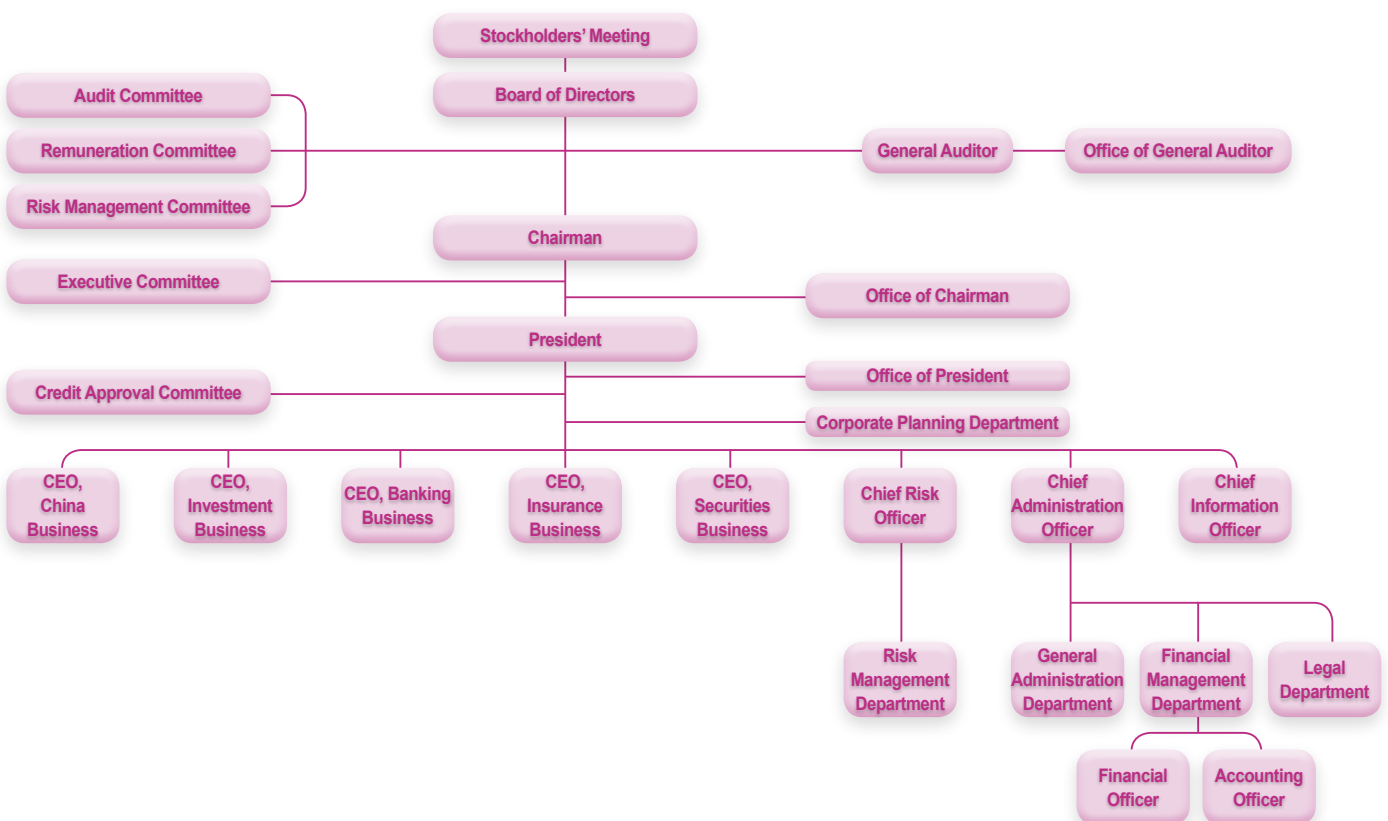
shareholders’ rights and interests to achieve our goal of sustainable operations and development.

Board of Directors

Chinatrust’s Board of Directors exercises its powers according to relevant 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 each with a three-year tenure. Meetings are held at least once a month. A total of 17 Board of Directors meetings were held in 2011 with an overall attendance rate of 90.26%. In addition, in order to establish a strong Board of Directors system of governance, effectively improving monitoring capabilities and strengthening governance mechanisms, Chinatrust has drawn up regulations governing our Board of Directors in accordance with Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies and Financial Holding Companies and the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.

According to Chinatrust rules governing Board of Directors, directors or their representatives must avoid any conflict of interest when such interests could potentially bring harm to the company. In such a case it is appropriate for the director to excuse himself or herself and must refrain from all discussion and votes on the matter at hand (refer to the table below). This policy is executed in accordance with Article 206 of the Company Act. Under Article 8 of Chinatrust’s



Board of Directors Rules of Procedure, other issues related to environmental and social risk management that are determined to be key issues by company executives are submitted to the Board for discussion.

Ages of Board members

Age range	Number of directors
Under 30	0
30 – 50 years of age	1
Over 50	8
Total	9

*All of CFHC's Board members are male, while females make up 20% of the boards of our subsidiaries (Venture Capital and Insurance Brokers).

Audit Committee

All made up of independent directors, the Audit Committee's key duty is to assist the Board of Directors to execute their monitoring duties. In 2011, the committee convened a total of 13 meetings. Matters under consideration by the Audit Committee include:

- 1) Setting up, revising, and evaluating the internal audit control system.
- 2) Drafting or revising procedures regarding the acquisition and disposition of property and handling transactions of derivative products and major assets.
- 3) Auditing board member conflicts of interest, major asset or derivative product transactions and loans, endorsements or provision of guarantees, recruitment approval, and the issuance or private placement of negotiable securities.
- 4) Auditing the appointment, dismissal, remuneration of certified accountants and evaluating their independence and effectiveness.
- 5) Reviewing the appointment or dismissal of financial, accounting, and internal audit managers.
- 6) Examining annual and semi-annual financial reports.
- 7) Reviewing regulations put in place by other firms or competent authorities.

Remuneration Committee

The Remuneration Committee, made up of all independent directors, is tasked with assisting the Board of Directors in evaluating and monitoring the overall corporate remuneration strategy and determining salary levels for directors and senior managers. The committee met 10 times in 2011.

Risk Management Committee

Committee members are appointed by the Board of Directors and must include at least one independent director. The Risk Management Committee assists the Board to review company risk management policies and evaluate the annual risk appetite or limits and any programs that reach such maximums. In addition, the committee oversees risk management mechanisms for newly developed areas of business, revisions to existing or development of new risk-based management mechanisms, publication of the CFHC's integrated risk report, release of quantitative and qualitative

risk management information in the CFHC annual report, development and review of coping measures for a significant risk loss event, early warning of significant risk issues, and implementation of response measures. Should competent authorities, the CFHC Board of Directors, or company regulations otherwise require the committee to take on additional responsibilities; such requests should be taken up with the Board. In 2011, the committee met a total of 6 times.

Risk management

Our company's risk management framework includes the Board of Directors, General Auditor, Risk Management Committee, Executive Committee, Credit Approval Committee, and the Risk Management Department. Their primary responsibilities are described below:

Board of Directors: The highest supervising authority in our risk management structure, the Board of Directors is responsible for authorizing, examining, and overseeing risk-related strategies and policies, establishing a healthy and independent risk management culture at Chinatrust, and ensuring proper operation of our risk management structure. The Board is ultimately responsible for overall risk management at Chinatrust.

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

Risk Management Committee: This committee works to establish independent risk management capabilities and ensures that the direction of Chinatrust's overall operation, development strategies, risk appetite, and the Board's policies are all consistent. In addition, it assists the Board of Directors with communication, reports, and suggestions regarding risk management. The Risk Management Committee is also tasked with establishing, monitoring, and ensuring the effectiveness of an appropriate risk authorization system to gain the support of policy-makers within the company for our risk management culture. Through these policies and the support of company leadership, our exceptional risk management culture can influence all employees and the entire organization.

Executive Committee: Responsible for policy suggestions and management of the company's overall risk, the Executive Committee also oversees the Credit, Market, and Capital Risk Team, Operating Risk Team, and the Investment Risk Team under its purview. With the worsening of climate change, there are several potential risks to Chinatrust operations. Increasing numbers of natural disasters could result in losses for our corporate loan customers, making them unable to make timely payments, while injury claims from life insurance holders may also increase. These potential risks must be more fully explored.

Credit Approval Committee: This committee is responsible for overseeing lending cases involving significant credit risk exposure, the handling of large bad credit risk situations,

Proposals involving Board of Director conflicts of interest

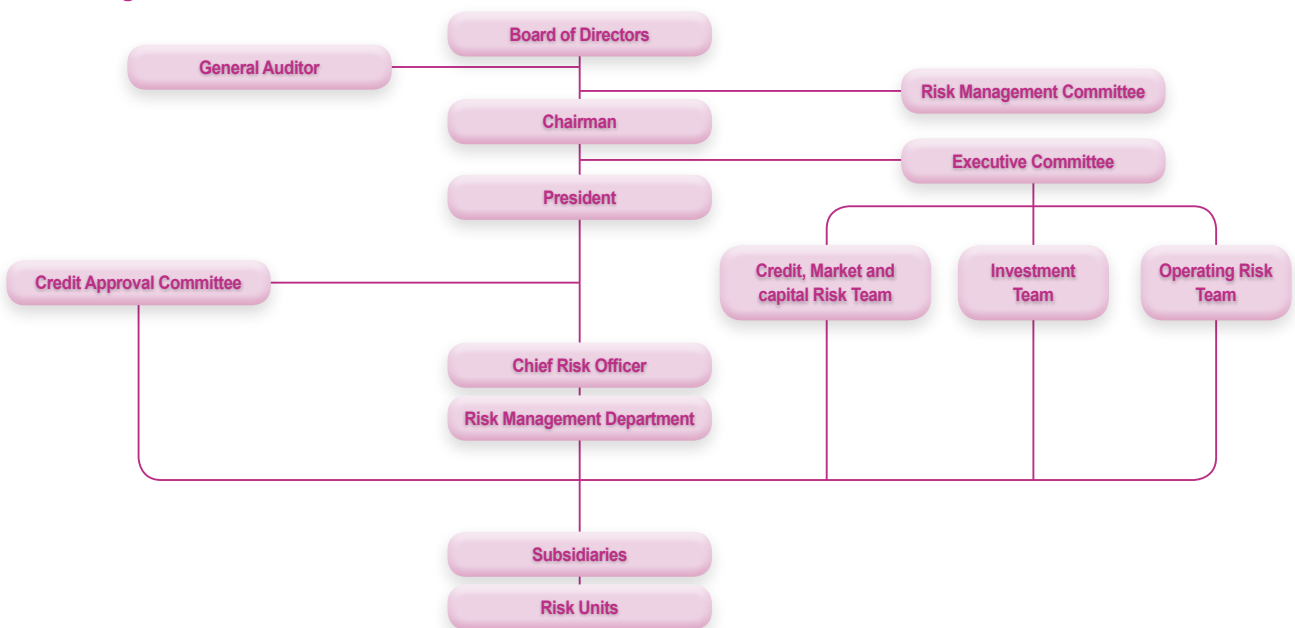
Date	Content of the proposal	Name(s)	Nature of dispu nt	Vote result
2011.4.8 57th meeting of the 3rd Board of Directors	As required by the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, the Board proposed appointment of Chung-Yu Wang, Wen-Chih Lee, and Jie-Haun Lee as nominees for independent directors at the 2011 shareholder meeting.	Chung-Yu Wang Wen-Chih Lee	Involved the company's independent directors	By law, those involved recused themselves while the proposal was passed by the rest of the directors present with no objections.
2011.4.25 58th meeting of the 3rd Board of Directors	The 2010 profit allocation for the Board was set out as NT\$116,705,891, per the allocation ratio specified in company Board of Directors Remuneration Regulations. [As passed by the 15th meeting of the 1st Remuneration Committee]	Jeffrey L. S. Koo Wen-Long Yen H.Steve Hsieh Song-Chi Chien Yann-Ching Tsai	Involved the Chinatrust Chairman, directors, and directors of other companies	As prescribed by law, those involved recused themselves, while the proposal was passed by the remaining independent directors present with no objections.
2011.6.29 2nd meeting of the 4th Board of Directors	Appointments to the 2nd Remuneration Committee	Chung-Yu Wang Wen-Chih Lee Jie-Haun Lee	Involved the company's independent directors	As prescribed by law, those involved recused themselves, while the proposal was passed by the remaining directors present with no objections.
	Appointments to the Risk Management Committee	Yann-Ching Tsai Paul T. C. Liang Jie-Haun Lee	Involved the company's independent directors and directors	As prescribed by law, those involved recused themselves, while the proposal was passed by the remaining directors present with no objections.
	Intention to reassign Chinatrust Insurance Brokers and other subsidiary director and supervisor representatives.	H.Steve Hsieh	Director of a Chinatrust subsidiary	As prescribed by law, those involved recused themselves, while the proposal was passed by the remaining directors present with no objections.
2011.7.21 3rd meeting of the 4th Board of Directors	A report was made regarding the short-term securities investment quota that had already been approved by the Credit Approval Committee.	Yann-Ching Tsai	Involved a company director and director of a public enterprise	As prescribed by law, those involved recused themselves, while the proposal was passed by the remaining directors present with no objections.
	Proposal regarding the appointment of the Koo Foundation Sun Yat-Sen Cancer Center to hold employee health checks in 2011 (for employees at the level of Vice President and above)	Jeffrey L. S. Koo	Involved the Chinatrust Chairman	As prescribed by law, those involved recused themselves, while the proposal was passed by the remaining directors present with no objections.
2011.8.24 4th meeting of the 4th Board of Directors	Requested approval from the Board to implement the Board of Directors Remuneration Regulations as revised and passed on July 21, 2011. [As passed by the 3rd meeting of the 2nd Remuneration Committee]	Jeffrey L. S. Koo Wen-Long Yen H.Steve Hsieh Song-Chi Chien Yann-Ching Tsai Paul T. C. Liang Jie-Haun Lee	Involved the Chinatrust Chairman, independent directors, and directors	As prescribed by law, those involved recused themselves. After consultation with Chung-Yu Wang, the proposal was passed by the remaining directors present with no objections.
2011.11.1 8th meeting of the 4th Board of Directors	List of directors and supervisors at the recently acquired MetLife.	Song-Chi Chien	Involved a Chinatrust director and the Chairman of a Chinatrust subsidiary	As prescribed by law, those involved recused themselves, while the proposal was passed by the remaining directors present with no objections.
2011.11.25 9th meeting of the 4th Board of Directors	Proposed a capital reduction for Chinatrust subsidiary MetLife to make up for the losses that totaled NT\$3,415,179,690 through June 30, 2011.	Song-Chi Chien	Involved a Chinatrust director and the Chairman of a Chinatrust subsidiary	As prescribed by law, those involved recused themselves, while the proposal was passed by the remaining directors present with no objections.
	In order to increase capital at the Chinatrust subsidiary, Chinatrust proposed to acquire a 100% stake in Met Life. The total outstanding common stock was valued at NT\$1.5 billion. Each share had a purchase price of NT\$10 and 150 million shares were to be purchased.	Song-Chi Chien	Involved a Chinatrust director and the Chairman of a Chinatrust subsidiary	As prescribed by law, those involved recused themselves, while the proposal was passed by the remaining directors present with no objections.

The Chinatrust Board of Directors

Title	Name	Education	Current employment	Significant experience
Chairman	Jeffrey L. S. Koo Representative of Yi Kao Investment Co., Ltd.	Honorary Ph.D., De La Salle University, Philippines MBA, New York University, USA	Chairman, CFHC Chairman, CTCB	Chairman, Chinese International Economic Cooperation Association Honorary Chairman, ROC-USA Economic Council Honorary Chairman, Chinese National Association of Industry and Commerce, Taiwan
Director	Wen-Long Yen	Department of Economics, Soochow University, Taiwan	Director, CFHC Director, CTCB Chairman, United Real Estate Management Co., Ltd.	Director, Wei Chuan Food Co., Ltd. Director, China Life Insurance Co., Ltd.

Title	Name	Education	Current employment	Significant experience
Director	H. Steve Hsieh Representative of Yi Kao Investment Co., Ltd.	Ph.D. in Biochemical Nutrition, University of Wisconsin, USA	Director, CFHC Director, CTCB Independent Director LITE-ONIT Corporation, Ltd. Chairman, Taiwan Lottery Corporation	Secretary General, Executive Yuan
Director	Song-Chi Chien Representative of Yi Kao Investment Co., Ltd.	Master of Public Finance, National Chengchi University, Taiwan	Director, CFHC Director, CTCB Chairman, Chinatrust Life Insurance Co., Ltd.	Insurance Commissioner, Ministry of Finance Deputy Director, Department of Finance, Ministry of Finance Chairman, Singfor Life Insurance Co., Ltd.
Director	Paul T. C. Liang Representative of Chang Chi Investment Co., Ltd.	Department of International Trade, National Chengchi University, Taiwan	Director, CTCB Director, CFHC	Supervisor, CFHC Supervisor, CTCB President, Bank Chinatrust (Indonesia)
Director	Yenpao Chen Representative of Chung Cheng Investment Co., Ltd.	Ph.D. in Management Finance, University of George Washington, USA	Professor Department of Accounting, Soochow University	Advisor, Chung-Hua Institution for Economic Research
Independent Director	Chung-Yu Wang	Honorary Ph.D., Chung Yuan Christian University, Taiwan Executive Education, Harvard University, USA	Independent Director, CFHC Independent Director, CTCB Chairman, Chinese International Economic Cooperation Association Independent Director, Chunghwa Telecom	Chairman, ChinaSteel Co., Ltd. Chairman, Kaohsiung Rapid Transit Corporation Chairman, Tong Lung Metal Industry Co., Ltd.
Independent Director	Wen-Chih Lee	Ph.D., Accounting, National Taiwan University Graduate Institute of Commerce	Independent Director, CFHC Independent Director, CTCB Professor, National Kaohsiung University of Applied Science Graduate Institute of Finance, Economics, and Business Decision	Professor, National Kaohsiung University of Applied Science Graduate Institute of Finance, Economics, and Business Decision
Independent Director	Jie-Haun Lee	M.A., Finance, Iowa State University, USA Ph.D., Finance, Louisiana State University, USA	Professor, Finance, National Chengchi University Independent Director, CFHC Independent Director, CTCB	Dean, EMBA Program, National Chengchi University Vice President, Takming University of Science and Technology Chair, Department of Finance, National Chengchi University Chair and Professor, Department of Finance, National Central University

Risk management framework



and the restructuring and reorganization of customers facing potential financial problems.

Risk Management Department: This department is responsible for formulating and implementing CFHC's Risk policies and compilation and reporting of the company's overall risk information.

Risk management policy

The goal of Chinatrust's risk management policy is to pursue large economic benefits while also utilizing effective management to limit risk to levels acceptable by the Board of Directors. The policy serves as the guiding principle governing how Chinatrust handles all risks. It encompasses management goals, organizational structure, assignment of responsibility, and risk management procedures along with the actual implementation of these policies in order to effectively identify, measure, and control the various risks faced by Chinatrust and our subsidiaries. We work to keep all risks created by our various business activities within an acceptable range.

Chinatrust established our Core Risk Management Policy to serve as the guiding principle for our CFHC and our subsidiaries' risk management strategies. In addition, CFHC and our subsidiaries have established risk management policies to govern credit and market risk, asset and liability management, country risk, insurance risk, and operational risk. Measures implemented as part of these regulations include authorization mechanisms, limit management, monitoring indices, and reporting procedures, which serve as a basis for day-to-day risk management. In addition, the policy calls for the regularly scheduled preparation and presentation of risk monitoring indicators to ensure the proper implementation of our early warning system and stop-loss mechanisms.

- In 2005, Chinatrust began actively to build a risk management mechanism, taking the following concrete steps:
- 2005: Promulgated operational risk management policies.
- 2007: Applied for and received permission to use the Standard Approach provision for operational risk capital, then gradually completed establishment of operational risk management tools, which include Risk & Control self assessment, Key Risk Indicators, and Loss Data Collection. Within our risk management policies, we also added sections regarding the issuance of new products.
- 2009: Added a risk management introductory course training for new recruits to strengthen awareness and understanding of Chinatrust's corporate risk-management culture.
- 2010: In accordance with our increasingly globalized operations, we strengthened implementation of risk management mechanisms at our overseas branches and subsidiaries and added dedicated staff to monitor risk management.
- 2011: Established the Risk Management Committee,

and created our Core Risk Management Policy to serve as the CFHC and our subsidiaries' risk management framework guiding principal for, responsibilities, and the implementation of risk identification, appraisal, oversight and management, information disclosure, and reporting.

Crisis response

Chinatrust has also established a Crisis Response Team that is responsible for monitoring, evaluating, and analyzing any emergent event that could potentially cause a loss of public confidence in the company or in the event of natural disasters. At the first sign of trouble, the Crisis Response Team must immediately implement a contingency plan in order to resolve the crisis entirely in the shortest possible time or at least minimize any damage caused to the company.

When an emergency occurs, the Crisis Management Team leader will report to the convenor and determine whether the team should be assembled. In some special instances, the deputy convenor may first assemble the team then report to the convenor. After receiving the notice to convene, team members should meet at the agreed upon time and place to discuss countermeasures and complete all contingency preparation within 12 hours.

