



Mitsubishi UFJ Trust International Limited

Section 172 (1) Report

Year ended 31 December 2022

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company and in doing so had regard to:

- The likely consequences of any decision in the long term;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers, and others;
- The impact of the Company's operations on the community and the environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly between members of the Company.

The Company's key stakeholders are its Shareholder, Clients and Employees.

How the Board engages with stakeholders and principal decisions relating to stakeholders

Shareholder

The Board recognises the importance of effective engagement with and participation from shareholders.

The Company has been 100% owned by Mitsubishi UFJ Trust Banking Corporation ("MUTB") since its inception. The Board is accountable to shareholders for the creation and delivery of strong, sustainable financial performance and long-term shareholder value. The Board consists of 6 Directors; 2 Executive Directors and 4 Non-Executive Directors. The majority of the Company's Board are senior officers of MUTB, which creates a clear path of communication between the Board and its shareholder.

The Board discusses corporate strategy, financial management, internal control, and risk management amongst other matters. MUTB have set the Company's financial targets including pre-tax profit and Return on Investment, which we monitor and reports to MUTB through Board papers. The Company is also in regular communication with MUTB through our Planning division.

The Company has a dividend policy that pays out 100% of its post-tax profits. This decision is taken in the best interests of its shareholder as the Board is satisfied that the Company has sufficient capital and cashflow to maintain and grow its current business model.

Clients

The Board understands that the Company's relationships with its clients are integral to the success of its business and endeavours to stay informed regarding important client developments.

The Company continues to focus on developing strong long-term relationships with its institutional customer base through regular and effective dialogue. Furthermore, the Company meets with its most significant clients annually to understand their needs and how satisfied they are with the service they are being provided, as a result of the pandemic where face to face meetings have not been possible meetings have been held virtually via video calls.

Due to Brexit, the Company has transferred part of its European matched principal trading business to its sister company, Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A. ("MIBL") including all of the Company's associated clients. MIBL has obtained permission from the Commission de Surveillance du Secteur Financier ("CSSF") to conduct matched principal sales and trading business, which includes trading with the company as a counterparty through a transfer pricing model. The Company has maintained relation with these clients by transferring sales and trading staff to MIBL who provide a consistent level of service that these clients require.

The Chief Executive Officer ("CEO") is kept informed of feedback from clients through regular meetings with sales managers and traders. From time to time some clients also visit the Company to review our operation as part of their due diligence process. The Chief Operating Officer ("COO") often meets with major clients, in relation to its securities financing business, to obtain feedback on the Company's performance and exchange views about market outlook. The Head of Sales in London and Singapore provides an update on market activities and reports significant client relationship developments to the Executive Committee on a monthly basis.

Subsequently, the Board receives regular updates on client matters from both the Chief Executive Officer and the Chief Operating Officer.

Employees

Employee engagement is essential to understand and evaluate the needs of employees and to ensure that the Company attract and retain talent. This was more challenging during the pandemic period where staff have been working from home on a full-time basis, however the Company has ensured that communication levels and interaction with employees remain a high priority. This level of employee engagement has continued during the new hybrid model of working from home part-time. This continues to be achieved through the use of high-quality IT equipment and suitable digital communication platforms along with in-person interactions.

The CEO holds regular company video calls to update staff on business, technological and general staff initiatives and policy changes. These sessions are not interactive due to the number of staff and nature of the meetings, however employees are encouraged to contact either the CEO or line management with any particular questions or commentary. In addition, the CEO has held individual meetings with all company departments which provides employees the opportunity to engage with the CEO and raise any specific questions.

Furthermore, the Human Resources department (HR) ensures that employee well-being is maintained, and any issues are addressed swiftly. HR partners with Executive Directors and line managers to ensure that there is a constant dialogue on all employee matters.

The company offered a variety of well-being initiatives during the year. Such initiatives included the delivery of snack boxes to all employees and using Microsoft Teams to host talks with motivational speakers, sessions on stretching, meditation and relaxation techniques and magic shows for the children of staff. This highlights the company's commitment to employee well-being.

In addition, all employees have the opportunity to make suggestions on an ongoing basis. Historically, in the office, this was solely communicated via an anonymous suggestions box, however, more recently, suggestions have been sought via staff surveys and direct communication. The results of which are discussed with the CEO and COO. Subsequently the board receives regular updates on staff matters and initiatives being taken.

The HR department work closely with management to develop talent through training and mentoring and work together on agreeing an appropriate succession plan for the organisation. The CEO is actively involved in recruitment across the organisation and in addition conducts monthly meetings with the senior management team to discuss the development and performance of employees.

The Company has not been able to hold the usual "off-site" meetings with sales manager and traders to discuss strategy. However, the company's salesforce is an important part of its business and as such individual salespeople are considered when making decisions or reviewing strategy.