Legal compliance

In addition, Chinatrust actively monitors financial policies, laws and industry trends within Taiwan and abroad while ensuring our risk management procedures keep pace with the diverse and rapidly shifting global finance environment.

For a long time, Chinatrust has taken it upon itself to keep tabs on industry trends as well as changes in banking policies and regulations both in Taiwan and around the world. The bank strictly adheres to relevant laws and regulations as it works hard to develop and expand business. Furthermore, in order to follow regulations and implement policies, Chinatrust coordinates with regulations both in Taiwan and abroad as they are established and updated and ensures that the company adheres to internal regulations. All departments are also required to audit themselves once every six months to ensure that their work is all carried out in accordance with relevant laws and regulations. The Compliance Department also regularly holds training classes on adhering to laws and regulations and promulgates updates or amendments to laws and regulations whenever necessary, so that all departments can stay on top of them. Chinatrust's compliance officers also regularly report to the Chinatrust's Auditing Committee and chairman, so that the Board of Directors and pertinent top-level managers can keep abreast of how the company is doing in regards to complying to laws and regulations and form appropriate policies as needed.

Over the past year, areas that require further strengthening of Chinatrust's internal controls (regarding information disclosure) included the following:

- 1) On November 3, 2011, Chinatrust held an investor

conference to discuss financial and operational details for the third quarter of that year. We were found to be compliant with the Taiwan Stock Exchange's Procedures Governing the Verification and Disclosure of Important Information from Publically-traded Companies with Marketable Securities, but Chinatrust delayed entering this important information into the Market Observation Post System. The company was subsequently fined NT\$30,000 by the Taiwan Stock Exchange and Chinatrust released a supplementary report.

- 2) Chinatrust subsidiary Chinatrust Life's reverse stock split and capital increase record dates were decided upon by the Board of Directors. After checking, all was found to be in compliance with the Taiwan Stock Exchange's Procedures Governing the Verification and Disclosure of Important Information from Publically-traded Companies with Marketable Securities, but Chinatrust delayed entering this important information into the Market Observation Post System. The company was subsequently fined NT\$50,000 by the Taiwan Stock Exchange and Chinatrust released a supplementary report.

Information disclosure

As a publically-traded company, Chinatrust not only seeks to disclose company information in a complete, transparent manner, but also holds regularly-scheduled investor conferences and attends investor forums and road shows held by foreign brokerages both in Taiwan and overseas. These opportunities allow us to explain to the investing public Chinatrust's operations, financial achievements, corporate strategic development, and business principles. In 2011, we held a total of four investor conferences.

In addition, Chinatrust's website also features informational pages in both Chinese and English where investors can perform real-time queries, download our financial and annual reports, and obtain other important financial information.

Audit system

In order to assist the Board of Directors and management to review and assess the effectiveness of our internal control mechanisms, Chinatrust established an audit system in accordance with the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries. In addition, we set up an internal audit unit that reports directly to the Board of Directors and maintains independence and objectivity when executing its auditing duties. The internal audit unit provides suggestions for improvement to best maintain CFHC's internal control system. These include the establishment and promotion of a corporate social responsibility code of practice, and sustaining effective implementation, thereby contributing to the achievement of sustainable operations.

Chinatrust's internal audit unit performs a general audit

of the financial holding company at least once a year. At least every six months, it also holds a financial, risk management and legal compliance audit of CFHC and our subsidiaries. The unit's key responsibilities are as follows:

- Establishing risk-based auditing and implement audits based on auditing plans drawn up for CFHC and its subsidiaries.
- Overseeing implementation of business units' internal auditing systems.
- Following up on the implementation of internal and external review suggestions and improvements.
- Providing regular reports to the Board of Directors and Audit Committee.

Corruption prevention

Since our founding, Chinatrust has been committed to integrity and friendly service. We do our utmost to meet all our customers' financial product and services needs. For many years, we have not only served as an example to the industry, but have also become a well-trusted brand within our community.

In order to ensure integrity in our business practices, Chinatrust has implemented the following internal measures to prevent corruption and wrongdoing:

- 1) Chinatrust's Employee Code of Conduct clearly outlines our basic rules and what is expected 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.
- 2) When performing any business related activity, employees must follow the principles of information transparency, fairness, and clarity. No employee, including managers, may accept client gifts or hospitality.
- 3) The regulations discussed above are all included in training classes provided to 100% of new hires to ensure consistency in management and implementation.
- 4) In coordination with the needs of internal auditing, some job positions at high-risk for corruption utilize a rotation system in order to prevent any potential fraudulence.
- 5) Taking a further step to prevent corruption, Chinatrust also established an internal 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.

Chinatrust Financial Holding Company Corporate Governance Code of Practice

Authority : The Office of Corporate Governance

Approved Date : 8/24/2011

Chapter 1 General Provisions

Article 1 In order to bolster the corporate governance and sound operations of Chinatrust and its subsidiaries, the Chinatrust Financial Holding Company (Hereinafter referred to as "Chinatrust") formulated this document while referring to the Corporate Governance Code of Practice for Financial Holdings and relevant laws and regulations to fulfill its responsibilities in keeping with the principles of hierarchical authorization and professional duties. Chinatrust and its subsidiaries are to comply with this document.

Based on the spirit and principles set forth in this Code of Practice, the aforementioned subsidiaries are to add to the corporate governance Code of Practice based on the characteristics of their industry and relevant laws and regulations of the locale in which they operate.

Article 2 Chinatrust is to comply with laws, regulations, and charter regulations and establish a corporate governance system in accordance with the principles listed below.

1. Establishing an effective corporate governance framework.
2. Complying with laws and regulations and enhancing internal management.
3. Guaranteeing the rights of shareholders.
4. Bolstering functions of the board of directors and committees under it.
5. Valuing the rights and privileges of employees and stakeholders.
6. Enhancing information transparency.

Chapter 2 Establishing an Effective Corporate Governance Framework

Article 3 Chinatrust hereby instructs responsible departments and offices to enhance or establish internal control, internal auditing, legal and regulatory compliance officers, risk management, finance, business and accounting operations, information management, and human resource management systems. The board of directors is to be responsible for overseeing and managing the abovementioned systems to determine whether or not they are being implemented efficiently.

Chinatrust is to map out overall operational strategies for itself and those for its subsidiaries as well as risk management policies and guidelines to provide to its subsidiaries to be used when formulating their own business implementation standards to ensure compliance and enhanced management.

Article 4 The management responsibilities of Chinatrust and its subsidiaries or other associated companies in regard to employees, assets, and finances are to be explicit and risk assessments are to be made and appropriate firewalls set up.

Chapter 3 Complying with Laws and Regulations and Enhance Internal Management

Article 5 Chinatrust is to appoint a compliance officer responsible for mapping out and implementing matters related to legal and regulatory compliance.

Article 6 Chinatrust's internal control system and internal auditing systems are to encompass all Chinatrust operations and work in conjunction with any changes in laws and regulations, business items and operating procedures, reviewing and making appropriate amendments on a regular basis, in order to ensure that systems continue to be used effectively.

Article 7 Chinatrust's internal auditing system is to evaluate whether the internal control system is operating effectively, measuring operational efficiency and proffer any suggestions for improvement when deemed necessary with the goal of further realizing corporate governance.

Evaluation of the effectiveness of Chinatrust's internal control system needs to be approved by at least one-half of all members on the Auditing Committee and submitted to the board of directors for a resolution. In the event that it is not passed by a majority of committee members, it must be passed by a two-thirds majority of all directors and the resolution of the committee members to be recorded in the minutes of the board of directors.

Article 8 Chinatrust is to provide sufficient authority so that internal auditing of personnel can be carried out independently.

Article 9 The auditing as well as legal and regulatory compliance departments established by Chinatrust are responsible for ensuring that Chinatrust completes setting up auditing operations and complies with relevant laws and regulations as well as for overseeing subsidiaries as they implement relevant regulations.

Chapter 4 Safeguarding the Rights of Shareholders

Article 10 Chinatrust is to safeguard the rights of shareholders and treat them fairly by establishing a corporate governance system able to guarantee that shareholders fully enjoy the right to know, participate, and make decisions in major company issues.

Article 11 Chinatrust is to safeguard the rights of shareholders by encouraging them to participate in corporate governance, holding shareholder meetings that are legal, efficient, and safe, and handling shareholder suggestions, questions, and disputes in an appropriate manner.

Article 12 Chinatrust is to value the right of shareholders to know by strictly adhering to laws and regulations dealing with open information by releasing company finances, sales, the number of shares held by individuals internally, the status of corporate governance, and items that could have a major impact on the rights of shareholders or share prices on an open information viewing website and reporting them to relevant authorities. In addition, Chinatrust is to provide information to shareholders on the website set up by the company.

- Article 13 In the event that shareholders bring litigation against Chinatrust, as a result of resolutions made during board of shareholders, because Chinatrust's board of directors violate laws, regulations or rules laid out in the company charter, that the director or the agents thereof violate laws, regulations or violate rules laid out in the company charter while carrying out their duties adversely impacting their rights, Chinatrust is to handle the litigation objectively and in an appropriate manner.
- Article 14 In order to safeguard the interests of all shareholders to the greatest possible degree, Chinatrust is to remind controlling shareholders (major shareholders) of the following:
1. Major shareholders have the duty to deal with other shareholders in good faith and are not to cause the company to engage in business, either directly or indirectly, that is beyond the company's regular scope or that is illegal.
 2. Based on the principles of integrity and maximizing the interest of all shareholders, when voting or serving as directors on the board of shareholders, representatives of major shareholders are to be faithful to their duties as directors and to carry out all of their obligations.
 3. Major shareholders are to adhere to relevant laws and regulations and rules as stipulated in the company charter when nominating directors. They are not to go beyond limits of their functions and powers of the board of shareholders or the board of directors.
 4. Major shareholders shall not employ any inappropriate means to interfere in company decision-making or impede company operations.
 5. Major shareholders shall not use unfair competition to restrict or impede company operations.
- Chapter 5 Bolstering Functions of the Board of Directors and Committees under it**
- Section 1 Organization and Functions of the Board of Directors
- Article 15 An appropriate number of seats for Chinatrust's board of directors is to be decided in accordance with relevant laws and regulations as well as the company charter and determined based on the scale of company operations, the status of major shareholders, and actual operational needs of the board of directors.
- General knowledge, skills, and accomplishments needed to perform the duties of the office are to be taken into consideration when selecting and appointing Chinatrust directors. Potential candidates should have the following capabilities.
1. Judgment required to run a company.
 2. Accounting and financial analysis capabilities.
 3. Business management capabilities (including ability to manage subsidiaries).
 4. Crisis management capabilities.
 5. Knowledge of the industry.
 6. The ability to view the international market.
 7. Leadership capabilities.
 8. Decision-making capabilities.
 9. Risk management knowledge and capabilities.
 10. Experience in corporate governance.
- Article 16 Primary responsibilities of Chinatrust's board of directors to realize Chinatrust's corporate governance objectives are as follows.
1. Setting or revising the internal control system.
 2. Appointing, removing, and overseeing managers.
 3. Reviewing company management policies and operation plans and overseeing the implementation thereof.
 4. Reviewing company financial objectives and overseeing the implementation thereof.
 5. Overseeing company accomplishments.
 6. Approving the performance measurement standards and remuneration standards for managers and the director's remuneration structure and system.
 7. Overseeing the company as it establishes an effective risk management mechanism.
 8. Overseeing the company to determine whether it is adhering to relevant laws and regulations.
 9. Planning the direction of future company development.
 10. Safeguarding the company's image.
 11. Selecting and appointing permanent legal advisors and CPAs.
 12. Other major items to be resolved by the board of directors as stipulated by laws and regulations or in the charter or by competent authorities.
- Section 2 Principles for Forming the Board of Directors
- Article 17 Chinatrust's Office of the Chairman is to nominate a list of nominees for the position of director in accordance with the following principles. Shareholders are to select someone from the list of nominees.
1. No fewer than three independent directors are to be appointed and the number shall not exceed 1/2 of the total number of directors.

2. Independent directors shall not be employees or directors or persons overseeing the company or associated companies.

3. The manager of Chinatrust shall not serve simultaneously as a director of Chinatrust.

Article 18 When appointing directors to its major subsidiaries, Chinatrust's board of directors is to appoint a minimum of one director to each subsidiary with knowhow in the industry to which the subsidiary belongs to.

Article 19 Chinatrust directors (including independent directors) are to conform to Company Law, Securities Transaction Law, Regulations Governing Qualification Requirements for the Promoter or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company, Regulations Governing Appointments of Independent Directors and Compliance Matters for Public Companies, and relevant laws and regulations of competent authorities.

Article 20 The responsibilities of Chinatrust's chairman of the board and general manager are to be clearly delineated. It is inappropriate for the same person or spouses to hold the positions of chairman of the board and general manager.

Article 21 Chinatrust is to clearly state in the charter or in resolutions by the board of shareholders remuneration to be received by directors. Remuneration for independent directors is to be set at a reasonable level different from that of general directors.

Section 3 Independent Directors

Article 22 The professional qualifications, stockholding and concurrent serving restrictions, standards of independence, methods for nomination, and other items regarding independent directors are to be carried out in accordance with regulations stipulated in Article 17, Clause 2 and Article 19.

Independent directors are to have professional knowledge in their particular industry and shall be restricted as to the number of shares they can hold and from serving more than one position concurrently. Furthermore, they shall not have any interests in the company, either direct or indirect; rather, they are to remain independent when performing their duties.

The establishment of Chinatrust independent directors is to be carried out in accordance with regulations as stipulated in Article 17, Clause 1.

Article 23 Chinatrust should clearly state the scope of responsibilities for independent directors as well as the human and material resources required to carry out their responsibilities. The company, the board of directors or any other members shall not restrict or interfere with independent directors in the execution of their responsibilities.

Article 24 In the event that Chinatrust experiences any major adverse impact as a result of Chinatrust management not adopting recommendations forwarded by independent directors for correcting any major deficiencies or illegalities in Chinatrust business operations, competent authorities are to be notified immediately.

Section 4 Risk Management Policies

Article 25 Chinatrust's risk management policies are to be passed by the board of directors and reviewed and amended when needed.

Chinatrust is to set up an ad hoc risk management unit independent of Chinatrust business and submit risk management reports to the board of directors on a regular basis. In the event that any major risks to finances or operations are discovered, appropriate measures are to be adopted immediately and reported to the board of directors in accordance with internal regulations.

Section 5 The Auditing Committee, Compensation Committee, Risk Management Committee, and other Committees with Mandated Responsibilities

Article 26 To enhance the functions of management, Chinatrust shall take into consideration the size of the board of directors and the number of independent directors. It should establish an Auditing Committee, a Compensation Committee, a Risk Management Committee, and other committees with specific functions stated clearly in the company charter.

Chinatrust is to establish committee charters detailing organization, responsibilities, and other pertinent information for each of the abovementioned committees. These shall go into effect after passage by the board of directors.

Committees with mandated responsibilities are responsible to the board of directors and are to present any motions to the board of directors which will be responsible for making any decisions on said motions. In accordance with regulations stipulated in laws, including the Securities Transaction Law and the Company Law, persons responsible for oversight are not subject to these restriction, so the Auditing Committee is excluded from these restrictions.

Article 27 Chinatrust is to charge qualified specialized attorneys-at-law to provide the company with legal consultation services, so that the company and relevant persons can avoid violating laws and regulations and to ensure the company's corporate governance operations remain within the appropriate legal framework and follow legal procedures.

The Auditing Committee or members serving as independent directors can represent the company in appointing lawyers, accountants, and other specialists to provide any needed auditing and recommendations needed to carry out their work. The company is to be responsible for any costs.

Article 28 Chinatrust's board of directors is to select professional, responsible, and independent CPAs or external auditors to regularly audit Chinatrust's financial situation and internal controls and in the event that the CPAs discover and make known any abnormalities or deficiencies during their audits. The board of directors is to review recommendations for improvements, preventing abuse and make improvements accordingly.

Chinatrust is to regularly (once a year minimum) assess the independence of the CPA it hires. In the event that the company has not changed CPAs after five years or anything happens to cause the CPA to be subject to disciplinary action or to compromise the CPA's independence, Chinatrust is to consider whether the CPA needs to be changed and the results are to be reported to the board of directors.

Chapter 6 Valuing the Rights and Privileges of Employees and Interested Parties

Article 29 Chinatrust is to maintain open channels of communication with as well as respect and safeguard the legal rights and interests of customers, corresponding banks or other creditors, employees, communities, and other parties with vested interest.

In the event that the legal rights and interests of parties with vested interest are infringed upon, Chinatrust is to handle the event in good faith.

Chinatrust is to provide ample information to corresponding banks and other creditors, so that they can make judgments and decisions concerning the company's operations and financial situation. In the event that their legal rights and privileges are infringed upon, Chinatrust is to respond positively and responsibly, so that creditors have suitable channels to obtain compensation.

Chinatrust is to supervise and urge its subsidiaries to adhere to the three items mentioned above.

Article 30 Chinatrust is advised to supervise and urge its subsidiaries to establish channels for customer suggestions as well as relevant regulations. They should consist of a consumer complaint and dispute resolution mechanism.

Article 31 Chinatrust is to encourage its employees to take full advantage of its employee communication channels to carry out direct communications with management, and to express their views on major company decisions that affect company operations, finances, or employees interests.

As Chinatrust strives to realize sustainable business operations and to maximize shareholder interests, it will attach importance to such issues as customer rights and interests, environmental protection in the community, philanthropic activities, as well as its social responsibilities.

Chapter 7 Enhancing information transparency

Article 32 Chinatrust is to set up an open information Internet reporting system and appoint individuals to be responsible for collecting and disclosing information. It is also to set up a spokesperson system to ensure that shareholders and parties with vested interest receive information on decisions that could affect them in a timely manner.

Article 33 In order to ensure that information on major events is disclosed more accurately and in a more timely manner, Chinatrust is to appoint a spokesperson that has an overall understanding of all of the company's finances, operations, or work with the various departments to provide pertinent information. This person can represent and speak on behalf of Chinatrust as spokesperson or deputy spokesperson. News of changes in the position of spokesperson or deputy spokesperson is to be released immediately.

To enable a reliable spokesperson system, Chinatrust is to establish a standardized procedure for issuing statements and to request that management and employees safeguard the confidentiality of the company's financial affairs; they should be notified that they are not permitted to release information without authorization.

Article 34 Chinatrust is advised to take advantage of the convenience of the Internet to set up a website to disclose information on financial affairs and corporate governance to make it easier for shareholders and parties with vested interest to view. It should provide an English version about corporate governance for the convenience of foreign investors.

Personnel are to be assigned to be responsible for maintaining the abovementioned website to ensure that the information thereon is complete, accurate, and timely and that incorrect information is not posted.

Article 35 Chinatrust is to fully disclose information on transactions by stakeholders and in accordance with relevant regulations, disclose information on transactions by stakeholders with subsidiaries when amounts are over a certain amount.

The aforementioned stakeholders are to be defined in accordance with Regulation 6 of the Financial Accounting Standards. When determining whether parties involved in a transaction are stakeholders, in addition to meeting the legal definition, whether or not they have a substantive relationship must also be taken into consideration.

Chapter 8 Supplementary Provisions

Article 36 Chinatrust is to pay close attention to developments in standards for corporate governance both in Taiwan and around the world to be used as a basis for reviewing and making improvements to this Code of Practice in order to enhance the effectiveness of corporate governance.

Article 37 Areas not covered by the Code of Practice are to be handled in accordance with common practices stipulated under Corporate Law, Security Transaction Law, and Financial Holding Companies Law.

Article 38 This Code of Practice and any amendments to it are effective upon passage by the board of directors.

Chinatrust Financial Holding Co., Ltd.
Ethical Corporate Management Best Practice Principles

Authority : The Office of Corporate Governance

Approved Date : 7/21/2011

Article 1 Purpose and Application

The Ethical Corporate Management Best Practice Principles (the Principle) is established by Chinatrust Financial Holding Co., Ltd. (the Company) in order to strengthen the corporate culture of ethical management and the sustainable business development. The Principle is established based on the business philosophy of probity, transparency and responsibility as well as the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies” and other relevant regulations.

The subsidiaries, foundations with funds that are contributed by the Company for more than 50%, or institutions/ other form of legal entities that are controlled by the Company shall establish their Ethical Corporate Management Best Practice Principles in line with the Principle. Nevertheless, the Principle shall be applied by those other legal entities, as above defined, do not establish such principle.

Article 2 Unethical Conduct and Ethical Management

The directors, supervisors, managers, employees or others with controlling power over the company (Controllers) shall conduct business by the principle of fairness, probity and transparency and shall not offer, promise, demand or receive any improper benefits directly or indirectly nor commit unethical acts including those violate the ethics, the laws or the duties (unethical conduct) to obtain or maintain the benefit.

The above-mentioned controllers shall evaluate the legal and ethical compliance of the counterparties and refrain from doing business with the counterparties having record of unethical conduct.

Article 3 Benefits

The term “benefits” of the Principle refers to receipts of all valuable things including any forms or title of money, endowments, commissions, positions, services, preferential treatments, rebate and other forms of goods (such as: gift vouchers, equity/debt securities etc.); However, the benefits, received from a normal and occasional social custom, which do not affect the right or obligation of the counterparties shall not apply.

Article 4 Commitment and Implementation

The Company shall appoint a responsible unit to establish procedures/ programs for the implementation, prevention and supervision in accordance with the Principle. The commitment and implementation shall be explicitly stated in the internal policies/ procedures and external documents. The status of implementation shall be reported to the board of directors periodically.

The board of directors and the management team shall commit to implement the Principle via internal operations and external business activities to ensure a proactive implementation.

Article 5 The Programs, Scope and Measures of Prevention

The above-mentioned development of the prevention programs shall include analysis of the business activities that bear higher risk of unethical acts, operational procedures, code of ethic and trainings.

The development of the prevention programs shall be in compliance with the governing laws and regulations of the domicile of operation.

The prevention programs shall cover the preventive measures for the following acts to be undertaken by the Company and/ or its Controllers:

1. Offering or accepting bribes:

One shall not offer, promise, demand or receive any form of improper benefits including rebate, commission, brokerage during the course of conducting business or shall not offer or receive improper benefits to or from clients, agents, contractors, suppliers, public servants or other interested parties via other ways. However, those acts in compliance with the local laws shall not subject to the above restrictions.

2. Offering illegal political donations:

The direct or indirect political donations, made to the political parties or organizations/ individuals participating in political activities, shall be in compliance with Political Donation Act and internal policies and procedures. Such donations shall not be for business profit or advantages.

3. Improper charitable donations or sponsorships:

Donations and sponsorships shall be in compliance with laws and internal policies and procedures and shall not be a disguised form of bribery.

4. Offering or receiving illegitimate gifts, hospitality or other improper benefits:

Direct or indirect offering or receiving any illegitimate gifts, hospitality or other improper benefits for building business relationship or affecting business transactions are not allowed.

Article 6 Conflict of Interest

The Company shall establish policy to govern the conflict of interest and proper channel for directors, supervisors and managers to report their acts of potential conflict of interest.

The member of the board of directors shall abstain from discussion and voting on the topics involving the interest, that may conflict with the interest of the Company, of the member individually or the corporation(s) that the member(s) represents. The member may present his or her opinion and respond to the questions, but shall not participate in the discussion and voting or vote on behalf of other member(s) on the said topics. The members shall be self-disciplined to avoid favoritism among them.

The directors, supervisors and managers shall not take advantage of their position at the Company to gain improper benefit for themselves, their spouses, parents, children or other parties.

Article 7 Accounting and Internal Control

The accounting principle and internal control system of the Company shall be established and implemented in line with the Principle. They shall be reviewed and updated periodically to ensure continued effectiveness.

The internal auditors shall audit the status of the implementation of the accounting principle and internal control system and submit their audit reports to the board of directors.

Article 8 Training, Reporting and Reprimand

The Company shall hold training and dissemination of the Principle for its Controllers periodically. They shall be responsible to report any detected violation of the Principle to the supervisors or reporting channels. In addition, the Company shall establish independent reporting channel(s) and procedures to protect the safety of the reporters and the confidentiality of the information reported.

The Company shall establish procedures of reprimand and appeal for the violation of the Principle and shall disclose, on the company internal web-site, the title, name, date, detail of the violation and the reprimand on a timely basis.

Supervisors shall be treated as a violation of the Principle and reprimanded for not taking action against their subordinates' violation of the Principle.

Article 9 Information Disclosure

The Company shall disclose the status of the implementation of the Principle on the company website, the annual report, the corporate governance report and the prospectus.

Article 10 Review and Revision of the Principle

The Company shall monitor the local and foreign developments of principles related to the ethical corporate management timely and encourage suggestions from the directors, supervisors, managers and employees for improvement to the Principle and enhancement to its effectiveness.

Article 11 Implementation

The Principle shall be implemented and submitted to the subsequent shareholders meeting after the approval by the Board of Directors. The amendments shall follow the same procedure.



Customer Care

Holding fast to our brand promise, “We are family”, Chinatrust has long utilized a variety of channels to get to understand the needs of our customers. The voices of our customers serve as inspiration upon which we base innovative new services and improve our service quality. “As long as something is beneficial to our customers, we will do our utmost to make it happen.” We are grateful to each and every Chinatrust customer, because they drive us to seek growth and progress, while allowing us to live up to our brand spirit.

“Clients come first, serve from the heart”. At Chinatrust, the customer is number one and we endeavor to provide them with caring service, while paying special attention to consumer rights. In the Chinatrust Corporate Governance Best-Practice Principles, we clearly pledge that while we work towards achieving sustainable corporate development and maximizing profits for our shareholders, Chinatrust must also pay close attention to customer rights and interests. This is part of our caring service and our commitment to our customers.

Establishing the Customer Care Committee Mechanism

In order to achieve our brand mission “Protect & Build”, and embody our brand promise, “We are family”, Chinatrust began to launch a series of related initiatives in 2010. In September 2011, our Taiwan Region Group, Retail Banking established the Customer Care Committee chaired by our CEO, Global Retail Banking and committee members were from the various Retail Banking division heads. Meetings are held each month during which front-line supervisors report directly to the assembled executives regarding customer comments and feedback. Areas reviewed by the committee include overall service quality, internal information from front lines (voice of the customer, VOC) external customer complaints, and implementation and effectiveness of customer care projects.

Customer relationship maintenance

In 1992, Chinatrust launched our 24-hour customer services hotline, making us the first financial institution in Taiwan to establish a customer service center. Currently, we have set up backup systems in both Taipei and Taichung with a total of 450 customer service personnel to assist our nearly 7 million customers throughout Taiwan. On average, they receive 1.1 million phone calls each month, 57% of which are answered directly by service personnel. Chinatrust tailors our service to the customer’s (such as senior citizens, new customer, or first-time callers) specific needs to provide warm, personalized experience. All customer service personnel follow the maxim, “One call, total satisfaction” (one stop service). With one phone call, we hope to resolve all the customer’s problems and answer any questions he or she may have. In 2011, 95% of issues were resolved with just one call. Related documentation control and job quality received ISO 9001 certification.

Through analysis of our customer data, voice of customer (VOC) platform, and interviews with customers, Chinatrust has collected information about our customers’ backgrounds and behaviors. With this data, we have developed a comprehensive Event Base Service (EBS) system. In addition to providing basic services, the system deepens our interaction with our customers allowing us to provide considerate services, timely reminders, and relationship maintenance. With customer needs as our guide, we can better safeguard their rights and interests.

- 1) Caring services: To meet the needs of customers reserving airport parking, Chinatrust will send a reminder by text message one day prior to advise the parking space number.
- 2) Timely reminders: Chinatrust sends out reminders to customers whose credit card bonus points are set to expire and also provides information on how to redeem points, to help customers save time and protect their benefits.
- 3) Relationship maintenance: Should a customer purchase gas or other automobile related items but has not yet registered their vehicle for our roadside assistance program, Chinatrust will send a text message to remind the customer to register so they can benefit from this service.

Managing customer comments and suggestions

Chinatrust is concerned with the needs of our customers and works to provide them with more relevant and caring services. In 2011, Chinatrust established a database platform to collect all our customers comments and suggestions (VOC, Voice of the Customer). We collect customer opinions through various points of interaction (at bank branches, and though promotional units, and the customer service centers). Following opinion collation and analysis, we issue regular online reports to relevant business units who use this data to develop improvement measures and introduce new products. In 2011, the VOC platform collected 26,797 customer opinions, generated 24 reports, and issued 182 online reports. Through our Frontline VOC Management System, service center employees responded to more than 600 customer comments in 2011. On average, an improvement proposal was generated for one in four comments received. Over 80% of comments were successfully resolved, while the remaining unresolved issues continued to be monitored. Some recent examples of customer feedback resulting in Chinatrust improvements include:

Customer feedback	Resulting action
When booking a taxi over the phone, customers wanted to ensure that the taxi dispatched accepts credit cards.	Since October 2010, when calling Taiwan Taxi's 55688 service hotline, customers can request a taxi that accepts credit cards to provide more convenient service.
Electronic credit card statements to print more clearly, so customers could make payments smoothly.	In order improve printing quality, beginning in June 2011 Chinatrust electronic credit card and bank statements were switched to PDF format.
Customers suggested that their electronic credit card statements should have additional password protections to better ensure personal privacy.	Since November 2011, all electronic credit card and bank statements have new safety measures. Customers must enter their personal data before they can open the files to better safeguard privacy and security.
Customers hoped that the subject line for emailed credit card statements could be in Chinese for easier identification.	The subject line for emails containing Chinatrust credit card statements originally was "Chinatrust Bank E-statement System". This was translated in January 2012 to Mandarin so our customers can more easily identify the subject of these emails.

Strict quality control monitoring

Our customers' overall needs serve as a starting point at Chinatrust. In addition to providing diversified financial products and investment options, all available products have been put through a rigorous screening and control process. Not only are each of our branches staffed with financial advisors, there is also a team of nearly 100 financial planning researchers who help to provide customers with comprehensive, professional financial planning services.

In addition, Chinatrust also makes extensive preparations and performs employee training with our customers in mind in order to best meet their needs. We utilize undisclosed customers to test and rate our service personnel's professional skills, so we have more complete information about our service quality.

Chinatrust now provides our wealth management clients with a three-stage risk management service called KYC (Know Your Customer). Because customers have different financial planning needs, interests, and risk tolerance, Chinatrust first reviews their background information and categorizes them to ensure only the most appropriate products are offered. The customer can then more effectively manage their risk and asset allocation.

Stage	Risk management services
Before	Through the KYC process, we use five steps and six parameters to best determine consumers' risk classification. Based on their risk tolerance and needs at this stage of life, we provide appropriate asset allocation suggestions. Each year, we repeat this process to understand any changes in risk tolerance and advise customers to consider adjusting their portfolio if necessary.
During	Instant transaction confirmation: All products are categorized by risk. When a customer makes a transaction order, we actively compare the product risk label with his or her risk limits to act as gatekeeper.
After	We provide customers with specialized investment planning proposals. Through the assistance of financial advisors, customers learn of potential gaps in their portfolios.

Customer privacy protection

As society places increasing emphasis on personal privacy, Chinatrust too is actively considering how to best protect our customers' personal information and improve related mechanisms so as to abide by our customers' trust. Chinatrust's various business units take their responsibilities very seriously when entrusted with our customers' personal information. Without prior approval, we will not share any of their information with a third party or utilize their information for any other usage without prior approval.

Customer satisfaction survey

Chinatrust was founded on the pursuit of excellence. To better understand how we are measuring up and how best to improve, we implemented a 30 item customer satisfaction survey in 2011 that collected customer opinions of our services, products, and personnel. Topics included levels of satisfaction with Chinatrust financial planning, bank branches, online banking, ATMs, customer service, credit card products

and statements, airport parking and VIP lounge, roadside service, consumer finance product applications, and debt management services. Our overall satisfaction target was 72%, but the actual value of 75% exceeded our goal and makes us the industry leader.

In addition to financial health, Chinatrust also cares about our customers' physical health. In 2011, we held a liver disease prevention forum to educate the public in Taipei and Kaohsiung. Both attendance and customer satisfaction reached 99% for the Taipei event, while the attendance for the Kaohsiung event was 96% and customer satisfaction reached 99%.

Handling customer complaints

Chinatrust has always treated customers in the spirit of fairness. We formulate policies and standards for all aspects of our business, including financial planning, phone marketing, and deposit, withdrawal and transfer transactions. For example, personnel working to promote Chinatrust services may not mislead customers or make any inappropriate or false promises that could negatively affect our customers or the company. Also, Article 13 of our CSR Best-Practice Principles states that Chinatrust must protect our customers' basic rights and interests, and also provide transparent, fair, real-time and effective consumer complaint mechanisms.

In addition to creating new service procedures and systems, Chinatrust also established a customer complaint handling mechanism. Should customers feel they received inaccurate information about any of the products Chinatrust introduced or sold to them, or we did not sufficiently apprise them of related risks or they have any other problem or need, they can utilize one of our many communication channels to lodge a complaint. These include our 24 hour service hotline and client e-mailbox.

Once Chinatrust receives a complaint, our customer service center first creates a file and then immediately assigns an employee to contact the customer, which may include a personal visit, to further clarify the customer's needs and then assist with follow up. Within seven days of receipt of the complaint, 92% of cases are resolved. After resolution of the case, Chinatrust will again phone the customer to ensure everything is satisfactory. Customer satisfaction with our complaint report process is 94%.

Innovative and convenient services

Since our founding, Chinatrust has continuously pursued innovation in our services. Interacting with our customers at every opportunity and through a variety of channels, we have taken the initiative to learn about their needs. In 2011, Chinatrust launched integrated statement services, a first for the industry. We successfully integrated information from over 20 insurance companies, so customers can quickly grasp all of their insurance information in one statement. To accelerate the processing of customer insurance claims, Chinatrust

has also set up insurance counters at each of our 147 bank branches throughout Taiwan. We accept claim applications on behalf of our long-term insurance company partners and assist customers to track the progress of their claims and provide relevant notifications.

To provide customers with more convenient insurance services, in 2011 CFHC's banking and insurance brokerage subsidiaries together launched the Comprehensive Insurance Program. Should any customer apply for insurance with Chinatrust Insurance Brokerage through Chinatrust Commercial Bank channels, they can receive comprehensive services that include insurance application, policy inquiry, and claim application transfer. Since its implementation, this program has made obtaining insurance much simpler for our customers. Not only has applying for travel or accident insurance become easier, customers can utilize the Internet to review their insurance details. In addition to bringing insurance information to our customers' fingertips, claim applications can be made at any of the Chinatrust Commercial Branches in Taiwan, saving them the time and trouble to make a special trip to their insurance company. Through the end of 2011, 971 claim applications were transferred through this program and the numbers continue to rise.

In order to assist disadvantaged groups, Chinatrust features barrier-free bank branches throughout Taiwan. In July 2011 we also installed New Taipei City's first talking ATM for the visually impaired at our Hsinchuang branch for the use by the neighboring Institute for the Blind of Taiwan. We hope to provide the visually impaired with convenient financial services.

In the past, if visually-impaired customers needed to withdraw money, they had to rely on friends or family to help them make the transaction. With their PIN and bank balance information be exposed, they could fall prey to thieves who fraudulently withdraw money from their accounts. With this in mind, Chinatrust created our talking ATM, which features a convenient, safe interface that visually-impaired individuals can operate on their own to withdraw funds, check their account balance, or change their PIN. To better serve our disabled and visually-impaired customers, Chinatrust widened the Hsinchuang branch's automatic doors from the original 90 centimeters to 180 centimeters. The new doors allow the disabled to more easily enter the building, while the entrance bell, tactile paving, headset, and braille instructions all help our visually-impaired customers overcome any obstacles and make banking a much safer and more convenient task.

Through the end of 2011, there were 4,558 Chinatrust ATMs throughout Taiwan, 4,051 of which were installed in 7-11 convenience stores. There are 184 Chinatrust ATMs in remote areas such as Hualien, Taitung, and Pingtung. In addition, we also have three teller-less branches located in the Chinese Culture University, Tainan's Yongkang City, and the Chia Nan University of Pharmacy & Science.

Debt management services

Debt management is a very important part of how Chinatrust works to assist our customers. Following 2008's financial crisis, Chinatrust began to transform our service culture. In recent years, our debt management division has not only launched discount shopping and donation activities, we also actively assist customers with debt concerns to successfully overcome this difficult period in their lives.

In our experiences with debt management, we have discovered that many customers owe money to several different banks at the same time. Each month, they must juggle a series of different payment due dates making a stressful situation even worse. Therefore, we have actively worked to assist customers to reorganize their debts. In 2011, Chinatrust debt consolidation loans totaled nearly NT\$4.3 billion. When a customer can consolidate their debts and deal with them all in one place, not only will their work and home life become more stable, they do not have to face the stress caused by so many different monthly payments. Customers will be motivated to make their one payment on time and successfully get on the path of rehabilitating their credit.

Since establishing debt management services, Chinatrust has discovered that many customers and their families have faced burdens in their livelihoods due to long-term debt. The people most impacted by such stress are their children. If the children of our debt management customers can lead a happy life and successfully receive their education, they can help their parents to get out of debt and better enjoy life. In 2011 Chinatrust launched a fundraising program to assist the children of debt management customers. A total of 175 donations were received totaling NT\$45,800. These small, but powerful donations have already helped some children to live a more stable life. We are proud to say that two young recipients of long-term assistance have achieved self-reliance through this program.

To help further reduce financial pressures on our debt management customers, during branch activities or important holiday celebrations Chinatrust has invited them to set up stands to sell handmade goods. Through our internal company website, we encourage employees to purchase the goods on offer, which can include handicrafts, cookies and snacks, handmade dumplings, and seasonal fruits and vegetables. Over 2011, 1,023 purchases were made for a total value of NT\$531,580, all of which was donated to debt management customers. Not only do these funds help customers with urgent needs, but they can also encourage them to bravely face their debt problems and get a new start on life.

Giving customers a new start

The great majority of our debt management customers sincerely want to pay off their debts, but because of unemployment, disability, or illness some are temporarily unable to work or make payments. To sympathize with and

show our care for these individuals, we stop collecting on their debt to give them the opportunity to recover and rebuild. In 2011, we put a temporary halt on debt payments for 2,592 customers. Through this assistance, Chinatrust believes that we can help even more customers to make a new start and courageously face the future. We hope our actions can also make Taiwan an even more caring place.

Financial planning education

Financial planning is said to be the most important life skill modern people can possess. For many years, Chinatrust has held financial forums in order to promote correct financial planning concepts and assist the public in understanding global financial market changes and trends. Through education, key financial planning concepts will become part of people's everyday lives and parents and children can comfortably discuss money management together.

In addition to six large-scale financial planning orientations held in 2011, Chinatrust also continued to organize our parent-child financial planning education activities. The Little Financiers program is for older elementary school children who work in groups to manage their own virtual mutual fund. Participants try to maximize their profits in this simulation of the actual global financial market. This parent-child financial game helps the children to think on their feet and perform crisis management, while also improving interaction between parents and their children. The Who Wants to Be a Mini Millionaire program is targeted at younger elementary school students. Through trivia quizzes and exciting competitions, the children build a proper foundation in financial knowledge. Chinatrust hopes that through these entertaining, yet educational programs, we can impart upon children their first understanding of money and financial planning to ensure that each child can grow up to manage their money well.



Chinatrust launched ATM machines with voice interface in New Taipei City, so the visually impaired no longer have to ask for assistance to operate them.



Employee Care & Career Development

People, are a company's most important asset and they are the key to achieving sustainable competitiveness. Under Chinatrust's brand commitment of "We Are Family", we believe that being close knit like a real family starts with our employees and their loved ones.



Every year, Chinatrust invests extensive resources in recruiting talented individuals, thereby boosting the domestic labor market. Even throughout the financial crisis and the resulting economic downturn, we did not lay off workers to get through that difficult period. Our goal is to protect our employees' interests and fulfill our corporate social responsibilities.

Recruitment and employment

In March 2011, Chinatrust acquired the Taiwanese subsidiary of the American insurance and financial services firm MetLife (now renamed Chinatrust Life Insurance Company). At the time, Chinatrust announced that we would retain all of the acquired firm's employees. In addition to protecting the staff's right to work as prescribed by law, we also promised that for two years the remuneration and benefit system would remain as before. Our actions showed a high degree of inclusiveness and sincerity, representing our brand spirit, "We are family". As long as you are an employee of Chinatrust, you are part of our family and it is our responsibility to care for you and give you opportunities for growth.

All these years, Chinatrust has strived to be a meritocracy where the right individuals are utilized in the right positions. We recruit from a wide variety of industries and academic backgrounds and each year we provide summer internship opportunities for students. Through industry-academia partnerships, company visits, and symposiums, we share our practical experience to help graduates prepare for the job search ahead. In addition, Chinatrust also follows human resource developments in the financial services industry. Seeing talented recruits as a competitive advantage, we established a department dedicated to recruiting, development, and training of employees ensuring that Chinatrust's workforce productivity and employee satisfaction continue to lead Taiwan's financial industry. Chinatrust gives priority to area residents when hiring for managerial positions at any of our operating locations. At present, 99.9% of managers in Taiwan hail from the island, while only 14.4% of managers in our overseas locations are from Taiwan.

In addition, Chinatrust actively works to ensure a diverse work environment that is free from discrimination and harassment. Employees trust and respect one another and the entire workforce feels a responsibility in maintaining the company's performance and reputation. In 2011, Chinatrust had no cases of discrimination, use of child labor, or coerced or forced labor, nor was it involved in any violations of employees' rights.

In 2011, Chinatrust had 9,270 full-time employees and 509 temporary or part-time employees totaling 9,779 employees in Taiwan. Our overseas branches and subsidiaries employ 443 full-time workers and 16 temporary or part-time workers for a total of 459 employees. Chinatrust is also committed to providing employment to disabled persons. According to insurance statistics from each of our units, 0.64% of our workforce is disabled, meeting levels mandated in the Labor Standards Act. Employee benefit expenditures in 2011 totaled NT\$431,433,922, which represents 0.72% of total revenue and 2.36% of pre-tax income.

Employee structure—by gender					
	Taiwan		Overseas (branches)		
	Full-time	Temporary part-time	Full-time (including overseas postings)	On contract	Temporary part-time
Male	3,314	144	198	1	4
Female	5,956	365	245	3	8
Total	9,270	509	443	4	12

Note: A total 64 managers at overseas branches are on overseas postings from Taiwan, making up 14.4% of overseas managerial positions.

Employee structure—by salary structure					
	Taiwan		Overseas (branches)		
	Full-time	Temporary part-time	Full-time (including overseas postings)	On contract	Temporary part-time
Male	7,959	509	443	4	12
Female	1,311	-	-	-	=
Total	9,270	509	443	4	12

Employee structure—by position, gender						
	Taiwan			Overseas (branches)		
	Managers	General employees	Total	Managers	General employees	Total
Male	545	2,769	3,314	49	149	198
Female	736	5,220	5,956	29	216	245
Total	1,281	7,989	9,270	78	365	443

Note: Total number of employees excluded temporary part-time.

Employee structure—by position, age						
	Taiwan			Overseas (branches)		
	Managers	General employees	Total	Managers	General employees	Total
50 years of age and older	148	475	623	28	18	46
30 to 50 years of age	1,131	6,177	7,308	50	249	299
Not yet 30 years of age	2	1,337	1,339	0	98	98
Total	1,281	7,898	9,270	78	365	443

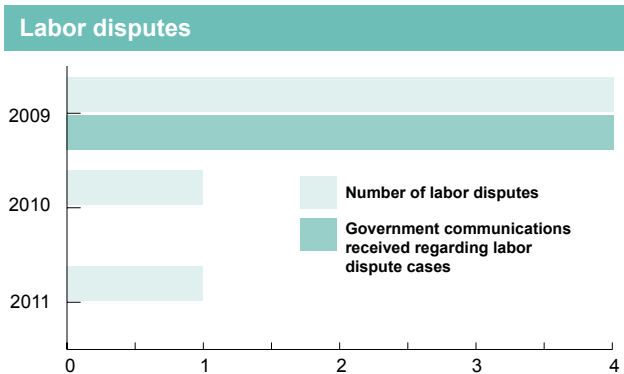
Note: Total number of employees excluded temporary part-time.

Employee structure—New hires			
	Taiwan	Overseas	Total
New hires (%)	15.5%	22.3%	15.8%
Male	450	52	890
Female	771	43	1,596
Management	120	19	139
General employee	1,101	76	2,347
50 years of age and older	9	3	38
30 to 50 years of age	442	62	1,254
Not yet 30 years of age	770	30	1,194
Total	1,221	95	2,486

Note: New hires formula: Number of new hires/average total workforce at the beginning and end of the period

Turnover—by gender and age		
	Taiwan	Overseas
Workforce at the end of 2011 (fixed salary)	7,959	443
2011 Turnover rate	13.1%	19.0%
Female	389	48
Male	643	33
50 years of age and older	23	3
30 to 50 years of age	649	47
Not yet 30 years of age	360	31
Total	1,032	81

Note: New hires formula: Number of new hires/average total workforce at the beginning and end of the period



Parental leave					
Year	2010			2011	
	Number of people on leave	Number of people who returned from leave	Applicants	Number of people who returned from leave	% returning to work after one year
Male	12	5	15	6	50%
Female	99	34	119	76	76.77%
Total	111	39	134	82	73.87%

2011 Work-related injuries and days of leave						
	Number of work related injuries	Days of occupational sickness leave	Days of sick leave	Injury rate	Absentee rate	Lost days rate
Male	19	639	1,387	0.20	166.98	6.58
Female	47	900.5	3,764	0.48	384.45	9.28
Total	66	1539.5	5,151	0.68	551.43	15.86

Note: Total working hours equal 19,412,640 (total number of employees x hours of work each day x number of days worked in one year); Total number of days worked equals 2,426,580 (total number of employees x number of days worked one year)

Gender equality in the workplace

The female to male ratio among Chinatrust's workforce is 16:9. A total of 60% of bank branch managers are women, while women make up 50% of managerial positions at Chinatrust overall. These figures show that we provide fair competition and opportunities for development to both our male and female employees.

To achieve gender equality and provide employees with an ideal working environment, our regulations expressly forbid any form of gender-based harassment, discrimination, or intimidation. At the same time, Chinatrust actively works with government programs that encourage former stay-at-home-moms to return to the workforce. Such candidates are always first in mind should any of our branches or other units require cooks, part-time employees, or commission-based sales personnel.

In order to provide female employees with peace of mind and encourage a healthy balance between work and family life, Chinatrust also offers parental leave and childcare subsidies. In 2011, a total of 134 employees throughout the company applied for parental leave, while 1,004 employees applied for childcare subsidies, which totaled NT\$12.40 million. In 2011, 73.87% of employees on parental leave returned after one year.

In addition, if an employee is injured on the job, Chinatrust provides work injury leave as required by law and in accordance with the injured individual's needs. We also help the employee to apply for a labor insurance claim. In 2011, 66 employees applied for work injury leave, which totaled 1,539.5 days, making up 0.68% of vocational related sickness leave.

Employee-management relations

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 (each gender may not make up less than 1/3 of representatives) who then meet with the seven selected management representatives. In 2011, five labor-management conferences were held. Labor representatives must be full-time employees and enjoy all of the protections of the Labor Standards Act. In that same year, there were four labor disputes, which have all been closed and properly resolved.

Protections guaranteed in the Labor Standards Act regarding issues such as overtime and night time work for female employees were formally codified and approved during labor-management meetings. The resulting regulations were then announced to the entire workforce. Regular conference reports at these labor-management meetings also outline issues regarding benefits, such as evaluation of medical facilities providing annual employee health check-ups, and general employee care.

For any major adjustment to employment, employees must be given an appropriate amount of advanced notice.

Should employees be assigned to a different location due to the addition of a new branch or other expansion, they must be advised at least one week in advance of the move. Should the business dissolve, transfer to new ownership, or in the event of a loss or business contraction or should the employee be unable to successfully carry out his or her responsibilities for any other reason, they must receive 10 to 30 days of advanced notice prior to termination of their contract.

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.

Employee communication

Discovering employee needs: At Chinatrust, communication and interaction between the company and our employees are of the utmost importance. In addition to labor-management conferences, which must approve any issues involving employee rights, we also hold a quarterly employee meeting and produce a monthly employee magazine. Through our Global Human Resources Office's anonymous employee satisfaction and organization climate surveys, the company can better understand the needs of our employees.

- 1) Employee satisfaction survey: Held every other year, we seek to better understand employee satisfaction with company management quality, work environment, salary / benefits, and employee development, while also learning about any other employee expectations and requirements.
- 2) Organizational climate survey: A firm's organizational climate is made up of management's leadership style and behavior, along with patterns of interaction among employees. We rely on the organizational climate survey to assist management and employees to understand the overall work climate within the company's various units and highlight areas for improvement.

Strengthening communication mechanisms: Effective two-way communication is the only way to solidify employee allegiance to the company. In order to monitor employee sentiment and quickly solve existing problems, while preventing others from occurring, Chinatrust has set up an Employee Hot Line. Any employee with a complaint may directly and promptly receive attention. All documents and letters are handled in a confidential manner to ensure the rights and interests of the complainant.

Channels of communication include:

- 1) By post: Employees can send written letters to the Global Human Resources Office or deliver directly to the Global Human Resources Office Director.

- 2) Hand delivery: Employees can deliver their opinions directly to any manager at the Human Resource Office or the human resource unit in their local area.
- 3) Email: Employees may send complaints to this email address: ctcbhr@ms65.hinet.net
- 4) Internal website: The General Affairs Division, under the General Administration Division, has an internal website that features a feedback section where employees can freely express their opinions. The address is: <http://ga.chinatrust.com.tw/>

In 2011, we received 169 instances of employee feedback via phone, email, written letter, or our internal website. The comments were on a variety of topics including salary and benefits, performance evaluation, internal communication, work safety, food quality, and company facilities. Dedicated units reviewed and replied to all comments and they have all been successfully closed.

Employee training

Our employees are Chinatrust's most valued asset. They are also a key strength in our pursuit of excellence and sustainable operations. The importance Chinatrust places on our workforce has garnered many affirmations from professional organizations both in Taiwan and overseas. In 2011, we passed the Bureau of Employment and Vocational Training's TTQS Training Quality Assessment, which clearly shows our commitment to quality learning.

Based on the requirements of our business development strategy, Chinatrust has created a comprehensive human resource development policy to improve the company's human resources and create competitive advantages:

Using Gallup to identify employee strengths

In the past, occupational training in the financial industry emphasized product content, service processes, and sales techniques. Investment in employee training was primarily to make up for insufficient specialized knowledge or abilities. However, we at Chinatrust believe that training and guidance regarding basic financial expertise is not enough. Only if we recognize each of our employee's strengths and provide the opportunities and resources to further build upon them, can we create an environment where employees can grow and develop.

Beginning in 2011, Chinatrust introduced the Gallup Strengths Finder Assessment. We performed assessments on potential managerial staff. The survey helps employees better understand their personal strengths, while also assisting them to appropriately draw links between their contributions at work and future career development.

Chinatrust spent a total of NT\$6 million on this project and became the first domestic financial holding company to utilize this type of assessment. At the same time, we also developed a series of Strengths Guidance Classes to assist our management team to clearly identify employee



All kinds of athletic clubs and other health related activities thrive under Chinatrust.

characteristics, while learning to employ these same tools in personnel hiring and evaluation. By better understanding the developmental needs of employees, Chinatrust can increase employee motivation and training efficacy.

In 2011, over 1,500 managers and general employees took the skills assessment and we held 6 training sessions. We discovered that through these classes, employees had significant growth in the areas of career exploration, team cohesion, and personnel management and development. Also, they were more confident in their abilities to reach team goals.

In addition, Chinatrust utilized 360 degree performance evaluation tools. Through self-evaluation, and assessing supervisors (managers), peers (inter-departmental units), and subordinates, employees can give more objective and impartial feedback to others and more clearly understand their own strengths and weaknesses. They can also formulate short, medium, and long-term development plans to improve their capabilities and better take on major and more challenging responsibilities in the future.

English training to facilitate internationalization

In response to the operational and market distribution needs of an ever more international organization, Chinatrust launched an English Enhancement Program for Managers and Practical Business English classes. Topics include English conversation and more formal communication to actively create an atmosphere conducive to English-language learning.

Formulating an employee development plan

Holding fast to our "We Are Family" brand spirit, Chinatrust sees our employees as important strategic partners in the growth of the company. Therefore, we perform regular skills assessments and allow employees and their managers to together formulate a personal employee development plan. In coordination with training courses comprising occupational skills, management development, overseas preparation, Soft Skill, and financial certifications, we provide employees with opportunities for career and personal development thereby creating a win-win situation for employees and the company.

Outstanding professionals are key to improving competitiveness in the financial industry. In order to increase employee expertise and create a flexible service culture, Chinatrust places a large emphasis on human resource development. In 2011, Chinatrust held a total of 1,949 training sessions. Online classes were held 886 times and recorded participation of 49,010 people, while 1,063 classes held in physical classrooms were attended 15,171 times. In total, employees received 316,704 hours of training, with each participating employee averaging 33 hours. Employee training expenses totaled NT\$51.07 million, which averaged NT\$5,735 per person. (Of these figures, training for new hires made up 1,110 of the attendees and a total of 13,561 hours of training)

2011 Employee training statistics	
Training classes held	1,063
Training class attendance	15,171
Online training classes held	886
Online training class attendance	49,010
Hours of employee training	316,704
Average hours of training per employee	33
Cost of employee training	51,074,256
Average cost of training per employee	5,735
New employee training attendance and hours	1,110 employees, 13,561 hours

Total training (hours)			
	Managers	General employees	Total
Female	29,643	135,949	165,592
Male	16,445	134,667	151,112
Total	46,088	270,616	316,704

Average training per employee (hours)			
	Managers	General employees	Total
Female	40	26	27
Male	29	47	44
Total	35	33	33

Female to male salary ratio		
	Female	Male
Managers and above	105%	100%
Managers and above	101%	100%

Compensation and benefits

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

Remuneration policy: Chinatrust set up the following remuneration policy to benefit the company, our employees, and our shareholders:

- 1) Tailored to 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 core salary on a variety of objective factors including past experience, ability, and job position. Our compensation system reflects our support for gender equality. Basic salaries start above the legal minimum wage and are not affected by employee gender. 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 month paychecks, a one month year-end bonus, and one month bonus for full workday attendance. Each employee may receive an additional performance bonus based on their individual contributions and the company's business performance. All employees, except those who have been on the job for fewer than three months, must receive an annual performance evaluation.

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.

Core benefits: These benefits meet basic employee needs, including subsidies for marriage, bereavement, birth, and the hospitalization of dependents. In addition, the benefits also include labor, health, and accident insurance, birthday bonus points, child education subsidies, birthday and holiday bonuses, and departmental vacation subsidies.

Flexible benefits: First in our industry, Chinatrust utilizes a point system combined with an online benefits platform, which allows our employees to choose the benefits that mean the most to them (for example, single employees' needs may be different than those who are married). Our employees then enjoy a diverse selection of benefits and promotions.



Chinatrust attaches a great deal of importance to employee skills and on-the-job training, giving it a critical advantage as it pursues sustainable operations.

A healthy, happy workplace

As part of our commitment to employee well-being, Chinatrust has actively promoted our four-level "Healthy Pyramid", which comprises of ensuring a healthy work environment, building employee health capital, creating happy Chinatrust employees, and operating the Caring Bank. Simply implementing measures and enhancing facilities to provide employees with a healthier work environment is not sufficient. We also place importance on promoting a variety of health-related activities and employee clubs, so employees can enjoy leisure activities after work hours that promote and strengthen their health.

Ensuring a healthy work environment

Through superior facilities and policies, Chinatrust provides our employees with a safe and healthy work environment that can put their minds at ease. Related measures: Non-smoking workplace policy, strict security and safety controls to buildings, and emphasis on hygiene in the workplace.

In order to prevent workplace accidents, in 2011 Chinatrust formulated the Labor Safety and Health Code of Practice, which specifies a variety of workplace health and safety standards. In addition, articles within this Code of

Practice clearly and thoroughly discuss first aid measures, instructions for use of emergency equipment, and our accident reporting policy. These can assist employees to improve workplace safety and prevent accident-related injury and loss.

Building employee health capital

Chinatrust actively promotes a variety of measures to keep our employees healthy. These include fitness equipment at our headquarters and retail banking buildings, a nursing room, free annual health checkups, free daily lunches, and weekly drink and snack coupons. Each week we offer nutritious locally-grown vegetables for purchase in our employee cafeterias.

In 2011, employees made use of our massage relaxation center 11,000 times and donated a total of NT\$2.85 million, while 131 women utilized the nursing room.

Our concern for employee physical and mental health also extends to their families as well, so we provide related health counseling and education. In 2011, we focused on raising awareness of liver disease prevention. In addition to providing related information at our quarterly employee meeting, we also held two liver health symposiums, one in southern and one in northern Taiwan.

Creating happy employees

Only when our employees are happy can the company achieve high-growth and outstanding operating performance. Chinatrust has long made efforts to hold a variety of leisure activities to help workers find the right balance and be happy at work and in life. For example, we have held parent-child and gender relations activities, as well as provide free leisure areas (at our Yangmingshan Employee Training Center we have a small golf course, swimming pool, and barbeque area). Chairman Jeffrey Koo, CEO Charles Lo, and President Daniel Wu also shared their ideas on ideal business principles, management philosophy, workplace environment, and inter-personal communication in our monthly e-magazine so employees can better understand our corporate culture and integrate into our big family.

In addition, Chinatrust also strongly supports employee participation in a variety of group activities. In 2011, 24 employee groups, which include clubs for English, hiking, photography, dance, and flower arranging, held a total of 1,148 activities that attracted 32,068 attendees. Some large-scale outdoor activities included a swim across Sun Moon Lake, the Meihua Lake Ironman Triathlon, and a cycling trip along Taiwan's Roman Road. With company support and the efforts of these clubs, employees have more opportunities to experience nature and take part in a variety of outdoor activities. Many employees have been inspired to lead a healthier life, successfully challenge themselves, and realize their life long dreams.

Promoting a volunteer culture

To promote a culture of volunteerism at Chinatrust, we actively encourage employees to participate in volunteer activities held by our Chinatrust Charity Foundation. For every six hours of service, an employee earns one vacation day. Each employee can earn as many as ten such public service holidays a year, an industry high. At Chinatrust, volunteer service has already become an important part of our corporate culture. In 2011, Chinatrust granted 1,422 public service holidays, which represents NT\$2.84 million worth of additional paid leave. Since Chinatrust Charity Foundation was established in 2004, a total of 20,366 days of public service holidays have been granted, representing NT\$40.73 million worth of additional paid leave.

In addition to offering public service holidays to encourage volunteerism, high-level managers at CFHC and our subsidiaries Chinatrust Commercial Bank, Chinatrust Life, and Taiwan Lottery also lead by example. CFHC and CTCB, independent and external directors also heard the calling and participated in a variety of volunteer activities. Over 2011, Chinatrust held six large-scale volunteer activities, which were each attended by directors. Some of those who participated include Taiwan Lottery Chairman and CFHC Director Steve Hsieh and Chinatrust Life Chairman and CFHC Director Scott Chien who both attended three events, while Independent Directors Wen-Chih Lee, Yenpao Chen, and Paul T. C. Liang attended two events for children from Taiwan's remote areas, total of 12 times.

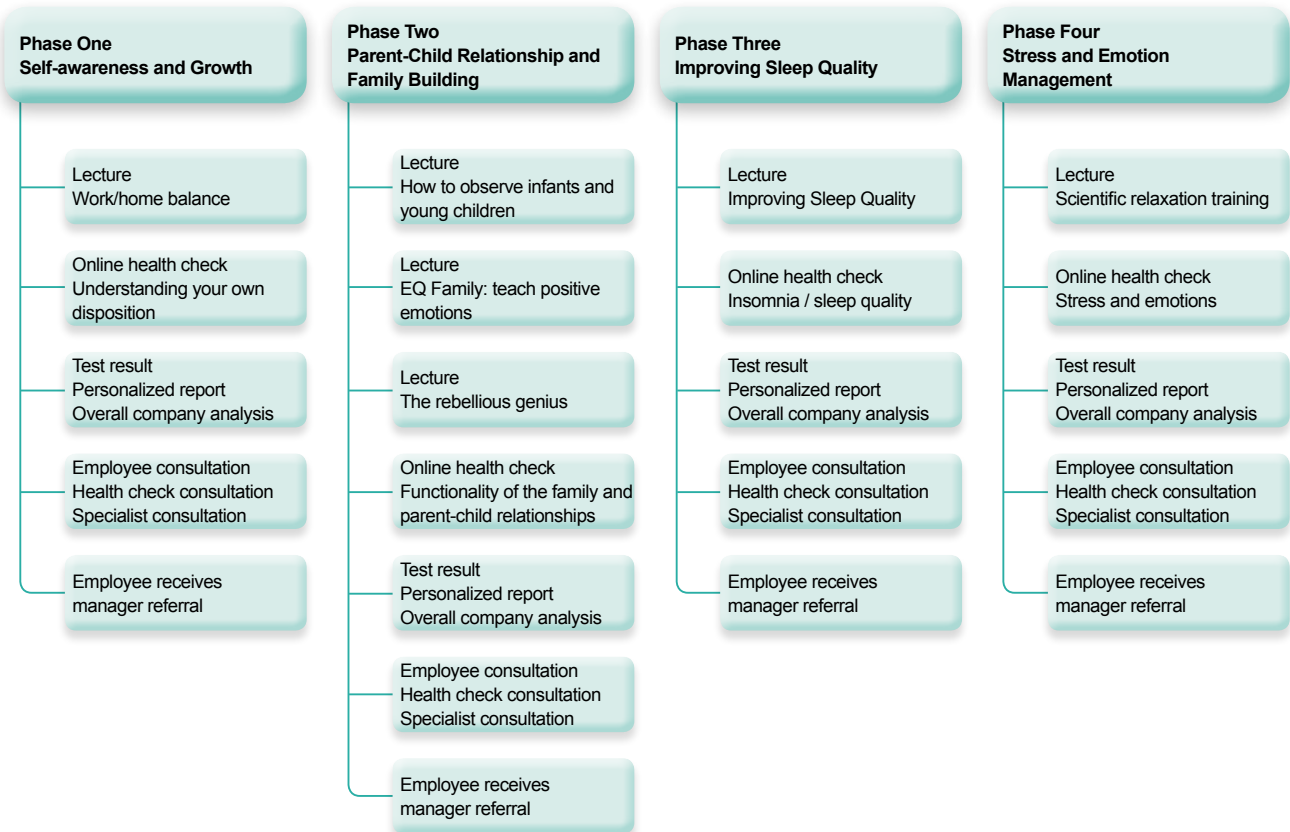
EEP – Employee Enhancement Programs

Over the years, Chinatrust has realized that simply providing employees with a superior working environment and caring for their physical health is not enough; Employee mental and emotional health cannot be overlooked. Based on this awareness, Chinatrust teamed up with the Taiwan Institute of Psychotherapy in 2011 to promote Employee Enhancement Programs (EEP). We hope that with the help of expert guidance from mental healthcare professionals, our employees can receive professional advice and assistance should they experience difficulties in any area of their lives.

EEP is based on the ideas of caring for oneself, loving and protecting one's family, and finding enjoyment in one's work. The programs fall into four main areas, Self-awareness and Growth, Parent-Child Relationship and Family Building, Improving Sleep Quality, and Stress and Emotion Management. In 2011, Chinatrust held a lecture tour that visited our branches in northern and central Taiwan. We invited employees and their families to participate together in the hope they could find the right balance between work and daily life.

In addition, Chinatrust set up an exclusive platform that enables any employee to log in over the Internet to view online videos and take psychological assessments. Participating employees can receive personalized reports and make appointments for professional counseling. The platform also features related articles that can be read online.

EEP framework



It is worth mentioning that many employees may be concerned about their privacy and that taking advantage of professional counseling may leave a negative mark in their records. With that in mind, the father of Chinatrust, Chairman Jeffrey L. S. Koo, personally sent a message over the internal Outlook system to inform all employees of our determination to promote this program and stress our commitment to employee privacy. These concrete steps highlight our pledge to foster Chinatrust employees' mental and spiritual wellbeing.

In 2011, as part of the newly launched EEP, employees took part in online psychological assessments, lectures, and counseling 1,976 times. In order to ensure our EEP offerings best meet employees' needs, at the end of 2011 we asked those who participated to fill out a survey. Results showed that over 80% of participants were satisfied with the experience and hoped that CFHC would continue the program. These results show Chinatrust's concern for our employees has received their positive feedback and encouragement.

During program implementation, we discovered that psychological counseling is gradually gaining acceptance with employees. For the majority of people today, counseling no longer carries a negative stigma. On the contrary, many feel positively towards counseling and believe it can help to solve some of life's difficulties.

Over the past year, Chinatrust has received the below feedback regarding EEP including such comments as

- "I would like to thank the company for providing eight free counseling sessions this year. This is really a great benefit."
- "When I ran into communication problems with my child, through the counseling sessions provided by the Taiwan Institute of Psychotherapy, I was able to find proper solutions and improve our strained relationship."
- "Through EEP, I could feel the company's care and concern for us employees. This is not just an example of CFHC's outstanding corporate culture, but is also a cornerstone in developing superior employees."

Rewarding achievement

Model employee award

Beginning in 2005, Chinatrust has selected a group of model employees each year. Since launching this program, we have selected 252 model employees who embody the company's four core values, what we call our Chinatrust DNA: Balance, Excellence, Say→Stay→Strive, and Teamwork. Through this award program, employees are publically recognized for their outstanding performance. The award ceremony and banquet, attended by award recipients and their families, is hosted personally by CFHC's Chairman and other high-level executives. After the ceremony, the model employees and their families also receive a vacation, so they can enjoy



Every year, model employees are selected and commended to encourage the Chinatrust staff to continue in its pursuit of excellence.

travelling together. The Model Employee Award is the greatest honor to which all Chinatrust employees aspire. The VIP awards ceremony and banquet are not only very exciting for our employees, they and their families also then feel a deeper commitment to Chinatrust and develop a stronger sense of belonging.

Golden Holiday rewards

To thank employees for their years of contribution and service to Chinatrust, at the five and ten year marks employees are given a golden holiday: five consecutive days of paid vacation. We hope that employees will enjoy their well-deserved break.

Diamond Holiday rewards

In order to give our employees the opportunity to expand their horizons, after 15 years of service and every five years thereafter until their 30th anniversary, employees receive a Diamond Holiday airplane ticket valid for one year valued at from NT\$30,000 to NT\$50,000 and the services of a travel agency to plan out the perfect holiday for them and their families.

Retirement system

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

- Labor Standards Act: Each month, Chinatrust makes a deposit into the retirement fund for each employee held in a specialized retirement account in the Central Trust of China.
- Labor Pension Act: 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.

Blissful company, Happy family

Parental leave A long holiday with my children

In the competitive, fast-paced financial industry, could an employee ever decide to take a year of unpaid parental leave? Chinatrust has turned this seeming impossibility into reality and created a new industry model.

Huang Yu-hsin, a member of our Human Resources Department, recalls her life last year on parental leave. She said, "That period of time was truly wonderful! I think because of that experience, my child's emotions were more stable and he did not have as many temper tantrums. More importantly, we were able to spend each day together interacting, creating a strong bond. Watching my son grow bigger each day, I will always remember how my heart filled with love when he uttered his first words!"

When Yu-hsin had her first child, she returned to work after a month of maternity leave. However, when her son was almost two years old, she found she was just not spending enough time with him and she began to consider the possibility of taking parental leave. At the time, she was worried and hesitant because she wondered, "Can I ever come back?" Luckily, she discovered Chinatrust's family spirit and only received positive encouragement from her colleagues to take this step. After discussing it with her superior, Yu-hsin then applied for a year of parental leave to become a full-time mother to her child 24/7! Today, she has absolutely no regrets and is grateful for the opportunity. She said, "I am very thankful to the company for being so supportive of parental leave. It enabled me to be a part of a very important stage in my child's life."

Another employee, Ai Ru-shan from our Risk Management Department, asked her family in southern Taiwan to help her care for her first child. It was not until her daughter was over two years old did she move back with her mother in the north to attend preschool. Ru-shan then felt an intangible distance between her and her daughter. When her second child was born, also a girl, Ru-shan made up her mind to recapture that feeling of closeness between her and her children. She then applied with her department manager for six months of parental leave. Over that half-year, she carefully planned a variety of activities and spent her days together with her two children. Gradually, her relationship with her eldest daughter became closer and the two sisters also built a close, loving relationship.

Ru-shan laughed, recounting how her daughters often tell her they miss the time when "Mom was home everyday". To her, the memories from that period are even more precious. "I am extremely grateful to my manager and colleagues for their open, supportive



Chinatrust's parental leave policy allows employees to participate in an important part of their child's life without fear of losing their jobs. It's a win-win situation for all.

attitude in allowing me to have that unforgettable time with my children. It is also very gratifying that my experience served as inspiration to other colleagues who were also considering whether or not to apply for parental leave. They were more willing to take that first step to create an even stronger parent-child bond."

In 2011, Chinatrust received 134 applications for parental leave. After their period of unpaid leave, 73.87% returned to their original position. Most notably, both male and female employees have applied, indicating what a truly caring, supportive family Chinatrust can be for all employees. This program benefits our employees, their families and the company!

The ROC turns 100

100 Chinatrust employees swim across Sun Moon Lake

“Swimming across Sun Moon Lake had always been a dream of mine, but because of time and transportation considerations, I never dared to actually try it. I never expected that we could overcome all those obstacles and achieve this feat! Thank you Chinatrust for your support, which enabled me to challenge myself and achieve my dream!” (Hsieh Chi-dian, Retail Banking Branch Support Department)

“As an employee of Chinatrust, emotion and pride just welled up in my heart as I witnessed employees from various departments in the company come together to realize their dreams, swimming side-by-side across Sun Moon Lake.” (Li Tai-chang, Debt Management Department)

In the past few years, healthy leisure activities have become increasingly prevalent in Taiwan. Circling the island by bicycle, summiting Yushan, and swimming across Sun Moon Lake have all become popular dreams of residents looking to challenge themselves. On September 4, 2011 at 4am, through the careful planning of Chinatrust’s Hiking Club, three tour busses set out from headquarters building. In the misty dawn light, this group of people was headed for Nantou’s Sun Moon Lake where they would take part in the annual lake crossing!

For many years, Chinatrust’s Hiking Club has organized our attendance at the annual Sun Moon Lake crossing. With the support of Chinatrust, the number of attendees has continued to climb each year. In 2011, the 100th anniversary of the Republic of China’s founding, attendance broke a new record. A total of 123 employees and family members took part. Not only did everyone complete the challenging activity together, they will always share this wonderful memory.

On the day of the crossing, there was a festival atmosphere at Sun Moon Lake as the area was filled with people who came as individuals or as part of a wide variety of groups. Compared to other companies, Chinatrust did not have the largest number of participants, but above the stage at our assembly spot flew an enormous “We are Family” red balloon that really catches the eye. When the host announced,

“Here is the group from Chinatrust,” everyone burst out in cheers and applause. At that moment, everyone’s hearts were filled with pride and emotion.

From the early planning stages to the actual day of the event, the organizers’ careful preparation and the enthusiastic feedback every step of the way demonstrates the commitment and team spirit of our Chinatrust employees. In order to improve their stamina and help them keep up with the group, some employees began intensive swimming training months before the event. Some attendees took the opportunity to bring along their family members to fully embody our “We are family” spirit. The Hiking Club split participants into ten small teams, which each made the crossing together, so that more experienced swimmers could help the novices and ensure that no one would be left behind. Although the participants hailed from different departments and may not have even known each other before the event, in the water it was as if they were all one big family encouraging one another so everyone could swim the entire distance together.

Creating a culture of health and fitness

Although this activity lasted just one short day, many of the participating employees kept that excitement with them after returning to work. Guocheng of the Corporate Banking Division said, because the company held the group crossing of Sun Moon Lake, he and his children will always share that wonderful memory. For participants, the experience of swimming in the beautiful lake together with members of the Chinatrust family to achieve their dreams was a truly priceless experience! In the future, Chinatrust hopes that even more employees will take part to create a culture of health and fitness in the company.



Swimming across Sun Moon Lake is a memory that Chinatrust employees won't soon forget.



Sustainable Environment

As global warming continues to worsen, enterprises around the world are increasingly paying attention to this important issue. In 2011, Chinatrust launched Green policy, Green future, a multi-pronged environmental protection initiative aimed for both the company itself and the community at large. We want to do our part to help the environment and vow to become an environmentally-friendly financial institution.

We
are
Family

As the problem of global warming continues to worsen, enterprises around the world are paying close attention to this important issue. In 2011, Chinatrust launched Green policy, Green future, a multi-pronged environmental protection initiative aimed at both the company itself and the community at large. In addition to advocating energy conservation and implementing energy and water-saving measures, we are also taking additional steps such as expanding e-learning programs, implementing green procurement, and raising awareness of green issues in our loan policies. Externally, we are also implementing paperless operations for our corporate and retail banking divisions by encouraging customers to utilize electronic banking statements. We have performed internal greenhouse gas inventories in coordination with the Carbon Disclosure Project. The Chinatrust Nangang headquarters now under construction not only includes an eco-park open to the public, but we are also committed to constructing the first office building in Taiwan to achieve a diamond-level Green Building Label.

Ongoing environmental programs

In 2011, Chinatrust continued to promote environmental protection. Some concrete steps towards this aim included internal management of water resources and garbage, as well as water and electricity conservation. At the same time, we also encouraged all employees to take every available opportunity to protect the environment, so that we can call strive to assist in environmental sustainability.

Water resource management

Chinatrust took the following steps to better manage our water resources:

- 1) Each year, Chinatrust cleans our office building water towers to ensure the quality of tap water. In addition, water quality testing is performed every three months to ensure that the pH and chlorine levels are within standard levels.
- 2) The current Chinatrust Headquarters has a total of 42 drinking water dispensers distributed over all floors in the building. Each week, the filters are cleaned and they are replaced once every two months to ensure the quality of drinking water.
- 3) In order to conserve water, restrooms on each floor of Chinatrust Headquarters feature water-restricting taps. Also, through internal notice and announcements, we remind employees to conserve water.
- 4) All water used by our company is supplied by the Taiwan Water Corporation. None comes from groundwater or other sources. None of the water used is recycled or reused. At each of our office buildings and service locations, water use is restricted to employees and a portion of our customers, so water sources are not significantly impacted. After use, the wastewater flows through municipal sewers to rivers and the ocean.

Waste management

1) Waste sorting

Waste generated at Chinatrust offices is classified as general waste, recyclables, and kitchen food waste. Recyclables (which include spent batteries, paper, plastic, metal, bottles, and cans) make up the largest proportion of overall waste. Employees perform basic sorting in the kitchenettes on each floor, the building's property management company then further collects the waste by type and stores it in the basement. Finally, the relevant recycling firms are contacted to pick up the waste. General waste is picked up by a qualified waste disposal company who then transports it to an incinerator for processing.

2) Promotion of waste reduction

In addition to implementing waste sorting, as part of our source reduction promotion policies. Chinatrust also encourages employees to bring their own reusable bags and cups and use electronic documents whenever possible to reduce the production of unnecessary waste. In 2011, Chinatrust Headquarters generated a total of 152,404 kilograms of waste.

3) Recycling activities

As part of our environmental activities, Chinatrust began using recycled paper to wrap money many years ago instead of using manila envelopes. In 2010, Chinatrust began using envelopes and business cards printed on recycled paper, implementing concrete environmental measures. In addition, all photocopiers in Chinatrust feature recycling racks and we encourage employees to recycle and reuse paper. In 2011, Chinatrust recycled 55,125 kilograms of paper.

Energy conservation management

1) Shutting off some elevators during off-peak hours on workdays, after hours, and on holidays. (On weekends and holidays two elevators each serve the high and low floors)

2) Reducing the amount of time our neon signs at our 147 Taiwanese branches are on.

3) Reducing the amount of time that lighting, including garden lights, are on.

Location	Before adjustment	Following adjustment
Garden lamps	18:00~23:00	18:30~22:00
First floor lobby	18:00~22:00	18:30~22:00
Kitchenettes and east and west side elevator lobbies on all floors	07:00~22:00	07:30~21:00

4) In order to conserve energy within the office itself, security night patrols were moved up to 21:00 so that lights could be switched off in any area where there were no longer any employees working.

5) Raising thermostats in buildings by 1°C – 2°C. (Building thermostats are currently set at 25°C)

6) Adjusting operating times for parking lot exhaust fans. (Building parking lot fan operating times are: 08:00 - 09:00, 13:00 - 13:30, and 18:00 - 19:00)

7) Installing water faucets with sensors; reducing the amount of water used in urinals and toilets. (In the building, 80 bathroom faucets feature sensors, making up 50% of the total)

8) Abstaining from red meat one day a month to promote a plant-based diet and combat global warming.

9) Encouraging employees to carpool when making business visits. Trips should be made only when truly necessary, while video conferencing can be used instead if possible to reduce the amount of carbon released due to driving or other modes of transportation.

10) Replacement of ice storage air conditioner chillers (After the replacement, 4200 tons of ice is now created each day)

	Before replacement	After replacement
Time in ice-freezing mode	23:00~07:00	23:00~07:00
Time in ice-melting mode	11:00~19:00	10:00~22:00

11) Replacing air conditioning cooling towers (loose affect air conditioning unit heat dissipation capabilities. The higher the water temperature, the less efficient the air conditioning unit)

	Before replacement	After replacement
Heat dissipation	Cooling water temperature 35°C	Cooling water temperature 32°C

12) Installing pre-cooling units on each floor: Fresh air is introduced on each floor, which is first cooled, reducing the indoor temperature and improving air quality.



In 2011, Chinatrust utilized our internal email system, pamphlets, and posters to promote our carbon reduction policies. Over that year, our Chinatrust Headquarters carbon emissions totaled 6,871.26 tons, which was a 68.43 ton reduction over 2010's total of 6,939.69. In 2011, emissions from the Yongji Building totaled 5,398.49. Compared to the 5,483.46 tons emitted in the previous year, 2011 represented a reduction of 84.97 tons. Combined emissions from both buildings totaled 12,269.75 in 2011, while the 2010 total was 12,423.15 tons. 2011 represents a reduction of 153.40 tons, or a carbon emission reduction rate of 1.23%. (Please see the attached chart for details)

Chinatrust recycled 55,125 kilograms of paper in 2011, an increase of 2,355 kilograms, or 4.46%, over 2010. A total of 1,330 kilograms of plastic bottles were recycled in 2011, which was a 5.47% increase over the 69 kilograms recycled in 2010.

Chinatrust Headquarters (including Novel Hall) has a total of 636 ABC dry powder fire extinguishers (>70% ammonium dihydrogen phosphate) and no halon fire extinguishers. There are four air conditioning units utilizing R22 coolant.

Furthermore, our company was not penalized monetarily or otherwise for violating any environmental protection laws or regulations in 2010 and none of the land that our company owns, leases, or manages is protected land nor does it contain habitats for protected wildlife. Thusly, Chinatrust does not have any adverse impact on ecological protection.

Green procurement

Our commitment to environmental protection begins from our most basic operations. Chinatrust implements green procurement practices and only buys air-conditioning equipment and office machinery featuring the Energy

2010 – 2011 Chinatrust Headquarters recycling statistics			
Unit: kilograms			
Year	Paper	Plastic bottles	Cans
2010	52,770	1,261	897
2011	55,125	1,330	498
Increase (Reduction)	+2,355	+69	-399

2010 – 2011 Chinatrust Headquarters and Yongji Building water use statistics					
Area	Chinatrust Headquarters		Yongji Building		Total
	Total amount	Average per person	Total amount	Average per person	
2010	62,097	38.81	26,531	24.12	88,628
2011	53,305	33.31	22,816	20.74	76,121
Increase (Reduction)	-8,792	-5.5	-3,715	-3.38	-12,507
Increase (Reduction) proportions (%)	-14.16		-14.00		-14.11

2010 – 2011 Chinatrust Headquarters and Yongji Building carbon emission statistics										
Area	Building	Electricity			Gasoline			Natural gas		
		Kilowatt hours	CO2 emissions (tons)	Calorific value (GJ)	Liters	CO2 emissions (tons)	Calorific value (GJ)	Cubic meters	CO2 emissions (tons)	Calorific value (GJ)
2010	Chinatrust Headquarters	10,626,400	6,503.36	38,255.04	155,693	351.87	5,217.33	40,412	84.46	1,576,472.12
	Yongji Building	8,959,907	5,483.46	32,255.67	0	0	0	0	0	0
	Total	19,586,307	11,986.82	70,510.71	155,693	351.87	5,217.33	40,412	84.46	1,576,472.12
2011	Chinatrust Headquarters	10,468,800	6,406.91	37,687.68	181,612	410.44	6,085.89	25,792	53.91	1,006,145.92
	Yongji Building	8,821,066	5,398.49	31,755.84	0	0	0	0	0	0
	Total	19,289,866	11,805.40	69,443.52	181,612	410.44	6,085.89	25,792	53.91	1,006,145.92
Increase (Reduction)	Chinatrust Headquarters	-157,600	-96.45	-567.36	25,919	58.58	868.56	-14,620	-30.56	-570,326
	Yongji Building	-138,841	-84.97	-499.83	0	0	0	0	0	0
	Total	-296,441	-181.42	-1,067	25,919	58.58	869	-14,620	-30.56	-570,326
Increase (Reduction) proportions	Chinatrust Headquarters	-1.48			16.65			-36.18		
	Yongji Building	-1.55			0			0		
	Total	-1.51			16.65			-36.18		

Note 1. Electricity emissions are calculated based on standards published by Taiwan Power Company for 2011. <http://www.taipower.com.tw/TaipowerWeb/upload/files/1/d99051202.pdf>
 2. Gasoline and natural gas emissions are calculated according to relevant Bureau of Energy, Ministry of Economic Affairs 2011 emissions standards.

2010 – 2011 Chinatrust Headquarters and Yongji Building emission and calorific value totals						
Area	Chinatrust Headquarters		Yongji Building		Total	
	CO2 emissions (tons)	Calorific value (GJ)	CO2 emissions (tons)	Calorific value (GJ)	CO2 emissions (tons)	Calorific value (GJ)
2010	6,939.69	1,619,944.49	5,483.46	32,255.67	12,423.15	1,652,200.16
2011	6,871.26	1,049,919.49	5,398.49	31,755.84	12,269.74	1,081,675.33
Increase (Reduction)	-68.43	-570,025.00	-84.97	-499.83	-153.40	-570,524.83
Increase (Reduction) proportions (%)	-0.99	-35.19	-1.55	-1.55	-1.23	-34.53

Conservation Label. Resulting actions are discussed in more detail below:

- 1) using electronics with the Energy Conservation Label (Such as refrigerators, drinking water dispensers, computers, and lighting)
- 2) using envelopes produced of recycled paper
- 3) using recycled toner cartridges
- 4) using restroom equipment with Green Mark certification companywide to reduce water use.
- 5) some indoor florescent lighting has been replaced by more energy-efficient LED lights.

In addition, in order to improve employee wellbeing and provide a healthy work environment, Chinatrust utilizes construction materials that meet Green Mark certification in workspace interior design. When drawing up requirements for a project up for bid, we instruct suppliers to utilize safe, green building raw materials. These requirements include:

- 1) Renovation projects must widely use green raw materials such as low formaldehyde, flame retardant low-pollution mineral fiber ceilings, gypsum board, calcium silicate board, and water-based cement paint to protect the environment.
- 2) Glues used in renovation projects must be non-toxic and non-polluting.

In 2011, a total of NT\$77.4 million was spent on green procurement, while the total in 2010 was NT\$48.06 million. This represents an annual increase of NT\$29.339 million or 61.04%. Because of Chinatrust's comprehensive green procurement program, from 2009 to 2011 we were named an Outstanding Enterprise each year as part of Taipei City's Green Procurement Plan for Private Enterprises and Organizations, which is an affirmation of our environmental policies and their implementation.

Strengthening awareness of our loan policy

Extending credit is one of the most important functions of the financial industry. To Chinatrust, a key evaluation criterion for any business seeking a loan is, does that business meet its responsibilities to the environment?

In February 2007, Chinatrust established our Financial Credit Risk Guidelines and Enforcement Rules governing loan operations. The guidelines specifically state that our loan officers must consider whether or not the applicant company generates waste water or emissions that may pollute the environment. In 2011, we once again strengthened awareness of these policies. By managing the approvals of loans, we can ensure that the capital is put to proper use. If an applicant company plans to build a new factory, by requesting them to pursue proper soil and water conservation and pollution prevention measures as a factor for loans, we are fulfilling our own responsibility to the environment.

For project financing, Chinatrust also requires that the firm borrowing funds provide an environmental impact analysis report which should receive proper environmental conformity for that report. In the contract, the loan recipient firm commits to fulfill in a timely manner the commitments made in the project's environmental impact statement and environmental protection measures and plans stipulated by the competent authorities. General corporate loan contracts clearly stipulate that the borrower must promise to follow environmental protection, pollution prevention, and waste disposal laws and regulations.

In 2011, Chinatrust arranged four syndicated loans for solar photovoltaic energy industry firms totaling NT\$16.8 billion.

2010, 2011 Recycled item statistics

MONTH	ITEM	Paper, including cardboard and shredded paper		Plastic bottles		Steel cans		aluminum cans	
		2010	2011	2010	2011	2010	2011	2010	2011
JAN.		5,080	6,445	60	85	50	72	0	0
FEB.		2,715	5,710	65	100	40	0	9	0
MAR.		2,585	5,340	90	105	55	6	5	0
APR.		4,790	4,065	120	80	55	70	0	0
MAY		3,325	4,705	40	125	45	0	0	0
JUN.		4,395	4,810	180	130	110	130	11	0
JUL.		5,270	3,920	115	180	50	0	4	0
AUG.		5,865	4,350	130	145	30	45	5	0
SEP.		5,060	3,830	110	110	54	40	0	0
OCT.		4,505	4,580	110	100	209	50	10	5
NOV.		3,850	3,530	156	70	60	0	0	0
DEC.		5,330	3,840	85	100	90	80	5	0
Total		52,770kg	55,125kg	1,261kg	1,330kg	848kg	493kg	49kg	5kg
Avrege		4,398kg	4,594kg	105kg	111kg	71kg	41kg	4kg	0.4kg

Operation	Sheets of A4 paper	Tons of paper	No. of trees	Kilograms of CO2
Electronic credit card statements	1,372,674	6.24	124.79	1,497.46
Electronic account statements	972,470	4.42	88.41	1,060.88
Multiple Message Advice System (MMAS) email replacement for fax	4,456,944	20.26	405.18	4,862.12
Electronic employee stock statements	80,000	0.36	7.27	87.27
Code Fax	38,075	0.17	3.46	41.54
Total	6,920,163	31.46	629.11	7,549.27

Going paperless

Chinatrust is always on the lookout for concrete, practical ways to reduce waste in our operations. In 2011, some relevant steps included:

- 1) Green ATMs: Since 1999, all Chinatrust ATMs switched to thermal paper receipts thereby eliminating the need for toner or ink. Also, SGS testing shows that our ATM thermal paper does not contain Bisphenol-A (BPA).
- 2) Chinatrust ATM users are given the option to forgo printing a transaction receipt. According to internal statistics, over 50% of users do not request a receipt, which represents a large reduction in paper usage.
- 3) In 2009, Chinatrust began to promote paperless operations. By the end of 2011, nearly 15% of customers, or over a million people, now utilize electronic credit card and bank statements. In addition, other methods such as the Multiple Message Advice System (MMAS), electronic employee stock statements, and Code Fax all utilize EDM to transfer information, and are currently completely paperless.
- 4) In order to encourage customers to utilize e-services, Chinatrust committed to plant one tree for every 5,000 customers who sign up for online banking, mobile banking,

e-statements, automatic credit card payment deduction, or electronic utilities payment services. Over 140,000 customers participated and the trees were planted at the Mennonite Christian Hospital's Shou-Feng Senior Citizens Community in Hualien. We can all show our love for the Earth by taking concrete, positive steps to protect the environment.

In 2011, paper-saving measures in our corporate and retail banking operations (e-statements + Code Fax + electronic employee stock statements) have helped us to save over 31 tons of paper in just one year. This is the equivalent of 629 trees that did not have to be chopped down and a reduction of carbon emissions by 7,500 kilograms of CO₂.

Customer service hotline energy saving measures:

Chinatrust's toll-free customer service hotline is based on an interactive voice response (IVR) system. Customers can use the menus on the phone system to request all types of applications or documentation via electronic document. In 2011, calls for this type of service made up 7% of all calls to the hotline.

- 1) IVR self-service operations program: Customers wishing to cancel credit cards can utilize the IVR system to confirm the cancellation, which helps save the resources that would have been needed to send the documents by post.
- 2) Paperless customer information program: All types of applications and other documentation required by customers that would have been sent via fax are now emailed instead.
- 3) Service Center staffing management: In the past, both Taipei and Taichung service centers operated weekend and late shifts. Since 2010, only one center operates during such periods to reduce electricity usage.

The Carbon Management Project

Statistics show that buildings use up 40% of all resources consumed on Earth. Therefore, buildings are the obvious starting places for conservation and one of the most powerful ways we can help slow down global warming. With this in mind, Chinatrust is looking at our own office buildings. In May 2011, we commissioned the Taiwan Business Council for Sustainable Development's Taiwan Energy Saving Patrol to



perform an energy-saving analysis of our Sung Shou Road Headquarters. These outside experts provided us with even more innovative potential improvement measures, such as utilizing LED lighting and time-controlled switches and replacing our chiller in order to reduce energy usage.

In both 2010 and 2011, Chinatrust participated in the Carbon Disclosure Project (CDP) launched by the mainstream international investment community to assess the risks and opportunities brought about by climate change. Through precise scientific means, the program evaluates the effectiveness of a company's internal energy conservation and carbon reduction efforts. At the same time, as part of the project, companies set future targets and draw up strategic plans to deal with climate change.

In order to strengthen our environmental protection strategy and implementation, Chinatrust commissioned the Taiwan Business Council for Sustainable Development in October and December 2011 to hold two training sessions on Carbon Management Trends and Practices in the Financial Industry. Through such training, we seek to improve manager and employee understanding of related issues in the hopes that this awareness will be reflected in company policies to achieve our goal of sustainable corporate development.

Green Building

Currently under construction, Chinatrust's future Nangang Headquarters is expected to be completed and ready for use in 2014. In addition to committing to green architecture for our new headquarters, Chinatrust also adopted an 3,600-square-meter public park in the surrounding area. Plans for the park, now known as P1, include several forest areas, a wetland



Chinatrust has received certificates of recognition from the Taipei Municipal Government for its environmental protection policies.

area, grassy fields, a small stream, and walking paths. By planting a variety of native vegetation, people can enjoy the park while learning about Taiwan's diverse flora.

In addition, the design of Chinatrust's future Nangang headquarters has been approved by the Taiwan Architecture & Building Center having met such standards in the Taiwan green building assessment index as greening levels, water reserve, energy saving, CO2 reduction, waste reduction, and improvements to water resource, sewage and garbage processing. The building has already been awarded a gold-level Green Building Candidate Certificate. Our goal, not yet accomplished by any other office building in Taiwan, is to achieve a diamond-level Green Building Label when the project is completed.

Reaching a 5% reduction in carbon emissions in 3 years

Launched in 2011, Chinatrust's Green policy, Green future program has implemented a range of environmental protection measures that have received support and recognition from a variety of institutions. Using 2010 as our baseline, we have already set carbon reduction targets in the areas of energy, gasoline, and natural gas usage. The scope of the reductions cover Chinatrust's current Sung Shou Road Headquarters and our Yongji Building. Within the next three years, we expect to reach our goal of reducing carbon emissions by 5%.

	Electricity used	Gasoline	Natural gas	Total carbon emitted (Equivalent weight in tons of CO2)
2010 Carbon emissions (Equivalent weight in tons of CO2)	11,986.82	351.87	84.46	12,423.15
2011 Carbon emissions (Equivalent weight in tons of CO2)	11,805.40	410.44	53.91	12,269.75
Increase (Reduction) in carbon emissions	-181.42	+58.58	-30.56	-153.40
% increase (Reduction) in carbon emissions	-1.51%	16.65	-36.18	-1.23%
Three year reduction targets (%)	-5%	10.00	-40.00	-5%



Community Services

Every child represents hope for the future. Families are the foundation upon which a stable society is built. Chinatrust has long committed to assisting economically-disadvantaged families and care for disadvantaged children. For nearly three decades, from launching "Light up a Life" and the "Chinatrust Poverty Alleviation Program" to our dedication to volunteer service and establishing the "NTU Child and Youth Think Tank", Chinatrust has never wavered in our commitment.

In the future, we will continue spreading this ideal through a variety of assistance programs to fundamentally alleviate the problem of poverty in Taiwan. Together we can shine brightly for all to see!

Philanthropy

"Light up a Life" Spreading the message through social media

Our "Light up a Life" fundraising campaign, Taiwan's first and longest-running activity of its kind held by a private enterprise, is celebrating its 27th year! Over the past quarter of a century, we have helped to spread the warmth of love to people in need. Although the public all more or less experienced the aftereffects of the global financial crisis and subsequent economic slowdown and inflation, the numbers of donors and total contributions have continued to break new records year after year. Taiwan has a limitless reserve of compassion, shining the light of love on areas of society that need our assistance!

Over the past 27 years, "Light up a Life" has continued to spread love. In 2011, we invited famous bloggers and celebrities to visit eight elementary schools in remote areas to expand the children's horizons. Also, on Facebook and other social networking platforms, we encouraged users to take part in the event (For every person who "liked" our page, Chinatrust donated NT\$100). This year, online donations increased from 18% to 21% of the amount raised, which totaled over NT\$130 million received from 70 thousand participants, both of which broke our old records. The money raised was donated in its entirety to ten social welfare and charity organizations including the Taiwan Fund for Children and Families and The Child Welfare League Foundation. We estimate that 27,484 disadvantaged children will benefit from our donors' kindness.

The "Chinatrust Poverty Alleviation Program" assisting disadvantaged families in poverty

After many years of contributing to and interacting with our community, Chinatrust deeply believes that poverty is the root of Taiwan's social problems. Disadvantaged families are poor not because they are unwilling to work hard, but they are simply unable to find work. Most disadvantaged persons strive to improve their situation, but they do not have money, capital, opportunities, or the right environment. A lack of all these key factors prevents them from finding a way out of poverty. Therefore, Chinatrust focuses our efforts on helping the poor escape the shackles of poverty and enabling disadvantaged groups to become financially independent.

To actively alleviate many more economically disadvantaged families' from poverty, Chinatrust looked to Nobel Peace Prize winner Muhammad Yunus' Grameen Bank and the microloans it offers for inspiration. In July 2011, we launched Taiwan's first private sector poverty alleviation model. This program combines entrepreneurial consulting, care from social workers, credit guarantees, professional training, and financial services to assist disadvantaged families in starting their own businesses. By becoming their own employers, we hope these families can break away

from the problems of unemployment and poverty. We plan to invest a total of NT\$100 million in this program over the next four years to provide microloans to disadvantaged families receiving assistance from the Taiwan Fund for Children and Families. We expect to assist more than 200 disadvantaged families to become independent, thereby improving the lives of over 1,000 people and getting them back on track.

The Chinatrust Charity Foundation serves as an effective resource coordination platform for "Chinatrust's Poverty Alleviation Program". We work together with the Taiwan Fund for Children and Families, our long term partner, to screen applicants and learn about their needs. In addition, Chinatrust Charity Foundation also coordinates with the Small and Medium Enterprise Credit Guarantee Fund of Taiwan to provide a 100% credit guarantee, improving chances of loan approval and removing the risks faced by disadvantaged families who often have to turn to the underground economy for loans. Furthermore, the National Association of Small & Medium Enterprises R.O.C. (NASME ROC) also helps us to provide entrepreneurial classes and guidance to disadvantaged families in the program. Together, we are able to provide comprehensive support to ensure participants gain the skills and resources to successfully start their own businesses.

Finally, Chinatrust Bank also provides approved families in the program with loans based on the capital required in their business plans. These families do not require a guarantor or to put up any collateral. The maximum loan is NT\$500,000 and may be applied for only once. Our Poverty Alleviation Program loans have a maximum repayment period of seven years (this includes a one-year grace period during which borrowers only pay interest and nothing towards the principal). Currently, the interest rate is 1.88% (and is adjusted every three months). For a loan of NT\$300,000, at an annual interest rate of 1.88% borrowers would only have to make a monthly NT\$470 interest payment during the one-year grace period. Beginning in the second year, monthly payments on interest and the principal would still only be a bit over NT\$4,000. This program effectively reduces the stress and debt burden on disadvantaged families who start their own businesses.

Chinatrust coordinated with Money Trainer Financial Development Center to familiarize applicants with the Poverty Alleviation Program and related loan regulations and train volunteers to best leverage their own specialized skills, thereby fully equipping them with the information needed to provide comprehensive support and assistance to the program's entrepreneurs. At the same time, all business start ups with assistance from our program can advertise this on their signage. We hope that the public will help to support these budding companies and extend a helping hand as the entrepreneurs start out on their path to success.

After operating the "Chinatrust's Poverty Alleviation



Ke from Ilan (top) and Yinghui from Keelung (bottom) are both mothers that have received financial assistance from the "Chinatrust Poverty Alleviation Program" to start their own businesses. The food that they sell, made from family recipes, have proven very popular with customers.

Program" for six months, a comprehensive written survey was carried out among participants. Results showed that the level of satisfaction of participating entrepreneurs with the program team's expertise was 92.6%. Of these participants, 90% were satisfied with the answers from their inquiries, while satisfaction with the program's entrepreneurial assistance and problem solving reached 91%. Satisfaction with project staff, such as Taiwan Fund for Children and Families social workers, entrepreneurial consultants, and Chinatrust money management volunteers, and their contributions to the program's design, level of expertise, and individual learning reached 100% satisfaction. This is an important recognition and affirmation of everyone's efforts.

From participants' feedback, we could also get a feel of the impact the program had on their lives. Through the process of starting their own businesses, participants overcame adversity to make something out of nothing. Not only did they regain self-worth and dignity, they also rebuilt bridges with their children and opened up family dialogue. Optimism replaced despondency as the family strived together to reach a common goal. For example, the tension between Xiao Lian of Kaohsiung and her daughter was alleviated, while New Taipei City's Liang Hong cracked a confident smile for the first time. This new vitality is like a rebirth for participants, all thanks to this unique, invaluable program.

As of 2011, the program provided 45 families with entrepreneurial guidance and resources. Of these, 16 people qualified for loans and the total amount loaned overall was about NT\$5 million. On average, each individual received a loan of NT\$300,000. Businesses started through the program were primarily food stands, hair salons, and handicrafts shops. In 2012, we hope to expand the program and invite even more disadvantaged families to participate. Our goal is to help 50 families to start their own businesses.

Although many consider it impossible, our dream at Chinatrust has always been to completely eliminate poverty in our society. It is exactly because others say it cannot be done that we want to take up the challenge and demonstrate Chinatrust's commitment. To Chinatrust, the "Poverty Alleviation Program" is our child. Like a parent leading his young one, together we can take our first concrete step towards achieving our dream.

In the future, we expect to have even more "children" and we accompany them as they grow and mature. Our efforts will continue to multiply in the community and have a life of



In January 2011, Chinatrust arranged a special art class for children of Northern Region Children's Home and the Ruifang branch of the Keelung Family Assistance Center, help the kids open their eyes to the world of art.

their own. We believe that "Chinatrust's Poverty Alleviation Program" is a small step towards helping some disadvantaged families to escape poverty. We also hope that our initial steps can encourage other companies and caring people to also join us in our fight, so together we can inject more vitality into Taiwan's society.

A Poverty Alleviation Program success story

The salon of Xiaolian's dreams

Due to the "Poverty Alleviation Program", Xiaolian was able to realize her dream of starting her own business, her hairdresser skills re-ignited her will to fight for a brighter future.

Single mother Xiaolian, a member of the Amis Tribe living in Kaohsiung, was part of the first group of Chinatrust microloan recipients.

In the past, Xiaolian had been a successful hairstylist leading a large team and was also a lecturer at the hairdresser's trade union. However, the dissolution of her marriage dealt Xiaolian a devastating blow. She, along with her three children, left her hometown of Taitung to make a new life in the unfamiliar new city of Kaohsiung. In the traditional market, among vegetable and meat sellers, she rented a small stall where her slogan was "A great haircut for just NT\$100". She hoped to make a name for herself in the bustling market.

Frustratingly, things did not go to plan. Xiaolian found it hard to attract customers and suffered the ridicule of the other merchants. During one especially slow day, Xiaolian only made NT\$100. Her first customer was one of the other sellers at the market who only got a haircut out of pity for the poor single mother.

With the help of Chinatrust and the Taiwan Fund for Children and Families, however, Xiaolian was able to overcome these many difficulties. In July 2011, she received a microloan through



Chinatrust's program and opened her own salon. On the day of the grand opening, Xiaolian, choking back tears, said, "I would like to thank Chinatrust for its support, which has enabled me to achieve my dream. My fire for life had been extinguished, but they helped to reignite my passion! I will work even harder as I face future challenges." With the support of Chinatrust, Xiaolian finally has the chance to stand on her own two feet once again. Now, the clouds have lifted and she can see a new, beautiful path that lies ahead.



With the help of the "Chinatrust Poverty Alleviation Program", Xiaolian was able to realize her dream to start her own business.

Volunteering activities

Encouraging our employees to volunteer is already one of the more important aspects of our corporate culture. Through the combined power of our volunteers, Chinatrust is able to continuously extend our reach to every corner of society. Looking back over the various Chinatrust Charity Foundation volunteer activities in 2011, we saw many children broaden their own horizons. Innocent smile after innocent smile confirmed the importance of our efforts. Not only do we send love to many children and families who need our care, we generate even more positive possibilities for society, the nation, and the next generation.

A unique graduation—Painter A-Sun Wu opened a window on art

Where do caring for children and support for the arts intersect? Renowned artist A-Sun Wu has long been a champion of arts education in Taiwan. In January 2011, during the graduation celebration for Chinatrust tutees, Chinatrust arranged for Mr. Wu to personally instruct 70 children from the Ministry of the Interior's Northern Region Children's Home and the Keelung Taiwan Fund for Children and Families' Ruifang Service Center. The class was a wonderful surprise for the children, who could learn about art directly from a master, while also enjoying the grandeur of the master's creations.

Chinatrust has long sponsored important art exhibitions and invited disadvantaged children from remote areas to attend. At this event, however, we were able to further close the distance between children and art. The children did not just observe, but learned hands on from a true master and got a glimpse of the infinite imagination and passion of the world of art. To disadvantaged children, artistic masterpieces and their creators may feel distant and unreachable. Through this experience, a group of young people were able to gain a more profound understanding of art and have more opportunities to embrace their dreams.

Chinatrust volunteers mobilize to expand English education

In today's society, English-language ability is one of the keys to competitiveness. Economically-disadvantaged families often have difficulty providing their children with language learning resources. In an environment with insufficient resources, barriers to education cannot be successfully removed. If this situation continues, a vicious cycle results where children are then afraid of English, further impairing their chances of learning. In 2006, the Chinatrust Charity Foundation launched an English language tutoring program and currently nearly 1,300 employee volunteers have stepped up to the challenge. Through weekend tutoring and English lessons, they assist economically-disadvantaged children to improve their future competitiveness.

In April 2011, Chinatrust Charity Foundation held the Global English Village Day Camp. In very creative ways, the



Chinatrust Charity Foundation Vice President Thomas Chen (center) donated NT\$15 million to the Ministry of the Interior on behalf of the foundation to set up 12 independent living dorms for youths around Taiwan. Ministry of the Interior Child Welfare Bureau Director-general Chang Hsiu-yuan (left) and New Taipei City Department of Social Affairs Director Lee Li-chen (right) accepted the gift.

program enabled 68 children from Northern Region Children's Home and the Ruifang Service Center to experience the joy of learning in a complete English immersion environment! This English camp featured different classrooms, but unlike a normal school, these included an airport, duty free shop, supermarket, and restaurant, so children could experience English in everyday situations. Through interactive learning of vocabulary and grammar from native speakers, the children could bring English out of the textbook and into the real world and experience what it might be like in a different country. Angel, a fifth grader from Northern Region Children's Home, happily exclaimed, "Today it feels like I really went abroad. I want to come here again!"

Chinatrust Charity Foundation has already completed training of 40 English-language education volunteers, who have now begun tutoring children at the Northern Region Children's Home and Ruifang Service Center. The children are separated into different classes by age and ability and are exposed to English through a diverse range of activities, enabling the language to naturally become part of their everyday lives. As the program continues, the enthusiastic assistance of each of our volunteers can motivate the children's quest for learning. We hope to plant in these children the seeds of learning English that will continue to grow and bloom.

Helping youth take their first steps towards independence

Adolescence is an important period in life instrumental in determining a person's future path. By law, young people who grow up in children's homes or shelters become independent at that age of 16 and must then make their own way. Compared to their peers, who are cared for and protected by their parents, these young people must face the many challenges of life in the real world at a very early age. According to a survey by the Chinese Children home & Shelter Association, around 19% of youth from children's homes and shelters will enter the workforce directly after



At Christmas of 2011, Chinatrust held a Hope and Dreams Trip Day for Volunteers and held a dream school activity in which children from remote areas could experience their dream jobs.

graduation from junior high or high school. Of the children surveyed, the area greatest concern for as many as 30% was their source of income. In addition, a lack of self-confidence as they enter the workforce is another very common problem for these young people.

During our many years working to assist disadvantaged children and adolescents, Chinatrust discovered that young people who have experienced a difficult start to life not only lacked resources growing up, but must also face the challenges of the real world at a much earlier age. Therefore, in 2011 we donated NT\$15 million to the Ministry of the Interior to establish 12 self-reliance dormitories throughout Taiwan. When completed, there will be an estimated 77 beds that represent 28,105 good nights' sleep each year. Young people, who lack a home to return to, can find temporary shelter and continue to receive guidance and self-reliance training classes to help them look towards a brighter new life.

Self-reliance camp

Chinatrust held our adolescent self-reliance camp in August 2011, where young people learn to face the challenges of life on their own. We hope to equip participants with the skills, concepts, and self-confidence they will need to become self-reliant.

With the support of Chinatrust's caring volunteers, adolescents living in children's homes and shelters and volunteers together experienced the challenges and joys of the urban adventure and budget wars activities. That day, we also invited Taiwan's premier makeup artist, Roger Cheng, to teach the young people appropriate dress for a job interview and to work on their self-image. Chen Wei-lin, executive chef at Taipei's renowned Japanese eatery DOZO, also taught the students Budget Cuisine, providing them some important tips because they will soon be cooking for themselves. In addition, these famous people also shared their own success stories and how they reached for their own dreams to encourage the children to take advantage of every moment and actively face life's challenges.

Through our many years of assisting children and

adolescents, Chinatrust deeply understands that if we are able to provide guidance and assistance early enough, we can steer their lives on to the correct path. We also hope that our long-term efforts to provide care and assistance will spur others to action as well. Through our endeavors, other companies and the public can better understand the needs of disadvantaged children.

When I grow up—Dream Job Experience

Many great undertakings started out as a small dream in someone's mind. Each year, Chinatrust Charity Foundation holds the Journey of Hope and Dreams Volunteer Day and in 2011, we celebrated the event's 7th anniversary. On Christmas 2011, we invited young people from remote areas to our Dream Academy to experience their Dream Job. Chairman Jeffrey Koo Jr. served as Academy principal, while Chinatrust Charity Foundation's Vice Chairman Thomas K.S. Chen and CEO Roger Kao, Taiwan Lottery Chairman Steve Hsieh, Chinatrust Life Chairman Scott Chien, and CFHC Directors Wen-Chih Lee and Yenpao Chen all served as the chairs and vice chairs of the Academy's five departments. These company executives led a team of 130 of our Chinatrust volunteers who served as Dream Ambassadors and 130 children from remote areas to complete the challenge of Dream Job classes.

Every child represents hope for the future. Disadvantaged children especially require wonderful and rich life experiences to ignite this hope within themselves. This is why Chinatrust Charity Foundation holds our Journey of Hope and Dreams Volunteer Day each year. Moving forward, we hope to enable even more people to take part in these meaningful activities and extend our warmth and caring throughout society.

Playing "that game with a little white ball" with children from remote areas

Because children in remote areas lack sufficient recreational facilities and after-school activities, Chinatrust Charity Foundation invited 40 elementary-aged children from remote areas of Yilan County to enjoy the fun of golf with professional female golfer Yeh Hsin-ning and amateurs



Chinatrust held the Golf Day for Elementary Students from Remote Areas. In it, Charity Foundation Chairman Jeffrey Koo, Jr. (second from the right) and professional golfer Yeh Hsin-Ning (far left) shared the joy of golf with students from remote elementary schools in Iilan County as they demonstrated and taught them how to play the game.



Chinatrust's Love Charity Net provides a convenient way to donate money online, making it easier for customers to pass their love forward.

Becky Yu and Hsin-Yun Chuang, who are all sponsored by Chinatrust Commercial Bank. We hope that through exciting competitions and learning about the game of golf, these young people can expand their athletic and cultural horizons.

With the help of our volunteers and golf coaches, the children not only learned about golf and its rules, they also have the opportunity to practice their swing on the course. Chinatrust Commercial Bank CEO James Chen taught the children the importance of sportsmanship and following the rules. Through this activity, the children not only received a strong foundation in the game of golf, but they will always have memories of this unforgettable experience.

Love knows no boundaries – Simplifying the donation process

Chinatrust has long supported social charities and foundations. In addition to working together with charitable organizations to encourage caring donations from the public, we also continue try to simplify the contribution process.

Currently, Chinatrust has the most ATMs throughout Taiwan of any financial institution. Our network is the most powerful and complete automated channel through which we are able to provide users with varied, convenient and safe methods to make charitable donations. We enable our customers to easily send their love to those in need. Customers may make contributions through a variety of channels that include bank transfers or donation of wealth management bonus at any of our 147 branches in Taiwan and credit card point donation through our online bank or phone system. In addition, customers can download a credit card donation form from Chinatrust's website. Our ATM's located at 7-ELEVEN convenience stores throughout Taiwan also feature a donation area, where users can transfer a contribution directly from their account or donate their CTCB credit card or wealth management bonus.

Over NT\$40 million dollars in charitable donations were made through Chinatrust's various channels in 2010. Recipients included over 10 Charity organizations including, Tzu Chi Foundation, Taiwan Fund for Children and Families, Liver Dis-

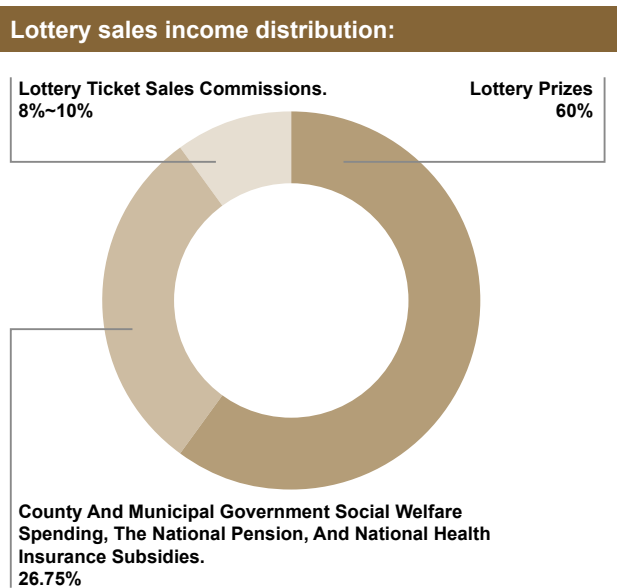
ease Prevention & Treatment Research Foundation, Hohsin Poverty Foundation, The Child Welfare League Foundation, The Children Charity Association, World Peace Foundation, Mennonite Christian Hospital, Eden Social Welfare Foundation, and Sunshine Social Welfare Foundation.

To support farmers, Chinatrust has also coordinated with the New Taipei City Farmers' Association online store to set up a Chinatrust credit card holder area on the site. We can assist farmers to increase available sales channels and ensure that their high-quality produce is more visible to consumers.

Taiwan Lottery promoting public service

Many people dream of winning the lottery, even though only a handful will ever hit the jackpot. However, since the Public Welfare Lottery was introduced in Taiwan, many people's dreams have actually come true and those winners have used their good fortune to assist those in need.

Since Chinatrust took over operation of the Public Welfare Lottery in 2007, we have encouraged the public to buy lottery tickets for the well-being of society and to accumulate merit. Over 25,000 jobs were created in the field of lottery ticket sales alone. Over these past five years, we continue to encourage winners to donate a portion of their prize money to charity. Through the end of 2011, donations from a proportion of overall winnings totaled nearly NT\$2 billion, this figure tops Taiwan as number one in the world in terms of benefits from public welfare lottery. Donations were made to 117 organizations to implement 246 charity programs that assisted disadvantaged groups over 1.47 million times (please refer to the chart P.58) In 2011, Chinatrust and the Taiwan Lottery Co. also donated 100 Volkswagen T5 Kombi vans that were converted into paratransit busses for use by various county and municipal governments. Now, the disadvantaged and disabled can attend school, visit the doctor, transport between long-term care facilities, or embark on other necessary outings with relative ease, marking a big improvement in Taiwan's overall accessibility for the handicapped.





Since taking over the public welfare lottery, Chinatrust continues to encourage the public to buy lottery tickets for the well-being of society and to accumulate merit, contributing significantly to open up a source of financial assistance for the purposes of social welfare and for helping disadvantaged groups.

Improving social welfare requires both hard work on the part of the government and support from the people. For many years, the government has actively promoted the Public Welfare Lottery Industry Project, which has had obvious contributions and successes in both injecting social welfare resources into the community and improving employment opportunities for disadvantaged groups. Through the hard work of Chinatrust and the Taiwan Lottery Co., the Public Welfare Lottery has brought together many caring winners to become a strong force for public service. This is not only the ultimate expression of lottery winners' kindness, but at the same time, is the most significant contribution to society from the government-issued public service lottery.

Japanese earthquake and tsunami relief efforts

On March 31, 2011, Japan experienced a 9.0 magnitude earthquake that triggered a tsunami, which together resulted in significant damage and casualties in northeastern Japan. After Chinatrust learned of the disaster, we immediately donated NT\$10 million and encouraged employees and the public to also contribute to The Red Cross Society of the Republic of China and the Ministry of Foreign Affairs overseas disaster relief account, both of which sent funds and supplies to the affected areas to assist in related relief and reconstruction efforts.



The March 11 earthquake and tsunami proved devastating to Japan. Chinatrust stepped forward to donate in excess of NT\$46 million to help the people of Japan rebuild.

Chinatrust donations towards Japanese earthquake relief

Recipient	Amount (NTD)	Notes
The Red Cross Society of the Republic of China's Japanese Disaster Relief Account	10,000,000	
Tokyo Fire Department	35,682,862	Equivalent to 100 million Japanese yen
Japanese Red Cross Society	1,000,000	
Total	46,682,862	

At Chinatrust, our "We are family" brand commitment and our "when others are hungry, we too are hungry, when others suffer, we too suffer" spirit, prompted us to immediately respond to the Japanese earthquake with a fundraising campaign that rapidly collected over NT\$46 million in donations. To thank everyone for the enthusiastic domestic response, the Ministry of Foreign Affairs held the Japanese Disaster Relief Appreciation Reception. President Ma Ying-jeou also passed out certificates of appreciation to thank those companies and NPOs in Taiwan who directly or indirectly took part in Japanese relief efforts. Of these, Chinatrust Charity Foundation was the only corporate foundation invited. Chinatrust's active support for domestic and overseas disaster relief has already received affirmation and praise by organizations based in Taiwan and abroad.

Lottery sales income distribution

	Program area	%	Assistance provided	Amount donated
1	Education subsidies for disadvantaged children	26%	Tutoring, scholarships, and psychological counseling for disadvantaged children	NT\$444 million
2	Food subsidies for the young and elderly	6%	Breakfast and lunch subsidies for disadvantaged children in remote areas and meal deliveries for the elderly	NT\$108 million
3	Medical care for the disadvantaged	27%	Early-intervention services, paratransit bus purchases, and medical treatment subsidies for disabled children	NT\$454 million
4	Facility improvements	21%	Renovations and facility upgrades at the Pingtung Home for Single-Mother Families and the Huei Ming School	NT\$365 million
5	Emergency relief and other	20%	Emergency relief	NT\$352 million
				1,477,688 instances of assistance

Recognition of our many years of assistance

For many years, Chinatrust Charity Foundation has participated in and launched many charitable activities and fundraising campaigns. To Chinatrust, these programs are the most direct way we can fulfill our corporate social responsibility. Every donation from good-hearted members of society represents a trust placed in us. We approach each and every one of our social welfare projects with the utmost care so that we can maximize the benefits of every drop of love from our caring donors.

Rated “Outstanding” by the Ministry of the Interior

Through our many years of participation, Chinatrust Charity Foundation has received recognition from the government and the public. In the National Social Welfare a Charity Foundation Evaluation, we stood out among the 205 social welfare and charitable organizations evaluated with a total score of 98 points, which earned us an Outstanding rating. In the Financial Condition area of the evaluation, we were awarded the highest possible score. The results recognize of our financial transparency and the fact that

all donations received from every individual and group are utilized to the fullest. This evaluation is held once every three years and we are happy that this year, we also received the Outstanding rating.

A silver medal for our work with the Ministry of Education’s Education Savings Account Program

Education is fundamental to all countries. In addition to our long term assistance of disadvantaged children, Chinatrust also works to reduce the learning gap between urban and rural areas. For the past three years, Chinatrust Charity Foundation has supported the Ministry of Education’s Education Savings Account Program. Donations to the program totaled NT\$62.2 million to help 1,733 elementary through high schools in remote areas and those lacking in sufficient socioeconomic resources in 12 counties and cities to successfully educate local students. In 2011, Chinatrust Charity Foundation was awarded a silver medal by the Minister of Education, Mr. Wu Ching-ji. We are the only charitable organization in Taiwan to receive an award from the Ministry of Education for three straight years.

May every child begin at the same starting line

Syin-Lu Social Welfare Foundation Developmental delay intervention screening program

Although children living in remote mountain areas enjoy a beautiful natural landscape, it is an indisputable fact that they also face a lack of resources. For many years, Chinatrust has actively worked together with Syin-Lu Social Welfare Foundation to provide developmentally-delayed children from remote areas with early intervention services. Together we hope to help these young people overcome their developmental disabilities and have a wonderful future.

Fu-hsing Township stands as one of the last bastions of Taiwan’s mountainous indigenous tribes. Syin-Lu Social Welfare Foundation’s personnel and early intervention teachers have already arranged a day of interviews and rehabilitation classes at each of the area kindergartens.

In this beautiful, remote mountain area, many children may face developmental difficulties, but their families lack relevant information, especially because many children are reared by their grandparents. The children’s developmental delays are not caught in time and they miss the golden treatment period, which lasts from the ages of two to four, resulting in limited learning achievements and a lack of competitiveness with their peers. Over a long period of time, such missed opportunities contribute to the cycle of poverty faced by disadvantaged families in remote communities.

While children living in mountainous tribal villages or in other remote areas can enjoy childhoods in pristine natural environments, they will still eventually have to face the challenges of competing for spots in higher education and the workforce. If developmental delays are caught early, appropriate treatment can help compensate and these children can start off on



Chinatrust has long sponsored the Shyn-Lu Welfare Foundation to help children with delayed development take advantage of the golden period for treating their condition.

the same footing as their peers.

Childhood only occurs once in a lifetime. Also, there is just one chance for a child to take advantage of the treatment period for developmental delays, which is from ages two to four. Therefore, Chinatrust Charity Foundation has for many years actively sponsored Syin-Lu Social Welfare Foundation’s developmental delay intervention screening program in the hopes that every child can live up to their full potential even if they were born in remote areas. Through the Syin-Lu intervention program’s screening process, rehabilitation, and special education, these children can overcome their developmental difficulties step by step and have a brighter future.

Overseas branches spreading love to the world

Fulfilling our corporate social responsibilities is an important core value at Chinatrust. As the company's overseas footprint has expanded, we continue to impart this corporate culture to our branches abroad as well.

Better Readers, Brighter Future at Chinatrust's Philippine Subsidiary

In order to help disadvantaged children in the Philippines to improve their reading ability, our local subsidiary and the National Book Store Foundation, Inc. (NBSFI) of the Philippines have teamed up to launch the "Better Readers, Brighter Future" program. We hope that through the establishment of mobile libraries that can reach deep into remote areas, we can help to alleviate the reading problems faced by Filipino students.

According to surveys, over 60% of elementary school children in the Philippines are unable to read and a vast majority of public elementary schools do not have their own



Chinatrust in the Philippines has taken a special interest in helping disadvantaged children to develop their reading skills, employing a library on wheels and providing financial assistance to school libraries, so that more kids discover the joy of reading.

library. To make up for this considerable lack of learning resources, Chinatrust Philippines decided to launch "Better Readers, Brighter Future" program. In addition to purchasing books and sponsoring the project financially in six public elementary schools, employees from both companies alternately took turns conducting various activities designed to stimulate and enhance the reading interest of students.

Following the program's launch in September 2011, Chinatrust donated over 3,000 children's books to its six partner public elementary schools endorsed by the Department of Education of the Philippines. These elementary schools were: Victoria Homes, Tunasan, Lakeview, Gregoria de Jesus, Bagbaguin and Congress. The mobile library stopped at each school for two weeks, giving over 11,400 children access to this valuable resource. Seeing the smiles on the children's faces and their focused expressions as they read, we strongly believe that the seeds of knowledge have been planted in their minds and hearts.

Filled with a treasure trove of books, the mobile library is about to take flight on wings of hope and imagination! Children can delve into the vast expanse of knowledge and enjoy an even brighter, more exciting future.

Chinatrust's Ho Chi Minh City Branch and Indonesian subsidiary caring for local disadvantaged children

On Christmas Eve 2011, managers from Chinatrust's Ho Chi Minh City Branch in Vietnam led a group of over 30 employees to the Go Vap Orphanage on the outskirts of the city. In addition to providing sorely needed daily necessities, the volunteers spent time with 250 needy youngsters to celebrate the Christmas holiday.



A branch in Ho Chi Minh City, Vietnam expanded on the Chinatrust spirit encapsulated in our motto "We are family", actively working to help society, visiting an orphanage on Christmas Eve 2011, so that the children there could enjoy a joyful holiday season.

At the same time, Chinatrust's Indonesian subsidiary also held an activity at a Buddhist temple in Tangerang City, Banten Province. Company volunteers gathered to show their concern for local overseas Chinese residents by visiting with 150 needy families and passing out treats to 50 children in the area. Together, they helped young and old welcome in the New Year.

Chinatrust Bank's Ho Chi Minh City Branch and our Indonesian Subsidiary hold firm to their parent enterprise's brand spirit of "We are family" by actively participating in their communities and fulfilling their corporate social responsibilities. Since 2009, each has held a variety of charitable activities to care for disadvantaged groups that require our help. Through the present day, over 500 children have benefitted from such programs. We believe that with Chinatrust's continued dedication, disadvantaged families and children can have a future filled with hope.

Culture and the arts

A nation's capacity to appreciate the arts is also a representation of the country's standard of living. For many years, Chinatrust has done our utmost to promote the arts and culture. We not only constructed the cultural venue Novel Hall, but also sponsor a variety of cultural performances and exhibitions. In 2011, we began to invest in Taiwan's cultural and creative industries. Magnificent artistic exhibitions and performances not only shape the soul of the Taiwanese people and inspire the next generation of artists, but also increase society's cultural and moral standards. Sponsorship of the arts is one of the most important ways Chinatrust can give back to the community that supports us.

Developing Taiwan's cultural and creative industries

In addition to sponsoring cultural activities, Chinatrust also actively invests in Taiwan's local cultural and creative industries to drive their development and thereby fulfill our corporate social responsibilities. In 2011, CFHC's subsidiary Chinatrust Venture Capital (CTVC) participated in the Council for Cultural Affairs' program to strengthen and manage discretionary investment in the cultural and creative industries. Combining applications to manage government funds and the investment of our own capital, the program will inject a total of NT\$500 million into the areas of exhibition facilities, handicrafts, and creative living and design. Since Taiwan and mainland China signed the Economic Cooperation Framework Agreement (ECFA), Taiwan's outstanding creative talents will have even more opportunities to make a name for themselves in the ethnic Chinese marketplace. Therefore, Chinatrust has actively acted in concert with government policies in the hope that such joint assistance can give Taiwan's cultural and creative industries a place on the world stage.

Chinatrust's first foray into cultural creative industry investment was a contribution of NT\$10 million towards the adaptation of Giddens Ko's bestselling novel *The Killer*



Chinatrust injected more than NT\$10 million into the domestic movie industry, setting a precedent of investing in cultural and creative industry for the financial industry in Taiwan.

Who Never Kills into a feature film, which was released in July 2011. Never before had a domestic financial institution invested in the production of a Taiwanese film, marking a domestic industry first. The film, Taiwan's first action comedy, featured an innovative production team that subverted traditional ideas about filmmaking. CTVC served as a professional platform, through which resources could be effectively coordinated. We hope that the Taiwanese people's recent passion for domestically-produced films will continue to grow and lead to new vitality for Taiwan's cultural and creative industries.

A musical feast for the soul

Chinatrust has long sponsored an assortment of cultural performances, exhibitions and local events to give our customers' a variety of options for their leisure time. In 2011, Chinatrust sponsored activities that would appeal to urban professionals such as Carmen - Ballet Teatro Espanol de Rafael Aguilar, Franz Harary Mega Magic, The Russian State Opera of Ekaterinburg's *La Traviata*, and Paradiso-Hayley Westenra Concert, while parents and their children would enjoy Disney Live! – Mickey's Rockin' Road Show and the environmentally-conscious could explore the Yilan Green Expo. We hope to bring our customers more exciting and varied entertainment options.

In addition, Chinatrust also continued to sponsor The Children Charity Association's year-end concert. We invited the Julliard student recipients of the 2009 and 2011 Mitzi Foundation Scholarship to Taiwan to perform. Through the power of music, we hope to inspire donations to help even more children from remote areas receive early intervention assistance.

The night our sports field became a stage

Sponsoring the Paper Windmill Theatre's performance at Keelung's Hopin Elementary School

Paper Windmill Theatre jointly cooperated with the Chinatrust Charity Foundation to put on a spectacular performance for those living in the remote areas of Keelung.

It was a Sunday night at 6:30pm on the way to Hopin Elementary in Keelung as everyone speed up the sloped alleyway. Throngs of children, who had been looking forward to this night for a long time, headed excitedly towards the school's athletic field. With the support of the Chinatrust Charity Foundation, Paper Windmill Theatre was holding its first performance ever at Hopin Elementary in Keelung as part of its 319 Performance Program.

The show had yet to start, but all the stools set up in the field were already occupied. People of all ages gathered at the school, from grandpas and grandmas to little toddlers, and the bright lights lit up their excited faces. After the lights dimmed, Paper Windmill's famous brightly colored balloons of different shapes took the stage. Then, costumed performers interacted with the children between the seats and the stage. Finally, in the last act, a voiceover by the director Wu Nien-Jen brought sweet nostalgia for a bygone era as he told the story, "The Year I Turned Eight and Took My First Train Ride by Myself". The children's excited laughter, shouts, and cheers echoed the troupe's spirited performance that lit up the usually tranquil night's sky above Hopin!

The principal of Hopin Elementary told us, not all of the students' families have the economic means to expose their children to art or cultural performances. To enable Paper Windmill Theatre to perform there, the school removed the panels usually located on the field so that the seats could be placed in that area. At the same time, electricity lines to the surrounding

lights were cut so that they would not interfere with the black light portions of the show. All of that hard work was so that the children could enjoy that one night's performance to the fullest.

A sea of young faces stared up intently at the stage and their innocent smiles truly moved us all. Under the bright moonlight, it was as if we were witnessing the sparks created as the artistic performance intersected with these youthful minds. We firmly believe that art must move out from the performance hall into the towns and villages to take root in our communities. Through this type of program, the seed of art will be planted in our children's hearts and one day it will bloom and bear fruit.

Paper Windmill performances sponsored by CFHC in 2011

Date	Location
2011.09.24	Jhonghe Elementary School, Jiayi
2011.09.25	Sanci Elementary School, Tainan
2011.10.01	Nan-an Elementary School, Kaohsiung
2011.10.02	LuShang Elementary School, Changhua
2011.10.23	Hopin Elementary School, Keelung
2011.10.29	Wencheng Elementary School, Yunlin
2011.10.30	Gengfang Elementary School, Yilan



Sports sponsorship

Promoting golf through athlete sponsorships

Chinatrust has for many years sponsored a variety of athletic activities, sparing no efforts to increase Taiwan's visibility in the world. Chinatrust Chairman Jeffrey Koo represented Taiwan at the first World Amateur Golf Team Championship held in England back in 1956 and was an early golf pioneer in the country. Chinatrust was the sole sponsor of the Chinatrust Cup Golf Team Tournament, which was held for 20 years beginning in 1978 and created a strong foundation for the sport in Taiwan.

In recent years, the achievements of local athletes have brought accolades from around the world and filled Taiwanese fans with pride. To help outstanding athletes live up to their potential, Chinatrust began in 2011 to invest NT\$6 million per year in the Taipei Physical Education College's golf athlete training program. Recipients of long-term assistance from the program, professional female golfers Lin Tzu-Chi and Yeh Hsin-Ning, also sponsored scholarships to assist Taipei Physical Education College to support amateur women golfers. Through corporate sponsorship, Chinatrust hopes to help these young athletes to live up to their potential, excel internationally, and help Taiwan to shine.

In 2011, Chinatrust sponsored a number of golfers, including Lin Tzu-Chi (top) and Yeh Hsin-Ning (bottom) to help them battle their way into the international arena where they can win honor for Taiwan.



CTCB's Dazhi Branch proudly serving our neighborhood

Each morning, Chinatrust branches throughout Taiwan prepare to open their doors and greet our customers with a smile. Chinatrust employees not only provide all of our customers with caring, professional financial services, they also hope to be a good neighbor to those in the surrounding community.

To assist its neighbors, Chinatrust's Dazhi Branch chose to take action. In 2011, the branch took over cleaning duties at the public restrooms located in the neighboring Chih-fu Temple. In a school essay titled, The Person I Respect the Most, Branch manager Yun-Son Lin's son, a third grader, recognized his father and all the branch employees' efforts. He wrote about how they even worked together on the weekend to clean the restroom that before had been neglected and dirty. Yun-Son's efforts gained him the respect of his own son and the community.

We not only utilize our financial expertise to provide services to our customers, but also go out into our community to interact with area residents. The purpose of this activity was quite simple. As Yun-Son said, "Chinatrust wants to be more proactive in our community, so we can

be a good neighbor and show our care and concern for those around us. Area residents often worship at the Chih-fu Temple and we wanted them to enjoy a better experience." Through the support of the employees at the CTCB Dazhi Branch, the bathroom cleanup became a long-term, continuous community program. When Chinatrust volunteers rolled up their sleeves and began to clean the restrooms, many of the residents who had previously tolerated the situation in silence were moved by our actions and joined in. Chinatrust is leading by example to help our community and drive further positive interactions with our neighbors, so we can truly say, "We are family".



Chinatrust's Dazhi branch office launched an activity to adopt public restrooms, a boon for society.

INDEPENDENT ASSURANCE OPINION STATEMENT

2011 Chinatrust Financial Holding Company 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 2011 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 2011 CFHC CSR Sustainability Report Review provides a fair view of the CFHC programmes and performances during 2011. We believe that the 2011 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 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 as well as the GRI G3.1 guidelines is set out below:

Inclusivity

In this report, it reflects that CFHC has continually 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:

- Encouraging update sustainable development trend about financial services continuously and integrated with corporate core strategy to ensure corporate social responsibility performances.

Materiality

The CFHC has established relative procedure in company level, as the issues which were identified by all departments have been prioritized according to the extent of impact and applicable criterion for sustainable development of company. Therefore, material issues were completely analyzed and the relative information of sustainable development was disclosed to enable 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:

- Revisit the materiality assessment, since issues change over time and to strengthen the breadth and depth of original issues according to market and development of the company.

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:

- Show how CFHC uses its claimed leadership position to influence others
- 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 G3.1 Guidelines and the classification to align with application level A+. Based on our review, we confirm that social responsibility and sustainable development core performance 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:

- Continuously improving the management of human rights to significant suppliers and other business partners.

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:



Peter Pu
Managing Director BSI Taiwan
19, August 2012



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○ Full △ Partial ● Not disclosure NA Not Applicable

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LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	△	Employee Care	38
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	○	Employee Care	41-43
LA9	Health and safety topics covered in formal agreements with trade unions.	○	Footnote	72
LA10	Average hours of training per year per employee by gender and by employee category.	○	Employee Care	40
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	○	Employee Care	39,43
LA12	Percentage of employees receiving regular performance and career development reviews by gender.	○	Employee Care	40
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	○	Employee Care	37
LA14	Ratio of basic salary of women to men by employee category, by significant locations of operation.	○	Employee Care	40
LA15	Return to work and retention rates after parental leave, by gender.	○	Employee Care	37
Social Human Rights Disclosure on Management Approach HR				
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns or that have undergone human rights screening.	○	Footnote	73
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone screening on human rights and actions taken.	○	Footnote	73

Profile Disclosure	Description	Extend of reporting	Chapter	Page
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.	o	Footnote	73
HR4	Total number of incidents of discrimination and corrective actions taken.	o	none	
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	o	CSR DNA, Employee Care	7,41
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	o	CSR DNA	7
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	o	CSR DNA, Employee Care	7,36
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	o	Footnote	73
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	o	none	
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	o	Footnote	73
HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms.	o	none	
Social Society				
Disclosure on Management Approach SO				
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	o	Footnote	73
SO2	Percentage and total number of business units analyzed for risks related to corruption.	o	Footnote	73
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	o	Footnote	73
SO4	Actions taken in response to incidents of corruption.	o	Corporate Governance	25
SO5	Public policy positions and participation in public policy development and lobbying.	o	Company Overview	16
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	o	none	
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	o	none	
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	o	none	
SO9	Operations with significant potential or actual negative impacts on local communities.	o	Footnote	73
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	o	Footnote	73
Social Product Responsibility				
Disclosure on Management Approach PR				
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.	NA	not applicable	73
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.	NA	not applicable	73
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	NA	Footnote	73

Profile Disclosure	Description	Extend of reporting	Chapter	Page
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	○ none		
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	○	Customer Care	34
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	○	Footnote	73
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.	○ none		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	○	Footnote	73
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	○ none		

Financial Service Sector Supplement

Product and Service Impact Section Financial Services Sector Specific Disclosure on Management Approach				
FS1	Policies with specific environmental and social components applied to business lines.	○	CSR DNA	8-9
FS2	Procedures for assessing and screening environmental and social risks in business lines.	○	Sustainable Environment	49
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	○	Sustainable Environment	49
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	○	CSR DNA	6-9
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.	○	Community Services	52-53
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	○	Company Overview	15
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	○	Community Services	53
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	○	Sustainable Environment	50
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	○	Corporate Governance	24
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	○	CSR DNA	7
FS11	Percentage of assets subject to positive and negative environmental or social screening.	○	Footnote	73
FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting.	○	Footnote	73
Social Section— Financial Services Sector Specific Disclosure on Management Approach— Community ,Product and Service Labeling				
FS13	Access points in low-populated or economically disadvantaged areas by type.	○	Customer Care, Community Services	35,52
FS14	Initiatives to improve access to financial services for is advantaged people.	○	Customer Care	35
FS15	Policies for the fair design and sale of financial products and services.	○	CSR DNA, Customer Care	8,34
FS16	Initiatives to enhance financial literacy by type of beneficiary.	○	Customer Care	35

GRI(Global Reporting Initiative) Footnote

GRI3.1	Description
2.9	Significant changes during the reporting period regarding size, structure, or ownership.
3.2	Date of most recent previous report (if any).
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).
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.
EN1	Materials used by weight or volume.
EN2	Percentage of materials used that are recycled input materials.
EN9	Water sources significantly affected by withdrawal of water.
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.
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.
EN17	Other relevant indirect greenhouse gas emissions by weight.
EN20	NOx, SOx, and other significant air emissions by type and weight.
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.
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.
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.
LA9	Health and safety topics covered in formal agreements with trade unions.
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns or that have undergone human rights screening.

In November 2011, the Met Life Insurance 100% equity transfer was completed. Chinatrust promised to protect the right to work of all employees at the acquired company.

Last year's report was issued in August 2011.

Chinatrust acquired Met Life Insurance in 2011, but this did not result in the need to restate information provided in earlier reports.

The ratio of spending on suppliers in TWD to foreign currencies is 92:8.

The company has established branches and affiliates in 12 countries and territories around the world and has made significant contributions to increasing the vitality of the local financial environment.

Chinatrust is a financial services firm, not a manufacturer, so this indicator is not applicable.

Chinatrust is a financial services firm, not a manufacturer, so this indicator is not applicable.

All of the water used by the company comes from municipal waterworks and is only available to employees and a portion of customers, so there is no significant impact on water resources.

No water is recycled or reused.

The company's offices are all located in urban areas, and none are currently located in protected areas or areas of high biodiversity value outside protected areas.

No impacts on such areas.

The company has not yet measured the amount of greenhouse gasses generated through employee commutes, business travel, or transportation of waste material.

The company is not a manufacturing firm and emits no air polluting chemicals.

As a financial firm, the company does not create any waste material deemed hazardous under the terms of the Basel Convention.

Because of the nature of our industry, liquid and solid waste created by the company do not cause significant impacts on biodiversity.

Because of the nature of the financial industry, we do not have products or packaging that require recycling.

Chinatrust is part of the financial industry, so operations do not result in significant environmental impacts due to transporting goods or members of its workforce.

The company has not established trade unions.

One contract, which equaled 100% of such cases. In 2011, Chinatrust acquired the US firm Met Life Insurance Group's Taiwanese subsidiary (which has been renamed Chinatrust Life). The contract incorporated human rights concerns. Chinatrust promised to protect the right to work of the entire workforce at the acquired company for a period of two years.

GRI3.1	Description
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone screening on human rights and actions taken. Currently, the company has not taken action, but has already developed a relevant mechanism to ensure human rights compliance. In the future, when selecting suppliers, contractors and other business partners, we will require them to sign documents ensuring that they follow relevant regulations.
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. All new Chinatrust employees must attend new employee training, which covers our CSR policies. One tenth of our workforce has received such training adding up to a total of 66 hours of training.
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations. Related classes are now in the planning stage and will be further discussed in next year's report.
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments. Chinatrust's operations are all conducted lawfully. Assessments have found the company meets local human rights regulations.
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs. 100%
SO2	Percentage and total number of business units analyzed for risks related to corruption. In regards to our banking business, two business units, or 10% of the total, have been analyzed for risks related to corruption.
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures. Chinatrust's Employee Code of Conduct clearly defines the company's anti-corruption policies and new employees must also receive related training. 100% of the workforce is trained in these policies and procedures.
SO9	Operations with significant potential or actual negative impacts on local communities. Because the company is primarily located in offices, our operations do not result in significant impacts on local communities.
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities. Because there are no significant or actual negative impacts, the company does not implement related prevention or mitigation measures.
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. Not applicable due of the nature of the financial industry.
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. Not applicable due of the nature of the financial industry.
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements. Chinatrust fulfils our requirement to provide customers with information regarding financial planning and insurance services in 100% of situations.
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. Relevant documents drafted in 2011 included: Required execution procedures for marketing communications, Bank branch application and modification procedures for the display of promotional materials; Relevant documents drafted in 2012 included: Administrative measures governing legal compliance of Taiwan region retail banking business unit advertising solicitation and promotional activities.
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. There were a total of 8 customer complaints regarding breaches of customer privacy and losses of customer data lodged with outside authorities.
FS11	Percentage of assets subject to positive and negative environmental or social screening. Currently, the company has yet to implement environmental or social screening. In the future, the company will formulate appropriate policies.
FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting. Currently, Chinatrust does not implement such policies. In the future, the company will formulate appropriate policies.

United Nation Global Compact Comparison Table

Category	10 Principles	Related CSR Report Section	Page(s)
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights;	Employee Care	36,38
	Make sure that they are not complicit in human rights abuses	Employee Care	36,38
Labor	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Employee Care	41
	The elimination of all forms of forced and compulsory labor;	Employee Care	36
	The effective abolition of child labor; and The elimination of discrimination in respect of employment and occupation.	Employee Care	36
Environment	Businesses should support a precautionary approach to environmental challenges;	Sustainable Environment	51
	Undertake initiatives to promote greater environmental responsibility; and	Sustainable Environment	46-47
	Encourage the development and diffusion of environmentally friendly technologies.	Sustainable Environment	49-50
Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery.	Corporate Governance	25

ISO26000 Index

	Core subjects and issues	Related CSR Report Section	Page(s)
Organizational governance	Decision-making processes and structures	CSR DNA	6
	Due diligence	Corporate Governance	25
Human rights	Human rights risk situations	Employee Care	36
	Avoidance of complicity	Corporate Governance	30-31
	Resolving grievances	Employee Care	36
	Discrimination and vulnerable groups	Employee Care	36
	Civil and political rights	Company Overview	15
	Economic, social and cultural rights	Community Services	61
	Fundamental principles and rights at work	Employee Care	38
Labor practices	Employment and employment relationships	Employee Care	36
	Conditions of work and social protection	Employee Care	36,38
	Social dialogue	-	-
	Health and safety at work	Employee Care	41
The environment	Human development and training in the workplace	Employee Care	39
	Prevention of pollution	Sustainable Environment	49
	Sustainable resource use	Sustainable Environment	47
	Climate change mitigation and adaptation	Sustainable Environment	51
Fair operating practices	Protection of the environment, biodiversity and restoration of natural habitats	Sustainable Environment	48
	Anti-corruption	Corporate Governance	25
	Responsible political involvement	-	-
	Fair competition	Corporate Governance	30-31
	Promoting social responsibility in the value chain	Corporate Governance	6
	Respect for property rights	Corporate Governance	30-31
	Fair marketing, factual and unbiased information and fair contractual practices	Customer Care	34
Consumer issues	Protecting consumers' Health and safety	Customer Care	33
	Sustainable consumption	Customer Care	29
	Consumer service, support, and complaint and dispute resolution	Customer Care	29,34
	Consumer data protection and privacy	Customer Care	33
	Access to essential services	Customer Care	32
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Community involvement and development	Community involvement	Community Services	52-63
	Education and culture	Community Services	61
	Employment creation and skills development	Company Overview	13
	Technology development and access	-	-
	Wealth and income creation	Community Services	14
	Health	Community Services	41
	Social investment	Community Services	52-63

Caring. Professional. Trustworthy

Chinatrust Financial Holding Co.,Ltd.
Corporate Social Responsibility Report 2011



Publish Institution: Chinatrust Financial Holding Company

Publisher: Jeffrey L. S. Koo

Editor: Chinatrust Editor Committee

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Digital Graphic Design: A-team Digital Graphication Ltd.

Tel: +886-2-2700-1587

Publish Date: 11. 2012

We are Family

- 1 Corporate governance | Chinatrust enjoyed world-wide recognition for its corporate governance, CSR, and exceptional business performance in 2011, receiving over 90 major local and international awards--a record number for Taiwan's financial industry. Holdings Chairman Jeffrey L. S. Koo was further honored for his deep commitments and dedication to trade diplomacy over the years by the Confederation of Asia Pacific Chambers of Commerce and Industry (CACCI) with the Illustrious Service Award.
- 2 Customer care | Chinatrust is fully committed to its customer-oriented motto "integrity and friendly service." From introducing Taiwan's first credit card and being the forerunner in Internet banking to extending branch office hours of operation and adding new ATMs, Chinatrust continues to strive and seek innovative ways to provide customers easier, more convenient, and more diverse banking services.
- 3 Public Welfare Lottery | The Taiwan Lottery Company upholds the principle of "buy a lottery ticket, participate in philanthropy, and build virtue and merit." Working together with lottery winners to donate 100 Rehabuses to counties and municipal governments around Taiwan to facilitate the mobility of physically challenged and disadvantaged individuals.
- 4 Charitable contributions | The vision of the Chinatrust Poverty Alleviation Program is to help financially disadvantaged families get back on their feet. "Mama Xiaolian" was part of the first group of applicants to receive start up support funds to her own hair salon. Chinatrust Charity Foundation Chairman Jeffrey Koo, Jr. was her very first customer when she reopened her business.
- 5 Model Employee | Chinatrust has been selecting model employees every year since 2005 to underscore our values of "Caring, Professionalism, and Trustworthiness." Being selected "Model Employee" of the year is the highest honor for our employees. Selected individuals and their families are personally thanked by Chairman Jeffrey L. S. Koo at a banquet and awards ceremony.
- 6 Sports sponsorship | We would like to help more Taiwanese athletes make it into international competitions. Chinatrust has been a long-time sponsor of a new generation of women golfers, including Lin Tzu-Chi, Yeh Hsin-Ning, Kuo Ai-Chen, and Hsieh Yu-Ling.
- 7 Employee Care | "We are family" is our commitment to customers, society, and to our employees. Chinatrust takes care of its own with its complete benefits system and sound work environment, helping them achieve a balance between work and home.
- 8 Disaster Relief | After the earthquake in Fukushima, Japan on March 11 of last year, Chinatrust led the way to donate more than NTS\$46 million to help in rescue efforts. Chinatrust Charity Foundation Vice President Thomas Kuo Shih Chen received a Certificate of Appreciation from Tokyo's metropolitan governor for Chinatrust's generous involvement and contributions.
- 9 Volunteerism | When Chinatrust first began its financial holdings operations, it wanted to encourage employees to do volunteer work, so it implemented a system wherein employees can take paid vacation leave in return for volunteer work in the community. Currently more than 1,400 Chinatrust employees, or one in every eight, volunteers. Giving without asking for anything in return, our volunteers just want to be there for children in need.
- 10 Sustainable environment | Currently under construction, Chinatrust's new corporate headquarters in Nangang consists of three buildings in the shape of the Chinese character "山" (mountain). They represent a father, mother, and child to underscore the importance that Chinatrust places on family and the interdependence among family members. We aim to be the first office building in Taiwan to obtain Diamond Level Green Building certification.



中國信託
Chinatrust

